CAHILL
& ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

SUGAR LOAF FIRE PROTECTION DISTRICT

Boulder County, Colorado

FINANCIAL REPORT

December 31, 2019

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CAHILL
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CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Sugar Loaf Fire Protection District
Boulder, Colorado

Report on the Financial Statements
We have audited the accompanying financial statements of the governmental activities, the general fund, and the fiduciary activities of Sugar Loaf Fire Protection District (SLFPD) of rural Boulder, Colorado as of and for the year ended December 31, 2019, which collectively comprise SLFPD's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility
Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Auditors' Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sugar Loaf Fire Protection District as of December 31, 2019, 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.

Required Supplementary Information

Management Discussion and Analysis - Unaudited
The Management's Discussion and Analysis on pages 3 through 6 is presented to supplement the basic financial statements and to provide operational, economic and historical context to the financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or any other form of assurance on it.

Board of Directors
Sugar Loaf Fire Protection District

Required Supplementary Information (Continued)

Individual Fund Statements
Accounting principles generally accepted in the United States of America require that the budgetary comparison information for the General Fund on page 19 and the schedule of funding progress on page 21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board who consider it to be an essential part of financial reporting for placing the financial statements in appropriate operational, economic or historical context. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of these individual fund statements; however, we did not audit the information and express no opinion or any other form of assurance on them.

Other Supplementary Information
The Schedule of Changes in Net Assets - Budget and Actual for the- Fiduciary Fund presents changes is net assets for the year compared to budgeted amounts (Non-GAAP Budgetary Basis). We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of these individual fund statements; however, we did not audit the information and express no opinion or any other form of assurance on it.

Cahill & Associates P.C.

CAHILL & ASSOCIATES, P.C.
July 1, 2020

SUGAR LOAF FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2019

Sugar Loaf Fire Protection District (SLFPD) covers approximately eighteen square miles in the foothills west of Boulder, Colorado. This area includes approximately 500 homes, 1,500 residents, city water treatment plant, Boulder open space and several thousand acres of Arapahoe-Roosevelt National Forest. The District is served by an all-volunteer department of thirty to forty individuals and operates from three fire stations that serve primarily as storage location for vehicles and equipment.

This discussion and analysis of Sugar Loaf Fire Protection District's (SLFPD) financial performance provides an overview of SLFPD's financial activities for the fiscal year ended December 31, 2019. This section is a summary of financial activities based on currently known facts, decisions, or conditions. The Management's Discussion and Analysis section is an introduction and should be read in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The net assets of SLFPD exceeded the liabilities at December 31, 2019, by $1,503,614. Of this amount, $1,084,062 represents net assets that are invested in capital assets net of related debt, and $345,000 restricted for capital expenditures and emergencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction of SLFPD's basic financial statements.

The financial statements of SLFPD report information about SLFPD using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term information about SLFPD's overall financial status. The Statement of General Fund Balance reconciled to the Statement of Net Assets presents information on SLFPD's assets and liabilities, with the difference between the two reported as general fund balance and net assets. The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances reconciled to the Changes in Net Assets presents information showing how SLFPD's General Fund Balance and Net Assets changed during the year. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others. The basic financial statements can be found on pages 7-11 of this report.

The financial statements also include notes that further discuss information in the statements and provide more detailed data. The notes to the financial statements can be found on pages 12-17. The statements are followed by a section of required and other supplemental

FINANCIAL ANALYSIS

For the year ended December 31, 2019, assets exceeded liabilities by $1,503,614. Firefighting is a capital-intensive enterprise, and approximately 72 percent of the net assets are invested in capital assets net of related debt. The following is a summary of SLFPD's net assets.

	2019	2018
Assets		
Current Assets	$ 823,164	$ 572,667
Capital Assets (Net of Depreciation)	1,220,440	1,262,330
Total Assets	2,043,604	1,834,997
Liabilities		
Current Liabilities	403,611	246,160
Noncurrent Liabilities	136,378	188,514
Total Liabilities	539,989	434,674
Net assets		
Invested in Capital Assets net of Related Debt	1,084,062	1,073,816
Restricted	345,000	236,684
Unrestricted	74,552	89,822
Total Net Assets	$ 1,503,614	$ 1,400,322

SLFPD's General Fund balances increased by $36,729 in 2019. The following Summary Statement of Revenues, Expenses and Changes in General Fund Balances shows components of the 2019 and 2018 changes.

Summary Statement of Revenues, Expenses and Changes in Fund balances - General Fund

	2019	2018
Revenues	$ 834,052	$ 449,744
Expenditures	797,323	505,135
Excess (Deficit) of Revenues Over Expenditures	$ 36,729	$ (55,391)

Revenue in 2019 includes $402,006 for firefighting services provided outside the district while 2019 expenditures include $379,003 in payments to firefighters for these services provided.

Operating Revenues
As shown below, revenue increased by approximately 86% while expenses increased mainly due to payment of firefighters for services provided outside of the district. The following table shows 2019 revenue compared to 2018.

	2019 Amount	Percent of Total	2018 Amount	Percent of Total
Property Taxes	$ 252,141	30.2%	$ 245,924	54.7%
Fundraising Income Net of Expenses	37,566	4.5%	37,797	8.4%
Grants/Donations Net of Expenses	100,046	12.0%	7,927	1.8%
Investment Earnings	3,159	.4%	2,842	.6%
Firefighting Income	402,006	48.2%	139,518	31.0%
Other Income	39,134	4.7%	15,736	3.5%
	$ 834,052	100.0%	$ 449,744	100.0%

The 2019 increase in revenue is primarily due to increased firefighting services outside of the District and various grants that were received in 2019 but not in 2018.

FINANCIAL ANALYSIS (Continued)

Operating Expenses	2019 Amount	Percent of Total	2018 Amount	Percent of Total
Building and Equipment Purchases	$ 207,850	26.1 %	$ 200,437	39.7 %
Building Maintenance and Utilities	8,569	1.1 %	7,903	1.6 %
Equipment Repairs and Maintenance	44,383	5.6 %	34,374	6.8 %
Firefighting Operations	425,122	53.2 %	163,209	32.3 %
Administration	108,266	13.6 %	93,682	18.6 %
Professional Services	3,132	.4%	5,530	1.0 %
	$ 797,323	100.0 %	$ 505,135	100.0 %

The District's 2019 expenses relate to fire protection, which includes fire fighting prevention and medical response. The 2019 building and equipment expense includes depreciation expense of $106,016 and the purchase of capitalized equipment of $49,700. As a service organization providing fire protection, the majority of the expenses are for insurance, building utilities and repairs, vehicle and equipment maintenance, and training and supplies. Although total expenses, excluding firefighting operations, remained fairly stable from 2019 to 2018, the district's 21% increase in firefighting operations in 2015 is due to firefighting services provided to other districts. SFLPD acts as an agent for the firefighters and collects funds from other districts for the work performed and then remits these funds to the firefighters providing the services.

Capital Assets

SLFPD's investment in capital assets (original cost less accumulated depreciation) as of December 31, 2019 was $1,220,440. Capital assets consist of fire trucks, support vehicles, land, buildings, and firefighting equipment. Major capital asset acquisitions totaled $49,700 during 2019, with additional depreciation of $106,016, resulting in a net decrease of $56,316 in capital assets.

	2019	2018	Total Dollar Change
Land	$ 41,264	$ 41,264	$ -
Building and Improvements (net)	383,178	399,952	(16,774)
Firefighting and Other Equipment (net)	795,998	835,540	(39,542)
Total	**$ 1,220,440**	**$ 1,276,756**	**$ (56,316)**

This year's additions to firefighting equipment included $25,337 for an ATV, $12,734 for bunker gear and small amounts for radios, batteries, antennas and compressors.

Economic Factors and Future Outlook

Property taxes will increase in 2020. The operating tax mill levy increased from 5.876 to 7.000 to mills and the capital tax mill levy increased from 3.930 to 3.972. The assessed valuation increased from $24,405,899 to $27,793,572. The result of the changes in these two factors result in an approximate increase revenue of $65,000 in 2020 when compared to 2019.

The District's 2020 budget provides for general property tax revenue of $194,555 and capital property tax revenue of $110,396 based on an operating tax mill levy of 7.000 mills and capital tax mill levy of 3.972 mills.

The District's 2020 budget also provides for firefighting revenue of $200,000 and truck income of $15,000 from fighting fires outside the district.

In addition to the normal firefighter training, repairing and maintaining fire trucks and firefighting equipment, providing and facilitating fire mitigation, and paying other operating expenses, the District's 2020 budget also includes $50,000 for building improvements to Station #1 and $200,000 for payments to firefighters for firefighting services provided outside of the district.

BASIC FINANCIAL STATEMENTS

SUGAR LOAF FIRE PROTECTION DISTRICT
Governmental (General) Fund Balance Sheet and
Statement of Net Assets
December 31, 2019

	Primary Government - 2019		
	General Fund	Adjustments Note A	Statement of Net Assets
ASSETS			
CURRENT ASSETS			
Cash and Equivalents	$ 246,299	$ -	$ 246,299
Investments	122,248		122,248
Receivables	454,616	-	454,616
CAPITAL ASSETS, NET OF DEPRECIATION			
Land	-	41,264	41,264
Buildings & Improvements	-	383,178	383,178
Equipment	-	795,998	795,998
Total Capital Assets, Net of Depreciation	-	1,220,440	1,220,440
TOTAL ASSETS	**$ 823,163**	**$ 1,220,440**	**$ 2,043,603**
LIABILITIES AND FUND BALANCES/NET ASSETS			
CURRENT LIABILITIES			
Accrued Interest	$ 2,611		$ 2,611
Accounts Payable	96,049	$ -	96,049
Deferred Revenue	304,951	-	304,951
NONCURRENT LIABILITIES			
Due Within One Year	-	53,537	53,537
Due in More Than One Year	-	82,841	82,841
Total Liabilities	**403,611**	**136,378**	**539,989**
FUND BALANCES			
Restricted for Capital Improvements/Emergencies	345,000	(345,000)	-
Unrestricted	74,552	(74,552)	-
Total Fund Balances	**419,552**	**(419,552)**	-
TOTAL LIABILITIES AND FUND BALANCES	**$ 823,163**		
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		1,084,062	1,084,062
Restricted for Capital Improvements/Emergencies		345,000	345,000
Unrestricted		74,552	74,552
Total Net Assets		**1,503,614**	**1,503,614**
TOTAL LIABILITIES AND NET ASSETS		**$ 1,220,440**	**$ 2,043,603**

See Accompanying Notes to Basic Financial Statements

SUGAR LOAF FIRE PROTECTION DISTRICT

Statement of Governmental Fund Revenues Expenditures, and Changes in Fund Balance and Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2019

	Primary Government - 2019		
	General Fund	Adjustments Note B	Statement of Net Assets
REVENUES			
Property Taxes	$ 252,141	$ -	$ 252,141
Fundraising Income (Net)	37,566	-	37,566
Grants/Donations (Net)	100,046	-	100,046
Investment Income	3,159	-	3,159
Firefighter Income	402,006		402,006
Other Income	39,134	-	39,134
Total General Revenues	**$ 834,052**	**$ -**	**$ 834,052**
EXPENDITURES/EXPENSES			
Fire Protection Operations	$ 589,473	$ -	$ 589,473
Capital Outlay	207,850	(207,850)	-
Depreciation		106,016	106,016
Total Expenditures/Expenses	**797,323**	**(101,834)**	**695,489**
REVENUES OVER (UNDER) EXPENDITURES	**36,729**	**(36,729)**	**-**
CHANGE IN NET ASSETS		**$ 138,563**	**$ 138,563**
FUND BALANCE/NET ASSETS			
Beginning of year	**382,823**		**1,365,051**
End of Year	**$ 419,552**		**$ 1,503,614**

See Accompanying Notes to Basic Financial Statements

SUGAR LOAF FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES D TO STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

December 31, 2019 and the Year Then Ended

NOTE A
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET ASSETS OF GOVERNMENTAL ACTIVITIES

GOVERNMENTAL FUND BALANCE - GENERAL FUND	**$ 419,552**
Amounts reported in governmental activities in the Statement of Net Assets are adjusted to reflect:	
Capital assets of $2,738,620 net of accumulated depreciation ($1,518,180) are not financial resources and therefore are not reported in the general fund	1,220,440
Long-term liabilities are not due and payable in the current period and therefore are not reported in the general fund.	(136,378)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	**$ 1,503,614**

NOTE B
RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

EXCESS (DEFICIT) REVENUES OVER EXPENDITURES - GENERAL FUND	**$ 36,729**
Amounts reported to arrive at the Statement of Activities are adjusted to reflect:	
Governmental General Fund reports capital outlay and capital lease payments as expenditures. In the statement of activities, the cost of acquired capital assets are recoded as assets and expensed over estimated useful lives as depreciation expense. Payments on capital leases reduce the outstanding balance of the lease obligation. Adjustments are:	
Capital outlays - Building Improvements and Equipment	155,715
Depreciation expense	(106,016)
Capital Lease	52,135
CHANGE IN NET ASSETS	**$ 138,563**

SUGAR LOAF FIRE PROTECTION DISTRICT
Statements of Fiduciary Net Assets
Volunteer Firefighters' Pension Fund
Year Ended December 31, 2019

		2019
ASSETS		
Investments	$	455,662
Property Taxes Receivable		30,000
TOTAL ASSETS	**$**	**485,662**
LIABILITIES AND NET ASSETS		
LIABILITIES		
Deferred Revenue	$	30,000
Total Liabilities		30,000
NET ASSETS		
Held in Trust for Pension Benefits		455,662
Total Net Assets		455,662
TOTAL LIABILITIES AND NET ASSETS	**$**	**485,662**

SUGAR LOAF FIRE PROTECTION DISTRICT
Statement of Changes in Fiduciary Net Assets
Volunteer Firefighters' Pension Fund
For the Year Ended December 31, 2019

		2019
ADDITIONS		
Contributions:		
Allocated Property Taxes	$	30,000
State of Colorado Contribution		12,013
Total Contributions		42,013
Investment Earnings:		
Investment Income		6,415
Realized Gain on Investments		36,390
Unrealized Loss on Investments		17,855
Total Investment Earnings		60,660
TOTAL ADDITIONS		**102,673**
DEDUCTIONS		
Pension Benefits		43,692
Administrative Expenses		13,803
TOTAL DEDUCTIONS		57,495
CHANGE IN NET ASSETS		**45,178**
NET ASSETS, BEGINNING OF YEAR		410,484
NET ASSETS, END OF YEAR	$	**455,662**

See Accompanying Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Sugar Loaf Fire Protection District (SLFPD), is governed pursuant to provisions of the Colorado Special District Act, by a five member Board of Directors. The District's service area is located in the foothills west of Boulder, Colorado, and includes parts of Colorado Highway 119, Sugar Loaf Road, and Magnolia Road. The District was established in 1967 to provide fire protection, rescue, and emergency services to the citizens and property within its boundaries. The District receives the majorof its revenue from taxes assessed on the property within its boundaries.

The District is served by an all volunteer department, which usually varies between thirty and forty members. The District is the primary special purpose government responsible for all fire protection within its service areas. As a result, all significant activities have been included in the basic financial statements. The District's financial statements represent those of a stand-alone government, as there are no component units.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

Basic Financial Statements - Government Statements

The governmental financial statements report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Revenues include property tax revenues, interest income, and miscellaneous revenues that are used to meet the operational and capital requirements of the function.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government 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.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, SLFPD considers revenues to be available if they are measurable at the end of the fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property tax revenue, and interest income associated with the current year are considered being susceptible to accrual, and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting: The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses one major governmental fund, the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Funds: Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance or net assets.

The District reports one major government fund: The General Fund which is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Fiduciary Funds: Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to businesses in the private sector.

The District's fiduciary fund is presented in the fiduciary fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the governmental statements.

Cash and Cash Equivalents
The District has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Highly liquid investments with a maturity of three months or less are also considered cash equivalents.

Investments
Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which approximate fair value.

Receivables and Deferred Revenue
The District reports unearned deferred revenue in the governmental fund balance sheet. Deferral arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. The District has accrued 2015 property taxes to be collected in 2016 as deferred revenue and a receivable in the accompanying governmental funds balance sheet. (See Property Tax below).

Capital Assets
Capital assets, which include property, plant, and equipment are reported in the governmental financial statements. Capital assets are defined as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed. Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method.

Estimated useful lives for asset types are as follows:

Description	Estimated Lives
Land	N/A
Buildings and Improvements	17-50 years
Firefighting Equipment	10-25 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property Tax
Annual property taxes are levied and assessed on property as of January 1 and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property, and collects the property taxes on behalf of the District and remits them to the District on a monthly basis. The District has accrued the 2019 taxes to be collected in 2020 in the accompanying financial statements with a corresponding offset to Deferred Revenue. Property taxes are recognized as revenue in the year in which they are intended to finance operating expenditures.

The Board of Directors designates the total mill levy to the general fund. The allocation to the pension fund is based on the prior year's contribution and the actuarial study's estimated required contribution.

Long-Term Obligations
Payables, accrued liabilities and long-term obligations are reported in the governmental financial statements of net assets regardless of whether they will be liquidated with current resources or future resources. Obligations that will be paid from governmental funds are reported as a liability in the general fund to the extent that they will be paid with current, expendable, available resources. In general, payments made within thirty days after year-end are considered to have been made with current available financial resources. Long-term obligations against net assets inlcudes obligations to be paid by restricted funds or future revenue that can be used for payment.

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 2 - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits
The custodial credit risk for deposits is the risk that the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. This risk is mitigated in that the District's deposits are subject to and in accordance with the State of Colorado's Public Deposit Protection Act ("PDPA"). Under this act, all uninsured deposits of public funds are to be fully collateralized. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. At December 31, 2019, all of the District's cash and cash equivalents were either insured by FDIC or collateralized under PDPA.

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

- Certificates of deposit with an original maturity in excess of three months
- Certain 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
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

NOTE 2 - CASH AND INVESTMENTS (Continued)

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a custodian, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2019, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust discussed below.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investments is the means of limiting exposure to fair value losses arising from increasing interest rates.

Local Government Investment Pool

At December 31, 2019, the District had invested $122,248 in the Colorado Local Government Liquid Asset Trust (the "Trust"), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAm by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to www.colotrust.com.

At December 31, 2019 the District had cash balances as follows:

	Book Balance	Bank Balance
Governmental activities:		
Bank Deposits	$246,299	$ 266,064
Local Government Investment Pool	122,248	122,248
Total Cash and Cash Equivalents	$ 368,547	$ 388,312

Investments held by the District in the Volunteer Firefighters' Pension Fund at December 31, 2019 were as follows:

Investments:	Cost	Fair Value
Investments held at FPPA	$ 437,807	$ 455,662

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2019, was as follows:

	Balance Jan. 1, 2019	Additions	Deletions	Balance Dec. 31, 2019
Land	$ 41,264	$ -	$ -	$ 41,264
Buildings & Improvements	588,798	-	-	588,798
Fire Fighting Equipment	2,058,858	49,700	-	2,108,558
Total General Fixed Assets	2,688,920	49,700	-	2,738,620
Less Accumulated Depreciation	(1,412,164)	(106,016)	-	(1,518,180)
NET CAPITAL ASSETS	$ 1,276,756	$ (56,316)	$ -	$ 1,220,440

The District's policy is to capitalize individual equipment expenditures exceeding $5,000.

NOTE 4 - CAPITAL LEASE OBLIGATION

Capital lease obligations as of December 31, 2019 include a ten-year lease for a tanker truck and a brush truck This lease is treated as a capital lease since the lease agreement includes a bargain purchase option allowing the District the option of purchasing the pumper body for a minimal price at the end of the lease agreement in 2022.

The future lease payments and asset book value under the capital lease obligations are as follows:

Total Future minimum lease payments	$ 143,021
Less Imputed Interest	(6,643)
Lease Obligation	**$ 136,378**
Cost of Equipment Under Capital Lease	$ 560,000
Less Accumulated Depreciation	(156,800)
Net Book Value	**$ 403,200**

Schedule of Changes in Long-term Debt

	Balance Jan. 1, 2018	**Additions**	**Payments/ Retirements**	**Balance Dec. 31, 2019**
Capital Lease Obligation	$ 188,513	$ -	$ (52,135)	$ 136,378

NOTE 5- VOLUNTEER FIREFIGHTERS' PENSION PLAN

The District has established the Volunteer Firefighters' Pension Plan (the "Plan"), an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statute. The Plan is administered by the Fire and Police Pension Association of Colorado ("FPPA"). Any firefighter who has both attained the age of 50 and completed 20 years of active service becomes eligible for a monthly pension of $220 with an additional $11 for each year of service in excess of twenty. A firefighter, who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity which extends beyond one year, shall be compensated in an amount determined by the Pension Board. The annual financial report of FPPA may be obtained by contacting FPPA at 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721.

As established by the legislature, the State of Colorado contributes 90% of the District's contribution up to a maximum of one-half mill based on the previous year's net property valuation. At January 1, 2015 membership in the plan consisted of 21 active members, 21 retired members and one terminated member with vested benefits.

NOTE 5- VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)

Plan contributions are not actuarially determined. An actuary is engaged to determine the adequacy of contributions. Actuarial assumptions included the following:

1. Interest Rate - 8% per annum, compounded annually
2. Retirement - Age 50 and 20 years of service
3. Disability - Graduated rates for all disabilities
4. Mortality - 1994 Group Annuity Mortality Table
5. Separation - Graduated rates for all withdrawals
6. Marital Status - 90% married
7. Age Difference - Males assumed to be 3 years older
8. Asset Valuation - 3 year smoother fair market value

For the year ended December 31, 2019, the SLFPD and State of Colorado actual contributions were $30,000 and $12,013 respectively. The actuarial study as of January 1, 2019 concluded that current plan contributions were adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Funded Status and Funding Progress
As of January 1, 2019, the most recent actuarial valuation date, the Plan was sixty-one percent funded. The actuarial accrued liability for benefits was $677,742, and the value of assets was $455,662 at December 31, 2019 and $403,325 at December 31, 2018.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about how the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 6 - TAX SPENDING AND DEBT LIMITATIONS (TABOR COMPLIANCE)

In November 1992, Colorado voters passed an amendment ("TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. 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.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves. 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.

Except for bond refinancing at lower interest rates or adding volunteer firefighters to existing pension plans, the Constitution specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

NOTE 6 - TAX SPENDING AND DEBT LIMITATIONS (TABOR COMPLIANCE) (Continued)

The Constitution requires that emergency reserves be established. These reserves must be at least three percent of Fiscal Year Spending. Emergency reserves as of December 31, 2015 totaling $80,000 are included in the fund balance in the General Fund.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions could require judicial interpretation.

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance covering specific and general risks of loss, including worker's compensation and health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two years. There have been no significant reductions in insurance coverage.

Required Supplementary Information

SUGAR LOAF FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETERY BASIS)
GENERAL FUND
REQUIRED SUPLEMENTARY INFORMATION
December 31, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL REVENUES/RESERVES			
General Revenues			
Property Taxes	$ 247,563	$ 252,141	$ 4,578
Investment Earnings	500	3,159	2,659
Firefighter Income	15,000	402,006	387,006
Grants/Donations/Fundraisers	61,500	137,612	76,112
Other Income	5,000	39,134	34,134
Total General Revenues	**329,563**	**834,052**	**504,489**
Budgeted Capital Reserves			
General Fund Balance Reserved for Capital Outlay	124,500	-	(124,500)
Total Revenues and Capital Reserves	**454,063**	**834,052**	**379,989**
EXPENDITURES/EXPENSES			
Fire Protection Operations	211,362	589,473	(378,111)
Capital Outlay	124,500	207,850	(83,350)
Total Expenditures/Expenses	**335,862**	**797,323**	**(461,461)**
EXCESS OF EXPENDITURES OVER REVENUES	$ 118,201	36,729	$ (81,472)
FUND BALANCE, BEGINNING OF YEAR		382,823	
FUND BALANCE, END OF YEAR		$ **419,552**	

See Accompanying Note to Required Supplementary Information

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During September of each year, the Board of Directors for the District meets to prepare a proposed budget for the forthcoming year. At this meeting, requests from interested parties are heard and considered in the preparation of the budget. A notice as to the proposed budget is then published in a local newspaper, in order that interested citizens can voice their concerns about the proposed budget. In this notice, concerned citizens are requested to attend a Board of Directors meeting, usually held in October, at which time the proposed budget is considered by the Board.

After hearing any comments from concerned citizens, and after making any amendments to the proposed budget that may be forthcoming, the budget is approved by the entire Board of Directors and the mill levy request is certified to the County Treasurer.

At the same meeting that the budget is adopted, or at a meeting later in the year but prior to December 31, the necessary resolutions to adopt the budget, appropriate sums of money for the operation of the District, and to adopt the mill levy certification, are made by the Board.

The budget is used by the Board of Directors during the District's year to control expenditures and as a management device for assessment of how the District is meeting its obligations on a month-to-month basis. The board of Directors is authorized to transfer budgeted amounts between accounts within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the entire Board of Directors and formalized by a resolution prior to the close of the budget year. The final amended budget is used in this report.

Other Supplementary Information

SUGAR LOAF FIRE PROTECTION DISTRICT
Schedule of Funding Progress
Volunteer Firefighters' Pension Fund
Required Supplementary Information
December 31, 2019

ANALYSIS OF FUNDING PROGESS

Actuarial Report January 1,	Actuarial Value of Assets	(AAL) Actuarial Accrued Liability	Excess (Shortfall) of Assets Over AAL	Funded Ratio	Annual Covered Payroll
2015	401,897	598,127	(196,230)	67%	N/A
2017	409,266	651,788	(242,522)	63%	N/A
2019	433,240	677,742	(244,502)	64%	N/A

REVENUES BY SOURCE

Year	Property Taxes	State Contributions	Investment Income	Total
2015	15,000	10,084	10,232	35,316
2017	19,500	12,022	59,354	90,876
2019	30,000	12,013	60,660	102,673

EXPENSES BY TYPE

Year	Benefits	Administrative Expenses	Total
2015	39,457	5,066	44,523
2017	43,725	13,600	57,325
2019	43,692	13,803	57,495

SUGAR LOAF FIRE PROTECTION DISTRICT
Schedule of Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Volunteer Firefighters' Pension Fund
Other Supplementary Information
For the Year Ended December 31, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS			
Contributions:			
Allocated Property Taxes	$ 30,000	$ 30,000	$ -
State of Colorado	12,500	12,013	(487)
Total Contributions	42,500	42,013	(487)
Investment Earnings:			
Investment Income	6,000	6,415	415
Realized Gain on Investments	-	36,390	36,390
Unrealized Gain on Investments	-	17,855	17,855
Total Investment Earnings	6,000	60,660	54,660
TOTAL ADDITIONS	**48,500**	**102,673**	**54,173**
DEDUCTIONS			
Pension Benefits	43,500	43,692	(192)
Contingencies	-	-	-
Administrative Expenses	12,500	13,803	(1,303)
TOTAL DEDUCTIONS	**56,000**	**57,495**	**(1,495)**
CHANGE IN NET ASSETS	**$ (7,500)**	**$ 45,178**	**$ 52,678**
NET ASSETS, BEGINNING OF YEAR		**410,484**	
NET ASSETS, END OF YEAR		**$ 455,662**	