

FOUR MILE FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2023

TABLE OF CONTENTS

PAGE

INTRODUCTORY SECTION

Title Page

Table of Contents

FINANCIAL SECTION

Independent Auditors' Report

Basic Financial Statements

Government–Wide Financial Statements

Statement of Net Position 1

Statement of Activities 2

Fund Financial Statements

Balance Sheet – Governmental Funds 3

Statement of Revenues, Expenditures and Changes in Fund Balances –
Governmental Funds 4

Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances – Governmental Funds to the Statement of Activities 5

Notes to the Financial Statements 6 – 17

Required Supplemental Information

General Fund – Budgetary Comparison Schedule 18

Water Coalition Fund – Budgetary Comparison Schedule 19

FINANCIAL SECTION



JOHN CUTLER & ASSOCIATES

Board of Directors
Four Mile Fire Protection District
Boulder, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Four Mile Fire Protection District as of December 31, 2023, and the respective changes in financial position and, where applicable, cash flows, thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 of 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 judgement, 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 required budgetary and pension information on pages 18-19 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) 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.

Management has not presented the management's discussion and analysis that governmental accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

John Luthr & Associates, LLC

March 17, 2024

BASIC FINANCIAL STATEMENTS

FOUR MILE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

As of December 31, 2023

	Governmental Activities	
	2023	2022
ASSETS		
Cash and Investments	\$ 379,589	\$ 711,328
Accounts Receivable	344,310	29,356
Receivables		
Property Taxes	646,701	480,493
Capital Assets, Not Depreciated	59,196	59,196
Capital Assets, Depreciated		
Net of Accumulated Depreciation	2,688,976	2,875,490
TOTAL ASSETS	4,118,772	4,155,863
LIABILITIES		
Accounts Payable	83,952	83,852
Capital Leases		
Due in One Year	106,136	102,953
Due in More Than One Year	489,302	595,438
TOTAL LIABILITIES	679,390	782,243
DEFERRED INFLOWS OF RESOURCES		
Deferred Revenues - Property Taxes	646,701	480,493
TOTAL DEFERRED INFLOWS OF RESOURCES	646,701	480,493
NET POSITION		
Net Investment in Capital Assets	2,199,674	2,280,052
Restricted for Emergencies	48,000	49,000
Restricted for Watershed Project	35,353	25,000
Unrestricted	509,654	539,075
TOTAL NET POSITION	\$ 2,792,681	\$ 2,893,127

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

FOUR MILE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense) Revenues and Changes in Net Position	
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities	
				2023	2022
PRIMARY GOVERNMENT					
Governmental Activities					
General Government	\$ 1,811,613	\$ 997,110	\$ 26,354	\$ (788,149)	\$ (499,320)
Interest on Long-Term Debt	(82,188)	-	-	82,188	(881)
Total Governmental Activities	<u>1,729,425</u>	<u>997,110</u>	<u>26,354</u>	<u>(705,961)</u>	<u>(500,201)</u>
GENERAL REVENUES					
Property Taxes				484,698	465,338
Specific Ownership Taxes				17,881	21,291
Donations				6,716	5,061
Other				96,220	200,297
TOTAL GENERAL REVENUES				<u>605,515</u>	<u>691,987</u>
CHANGE IN NET POSITION				(100,446)	191,786
NET POSITION, Beginning, Restated				<u>2,893,127</u>	<u>2,701,341</u>
NET POSITION, Ending				<u>\$ 2,792,681</u>	<u>\$ 2,893,127</u>

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

FOUR MILE FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2023

	GENERAL FUND	WATER COALITION FUND	TOTAL GOVERNMENTAL FUNDS	
			2023	2022
ASSETS				
Cash and Investments	\$ 344,236	\$ 35,353	\$ 379,589	\$ 711,328
Property Taxes Receivable	646,701	-	646,701	480,493
Accounts Receivable	344,310	-	344,310	29,356
TOTAL ASSETS	\$ 1,335,247	\$ 35,353	\$ 1,370,600	\$ 1,221,177
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE				
LIABILITIES				
Accounts Payable	\$ 83,952	\$ -	\$ 83,952	\$ 83,852
TOTAL LIABILITIES	83,952	-	83,952	83,852
DEFERRED INFLOWS				
Deferred Revenues - Property Taxes	646,701	-	646,701	480,493
FUND BALANCE				
Fund Balance				
Restricted for Emergencies	48,000	-	48,000	49,000
Restricted for Watershed Projects	-	35,353	35,353	25,000
Unassigned	556,594	-	556,594	582,832
TOTAL FUND BALANCE	604,594	35,353	639,947	656,832
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 1,335,247	\$ 35,353	\$ 1,370,600	\$ 1,221,177
Amounts reported for governmental activities in the statement of net position are different because:				
Fund Balance, Governmental Funds			639,947	656,832
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.			2,748,172	2,934,686
Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds. This includes capital leases payable.			(595,438)	(698,391)
Net position of governmental activities			\$ 2,792,681	\$ 2,893,127

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

FOUR MILE FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	GENERAL FUND	WATER COALITION FUND	TOTAL GOVERNMENTAL FUNDS	
			2023	2022
REVENUES				
Property Taxes	\$ 484,698	\$ -	\$ 484,698	\$ 465,338
Specific Ownership Taxes	17,881	-	17,881	21,291
Firefighting Revenue	982,505	-	982,505	949,302
Mitigation Revenue	14,605	-	14,605	-
Grants	15,343	11,011	26,354	130,353
Donations	6,716	-	6,716	5,061
Miscellaneous	38,228	57,992	96,220	200,297
TOTAL REVENUES	1,559,976	69,003	1,628,979	1,771,642
EXPENDITURES				
Salaries and Benefits	1,013,998	-	1,013,998	974,663
Firefighting and Prevention	266,333	-	266,333	176,970
General and Administrative	183,165	-	183,165	287,839
Project Planning and Implementation	-	-	-	56,530
Miscellaneous	-	58,650	58,650	153,841
Debt Service				
Principal	102,953	-	102,953	20,525
Interest and Fiscal Charges	20,765	-	20,765	100,921
TOTAL EXPENDITURES	1,587,214	58,650	1,645,864	1,771,289
NET CHANGE IN FUND BALANCES	(27,238)	10,353	(16,885)	353
FUND BALANCES, Beginning	631,832	25,000	656,832	656,479
FUND BALANCES, Ending	\$ 604,594	\$ 35,353	\$ 639,947	\$ 656,832

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

FOUR MILE FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

Amounts Reported for Governmental Activities in the Statement of Activities
are Different Because:

Net Changes in Fund Balances - Total Governmental Funds	\$ (16,885)
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 of depreciation expense for the year.	(186,514)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. These are the capital lease payments.	<u>102,953</u>
Change in Net Position of Governmental Activities	<u>\$ (100,446)</u>

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

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Four Mile Fire Protection District (the “District”) was formed in 1962 to provide fire, medical response, search and rescue and fire mitigation services to the mountain communities and historic townships in their district. They serve an area consisting of approximately 900 residents, covering over 13 square miles, including a portion of Boulder and extending west. The District provides emergency services for fires, medical emergencies, rescues, hazardous materials releases, and man-made disasters within the District. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund 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 nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements (Continued)

Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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 the liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. 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 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 collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, 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. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

The *Watershed Coalition Fund* accounts for grant revenue related to watershed related disaster recovery work.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Investments

Investments are recorded at fair value.

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District 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 recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property and equipment of the District is depreciated using the straight line method over the following estimated useful lives:

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

Long-Term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the governmental activities fund type statement of net positions.

The face amount of 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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to the liabilities, the statement of financial position and balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to a futures period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Property Taxes

The District certifies its property taxes expressed as a mill levy, on or before December 15. Property taxes attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Net Position

The government-wide and business-type fund financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital asset related debt. The net related debt is the debt less the outstanding liquid assets and any associated unamortized cost.

Restricted Net Position are liquid assets, which have third party limitations on their use.

Unrestricted Net Position represent assets that do not have any third-party limitation on their use. While District management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions

Fund Balance Classification

In the government-wide financial statements, net positions are restricted when constraints placed on the net positions are externally imposed.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. At December 31, 2023, the District does not report any amounts as nonspendable.
- 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. The District has classified Emergency Reserves as being restricted because their use is restricted by the State Constitution for declared emergencies. Unspent Watershed grant funds are also restricted for grant programs.
- 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 (motion or resolution) that was employed 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. The District did not report any Fund Balance as committed as of December 31, 2023.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- Before October 15, the Board of Directors appoints District Management as the District's Budget Officer.
- On or before October 15, District Management, acting as the Budget Officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- At least one public hearing is conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between one or more line items within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

NOTE 3: CASH AND INVESTMENTS

A summary of cash and investments as of December 31, 2023 follows:

Cash Deposits	\$ 124,836
Investments	<u>254,753</u>
Total	<u>\$ 379,589</u>

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

Deposits

Custodial Credit Risk -Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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.

At December 31, 2023, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2023, the District had deposits with financial institutions with a carrying amount of \$124,836. The bank balances with the financial institutions were \$143,408, all of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

Colorado statutes specify in which instruments the units of local government may invest which includes:

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

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 3: CASH AND INVESTMENTS (Continued)

The above investments are authorized for all funds and fund types used by Colorado local governments.

Local Government Investment Pool

The District had invested \$254,753 in the Colorado Surplus Asset Fund Trust CORE Fund (“Colorado Core”) an investment vehicle established for local government entities in Colorado pursuant to Title 24, Article 75, Part 7 of the Colorado Revised Statutes, to pool surplus funds for investment purposes. The State Securities Commissioner administers and enforces the requirements of creating and operating the Pools. Colorado Core is an ultra-short duration enhanced cash fund seeking to maintain a constant share price of \$2.00 with an emphasis placed on limiting the risk of negative fair market valuations while maintaining high credit quality and adequate liquidity. The fund operates under GASB Statements 31 and 72 methodology for calculating fair market values and maintains a weighted average maturity of 180 days or less and a weighted average life of 365 days or less.

Colorado Core is rated AAf/S1 by Fitch Ratings. The designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Colorado Core investments primary included, highly rated commercial paper, Colorado depositories in which the deposits are collateralized at 102% of market value under the provisions of the Public Depository Protection Act, and other Colorado LGIP funds inclusive of other funds offered by the Trust as allowed for by C.R.S 24-75-601.1(1)(i). Redemption requests must be made at least one day in advance and are limited to three per month.

NOTE 4: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023, is summarized below:

	Balances <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	Balances <u>12/31/2023</u>
Governmental Activities				
Capital Assets, not depreciated				
Land	\$ 14,816	\$ -	\$ -	\$ 14,816
Water Rights	<u>44,380</u>	-	-	<u>44,380</u>
Total Capital Assets, not depreciated	<u>59,196</u>	-	-	<u>59,196</u>
Capital Assets, depreciated				
Buildings and Improvements	2,256,882	-	-	2,256,882
Machinery and Equipment	597,885	-	-	597,885
Vehicles	<u>2,416,897</u>	-	-	<u>2,416,897</u>
Total Capital Assets, depreciated	<u>5,271,664</u>	-	-	<u>5,271,664</u>

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 4: CAPITAL ASSETS

	<u>Balances</u> <u>12/31/2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u> <u>12/31/2023</u>
Less Accumulated Depreciation				
Buildings and Improvements	643,215	76,380	-	719,596
Machinery and Equipment	1,136,757	1,668	-	1,138,425
Vehicles	<u>616,201</u>	<u>108,466</u>	-	<u>724,667</u>
Total Accumulated Depreciation	<u>2,396,174</u>	<u>186,514</u>	-	<u>2,582,688</u>
Total Capital Assets, depreciated, Net	<u>2,875,490</u>	<u>(186,514)</u>	-	<u>2,688,976</u>
Governmental Activities, Capital Assets, Net	<u>\$ 2,934,686</u>	<u>\$ (186,514)</u>	<u>\$ -</u>	<u>\$ 2,748,172</u>

Depreciation expense was charged to firefighting and prevention program of the District.

NOTE 5: LONG-TERM DEBT

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2023.

	<u>Balance</u> <u>12/31/22</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance</u> <u>12/31/23</u>	<u>Due In</u> <u>One Year</u>
Capital Leases	<u>\$ 688,391</u>	<u>\$ -</u>	<u>\$ 102,953</u>	<u>\$ 595,438</u>	<u>\$ 106,136</u>

Assets with a gross value of \$2,778,719 were acquired and capitalized with this lease. These assets are categorized as Building and Improvements and Vehicles.

Capital Leases

On February 1, 2015, the District entered into a capital lease agreement to finance the Poorman Station. The lease requires monthly payments of principal and interest, accruing at a rate of 3.61% through February 2030.

On May 11, 2021, the District entered into a capital lease agreement to finance of a new fire truck. The lease requires monthly payments of principal and interest, accruing at a rate of 2.82% through May 2028.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS
December 31, 2023

NOTE 5: LONG-TERM DEBT (Continued)

Future Debt Service Requirements

Annual debt service requirements for the capital leases at December 31, 2020, are as follows.

<u>Year Ended December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 106,136	\$ 17,650	\$ 123,786
2025	109,325	14,462	123,787
2026	112,611	11,176	123,787
2027	115,996	7,790	123,786
2028	109,324	4,301	113,625
2027-2030	<u>32,046</u>	<u>728</u>	<u>32,774</u>
Total Debt Service Requirements	<u>\$ 585,438</u>	<u>\$ 56,107</u>	<u>\$ 641,545</u>

NOTE 6: 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 maintains insurance through a commercial carrier for these risks of loss. Settled claims have not exceeded insurance coverage in the last three years.

NOTE 7: COMMITMENTS AND CONTINGENCIES

TABOR Amendment - Colorado voters passed the Taxpayer's Bill of Rights (TABOR), which amended the State Constitution to add Article X, Section 20, which imposes several limitations and requirements, including revenue raising, spending abilities, and other specific requirements of state and local government. In 2010 the District's voters authorized a mill levy increase in excess of that which would have been permitted by the TABOR amendment, authorized all revenue from the taxes generate buy that mill levy increase, and the investment income therefrom, to constitute voter-approved revenue changes, and further authorized the

District to collect and spend those taxes and that income without regard to any spending or revenue restrictions or other limitations contained within the TABOR Amendment or any other law, and without limiting, in any year, the amount of other revenue that may be collected and spent by the District.

In 2017 the District's voters authorized an additional mill levy increase in excess of that which would have been permitted by the TABOR Amendment and the annual limits imposed by statute in language identical to that which was approved in 2010.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 7: COMMITMENTS AND CONTINGENCIES (Continued)

The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by TABOR. At December 31, 2022, the emergency reserve of \$48,000 was recorded in the General Fund. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR.

NOTE 8: WATER LEASE AGREEMENT

In July 24, 2017, the District entered into a water lease agreement with Pine Brook Water District to lease up to 2.5 acre feet of Augmentation Water with an option to purchase up to the same amount. Under this agreement, the District was to pay \$6,000 per year for a period of 3 years up to 10 years. In April 2019, the District obtained a decree for water storage rights and approval for the augmentation plan and paid \$38,380 in 2019 to Pine Brook Water District in order to exercise the purchase option available under this lease agreement for these water rights. The annual lease payments are no longer required and water rights in the amount of \$44,280 have been capitalized by the District.

NOTE 9: PAID FIREFIGHTER PENSION PLAN

Statewide Money Purchase Pension Plan

Plan Description - Beginning in 2020, the District contributes to the Statewide Money Purchase Pension Plan (Plan), a cost-sharing multiple-employer defined contribution pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Plan 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. This is a non-contributory plan. All full time, paid firefighters of the District are members of the Plan and the Statewide Death and Disability Plan. The Plan was established by the State Legislature under Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Plan and the Statewide Death and Disability Plan. That report may be obtained by contacting FPPA.

Funding Policy - The contribution requirements of plan members and the District are established and may be amended by the State legislature. Both the District and the employee contribute 8.0% of the employee's covered salary. The District contributions to the Plan for the year ending December 31, 2023, were \$94,479 equal to the required contribution as well as catch-up contributions from prior years.

FOUR MILE FIRE PROTECTION DISTRICT

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2023

NOTE 10: SUBSEQUENT EVENTS

Subsequent Events have been evaluated through March 17, 2024, which is the date the financial statements were available to be issued. No events were found that required disclosure.

REQUIRED SUPPLEMENTAL INFORMATION

FOUR MILE FIRE PROTECTION DISTRICT

GENERAL FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2023

	2023		VARIANCE Positive (Negative)	2022 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Property Taxes	\$ 480,493	\$ 484,698	\$ 4,205	\$ 465,338
Specific Ownership Taxes	-	17,881	17,881	21,291
Firefighting Revenue	750,000	982,505	232,505	949,302
Mitigation Revenue	90,000	14,605	(75,395)	-
Grants	400,000	15,343	(384,657)	84,875
Donations	5,000	6,716	1,716	5,061
Miscellaneous	-	38,228	38,228	106,731
TOTAL REVENUES	1,725,493	1,559,976	(165,517)	1,632,598
EXPENDITURES				
Current				
Salaries and Benefits	900,000	1,013,998	(113,998)	974,663
Operations	134,000	266,333	(132,333)	176,970
Training	10,000	5,275	4,725	
Administration	94,500	92,963	1,537	160,441
Equipment Maintenance	75,000	50,669	24,331	45,700
Capital Outlay	245,000	34,258	210,742	80,556
Debt Service	137,818	123,718	14,100	121,446
Other	-	-	-	1,142
TOTAL EXPENDITURES	1,596,318	1,587,214	9,104	1,560,918
NET CHANGE IN FUND BALANCE	129,175	(27,238)	(156,413)	71,680
FUND BALANCE, Beginning	573,627	631,832	58,205	560,152
FUND BALANCE, Ending	<u>\$ 702,802</u>	<u>\$ 604,594</u>	<u>\$ (98,208)</u>	<u>\$ 631,832</u>

See the accompanying independent auditors' report.

FOUR MILE FIRE PROTECTION DISTRICT

WATER COALITION FUND
 BUDGETARY COMPARISON SCHEDULE
 Year Ended December 31, 2023

	2023		VARIANCE Positive (Negative)	2022 ACTUAL
	ORIGINAL AND FINAL BUDGET	ACTUAL		
REVENUES				
Grants	\$ 832,792	\$ 11,011	\$ (821,781)	\$ 45,478
Other	-	57,992	57,992	93,566
TOTAL REVENUES	<u>832,792</u>	<u>69,003</u>	<u>(763,789)</u>	<u>139,044</u>
EXPENDITURES				
Current				
Project Implementation	832,792		832,792	56,530
Miscellaneous	-	58,650	(58,650)	153,841
TOTAL EXPENDITURES	<u>832,792</u>	<u>58,650</u>	<u>774,142</u>	<u>210,371</u>
CHANGE IN FUND BALANCE	-	10,353	10,353	(71,327)
FUND BALANCE, Beginning	-	25,000	25,000	96,327
FUND BALANCE, Ending	<u>\$ -</u>	<u>\$ 35,353</u>	<u>\$ 35,353</u>	<u>\$ 25,000</u>

See the accompanying independent auditors' report.