

**CANON CITY AREA FIRE
PROTECTION DISTRICT**

FINANCIAL STATEMENTS
With Independent Auditors' Report

Year Ended December 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Canon City Area Fire Protection District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Canon City Area Fire Protection District, as of and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Canon City Area Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Canon City Area Fire Protection District, as of December 31, 2024 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Canon City Area Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information as listed in the table of contents be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Canon City Area Fire Protection District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2025 on our consideration of the Canon City Area Fire Protection District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Canon City Area Fire Protection District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Canon City Area Fire Protection District's internal control over financial reporting and compliance.

Hoelting & Company, Inc.

Colorado Springs, Colorado
June 5, 2025

CANON CITY AREA FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION & ANALYSIS

Our discussion and analysis of Canon City Area Fire Protection District's (District) financial performance provides an overview of the District's financial activities for the fiscal year ended December 31, 2024. Please read it in conjunction with the District's financial statements which begin on page 1.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statement consists of three components: 1) the government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. The Statement of Net position presents information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes). The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities), grants and charges for services. The governmental activity of the District is public safety – Fire/Emergency Services.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The governmental fund financial statements can be found on pages 1-6 of this report. The District adopted an annual appropriated budget for the General Fund. A budgetary comparison statement for the General Fund is located on page 34 of this report.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 7 through 33 of this report.

Other Information: In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information consisting of the schedules of revenues, expenditures and changes in fund balance – budget to actual – General, Bond, and Acquisition Funds and the summary of historical information of the Defined Benefit Pension Plans, which can be found on pages 35 through 40 of this report.

Condensed Statement of Net Position

	<u>2024</u>	<u>2023</u>
Current and other assets	\$ 18,457,824	\$ 11,405,681
Capital assets	<u>14,161,549</u>	<u>14,151,981</u>
Total assets	<u>32,619,373</u>	<u>25,557,662</u>
Deferred Outflows	<u>2,917,362</u>	<u>604,381</u>
Long-term liabilities	17,839,471	13,588,378
Other liabilities	<u>475,950</u>	<u>290,120</u>
Total liabilities	<u>18,315,421</u>	<u>13,878,498</u>
Deferred Inflows	<u>9,877,682</u>	<u>6,881,532</u>
Net position:		
Net investment in capital assets	287,180	4,464,069
Restricted	289,000	237,000
Unrestricted	<u>6,770,452</u>	<u>700,944</u>
Total net position	<u>\$ 7,346,632</u>	<u>\$ 5,402,013</u>

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$7,346,632.00 at the close of the most recent fiscal year.

The District's net position reflect its investment in capital assets (e.g. land, buildings and improvements, equipment and vehicles) less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Condensed Statement of Activities

	<u>2024</u>	<u>2023</u>
Revenues:		
General revenues:		
Property and Specific Ownership Tax	\$ 7,582,257	\$ 7,217,505
Interest	229,686	155,258
Other	1,251,626	33,786
Program Revenue:		
Charges for Services	1,539,931	1,093,953
Operating grants and contributions	<u>1,089,443</u>	<u>593,603</u>
Total revenues	<u>11,692,943</u>	<u>9,094,105</u>
Expenses:		
General and administrative	739,706	531,870
Fire and emergency medical services	8,565,696	7,580,419
Interest and fiscal charges	<u>442,922</u>	<u>285,192</u>
Total expenses	<u>9,748,324</u>	<u>8,397,481</u>
Change in net position	<u>1,944,619</u>	<u>696,624</u>
Net position, beginning, as originally stated	<u>5,402,013</u>	<u>5,409,071</u>
Prior period adjustment	<u>-</u>	<u>(703,682)</u>
Net position, beginning, as restated	<u>5,402,013</u>	<u>4,705,389</u>
Net position, ending	<u>\$ 7,346,632</u>	<u>\$ 5,402,013</u>

Financial Analysis of the District's Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District's governmental funds follows.

Government Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Fund balances are detailed on pages 3-6 of this report.

General Fund Budgetary Highlights

Budget Variances: The budget to actual comparison details can be seen on page 34 of the financial statements. General fund revenues exceeded budget by \$1,045,459 primarily due to lower actual Capital Expenses by year end. Expenditures exceeded budget in the amount of \$498,226 due to increased personnel costs associated with 16 new firefighter positions. The additional personnel costs were offset with the funds awarded through the SAFER Grant.

Capital Asset and Debt Administration

Capital Assets: The District's investment in capital assets at December 31, 2024 amounted to \$14,164,549 (net of accumulated depreciation/amortization). This included the initial expenses for the remodel of Fire Station-1. Due to project start delays, additional Capital funds budgeted in 2024 were carried over to 2025 for the continuation of the remodel project.

Long-Term Obligations: At the end of the current fiscal year, the District had total outstanding long term obligations for COPs of \$12,490,000, Premium of \$1,161,068, Leases of \$226,301, and Compensated Absences of \$809,697. The COP term is 25-years. The vehicle lease term is 3-years, with one payment remaining in 2025. Additional information can be found in Note 6 on page 16.

Economic Factors and Next Year's Budgets and Rates

The District's revenues and expenditures for 2025 are expected to be slightly lower than 2024. Some tax revenue may increase as a result of continued increase in collection of Specific Ownership Taxes. Property taxes are expected to decrease due to State Legislative actions.

Request for Information

The financial report is designed to provide a general overview of the District's finances for all those interested in the government's finances. Questions concerning any of the information provided in the report or additional financial information should be addressed to: Canon City Area Fire Protection District, 1475 N. 15th Street, Canon City, CO 81212.

BASIC FINANCIAL STATEMENTS

**CANON CITY AREA FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024**

ASSETS

Cash and cash equivalents	\$ 9,949,294
Cash with County Treasurer	58,033
Accounts receivable	573,163
Property taxes receivable	7,748,510
Prepaid expenses	128,754
Deposits	70
Capital assets not being depreciated	832,726
Capital assets, net of accumulated depreciation/amortization	13,331,823
	32,622,373
Total assets	32,622,373

DEFERRED OUTFLOWS OF RESOURCES

Deferred pension outflows - Defined benefit pension	2,411,377
Deferred pension outflows - Volunteer pension	35,744
Deferred pension outflows - Old hire pension	470,241
	2,917,362
Total deferred outflows of resources	2,917,362

LIABILITIES

Accounts payable and other accrued liabilities	186,637
Accrued salaries and benefits	238,878
Accrued interest	50,435
Long-term liabilities:	
Due within one year	601,301
Due in more than one year	14,085,765
Net pension liability - Volunteer pension	126,538
Net pension liability - Old hire pension	3,025,867
	18,315,421
Total liabilities	18,315,421

DEFERRED INFLOWS OF RESOURCES

Deferred pension inflows - Defined benefit pension	2,035,741
Deferred pension inflows - Volunteer pension	20,177
Deferred pension inflows - Old hire pension	73,254
Unavailable property tax revenue	7,748,510
	9,877,682
Total deferred inflows of resources	9,877,682

NET POSITION

Net investment in capital assets	287,180
Restricted	289,000
Unrestricted	6,770,452
	7,346,632
Total net position	\$ 7,346,632

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General and administrative	\$ 739,706	\$ -	\$ -	\$ (739,706)
Fire and emergency medical services	8,565,696	1,539,931	1,089,443	(5,936,322)
Interest and fiscal charges	442,922	-	-	(442,922)
Total governmental activities	\$ 9,748,324	\$ 1,539,931	\$ 1,089,443	(7,118,950)
General revenues:				
General property tax				6,752,126
Specific ownership tax				830,131
Investment earnings				229,686
Other income				1,251,626
Total general revenues				9,063,569
Change in net position				1,944,619
Net position - beginning				5,402,013
Net position - ending				\$ 7,346,632

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS - GENERAL FUND
DECEMBER 31, 2024**

ASSETS

Cash and cash equivalents	\$ 9,949,294
Cash with County Treasurer	58,033
Accounts receivable	573,163
Property taxes receivable	7,748,510
Prepaid expenses	128,754
Deposits	70
	70
Total assets	\$ 18,457,824

LIABILITIES

Accounts payable and other accrued liabilities	\$ 186,637
Accrued salaries and benefits	238,878
	238,878
Total liabilities	425,515

DEFERRED INFLOWS OF RESOURCES

Unavailable property tax revenue	7,748,510
	7,748,510

FUND BALANCE

Nonspendable	128,754
Restricted	289,000
Unassigned	9,866,045
	9,866,045
Total fund balance	10,283,799

Total liabilities, deferred inflows of resources, and fund balance	\$ 18,457,824
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The accompanying notes are an integral part of these financial statements.

**CANON CITY AREA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2024**

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

Total fund balance - governmental funds	\$ 10,283,799
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Capital assets, not being depreciated	\$ 832,726	
Capital assets, net of depreciation	<u>13,331,823</u>	14,164,549

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

Pension outflows- Defined benefit pension	\$ 2,411,377	
Pension inflows- Defined benefit pension	(2,035,741)	
Net pension liability- Volunteer pension	(126,538)	
Pension outflows- Volunteer pension	35,744	
Pension inflows- Volunteer pension	(20,177)	
Net pension liability- Old hire pension	(3,025,867)	
Pension outflows- Old hire pension	470,241	
Pension inflows- Old hire pension	(73,254)	
Compensated absences	(809,697)	
Accrued interest payable	(50,435)	
Lease payable	(226,301)	
COP payable	<u>(13,651,068)</u>	<u>(17,101,716)</u>

Net Position of governmental activities in the statement of net position	<u><u>\$ 7,346,632</u></u>
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The accompanying notes are an integral part of these financial statements.

CANON CITY AREA FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS - GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2024

REVENUES

General property tax	\$ 6,752,126
Specific ownership tax	830,131
Charges for services	460,531
Grants	1,089,443
Fees	17,583
Risk management	1,024,816
Investment earnings	229,686
Miscellaneous	1,288,628
	<u>11,692,944</u>
Total revenues	<u>11,692,944</u>

EXPENDITURES

General and administrative:	
Administration	85,707
Insurance	40,851
Professional services	29,836
County treasurer fees	202,257
Other	45,006
Fire and emergency medical services:	
Personnel costs and benefits	7,721,311
Operations	59,653
Fire prevention and life safety	2,275
Apparatus maintenance	105,057
Facilities	118,094
Communications	130,451
Training	58,515
Health and safety	55,969
Wildland deployment	330,064
Capital outlays	627,876
Debt service:	
Principal	456,154
Interest and fiscal charges	293,419
Bond issuance costs	184,544
	<u>10,547,039</u>
Total expenditures	<u>10,547,039</u>
Excess (deficit) of revenues over expenditures	1,145,905

OTHER FINANCING SOURCES

Bond proceeds	4,684,544
	<u>4,684,544</u>
Net change in fund balance	5,830,449
Fund balance - beginning	4,453,350
	<u>4,453,350</u>
Fund balance - ending	<u><u>\$ 10,283,799</u></u>

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2024**

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

Net change in fund balances - total governmental funds: \$ 5,830,449

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 663,542	
Depreciation	<u>(650,974)</u>	12,568

Governmental funds measure compensated absences by the amount of financial resources used, whereas these expenses are reported in the statement of activities based on the amounts incurred during the year. (16,256)

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

Bond proceeds	\$ (4,684,544)	
Repayment of principal	<u>456,154</u>	(4,228,390)

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

Interest expense	\$ (3,892)	
Amortization of bond premium	38,933	
Pension expenses - Defined benefit pension	375,636	
Pension expenses - Volunteer pension	(6,906)	
Pension expenses - Old hire pension	<u>(57,523)</u>	<u>346,248</u>

Change in net position of governmental activities \$ 1,944,619

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

NOTES TO FINANCIAL STATEMENTS

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. REPORTING ENTITY

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

B. BASIS OF PRESENTATION – GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

C. BASIS OF PRESENTATION — FUND FINANCIAL STATEMENTS

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

The District reports the following major governmental funds:

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flow. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue in the fiscal year in which all eligibility requirements imposed by the provider have been met.

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

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

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

Cash and cash equivalents

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

Investments

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

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Receivables

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

Prepaid expenses

Payments made for expenses that will benefit periods beyond December 31, 2024 are recorded as prepaid expenses.

Capital Assets

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

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

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

Buildings	40 years
Machinery and Equipment	10-20 years
Vehicles	15 years

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

Pensions

Canon City Area Fire Protection District participates in the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the SRP have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Canon City Area Fire Protection District participates in the Volunteer Firefighters' Pension Plan (the "Volunteer Plan"), an agent multiple-employer defined benefit pension fund administered by the Colorado Fire & Police Pension Association ("FPPA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Volunteer Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Canon City Area Fire Protection District participates in the Old Hire Fire Pension Plan (the "Old Hire Plan"), an agent multiple-employer defined benefit pension fund administered by the Colorado Fire & Police Pension Association ("FPPA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Old Hire Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred outflows/inflows of resources

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualifies for reporting in this category.

Leases

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

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

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

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

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

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

Long-term liabilities

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the statement of net position. In the fund financial statements, the face amount of the debt issued is reported as other financing sources.

Net position flow assumption

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

Fund Balance Classification

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

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

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

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

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

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

F. REVENUES AND EXPENDITURES/EXPENSES

Program revenues

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

Property Taxes

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

The District is permitted to levy taxes on the assessed valuation for general governmental services and for the payment of principal and interest on long-term debt. The mill levy for general operating expenses for the year ended December 31, 2024 was 23.035 mills. The District’s assessed valuation for 2024 was \$293,071,968.

Compensated absences

Employees of the District are allowed to accumulate unused vacation and sick time. Upon termination of employment with the District, an employee is compensated for all accrued vacation and sick time within the maximum leave accruals at the current rate of pay.

These compensated absences are recognized when due in the governmental funds types. A liability has been recorded in the government-wide financial statements for accrued compensated absences.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

G. ESTIMATES

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

NOTE 2—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budget information

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

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

Excess of Expenditures over Appropriations

For the year ended December 31, 2024, expenditures exceeded appropriations in the General Fund by \$498,226. These over-expenditures were funded by available current year revenues.

NOTE 3 – DEPOSITS AND INVESTMENTS

A summary of deposits and investments as of December 31, 2024 as follows:

Cash and cash equivalents:

Deposits	\$ 1,873,030
Investments	<u>8,076,264</u>
Total	<u>\$ 9,949,294</u>

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 3 – DEPOSITS AND INVESTMENTS (CONTINUED)

Cash deposits with financial institutions

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

At December 31, 2024, the carrying amounts of the District’s deposits were \$1,873,030, and the bank balances were \$1,434,850. Of the total bank balances, \$255,156 was covered by FDIC insurance and the remaining balance of \$1,179,694 falls under the provisions of the Colorado Public Deposit Protection Acts which are collateralized in single institution pools.

Investments

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

- ◆ Obligations of the United States and certain U.S. government agencies’ 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.

At December 31, 2024 the District’s investment balances were as follows:

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value</u>
COLOTRUST	Less than 60 days	\$ <u>8,076,264</u>

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

Credit Risk: State law and the District’s investment policies limit investments as described above. As of December 31, 2024, the District’s investments were rated AAAM by Standard & Poor’s.

Colorado Surplus Asset Fund Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify the investments owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 4 –RECEIVABLES

Receivables are considered fully collectible; therefore, there is no allowance for uncollectibles.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increase</u>	<u>Decrease</u>	<u>Ending Balance</u>
Capital assets, not being depreciated				
Land	\$ 588,114	\$ -	\$ -	\$ 588,114
Construction in progress	<u>-</u>	<u>244,612</u>	<u>-</u>	<u>244,612</u>
Total capital assets, not being depreciated	<u>588,114</u>	<u>244,612</u>	<u>-</u>	<u>832,726</u>
Capital assets, being depreciated:				
Buildings	11,824,541	37,882	-	11,862,423
Machinery and equipment	<u>6,095,469</u>	<u>381,048</u>	<u>-</u>	<u>6,476,517</u>
Total capital assets, being depreciated	<u>17,920,010</u>	<u>418,930</u>	<u>-</u>	<u>18,338,940</u>
Less accumulated depreciation:				
Buildings	(1,329,047)	(284,306)	-	(1,613,353)
Machinery and equipment	<u>(3,027,096)</u>	<u>(366,668)</u>	<u>-</u>	<u>(3,393,764)</u>
Total accumulated depreciation	<u>(4,356,143)</u>	<u>(650,974)</u>	<u>-</u>	<u>(5,007,117)</u>
Capital assets, being depreciated, net	<u>13,563,867</u>	<u>(232,044)</u>	<u>-</u>	<u>13,331,823</u>
Total capital assets, net	<u>\$ 14,151,981</u>	<u>\$ 12,568</u>	<u>\$ -</u>	<u>\$ 14,164,549</u>

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

Wildland	\$ 4,923
General and administrative	336,049
Fire and emergency medical services	<u>310,002</u>
Total	<u>\$ 650,974</u>

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 6 - LONG-TERM DEBT

On May 10, 2021, UMB Bank, N.A. issued \$8,805,000 Certificates of Participation, Series 2021 to the District. Proceeds from the COPs were used to build Station 3. Interest accrues a rate of 3% to 4% and is due semi-annually. Principal payments are due annually on December 1 through 2046.

On November 1, 2022, the District entered into a Lease Purchase Agreement with Community First National Bank in the amount of \$621,104 to purchase a Toyne EMFD Pumper. Interest and principal payments are due annually on June 1st with a total payment amount of \$236,923. The last payment will be on June 1, 2025

On December 19, 2024, UMB Bank, N.A. issued \$4,380,000 Certificates of Participation, Series 2024 to the District. Proceeds from the COPs were placed in the Project Fund. Interest accrues a rate of 4% to 5% and is due semi-annually. Principal payments are due annually on December 1 through 2044.

Debt service requirements to maturity are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 601,301	\$ 469,943
2026	400,000	453,400
2027	415,000	436,000
2028	435,000	417,950
2029	460,000	399,000
2030-2034	2,575,000	1,689,450
2035-2039	3,110,000	1,158,850
2040-2044	3,735,000	541,250
2045-2046	<u>985,000</u>	<u>44,550</u>
Total	<u>\$ 12,716,301</u>	<u>\$ 5,610,393</u>

Long-term debt activity for the year ended December 31, 2024 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due within One year</u>
2021 COPs	\$ 8,350,000	\$ -	\$ (240,000)	\$ 8,110,000	\$ 250,000
2024 COPs	-	4,380,000	-	4,380,000	125,000
Premium	895,457	304,544	(38,933)	1,161,068	-
Lease	442,455	-	(216,154)	226,301	226,301
Compensated Absences	<u>793,441</u>	<u>16,256</u>	<u>-</u>	<u>809,697</u>	<u>-</u>
Total	<u>\$10,481,353</u>	<u>\$ 4,700,800</u>	<u>\$ (495,087)</u>	<u>\$14,687,066</u>	<u>\$ 601,301</u>

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN

Statewide Retirement Plan

General Information about the Pension Plan

Plan description. Eligible employees of the Canon City Area Fire Protection District are provided with pensions through the Statewide Retirement Plan (SRP) – a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 230 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan. In 2003, legislation was enacted that allows departments who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2003, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent. Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

The Plan is administered by the Fire & Police Association of Colorado (FPPA). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

Benefits provided. The SRP 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.

The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with a least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension. A member is eligible for retirement after attainment of age 55 with at least five years of credited service. A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to then years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLA can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for a least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member. Upon termination, a member may elect to have their member contribution, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions. Contribution rates for the Plan are set by statute statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election by both employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2023, the total minimum required member and employer contribution rate was 21.5 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors.. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2023, the total minimum required member and employer contribution rate was 21.7 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2023, the total combined member and employer contribution rate was 10.75 percent.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2023, the total minimum combined member and employer contribution rate was 16.25 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member’s retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 is 14.24 percent. The Hybrid Defined Benefit Component contribution rate from January 1, 2023 through June 30, 2023 was 13.90 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member’s self-directed account in the Money Purchase Component. A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer’s contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document as 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

Employer contributions are recognized by the SRP in the period in which the compensation becomes payable to the member and the Canon City Area Fire Protection District is statutorily committed to pay the contributions to the SRP. Employer contributions recognized by the SRP from Canon City Area Fire Protection District were \$489,532 for the year ended December 31, 2024.

Actuarial assumptions. The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2023. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2024	January 1, 2023
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, net*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Long-term rate of return. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	35%	8.33%
Equity Long/Short	6%	7.27%
Private Markets	34%	10.31%
Fixed Income - Rates	10%	5.35%
Fixed Income - Credit	5%	5.89%
Absolute Return	9%	6.39%
Cash	1%	4.32%
Total	100.0%	

**CANON CITY AREA FIRE PROTECTION DISTRICT
 NOTES TO FINANCIAL STATEMENTS
 DECEMBER 31, 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Statewide Retirement Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the measurement period ending December 31, 2023, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board’s Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board’s policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.77 percent (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00 percent.

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

1% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
\$ 2,462,470	\$ -	\$ -

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 7 – DEFINED BENEFIT PENSION PLAN (CONTINUED)

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

At December 31, 2024, the Canon City Area Fire Protection District reported a liability/(asset) of \$0.00 for its proportionate share of the net pension liability/(asset). The net pension liability/(asset) was measured as of December 31, 2023, and the collective total pension liability/(asset) used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of January 1, 2024. The Canon City Area Fire Protection District proportion of the net pension liability/(asset) was based on Canon City Area Fire Protection District contributions to the SRP for the calendar year 2023 relative to the total contributions of participating employers to the SRP.

At December 31, 2023, the Canon City Area Fire Protection District’s proportion was 0.439147166 percent, which was an increase of 0.439147166 from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the Canon City Area Fire Protection District recognized pension expense of \$(375,636). At December 31, 2024, the Canon City Area Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 836,331	\$ 40,183
Changes in assumptions or other inputs	485,105	-
Net difference between projected and actual investment earnings	600,409	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	1,995,558
Contributions subsequent to the measurement date	489,532	-
Total	\$ 2,411,377	\$ 2,035,741

\$489,532 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$ 55,424
2026	210,371
2027	416,494
2028	(176,122)
2029	(154,331)
Thereafter	(465,732)

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 – VOLUNTEER FIREFIGHTERS’ PENSION PLAN

General Information about the Pension Plan

Plan description. Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for years of creditable volunteer service between 10 and 20 years. 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 earnings capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board.

The Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly available financial report that includes the assets of the Volunteer Plan. That report may be obtained on FPPA’s website at <http://www.FPPAco.org>.

Funding Policy. An actuary is used to determine the annual required contribution (“ARC”) necessary to maintain the actuarial soundness of the Plan. Colorado law requires the State to make an annual contribution to the Plan. Because the District’s monthly benefit amount is over \$300, the State’s annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District makes an additional contribution to support the plan.

The actuarial study as of January 1, 2023, indicated that the current levels of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan.

At January 1, 2023 the membership consists of 19 active members, 11 retirees and beneficiaries, and one inactive, nonretired member.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 – VOLUNTEER FIREFIGHTERS’ PENSION PLAN (CONTINUED)

Actuarial assumptions: Method and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	<p>Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.</p> <p>Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p>Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p>

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

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 – VOLUNTEER FIREFIGHTERS’ PENSION PLAN (CONTINUED)

Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	1.00%	4.32%
Fixed Income - Rates	10.00%	5.35%
Fixed Income - Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Long Short	6.00%	7.27%
Global Public Equity	35.00%	8.33%
Private Markets	34.00%	10.31%
Total	100.0%	

Single Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.0%; the municipal bond rate is 3.77% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

Sensitivity of the District’s net pension liability/(asset) to changes in the Discount Rate. The following presents the net pension liability/(asset) calculated using a Single Discount Rate of 7.00 percent, as well as the net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease 6.00%	Current Single Discount Rate 7.00%	1% Increase 8.00%
Proportionate share of the net pension liability/(asset)	\$ 170,062	\$ 126,538	\$ 89,839

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 – VOLUNTEER FIREFIGHTERS’ PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability/(Asset)

Changes in the District’s net pension liability/(asset) for the year ended December 31, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) – (b)
Balances at 12/31/22	\$ 419,137	\$ 285,513	\$ 133,624
Changes for the year:			
Service cost	3,526	-	3,526
Interest on the total pension liability	28,507	-	28,507
Differences – experiences	-	-	-
Changes in assumptions	-	-	-
Benefit payments	(27,720)	(27,720)	-
District contributions	-	16,007	(16,007)
Pension plan net investment income	-	26,590	(26,590)
Administrative expenses	-	(7,996)	7,996
State of CO supplemental payment	-	4,518	(4,518)
Net Changes	4,313	11,399	(7,086)
Balance at 12/31/23	\$ 423,450	\$ 296,912	\$ 126,538

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

At December 31, 2024, The District reported a net pension liability of \$126,538. The net pension liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2023. Standard update procedures were used to roll forward the total pension liability to December 31, 2024.

For the year ended December 31, 2024, the District recognized pension expense of \$6,906.

For the year ended December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 3,182
Change in assumptions and other inputs	1,589	-
Net difference between projected and actual earnings on pension plan investments	28,482	16,995
Contributions subsequent to the measurement date	5,673	N/A
Total	\$ 35,744	\$ 20,177

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 8 – VOLUNTEER FIREFIGHTERS’ PENSION PLAN (CONTINUED)

\$5,673 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$ (287)
2026	3,539
2027	8,069
2028	(1,427)
2029	-
Thereafter	-
Total	\$ 9,894

FPPA System Description. The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only.

FPPA issues a publicly available comprehensive annual financial report which can be obtained at www.fppaco.org.

NOTE 9 – OLD HIRE FIRE PENSION PLAN

General Information about the Pension Plan

Plan description. These plans are individual defined benefit pension plans for firefighter and police employees in the State of Colorado hired before April 8, 1978 (old hires) whose employers have chosen to affiliate with FPPA. The affiliated plans are still governed by their local plan document and local pension board.

Each has a separate actuarial valuation done every two years where contributions rates are determined. The Plan provides retirement benefits for Members and beneficiaries according to Plan provisions as enacted and governed by the Firefighters Pension Board.

Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the Plan. For 2024, retirees could choose one of two retirement benefits as follows:

1. Any firefighter who elects to retire on or after his normal retirement date (20 years of service and 50 years of age) shall be eligible for a monthly pension equal to 60% of his monthly salary at the date of his retirement. For each year of service beyond 20 years, a firefighter shall increase his pension by 3.0% of salary up to a maximum monthly pension of 90% of his monthly salary at the date of his retirement.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 – OLD HIRE FIRE PENSION PLAN (CONTINUED)

2. Any firefighter who elects to retire on or after his normal retirement date (when he has completed 20 years of service), is eligible for a monthly pension of one-half of his monthly salary at the date of retirement. In addition, the retiree receives 2% of his monthly salary multiplied by the number of years of service in excess of 20 years. The total monthly pension may not exceed 60% of the monthly salary on the date of retirement. The plan also provides for severance benefits, cost of living adjustments and post-withdrawal and pre-retirement and post-retirement death benefits.

FPPA issues independent annual reports may be obtained by calling FPPA at (303)770-3772 in the Denver metro area and 1-800-332-FPPA (3772) from outside the metro area.

Funding Policy. An actuary is used to determine the annual required contribution (“ARC”) necessary to maintain the actuarial soundness of the Plan. Colorado law requires the State to make an annual contribution to the Plan. Because the District’s monthly benefit amount is over \$300, the State’s annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District makes an additional contribution to support the plan.

The actuarial study as of January 1, 2024, indicated that the current levels of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan.

At January 1, 2024 the membership consists of 10 retirees and beneficiaries.

Actuarial assumptions: Method and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	N/A
Remaining Amortization Period	N/A
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	6.50%
Retirement Age	Any remaining actives are assumed to retire immediately.
Mortality	Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled (pre-1980): Post-retirement rates set forward three years.

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 – OLD HIRE FIRE PENSION PLAN (CONTINUED)

Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Cash	5.00%	5.5%
Fixed Income - Rates	30.00%	5.4%
Fixed Income - Credit	6.00%	5.9%
Diversifiers	6.00%	7.4%
Long Short	6.00%	7.0%
Global Public Equity	17.00%	8.3%
Private Markets	30.00%	10.2%
Total	100.0%	

Single Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 6.50%; the municipal bond rate is 3.77% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 6.50%.

Sensitivity of the District’s net pension liability/(asset) to changes in the Discount Rate. The following presents the net pension liability/(asset) calculated using a Single Discount Rate of 6.50 percent, as well as the net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is 1-percentage-point lower (5.50 percent) or 1-percentage-point higher (7.50 percent) than the current rate:

	1% Decrease 5.50%	Current Single Discount Rate 6.50%	1% Increase 7.50%
Proportionate share of the net pension liability/(asset)	\$ 3,515,275	\$ 3,025,867	\$ 2,599,630

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 – OLD HIRE FIRE PENSION PLAN (CONTINUED)

Changes in the Net Pension Liability/(Asset)

Changes in the District’s net pension liability/(asset) for the year ended December 31, 2023 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability(Asset) (a) – (b)
Balances at 12/31/22	\$ 5,603,227	\$ 2,629,826	\$ 2,973,401
Changes for the year:			
Service cost	-	-	-
Interest on the total pension liability	349,669	-	349,669
Differences – experiences	101,726	-	101,726
Changes in assumptions	(22,544)	-	(22,544)
Benefit payments	(454,556)	(454,556)	-
District contributions	-	222,281	(222,281)
Pension plan net investment income	-	158,187	(158,187)
Administrative expense	-	(4,083)	4,083
Net Changes	(25,705)	(78,171)	52,466
Balance at 12/31/23	\$ 5,577,522	\$ 2,551,655	\$ 3,025,867

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

At December 31, 2024, The District reported a net pension liability of \$3,025,867. The net pension liability was measured as of December 31, 2023 and was determined by an actuarial valuation as of January 1, 2024. Standard update procedures were used to roll forward the total pension liability to December 31, 2024.

For the year ended December 31, 2024, the District recognized pension expense of \$57,523.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ -
Assumption changes	-	-
Net difference between projected and actual earnings on pension plan investments	247,960	73,254
Contributions subsequent to the measurement date	222,281	N/A
Total	\$ 470,241	\$ 73,254

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 9 – OLD HIRE FIRE PENSION PLAN (CONTINUED)

\$222,281 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$ 36,592
2026	54,768
2027	82,307
2028	1,039
2029	-
Thereafter	-
Total	\$ 174,706

FPPA System Description. The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only.

FPPA issues a publicly available comprehensive annual financial report which can be obtained at www.fppaco.org.

NOTE 10 – STATEWIDE DEATH AND DISABILITY PLAN

Plan description. The District contributes to the Statewide Death and Disability Plan (SWD&D), a cost-sharing multiple-employer death and disability plan administered by FPPA. The SWD&D covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD&DP may include part-time police and fire employees.

Contributions to the SWD&D are used solely for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the Plan. The Plan was established in 1998 pursuant to Colorado Revised Statutes. FPPA issues a publicly available annual comprehensive financial report that includes financial statements and required supplementary information for the SWD&DP. That report can be obtained on FPPA’s website at <http://www.FPPAco.org>.

Funding Policy. The District and/or employee is required to contribute at a rate of 3.6% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 3.6% contribution may be paid entirely by the employer or the member, or it may be split between the employer and the member. Currently, the District is splitting the 3.6% between the District and the Members. For the year ending December 31, 2024, the District’s contributions to the SWD&D were \$62,144.06, equal to the required contributions for the year.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 11 – DEFERRED COMPENSATION PLAN

All paid firefighters are eligible to participate in a deferred compensation plan created in accordance with Internal Revenue Code section 457 (Deferred Compensation Plan). The Deferred Compensation Plan, which is administered by FPPA, allows all paid firefighters the opportunity to defer a portion of their salary until future years. All compensation deferred under the Deferred Compensation Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefits of the participants and their beneficiaries. Amounts contributed to the Deferred Compensation Plan are not available to employees until termination, retirement, death, or unforeseeable emergency.

Participants may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. Employers may also contribute to this plan on behalf of its employees provided that the combined employee and employer contributions do not exceed the aforementioned limits.

Deferred Compensation Plan investment purchases are determined by the individual participants and therefore, the Deferred Compensation Plan's investment concentration varies between participants.

The District has no liability for losses under the Deferred Compensation Plan. Accordingly, the Deferred Compensation Plan is not part of the District's financial statements.

NOTE 12 - RISK MANAGEMENT

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

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

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION

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

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

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

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 13 - AMENDMENT TO COLORADO CONSTITUTION (CONTINUED)

In 1995, the voters of the District approved continuation of a 3.42 mill levy commencing January 1, 1996, which had previously been levied for payment of general obligation bonds and had been scheduled to expire on December 31, 1995. Voters also authorized the District to receive, retain and expend all revenues derived from the continued ad valorem tax for the general purposes of the District during 1997 and each subsequent year, notwithstanding any state restriction on fiscal year revenue and spending limits including, without limitation, the restrictions of Article X, Section 20 of the Colorado Constitution.

In 2004, the voters of the District approved that taxes be increased by the imposition of an additional property tax not to exceed 2.556 mills (from 10.444 mills to 13.000 mills) commencing January 1, 2005 and thereafter. Voters also authorized the District to collect and spend such revenues notwithstanding revenue or expenditure limits contained in Colorado Statutes and in Article X, Section 20 of the Colorado Constitution.

In 2014, the voters of the District approved that taxes be increased by the imposition of an additional property tax not to exceed 4.67 mills commencing January 1, 2015 and thereafter. Voters also authorized the District to collect, retain and spend such revenues notwithstanding limitations of applicable state statutes and Article X, Section 20 of the Colorado Constitution.

In 2018, the voters of the District approved that taxes be increased by the imposition of an additional property tax not to exceed 12.00 mills commencing January 1, 2019 and thereafter. Voters also authorized the District to collect, retain and expend all property tax revenues derived from such property tax mill levy and other revenues received by the District as voter-approved revenue changes and exceptions to limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution or any other law.

The Amendment requires the emergency reserves be established. These reserves must be at least 3 percent of Fiscal Year Spending (excluding bonded debt service). Emergency reserves, as of December 31, 2024 totaling \$289,000 have been presented as a reservation of fund balance in the General Fund. The entity is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

REQUIRED SUPPLEMENTARY INFORMATION

**CANON CITY AREA FIRE PROTECTION DISTRICT
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
General property tax	\$ 6,708,754	\$ 6,708,754	\$ 6,752,126	\$ 43,372
Specific ownership tax	650,000	650,000	830,131	180,131
Charges for services	721,448	721,448	460,531	(260,917)
Grants	1,110,600	1,110,600	1,089,443	(21,157)
Fees	10,000	10,000	17,583	7,583
Risk management	204,000	204,000	1,024,816	820,816
Investment earnings	50,000	50,000	229,686	179,686
Miscellaneous	1,192,688	1,192,688	1,288,628	95,940
Total revenues	<u>10,647,490</u>	<u>10,647,490</u>	<u>11,692,944</u>	<u>1,045,454</u>
EXPENDITURES				
General and administrative:				
Administration	96,470	96,470	85,707	10,763
Insurance	51,067	51,067	40,851	10,216
Professional services	30,320	30,320	29,836	484
County treasurer fees	201,263	201,263	202,257	(994)
Other	10,100	10,100	45,006	(34,906)
Fire and emergency medical services:				
Personnel costs and benefits	6,627,784	6,627,784	7,721,311	(1,093,527)
Operations	73,500	73,500	59,653	13,847
Fire prevention and life safety	8,750	8,750	2,275	6,475
Apparatus maintenance	69,915	69,915	105,057	(35,142)
Facilities	88,950	88,950	118,094	(29,144)
Communications	136,129	136,129	130,451	5,678
Training	80,850	80,850	58,515	22,335
Health and safety	61,980	61,980	55,969	6,011
Wildland deployment	116,085	116,085	330,064	(213,979)
Capital outlay	1,300,000	1,300,000	627,876	672,124
Debt service	1,075,650	1,075,650	934,117	141,533
Contingency	20,000	20,000	-	20,000
Total expenditures	<u>10,048,813</u>	<u>10,048,813</u>	<u>10,547,039</u>	<u>(498,226)</u>
Excess (deficit) of revenues over expenditures	598,677	598,677	1,145,905	547,228
OTHER FINANCING SOURCES				
Bond proceeds	-	-	4,684,544	4,684,544
Net Change in Fund Balance	598,677	598,677	5,830,449	5,231,772
Fund balances - beginning	-	-	4,453,350	4,453,350
Fund balances - ending	<u>\$ 598,677</u>	<u>\$ 598,677</u>	<u>\$ 10,283,799</u>	<u>\$ 9,685,122</u>

See the accompanying independent auditors' report

**CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY(ASSET)
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN
DECEMBER 31, 2024**

	2023
District's proportion of the net pension liability (asset)	0.439147166%
District's proportionate share of the net pension liability (asset)	\$ -
District's covered payroll	\$ 4,314,368
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.00%
Plan fiduciary net position as a percentage of the total pension liability	100.0%

- * The amounts presented for each year were determined as of 12/31.
- * Complete 10-year information to be presented in future years as it becomes available.

See the accompanying independent auditors' report.

**CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT'S STATUTORY PAYROLL CONTRIBUTIONS AND COVERED PAYROLL
FIRE AND POLICE PENSION ASSOCIATION - STATEWIDE DEFINED BENEFIT PLAN
DECEMBER 31, 2024**

	2024	2023
Statutorily required contribution	\$ 489,532	\$ 409,865
Contributions in relation to the statutorily required contribution	(489,532)	(409,865)
Contribution deficiency (excess)	\$ -	\$ -
District's covered payroll	\$ 4,895,320	\$ 4,314,368
Contributions as a percentage of covered payroll	10.00%	9.50%

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

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

See the accompanying independent auditors' report.

CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
DECEMBER 31, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability (TPL)									
Service cost	\$ 3,526	\$ 2,287	\$ 2,287	\$ 2,023	\$ 2,023	\$ 2,170	\$ 2,170	\$ 2,868	\$ 2,868
Interest	28,507	28,548	28,383	28,194	28,148	30,201	30,062	29,627	29,380
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	(8,518)	-	1,505	-	(20,322)	-	(5,821)	-
Changes of assumptions	-	4,255	-	-	-	17,049	-	9,881	-
Benefit payments, including refunds of member contributions	<u>(27,720)</u>	<u>(27,820)</u>	<u>(28,770)</u>	<u>(29,520)</u>	<u>(29,520)</u>	<u>(29,620)</u>	<u>(31,120)</u>	<u>(29,720)</u>	<u>(28,227)</u>
Net change in total pension liability	4,313	(1,248)	1,900	2,202	651	(522)	1,112	6,835	4,021
Total pension liability—beginning	<u>419,137</u>	<u>420,385</u>	<u>418,485</u>	<u>416,283</u>	<u>415,632</u>	<u>416,154</u>	<u>415,042</u>	<u>408,207</u>	<u>404,186</u>
Total pension liability—ending (a)	<u>\$ 423,450</u>	<u>\$ 419,137</u>	<u>\$ 420,385</u>	<u>\$ 418,485</u>	<u>\$ 416,283</u>	<u>\$ 415,632</u>	<u>\$ 416,154</u>	<u>\$ 415,042</u>	<u>\$ 408,207</u>
Plan fiduciary net position									
Contributions—employer	\$ 16,007	\$ 5,020	\$ 17,074	\$ 7,147	\$ 18,376	\$ 12,079	\$ 7,187	\$ 11,569	\$ 6,755
Pension plan net investment income	26,590	(25,278)	41,472	32,391	33,426	316	34,076	12,527	4,540
Benefit payments	(27,720)	(27,820)	(28,770)	(29,520)	(29,520)	(29,620)	(31,120)	(29,720)	(28,227)
Pension plan administrative expenses	(7,996)	(4,663)	(5,954)	(4,708)	(6,282)	(6,884)	(5,812)	(652)	(2,003)
State of Colorado supplemental discretionary payment	<u>4,518</u>	<u>15,199</u>	<u>6,146</u>	<u>16,205</u>	<u>10,616</u>	<u>6,211</u>	<u>9,969</u>	<u>5,793</u>	<u>14,207</u>
Net change in plan fiduciary net position	11,399	(37,542)	29,968	21,515	26,616	(17,898)	14,300	(483)	(4,728)
Plan fiduciary net position—beginning	<u>285,513</u>	<u>323,055</u>	<u>293,087</u>	<u>271,572</u>	<u>244,956</u>	<u>262,854</u>	<u>248,554</u>	<u>249,037</u>	<u>253,765</u>
Plan fiduciary net position—ending (b)	<u>\$ 296,912</u>	<u>\$ 285,513</u>	<u>\$ 323,055</u>	<u>\$ 293,087</u>	<u>\$ 271,572</u>	<u>\$ 244,956</u>	<u>\$ 262,854</u>	<u>\$ 248,554</u>	<u>\$ 249,037</u>
Net pension liability (asset)—ending (a) – (b)	<u>\$ 126,538</u>	<u>\$ 133,624</u>	<u>\$ 97,330</u>	<u>\$ 125,398</u>	<u>\$ 144,711</u>	<u>\$ 170,676</u>	<u>\$ 153,300</u>	<u>\$ 166,488</u>	<u>\$ 159,170</u>
Plan fiduciary net position as a percentage of the total pension liability	70.12%	68.12%	76.85%	70.04%	65.24%	58.94%	63.16%	59.89%	61.01%

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

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

See the accompanying independent auditors' report.

**CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
DECEMBER 31, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 20,017	\$ 20,017	\$ 23,034	\$ 23,034	\$ 18,006	\$ 18,006	\$ 18,290	\$ 17,156	\$ 16,870	\$ 20,644
Actual contribution*	<u>20,525</u>	<u>20,219</u>	<u>23,220</u>	<u>23,352</u>	<u>28,992</u>	<u>18,290</u>	<u>18,290</u>	<u>16,870</u>	<u>17,362</u>	<u>20,962</u>
Contribution deficiency (excess)	<u>\$ (508)</u>	<u>\$ (202)</u>	<u>\$ (186)</u>	<u>\$ (318)</u>	<u>\$ (10,986)</u>	<u>\$ (284)</u>	<u>\$ -</u>	<u>\$ 286</u>	<u>\$ (492)</u>	<u>\$ (318)</u>
District's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Includes both employer and State of Colorado Supplementary Discretionary Payment

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

See the accompanying independent auditors' report.

CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
OLD HIRE FIRE PENSION PLAN
DECEMBER 31, 2024

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total pension liability (TPL)									
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Interest	349,669	355,843	363,860	368,290	377,942	381,058	-	383,483	379,911
Changes of benefit terms	-	-	-	-	-	-	381,175	-	-
Differences between expected and actual experience	101,726	-	(43,631)	-	208,194	-	33,529	-	(129,968)
Changes of assumptions	(22,544)	-	-	-	470,586	-	-	-	214,700
Benefit payments, including refunds of member contributions	<u>(454,556)</u>	<u>(447,217)</u>	<u>(440,022)</u>	<u>(432,967)</u>	<u>(426,051)</u>	<u>(419,271)</u>	<u>(413,373)</u>	<u>(415,106)</u>	<u>(418,860)</u>
Net change in total pension liability	(25,705)	(91,374)	(119,793)	(64,677)	630,671	(38,213)	1,331	(31,623)	45,783
Total pension liability—beginning	<u>5,603,227</u>	<u>5,694,601</u>	<u>5,814,394</u>	<u>5,879,071</u>	<u>5,248,400</u>	<u>5,286,613</u>	<u>5,285,282</u>	<u>5,316,905</u>	<u>5,271,122</u>
Total pension liability—ending (a)	<u><u>\$ 5,577,522</u></u>	<u><u>\$ 5,603,227</u></u>	<u><u>\$ 5,694,601</u></u>	<u><u>\$ 5,814,394</u></u>	<u><u>\$ 5,879,071</u></u>	<u><u>\$ 5,248,400</u></u>	<u><u>\$ 5,286,613</u></u>	<u><u>\$ 5,285,282</u></u>	<u><u>\$ 5,316,905</u></u>
Plan fiduciary net position									
Contributions—employer	\$ 222,281	\$ 222,281	\$ 222,281	\$ 222,281	\$ 226,589	\$ 226,589	\$ 226,589	\$ 216,474	\$ 432,692
Pension plan net investment income	158,187	(213,912)	323,737	273,290	332,923	3,608	381,008	139,835	49,508
Benefit payments	(454,556)	(447,217)	(440,022)	(432,967)	(426,051)	(419,271)	(413,373)	(415,106)	(418,860)
Pension plan administrative expenses	<u>(4,083)</u>	<u>(4,971)</u>	<u>(3,089)</u>	<u>(4,206)</u>	<u>(3,070)</u>	<u>(4,907)</u>	<u>(2,380)</u>	<u>(6,092)</u>	<u>(4,360)</u>
Net change in plan fiduciary net position	(78,171)	(443,819)	102,907	58,398	130,391	(193,981)	191,844	(64,889)	58,980
Plan fiduciary net position—beginning	<u>2,629,826</u>	<u>3,073,645</u>	<u>2,970,738</u>	<u>2,912,340</u>	<u>2,781,949</u>	<u>2,975,930</u>	<u>2,784,086</u>	<u>2,848,975</u>	<u>2,789,995</u>
Plan fiduciary net position—ending (b)	<u><u>\$ 2,551,655</u></u>	<u><u>\$ 2,629,826</u></u>	<u><u>\$ 3,073,645</u></u>	<u><u>\$ 2,970,738</u></u>	<u><u>\$ 2,912,340</u></u>	<u><u>\$ 2,781,949</u></u>	<u><u>\$ 2,975,930</u></u>	<u><u>\$ 2,784,086</u></u>	<u><u>\$ 2,848,975</u></u>
Net pension liability (asset)—ending (a) – (b)	<u><u>\$ 3,025,867</u></u>	<u><u>\$ 2,973,401</u></u>	<u><u>\$ 2,620,956</u></u>	<u><u>\$ 2,843,656</u></u>	<u><u>\$ 2,966,731</u></u>	<u><u>\$ 2,466,451</u></u>	<u><u>\$ 2,310,683</u></u>	<u><u>\$ 2,501,196</u></u>	<u><u>\$ 2,467,930</u></u>
Plan fiduciary net position as a percentage of the total pension liability	45.75%	46.93%	53.97%	51.09%	49.54%	53.01%	56.29%	52.68%	53.58%

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

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

See the accompanying independent auditors' report.

**CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
OLD HIRE FIRE PENSION PLAN
DECEMBER 31, 2024**

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 222,281	\$ 222,281	\$ 222,281	\$ 222,281	\$ 222,281	\$ 226,589	\$ 226,589	\$ 226,589	\$ 216,474	\$ 216,474
Actual contribution*	<u>222,281</u>	<u>222,281</u>	<u>222,281</u>	<u>222,281</u>	<u>226,589</u>	<u>226,589</u>	<u>226,589</u>	<u>226,589</u>	<u>216,474</u>	<u>433,692</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (4,308)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (217,218)</u>
District's covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Includes both employer and State of Colorado Supplementary Discretionary Payment

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

See the accompanying independent auditors' report.

COMPLIANCE SECTION

SINGLE AUDIT

**CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing Number	Additional Award Identification	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Homeland Security					
Direct Programs					
Staffing for Adequate Fire and Emergency Response (SAFER)	97.083				\$ 1,053,537
					<u>1,053,537</u>
Total Federal Awards				<u>\$ -</u>	<u>\$ 1,053,537</u>

See the accompanying independent auditors' report.

**CANON CITY AREA FIRE PROTECTION DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

NOTE 1 – BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Canon City Area Fire Protection District under programs of the federal government for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Canon City Area Fire Protection District, it is not intended to and does not present the financial position, changes in net position, or cash flows of Canon City Area Fire Protection District.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified-accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

Pass-through entity identifying numbers are presented where available.

NOTE 3 – INDIRECT COST RATE

Canon City Area Fire Protection District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.



INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Board of Directors
Canon City Area Fire Protection District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Canon City Area Fire Protection District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Canon City Area Fire Protection District's basic financial statements, and have issued our report thereon dated June 5, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Canon City Area Fire Protection District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Canon City Area Fire Protection District's internal control. Accordingly, we do not express an opinion on the effectiveness of Canon City Area Fire Protection District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements, on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Canon City Area Fire Protection District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Hoelting & Company Inc.

Colorado Springs, Colorado
June 5, 2025



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
Canon City Area Fire Protection District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Canon City Area Fire Protection District’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Canon City Area Fire Protection District’s major federal programs for the year ended December 31, 2024. Canon City Area Fire Protection District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Canon City Area Fire Protection District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Canon City Area Fire Protection District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Canon City Area Fire Protection District’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Canon City Area Fire Protection District’s federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Canon City Area Fire Protection District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Canon City Area Fire Protection District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Canon City Area Fire Protection District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Canon City Area Fire Protection District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Canon City Area Fire Protection District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Hoelting & Company, Inc.

Colorado Springs, Colorado
June 5, 2025

**CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section I—Summary of Auditors’ Results

Financial Statements

Type of auditors’ report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Noncompliance material to financial statements noted? ___ yes x no

Federal Awards

Internal control over major programs?

- Material weakness(es) identified? ___ yes x no
- Significant deficiency(ies) identified? ___ yes x none reported

Type of auditors’ report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ___ yes x no

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
ALN 97.083	Staffing for Adequate Fire and Emergency Response (SAFER)

Dollar threshold used to distinguish between type A and type B programs? \$750,000

Auditee qualified as low-risk auditee? ___ yes x no

**CANON CITY AREA FIRE PROTECTION DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

Section II—Financial Statement Findings

No findings reported.

Section III—Findings and Questioned Costs for Federal Awards

No findings reported.