



DIVIDE FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

DECEMBER 31, 2024

DIVIDE FIRE PROTECTION DISTRICT

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# HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS  
P.O. BOX 669  
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## INDEPENDENT AUDITORS' REPORT

Board of Directors  
Divide Fire Protection District  
Divide, Colorado

### Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Divide 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 Divide Fire Protection District 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 Divide 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. 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 Divide 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 Divide 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 will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Divide 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 Divide 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, pension schedules and the budgetary comparison information 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.

*Hancock Froese & Company LLC*

HANCOCK FROESE & COMPANY LLC

May 27, 2025

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

## **DIVIDE FIRE PROTECTION DISTRICT MANAGEMENT'S DISCUSSION AND ANALYSIS**

The management of the Divide Fire Protection District (the "District") offers readers of the District's annual financial report this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2024. Readers are encouraged to consider the information presented here in conjunction with the financial statements.

### **FINANCIAL HIGHLIGHTS**

1. Assets of the District exceeded liabilities by \$1,702,868. The District has \$963,714 in unrestricted funds that may be used to meet the District's on-going obligations.
2. Net Position includes \$715,354 net investment in capital assets, \$23,800 that is restricted by TABOR, the emergency contingency required by Article X, Section 20 of the Colorado Constitution and \$963,714 which the remaining amount that is unrestricted.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

The annual report consists of four parts – management discussion and analysis (this section), the basic financial statements including the notes to financial statements, required supplementary information, and a section that presents individual statements. This discussion and analysis serve as an introduction to the Divide Fire Protection District's basic financial statements.

The financial statements presented herein include all of the activities of the District as prescribed by GASB Statement No. 34. The Divide Fire Protection District is a statutory special district governed by an elected five-member board. The government wide financial statements and the fund statements have been presented on the same statement with adjustments reflecting the difference in the two presentations because the District maintains only one fund (General Fund).

#### **Government Wide Financial Statements:**

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

The Governmental activities of the District include fire, rescue, and emergency services within its boundaries. In addition, the District maintains mutual aid and automatic aid agreements with adjacent fire protection districts. Other activities include fire prevention and fire safety education, fire training, fire inspections, and plan reviews.

#### **Fund Financial Statements:**

A fund is a grouping of related accounts, used to maintain control over resources segregated for specific activities or objectives. The District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Divide Fire Protection District maintains only a general fund (governmental fund), which is used to report the operating activities of the District.

Governmental funds: Governmental funds account for essentially the same functions reported as governmental activities in the government-wide financial statements. Unlike the government-wide financial statements, however, governmental fund financial statements focus on how money flows into and out of those funds and the balances at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. Such information provides a detail short-term view of the District's general government operations and may be useful in evaluating the District'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 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 District's financing decisions. To facilitate this comparison between governmental funds and governmental activities, reconciliation is provided for both the governmental fund balance sheet and statement of revenues, expenditures, and changes in fund balance.

**DIVIDE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Notes to the Basic Financial Statements:**

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the Divide Fire Protection District's financial statements.

**Required Supplementary Information:**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District. The Divide Fire Protection District adopts an annual appropriated budget. A budgetary comparison schedule has been provided to demonstrate compliance with the budget requirement.

**Government-wide Financial Analysis**

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 \$1,702,868 at the end of the current fiscal year.

The major assets of the District at December 31, 2024 consist of cash and cash equivalents for a total of \$61,361, cash held by the county treasurer \$6,872, investments held in ColoTrust of \$651,387, receivables for \$16,432, property taxes \$911,000, pension related assets \$241,106 and other current assets of \$393. The most significant asset is equipment net of depreciation of \$914,875.

The liabilities of the District include deferred revenues from property taxes, pension related, and accounts payable at December 31, 2024.

The following is a condensed summary of the District's net position as December 31, 2024 and 2023.

	<b>Governmental Activities</b>	
	<u>2024</u>	<u>2023</u>
Current and Other Assets	\$ 1,647,445	\$ 1,297,516
Net Pension Asset	241,106	208,486
Capital Assets Net of depreciation	<u>914,875</u>	<u>1,001,039</u>
Total Assets	<u>2,803,426</u>	<u>2,507,041</u>
Deferred Outflows of Resource	<u>126,474</u>	<u>113,980</u>
Total Assets and Deferred Outflows	<u>\$ 2,929,900</u>	<u>\$ 2,621,021</u>
Liabilities		
Current Liabilities	\$ 68,227	\$ 83,878
Long-Term Liabilities	<u>151,752</u>	<u>222,257</u>
Total Liabilities	219,979	306,135
Deferred Inflows of Resources	<u>1,007,053</u>	<u>997,862</u>
Total Liabilities and Deferred Inflows	<u>1,227,032</u>	<u>1,303,997</u>
Net Position		
Net Investment in Capital Assets	715,354	710,390
Restricted	23,800	15,100
Unrestricted	<u>963,714</u>	<u>591,534</u>
Total Net Position	<u>1,702,868</u>	<u>1,317,024</u>
Total Liabilities and Net Position	<u>\$ 2,929,900</u>	<u>\$ 2,621,021</u>

**DIVIDE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table reflects a condensed summary of activities and changes in net position for December 31, 2024 and 2023.

	<b>Governmental Activities</b>	
	<u>2024</u>	<u>2023</u>
Expenses		
General & Administrative	\$ 526,239	\$ 287,702
Firefighting and Rescue	<u>222,505</u>	<u>236,805</u>
Total Expenses	<u>748,744</u>	<u>524,507</u>
Revenues		
Charges for Services	-	13,810
Grants and Contributions	39,028	62,191
General Revenues		
Property Taxes	905,008	374,806
Legislative Backfill	62,791	
Specific Ownership Taxes	86,246	40,351
Miscellaneous	9,049	1,594
Investment Earnings	<u>32,466</u>	<u>19,937</u>
Total Revenues	<u>1,134,588</u>	<u>512,689</u>
Change in Net Position	385,844	(11,818)
Net Position January 1,	<u>1,317,024</u>	<u>1,328,842</u>
Net Position December 31,	<u>\$ 1,702,868</u>	<u>\$ 1,317,024</u>

**FUND FINANCIAL STATEMENT ANALYSIS:**

**GENERAL FUND**

The General Fund is the only fund of the Divide Fire Protection District and provides resources for operations of the District. The following table is a summary of the District's Balance Sheet as of December 31, 2024 and 2023.

**Balance Sheet**

	<b>General Fund</b>	
	<u>2024</u>	<u>2023</u>
Assets	<u>\$ 1,647,445</u>	<u>\$ 1,297,516</u>
Liabilities	<u>\$ 17,359</u>	<u>\$ 11,335</u>
Deferred Inflows of Resources		
Deferred Revenues – Property Taxes	<u>911,000</u>	<u>905,544</u>
Fund Balance		
Restricted for Emergencies	23,800	15,100
Non-Spendable	393	393
Unassigned	<u>694,893</u>	<u>365,144</u>
Total Fund Balance	<u>719,086</u>	<u>380,637</u>
Total Liabilities, Deferred Inflow of Resources and Fund Balance	<u>\$ 1,647,445</u>	<u>\$ 1,297,516</u>

**DIVIDE FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The following table reflects the revenue and expenditures of the general fund for year end December 31, 2024 and 2023.

**Statement of Revenues over Expenditures**

	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>
Revenues			
Charges for services	\$ -	\$ 13,810	\$ (13,810)
Taxes	1,054,045	415,157	638,888
Grants	17,262	34,745	(17,483)
Volunteer Revenue	21,766	27,446	(5,680)
Interest Income	32,466	19,937	12,529
Other	<u>9,049</u>	<u>1,594</u>	<u>7,455</u>
Total Revenues	1,134,588	512,689	621,899
Expenditures			
District's operations	<u>796,139</u>	<u>502,896</u>	<u>(293,243)</u>
Revenues over (under) Expenditures	338,449	9,793	328,656
Fund Balance January 1	<u>380,637</u>	<u>370,844</u>	<u>9,793</u>
Fund Balance December 31	<u>\$ 719,086</u>	<u>\$ 380,637</u>	<u>\$ 338,449</u>

Tax revenue increased \$638,888 from the prior year due to a voter approved increase in the mill levy and revenue received from a senate backfill bill that was passed. Total Expenditures increased \$293,243 primarily due to an increase in payroll expense.

**BUDGETARY HIGHLIGHTS**

The FY 2024 revenue final budget was \$1,092,234 compared to actual revenues of \$1,134,588. The 2024 final appropriations were \$1,438,127 compared to actual expenditures of \$796,139.

**CAPITAL ASSETS**

The District's capital assets consist mostly of firefighting and ambulance vehicles as well as a training facility with a book value of \$914,875.

**LONG-TERM LIABILITIES**

The Long-term liabilities recognized by the District is a equipment purchase lease to acquire an engine. More detailed information is presented in Note 5 to the financial statements. Outstanding debt as of December 31, 2024 was \$199,521.

**REQUESTS FOR INFORMATION**

This financial report is designed to provide a general overview of the District's finances for all those with interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Divide Fire Protection District, P.O. Box 941, Divide, CO 80814.

## **BASIC FINANCIAL STATEMENTS**

DIVIDE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2024

	GOVERNMENTAL ACTIVITIES
<b>ASSETS</b>	
CASH AND CASH EQUIVALENTS	\$ 61,361
CASH HELD BY COUNTY TREASURER	6,872
INVESTMENTS	651,387
RECEIVABLES - NET OF UNCOLLECTIBLE ACCOUNTS	16,432
PROPERTY TAXES	911,000
PREPAIDS	393
NET PENSION ASSET	241,106
CAPITAL ASSETS - NET	914,875
<b>TOTAL ASSETS</b>	<b>2,803,426</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
PENSION RELATED - VOLUNTEER	83,802
PENSION RELATED - SRP	42,672
<b>TOTAL ASSETS</b>	<b>126,474</b>
<b>TOTAL ASSETS AND DEFERRED OUTFLOWS</b>	<b>\$ 2,929,900</b>
<b>LIABILITIES</b>	
ACCOUNTS PAYABLE	\$ 5,164
ACCRUED EXPENSES	12,195
ACCRUED INTEREST PAYABLE	3,099
LONG-TERM LIABILITIES:	
DUE WITHIN ONE YEAR	47,769
DUE IN MORE THAN ONE YEAR	151,752
<b>TOTAL LIABILITIES</b>	<b>219,979</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
PENSION RELATED - VOLUNTEER	70,304
PENSION RELATED - SRP	25,749
PROPERTY TAXES	911,000
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>1,007,053</b>
<b>NET POSITION</b>	
NET INVESTMENT IN CAPITAL ASSETS	715,354
RESTRICTED FOR:	
EMERGENCIES - TABOR	23,800
UNRESTRICTED	963,714
<b>TOTAL NET POSITION</b>	<b>1,702,868</b>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION</b>	<b>\$ 2,929,900</b>

SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

DIVIDE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES			GOVERNMENTAL ACTIVITIES
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	CAPITAL GRANTS AND CONTRIBUTIONS	
GOVERNMENTAL ACTIVITIES:					
GENERAL AND ADMINISTRATIVE	\$ 526,239	\$ -	\$ -	\$ -	\$ (526,239)
FIREFIGHTING AND RESCUE	222,505	-	21,766	17,262	(183,477)
TOTAL GOVERNMENTAL ACTIVITIES	<u>\$ 748,744</u>	<u>\$ -</u>	<u>\$ 21,766</u>	<u>\$ 17,262</u>	<u>(709,716)</u>
GENERAL REVENUES					
					905,008
					62,791
					86,246
					9,049
					32,466
					<u>1,095,560</u>
					385,844
					<u>1,317,024</u>
					<u>\$ 1,702,868</u>

DIVIDE FIRE PROTECTION DISTRICT

GOVERNMENTAL FUND

BALANCE SHEET

DECEMBER 31, 2024

	<u>2024</u>
ASSETS	
CASH AND CASH EQUIVALENTS	\$ 61,361
CASH HELD BY COUNTY TREASURER	6,872
INVESTMENTS	651,387
RECEIVABLES - NET OF UNCOLLECTIBLE ACCOUNTS	16,432
TAXES	911,000
PREPAIDS	<u>393</u>
TOTAL ASSETS	<u>\$ 1,647,445</u>
LIABILITIES	
ACCOUNTS PAYABLE	\$ 5,164
ACCRUED EXPENSES	<u>12,195</u>
TOTAL LIABILITIES	<u>17,359</u>
DEFERRED INFLOWS OF RESOURCES	
DEFERRED REVENUES - PROPERTY TAXES	<u>911,000</u>
FUND BALANCE	
RESTRICTED FOR EMERGENCIES - TABOR	23,800
NON-SPENDABLE	393
UNASSIGNED	<u>694,893</u>
TOTAL FUND BALANCE	<u>719,086</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,647,445</u>

SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

DIVIDE FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND 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 BALANCES - GOVERNMENTAL FUNDS	\$ 719,086
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CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL  
RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.

THE COST OF CAPITAL ASSETS IS	\$ 3,043,125	
ACCUMULATED DEPRECIATION IS	(2,128,250)	
	<u>914,875</u>	914,875

THE NET PENSION ASSET AND RELATED DEFERRED ITEMS ARE NOT AVAILABLE  
FOR CURRENT PERIOD EXPENDITURES AND ARE THEREFORE NOT  
REPORTED IN THE GOVERNMENTAL FUNDS.

NET PENSION ASSET - VOLUNTEER	241,106	
DEFERRED OUTFLOWS OF RESOURCES - PENSION - VOLUNTEER	83,802	
DEFERRED OUTFLOWS OF RESOURCES - PENSION - SRP	42,672	
DEFERRED INFLOWS OF RESOURCES - PENSION - VOLUNTEER	(70,304)	
DEFERRED INFLOWS OF RESOURCES - PENSION - SRP	(25,749)	
	<u>271,527</u>	271,527

ACCRUED INTEREST IS NOT DUE AND PAYABLE IN THE CURRENT PERIOD, AND  
THEREFORE IS NOT REPORTED AS A LIABILITY IN THE GOVERNMENTAL FUNDS.

ACCRUED INTEREST AT END OF YEAR	(3,099)
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LEASE PURCHASE PAYABLES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD,  
AND THEREFORE ARE NOT REPORTED AS LIABILITIES IN GOVERNMENTAL FUNDS.

LEASE PURCHASES	<u>(199,521)</u>
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NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 1,702,868</u></u>
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DIVIDE FIRE PROTECTION DISTRICT

GOVERNMENTAL FUND

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

YEAR ENDED DECEMBER 31, 2024

	<u>2024</u>
REVENUES	
PROPERTY TAXES	\$ 905,008
LEGISLATIVE BACKFILL	62,791
SPECIFIC OWNERSHIP TAXES	86,246
INTEREST INCOME	32,466
CHARGES FOR SERVICES	-
GRANT REVENUE	17,262
VOLUNTEER REVENUE	21,766
MISCELLANEOUS	9,049
	<hr/>
TOTAL REVENUES	1,134,588
	<hr/>
EXPENDITURES	
ADMINISTRATION	150,604
COMMUNICATIONS	11,181
FIREFIGHTING AND RESCUE	33,859
PAYROLL	368,213
PENSION	12,000
STATION, BUILDINGS, AND GROUNDS	16,953
TRAINING	27,709
UTILITIES	6,988
VEHICLES	35,382
CAPITAL OUTLAY	34,084
DEBT SERVICE	
LEASE PURCHASE INTEREST	8,039
LEASE PURCHASE PRINCIPAL	91,127
	<hr/>
TOTAL EXPENDITURES	796,139
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NET CHANGE IN FUND BALANCE	338,449
FUND BALANCE JANUARY 1	380,637
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FUND BALANCE DECEMBER 31	\$ 719,086
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SEE INDEPENDENT AUDITORS' REPORT AND NOTES TO FINANCIAL STATEMENTS

DIVIDE FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO  
THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2024

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF  
ACTIVITIES ARE DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCE	\$	338,449
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GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES.  
HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS  
IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS  
DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH CAPITAL OUTLAYS  
DIFFER FROM DEPRECIATION IN THE CURRENT PERIOD.

CAPITAL OUTLAY	\$	34,084	
DEPRECIATION EXPENSE AND DISPOSALS		<u>(120,248)</u>	(86,164)

GOVERNMENTAL FUNDS REPORT LEASE PAYMENTS AS EXPENSES WHEN PAID,  
INCLUDING PRINCIPAL PAYMENTS. HOWEVER, IN THE STATEMENT OF ACTIVITIES  
THE LEASE IS CAPITALIZED AND ONLY INTEREST IS RECOGNIZED AS AN EXPENSE  
WHEN PAID OR ACCRUED.

LEASE PURCHASE PAYMENT (PRINCIPAL)	91,127	
INTEREST EXPENSE	<u>1,053</u>	92,180

CHANGES IN THE NET PENSION ASSET AND RELATED DEFERRALS DO NOT REQUIRE THE USE OF CURRENT FINANCIAL RESOURCES AND, THEREFORE, ARE NOT REPORTED AS EXPENDITURES IN GOVERNMENTAL FUNDS.	<u>41,379</u>
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CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 385,844</u></u>
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**NOTES TO THE BASIC FINANCIAL STATEMENTS**

## DIVIDE FIRE PROTECTION DISTRICT

### NOTES TO FINANCIAL STATEMENTS

#### NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Divide Fire Protection District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. The GASB is the accepted standard-setting body for establishing governmental accounting policies that are described below. A summary of significant policies is as follows:

#### THE FINANCIAL REPORTING ENTITY

The Divide Fire Protection District, a political subdivision of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Teller County, Colorado.

The District is a statutory special district governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Divide Fire Protection District (the primary government) and its component units if applicable. Currently no component units have been included in the District's reporting entity because of a lack of significant operational or financial relationship with the District.

#### GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

*Government-Wide Financial Statements* - The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non fiduciary activities of the primary government. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, liabilities, and deferred inflows and outflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

*Fund Financial Statements* – Fund financial statements of the reporting entity are organized into funds each of which is considered to be separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, net assets, revenues, and expenditure-expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary.

The District reports the following major governmental fund:

*General Fund* – The general fund is the District's primary operating fund. It accounts for all financial resources of the general government.

#### MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current 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 with the exception of settlement revenues which are deemed to be available when they are collectible within the current period or soon after and does not follow the 60 day policy.

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 and claims and judgments, are recorded only when payment is due.

Property taxes, interest, and charges for services 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. Grant and entitlement awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the District.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, including reimbursements, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

CASH AND CASH EQUIVALENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, highly liquid investments held in banks, and cash held with county treasurer. As of December 31, 2024, cash and cash equivalents consisted of the following:

	<u>2024</u>
Cash in Bank	\$ 61,361
Cash with Treasurer	<u>6,872</u>
Total Cash and Cash Equivalents	<u>\$ 68,233</u>

INVESTMENTS

Investments for the District are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment.

ACCOUNTS RECEIVABLE

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. As of December 31, 2024, the district has deemed an allowance for uncollectible accounts unnecessary as all balances are expected to be collected.

PROPERTY TAX RECEIVABLE

Property taxes are not due and payable until after the assessment year has ended, and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2024 since the amounts are measurable but not available until 2025. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attach as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15.

CAPITAL ASSETS

Capital assets, which consist of property, plant, equipment, and infrastructure assets are reported in the applicable governmental column in the government-wide financial statements. The government defines capital assets as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased. Donated capital assets are recorded at estimated fair market value at the date of donation.

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and Improvements	40 Years
Equipment and Vehicles	5-10 Years

PENSIONS

For purposes of measuring the net pension liability/asset, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Retirement Plan and the Divide Volunteer Fire Department Pension Fund and additions to/deductions from the Fire & Police Statewide Retirement Plan and the Divide Volunteer Fire Department Pension Fund's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. 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.

COMPENSATED ABSENCES

The District does not have a policy that allows employees to accumulate unused benefits. Therefore, these financial statements do not include provision for accumulated compensated absences.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations, including capitalized leases, are reported as liabilities in the applicable governmental activities.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

Deferred Outflows

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. The District has one item that qualifies for reporting in this category which is for pension related amounts.

*Deferred Outflows – Pension Related* - Pension related amounts reported as deferred outflows of resources include the following:

	<u>Volunteer Plan</u>	<u>SR Plan</u>
Difference Between Expected and Actual Experience	\$ -	\$ -
Changes of Assumptions or Other Inputs	5,194	10,512
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	66,608	13,011
Contributions Made Subsequent to the Measurement Date	<u>12,000</u>	<u>19,149</u>
Total Pension Related Deferred Outflows	<u>\$ 83,802</u>	<u>\$ 42,672</u>

More information on pension related items is included in Note 8 and Note 9.

Deferred Inflows

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 types of items that qualify for reporting in this category.

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Deferred Inflows – Property Taxes* - Property taxes levied for subsequent years arises only under a modified accrual basis of accounting. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

*Deferred Inflows – Pension Related* - Pension related amounts reported as deferred inflows of resources include the following:

	<u>Volunteer Plan</u>	<u>SR Plan</u>
Difference Between Expected and Actual Experience	\$ 28,245	\$ 25,749
Changes of Assumptions or Other Inputs	-	-
Net Difference Between Projected and Actual Investment		
Earnings on Pension Plan Investments	42,059	-
Contributions Made Subsequent to the Measurement Date	<u>-</u>	<u>-</u>
Total Pension Related Deferred Inflows	<u>\$ 70,304</u>	<u>\$ 25,749</u>

More information on pension related items is included in Note 8 and Note 9.

NET POSITION

In the government-wide and proprietary financial statements, net position is classified in the following categories:

*Net investment in capital assets* – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

*Restricted net position* – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

*Unrestricted net position* – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

FUND BALANCES

The District implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

*Nonspendable fund balance* – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

*Restricted fund balance* – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

*Committed fund balance* – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

*Assigned fund balance* – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

*Unassigned fund balance* – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted 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.

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY BUDGETS

The District follows these procedures in establishing the budgetary data reflected in the financial statements: Prior to October 15, the Board of Directors receives a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments. Prior to December 15, the budget is legally enacted through passage of a resolution.

The District's Board of Directors can modify the budget by line item within the total appropriation without notification. Revisions that alter the total expenditures of any fund generally must be approved by the Board of Directors. The total appropriation can only be modified upon completion of notification and publication requirements. Budget amounts in the accompanying financial statements include revisions to the original appropriation ordinance, as applicable.

Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2024, the General Fund was not in violation.

NOTE -2 DEPOSITS AND INVESTMENTS

*Cash Deposits* - The District's investment policies are approved by the Board and governed by Colorado statute. The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determined eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

*Custodial Credit Risk – Deposits* - Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2024, \$0 of the District's bank balance of \$67,652 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Investments

At December 31, 2024, the District had the following investments:

	<u>Investments</u>	<u>Maturities</u>	<u>Fair Value</u>
COLO Trust	External Investment Pool	Under 60 Day Avg.	\$ 651,387

*Credit Risk* - State law limits investments for local governments to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -2 DEPOSITS AND INVESTMENTS (Continued)

The local government investment pool, which includes the Colorado Local Government Liquid Asset Trust (ColoTrust), is rated AAAM by Standard & Poor's.

*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 loss resulting from increasing interest rates. Specifically, all securities are limited to a maximum maturity of five years from the date of purchase unless the governing body authorizes a longer period.

*Concentration of Credit Risk* – The District does not have a formal policy restricting the amount that can be invested in any issuer.

Certain investments are required to be measured at fair value on a recurring basis and categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs and; Level 3 inputs are significant unobservable inputs.

The District's investments are not categorized within the fair value hierarchy. Instead, the District's investments are measured at amortized cost or in certain circumstances that value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in ColoTrust at year-end for which the investment valuations were determined as follows.

COLOTRUST – Investments in this external investment pool are reported at \$1 net asset value per share and are not subject to fair value measurement. The investment is reported at cost. ColoTrust issues a publicly available annual financial report that includes the assets of the District. That report may be obtained at the ColoTrust website [www.colotrust.com](http://www.colotrust.com).

NOTE -3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, \$911,000 of property taxes was deemed unavailable.

NOTE -4 CAPITAL ASSETS

Capital asset 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>
Capital Assets Not Being Depreciated:				
Land	\$ 151,518	\$ -	\$ -	\$ 151,518
Capital Assets Being Depreciated:				
Buildings	488,949	16,617	-	505,566
Vehicles and Equipment	<u>2,393,563</u>	<u>17,467</u>	<u>(24,989)</u>	<u>2,386,041</u>
Total Capital Assets Being Depreciated	<u>2,882,512</u>	<u>34,084</u>	<u>(24,989)</u>	<u>2,891,607</u>

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -4 CAPITAL ASSETS (Continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Less Accumulated Depreciation				
Building	(289,883)	(13,314)	-	(303,197)
Vehicles and Equipment	<u>(1,743,108)</u>	<u>(106,934)</u>	<u>24,989</u>	<u>(1,825,053)</u>
Total Accumulated Depreciation	<u>(2,032,991)</u>	<u>(120,248)</u>	<u>24,989</u>	<u>(2,128,250)</u>
Total Capital Assets				
Being Depreciated, Net	<u>849,521</u>	<u>(86,164)</u>	<u>-</u>	<u>763,357</u>
Governmental Activities				
Net Capital Assets	<u>\$ 1,001,039</u>	<u>\$ (86,164)</u>	<u>\$ -</u>	<u>\$ 914,875</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:	
Public safety	<u>\$ 120,248</u>

NOTE -5 LEASE PURCHASES PAYABLE

The following is a summary of the changes in the District's lease purchase agreements for the year ended December 31, 2024:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Capital Leases:					
Brush 22	\$ 44,699	\$ -	\$ (44,699)	\$ -	\$ -
Engine 24	<u>245,950</u>	<u>-</u>	<u>(46,429)</u>	<u>199,521</u>	<u>47,769</u>
Total	<u>\$ 290,649</u>	<u>\$ -</u>	<u>\$ (91,128)</u>	<u>\$ 199,521</u>	<u>\$ 47,769</u>

For financial statement presentation, the lease obligations have been capitalized and the vehicle with apparatus and fire engine recorded as assets of the District. The gross amount of assets recorded under lease purchase agreements is \$392,236 with accumulated depreciation of \$104,596.

Capital Lease – Brush 22

On April 17, 2020, the District entered into a \$110,000 lease purchase agreement with a bank to acquire a new vehicle with apparatus. The lease has an effective interest rate of 3.51%, for five years, with payments of \$23,533, principal and interest, due each March 1 through March 1, 2025. The lease is collateralized by the vehicle. This lease was paid in full in 2024.

Capital Lease – Engine 24

On April 22, 2022, the District entered into a lease purchase agreement for \$292,236 with a bank to acquire a new fire engine. The lease has an effective interest rate of 2.89%, for five years, with biannual payments of interest due March 1 and September 1 and principal payments due each March 1 through March 1, 2028. The lease is collateralized by the fire engine.

The annual requirements of the leases are as follows:

	PRINCIPAL	INTEREST	TOTAL
2025	\$ 47,769	\$ 5,076	\$ 52,845
2026	49,150	3,676	52,826
2027	50,570	2,235	52,805
2028	<u>52,032</u>	<u>752</u>	<u>52,784</u>
	<u>\$ 199,521</u>	<u>\$ 11,739</u>	<u>\$ 211,260</u>

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -5 LEASE PURCHASES PAYABLE (Continued)

For the year ended December 31, 2024, interest incurred and expensed in the governmental activities was \$6,987 with \$3,099 reported as accrued interest payable in accounts payables and accrued expenses.

NOTE -6 NET POSITION

The District reports net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consist of capital assets, net of accumulated depreciation and reduced by outstanding balances of leases, bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

As of December 31, 2024, the District had a net investment in capital assets as follows:

Capital Assets, Net	\$ 914,875
Outstanding Leases Payable	<u>(199,521)</u>
Net Investment in Capital Assets	<u>\$ 715,354</u>

Restricted net position represents net position whose users are subject to constraints that are either 1.) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or 2.) imposed by law through constitutional provisions or enabling legislation. As of December 31, 2024, the District had restricted net position for the following:

Restricted for Emergencies – TABOR	<u>\$ 23,800</u>
------------------------------------	------------------

*Restricted for Emergencies - TABOR* – This represents approximately 3% of the District's 2024 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the District's net position can be used for declared emergencies only and the District must maintain 3% or more of its spending in this restricted account. The District does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

NOTE -7 AGREEMENTS

The District entered into an intergovernmental agreement with Rainbow Valley Water District (Rainbow Valley) on October 10, 2003, wherein the parties constructed a shared garage facility to be used by both parties to house their respective equipment. The District contributed \$40,000 towards the construction of the facility. Rainbow Valley owns the shared garage facilities, and the District will be provided a 99-year lease with 40 percent share of the facility in exchange for their contribution. The lease was effective November 1, 2003. The general repair and maintenance of the building is the responsibility of Rainbow Valley.

The District entered into an intergovernmental agreement with Northeast Teller County Fire Protection District in January, 2022, for vehicle maintenance services. Northeast Teller County Fire Protection District will provide estimates, in-shop repairs, preventative maintenance, parts ordering, referrals for complex repairs, and inspection of third-party repairs. In exchange for these services, the District will be subject to charges composed of an hourly rate, costs of parts, and costs of outsourcing as detailed in monthly invoices provided by Northeast Teller County Fire Protection District.

NOTE -8 VOLUNTEER PENSION PLAN

Summary of Significant Accounting Policies

*Pensions* – The Divide Fire Protection District participates in the Volunteer Fire Department Pension Fund, an agent multiple-employer defined benefit pension fund administered by the Colorado Fire and Police Pension Association (“FPPA”).

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -8 VOLUNTEER PENSION PLAN (Continued)

The net pension liability / (asset), 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 Fire Department Pension Fund has been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

*Investments* - Investments are reported at fair value.

Plan Information

*Plan Description* – The District, on behalf of certain volunteer fire fighters, contributes to the Volunteer Fire Department Pension Fund which is affiliated with the Colorado Fire and Police Pension Association (FPPA) to administer the funds for the District. Assets of the plan are commingled with numerous separate plans that have been pooled for investment purposes. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the Divide Fire Protection District.

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 that can be obtained at [FPPAco.org](http://FPPAco.org). Once in the site, locate the site map at the bottom of the web page and you will find the ‘Annual Report’ link.

*Plan Membership (Eligibility)* – Plan membership consists of active members and members who have worked for the Divide Fire Protection District at one time, but who are now active at another employer. The number of retirees shown includes those who retired from the District, as well as those who retired from another employer but has service attributed to the District.

The following is a summary of the participants:

Active Members	25
Retirees & Beneficiaries	11
Inactive, Nonretired Members	0

*Benefits Provided* - The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Board of Directors of the Divide Fire Protection District for the Volunteer Fire Department Pension Fund and is as follows:

Normal Retirement Benefit at Age 50 with 20 years of Service (monthly) - The retiree shall receive a \$299.00 per month retirement benefit when fully vested and \$14.95 per month for extended service amount per year of service. The vested retirement benefit with 10 to 20 years of service amount per year of service per minimum vesting years is \$14.95 per month with the minimum vesting years set at 10 years.

Funeral Benefits (Required Benefit) - One time only funeral benefit lump sum is \$200.00.

Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the Divide Volunteer Fire Department Pension Fund. That report may be obtained by writing to FPPA of Colorado, 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111 or by calling FPPA at (330)770-3772 in the Denver Metro area, or 1-800-332-FPPA (3772) from outside the metro area.

Contributions

The District contributes an amount annually to the plan based on prior contribution plus a cost-of-living adjustment. The contribution by the State of Colorado (State) toward fire pension funds has been fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one-half mill on the assessed valuation or 90% of District contributions, whichever is less. Contributions to the Volunteer Fire Department Pension Fund for the year ended December 31, 2024, was \$12,000 from the District.

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -8 VOLUNTEER PENSION PLAN (Continued)

General Implications of Contribution Allocation Procedure or Funding Policy on Future Expected Plan Contributions and Funded Status

This funding policy results in the expectation that the plan's assets will be able to fully pay for promised benefits through at least 2123. The projections are strictly for the purpose of determining the GASB single discount rate and are different from funding projection for the ongoing plan.

Timing of the Valuation

An actuarial valuation to determine the total pension liability is required to be performed at least every two years. For the employer's financial reporting purposes, the net pension liability/(asset) and pension expense/(income) should be measured as of the employer's "measurement date" which may not be earlier than the employer's prior fiscal year-end date. If the actuarial valuation used to determine the total pension liability is not calculated as of the measurement date, the total pension liability is required to be rolled forward from the actuarial valuation date to the measurement date.

The total pension liability shown in this report is based on an actuarial valuation performed as of January 1, 2023 and a measurement date of December 31, 2023. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2024 and may be used for December 31, 2024 reporting purposes.

Expense and deferred outflow calculations are shown starting with the year ending December 31, 2023, but can be used for the plan sponsor's December 31, 2024 financial reporting. Each reported amount will have a one-year lag so that year end December 31, 2023 can be used for December 31, 2024 plan sponsor reporting.

Actuarial Assumptions

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2021, determines the contribution amounts for 2022 and 2023.

Methods and Assumptions Used to Determine Contribution Rates for the Fiscal Year Ending December 31, 2023:

- 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 Rates – 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.

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: 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

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

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -8 VOLUNTEER PENSION PLAN (Continued)

Long-Term Expected Return on Plan Assets

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

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	1.00%	4.32%
Fixed Income	10.00%	5.35%
Managed Futures	5.00%	5.89%
Absolute Return	9.00%	6.39%
Long Short	6.00%	7.27%
Global Equity	35.00%	8.33%
Private Markets	34.00%	10.31%
Total	100.00%	

Incorporation of Plan Changes

The Total Pension Liability as of December 31, 2023 includes any plan changes through that date. If there were any plan changes effective during the year ending December 31, 2023, the increase in the Total Pension Liability will be reflected in the "Benefit Changes" item as well as the Pension Expense.

Net Pension Asset

At December 31, 2024, the VPF reported a net pension asset of \$241,106. The net pension asset was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2023.

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

For the year ended December 31, 2024; the District recognized pension revenue of \$30,008. 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	\$ -	\$ 28,245
Assumption Changes	5,194	-
Net difference between projected and actual earnings on pension plan investments	66,608	42,059
District Contributions Subsequent to Measurement Date	12,000	-
Total	\$ 83,802	\$ 70,304

\$12,000 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 / (asset) in the year ended December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -8 VOLUNTEER PENSION PLAN (Continued)

Year ended December 31, 2024:	Net Deferred Outflows / (Inflows) of Resources
2025	\$ (8,461)
2026	636
2027	12,963
2028	(3,640)
2029	-
Thereafter	-
Total	\$ 1,498

Single Discount Rate

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; 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%. Projected cash flows used in determining the Single Discount Rate are available upon request to FPPA.

Sensitivity of the Net Pension Liability / (Asset) to the Single Discount Rate Assumption

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
Net Pension Liability / (Asset)	\$ (184,620)	\$ (241,106)	\$ (288,092)

NOTE -9 STATEWIDE RETIREMENT PLAN

Plan Description

The District participates in the Statewide Retirement Plan (SR Plan), a cost-sharing multiple-employer defined benefit pension plan. The SR Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The SR 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 SR 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 SR 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 SR 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 SR Plan.

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -9 STATEWIDE RETIREMENT PLAN (Continued)

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

Benefits Provided

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 at 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.

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 COLAs 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 at 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 contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit

Contributions

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

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -9 STATEWIDE RETIREMENT PLAN (Continued)

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 combined 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.

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 at 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.

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.

Net Pension Liability/(Asset)

At December 31, 2023, the total pension liability for the SR Plan was \$4,212,130,287, the plan fiduciary net position was \$4,212,130,287, the net pension liability was \$0, and the plan fiduciary net position as a percentage of the total pension liability was 100 percent.

At December 31, 2023, the District's proportion of the net pension liability of the SR Plan was 0.0095 percent, which was an increase of 0.0095 percent from its proportion measured as of December 31, 2022.

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -9 STATEWIDE RETIREMENT PLAN (Continued)

At December 31, 2024, the District reported a net pension liability of \$0 for its proportionate share of the SR Plan net pension liability. The net pension liability was measured as of December 31, 2023. The collective total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2024. The actuarially determined contributions as of December 31, 2023 are based on the January 1, 2023 actuarial valuation. For the year ended December 31, 2024, the District recognized pension revenue of \$11,371 related to the SR Plan.

Employer contributions recognized by the SR Plan from the District were \$19,149 for the measurement period ended December 31, 2023.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 25,749
Assumption Changes	10,512	-
Net difference between projected and actual earnings on pension plan investments	13,011	-
District Contributions Subsequent to Measurement Date	19,149	-
Total	\$ 42,672	\$ 25,749

The deferred outflows and deferred inflows related to pensions are included with total deferred outflows and total deferred inflows on the statement of net position. Deferred outflows of resources of \$19,149 related to FPPA pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the FPPA net pension liability in the measurement period ending December 31, 2024. 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, 2024:	Net Deferred Outflows / (Inflows) of Resources
2025	\$ (384)
2026	(567)
2027	(811)
2028	(110)
2029	(136)
Thereafter	(218)
Total	\$ (2,226)

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:

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -9 STATEWIDE RETIREMENT PLAN (Continued)

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contribution</u>
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*	7.00%	7.00%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.00%	0.00%
*Includes Inflation at	2.5%	2.5%

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.

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	35.00%	8.33%
Equity Long/Short	6.00%	7.27%
Private Markets	34.00%	10.31%
Fixed Income – Rates	10.00%	5.35%
Fixed Income – Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Cash	1.00%	4.32%
Total	100.00%	

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).

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -9 STATEWIDE RETIREMENT PLAN (Continued)

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.

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan’s net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

	1% Decrease <u>(6.00%)</u>	Current Discount Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Proportionate share of the net pension (asset) liability	\$ 53,363	\$ -	\$ -

The net pension liability of \$0 reflects a reserve for cost of living adjustments and to manage adverse experience of \$1,868 at a 7.00% discount rate and \$47,617 at an 8.00 percent discount rate.

NOTE -10 STATEWIDE DEATH AND DISABILITY PLAN

Plan Description

The District contributes to the Statewide Death and Disability Plan (D&D Plan) administered by the FPPA. The D&D Plan is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 5, 2003, the D&D Plan may include part-time police and fire employees. Contributions to the D&D Plan are used for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the D&D Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Defined Benefit System and the Statewide Death & Disability Plan. The D&D Plan was established in 1980 pursuant to Colorado Revised Statutes and currently has 270 participating employer departments. Included in that number are 7 contributing employers as of December 31, 2022, who are covered by Social Security and have elected supplementary coverage by the D&D Plan.

The D&D Plan assets are included in the Fire & Police Members' Benefit Investment Fund Long-Term Pool. The Long-Term Pool is designed primarily for open plans with a longer time horizon, higher risk tolerance, and lower liquidity needs. The investment return assumption is 7.0%.

D&D Plan benefits provide 24-hour coverage, both on- and off-duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan. In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease. The FPPA issues a publicly available financial report that may be obtained at [www.fppaco.org](http://www.fppaco.org).

Benefits Provided

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

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -10 STATEWIDE DEATH AND DISABILITY PLAN (Continued)

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

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

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

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

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

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

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

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits. If the member is totally disabled, the member shall receive 70 percent of their base salary preceding disability.

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

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

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

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

DIVIDE FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -10 STATEWIDE DEATH AND DISABILITY PLAN (Continued)

Contributions

Prior to 1997, the D&D Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. During 2022, C.R.S. 31-31-811 was amended to provide additional payments from the State to the D&D Plan on July 1, 2022 and July 1, 2023 of \$6,650,000 each.

Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to this D&D Plan as of January 1, 1997. Effective January 1, 2022, the contribution rate increased to 3.2 percent of base salary and may be increased 0.2 percent annually by the FPPA Board. This percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The contribution may be paid entirely by the employer or member, or may be split between the employer and the member as determined at the local level. Contributions to the D&D Plan were \$7,026 for the year ended December 31, 2024.

NOTE -11 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of; damage to; and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District utilizes commercial insurance to meet its insurance needs including workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE -12 TAX SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Emergency reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. \$23,800 of the fund balance has been reserved in compliance with this requirement.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

NOTE -13 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represent the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

**REQUIRED SUPPLEMENTARY INFORMATION**

DIVIDE FIRE PROTECTION DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2024

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
<b>REVENUES</b>				
PROPERTY TAXES	\$ 905,544	\$ 905,544	\$ 905,008	\$ (536)
LEGISLATIVE BACKFILL	60,840	60,840	62,791	1,951
SPECIFIC OWNERSHIP TAXES	40,000	40,000	86,246	46,246
INTEREST INCOME	1,850	1,850	32,466	30,616
CHARGES FOR SERVICE	40,000	40,000	-	(40,000)
GRANT REVENUE	17,500	17,500	17,262	(238)
VOLUNTEER REVENUE	20,000	20,000	21,766	1,766
MISCELLANEOUS	6,500	6,500	9,049	2,549
<b>TOTAL REVENUES</b>	<b>1,092,234</b>	<b>1,092,234</b>	<b>1,134,588</b>	<b>42,354</b>
<b>EXPENDITURES</b>				
<b>CURRENT</b>				
ADMINISTRATION	175,445	175,445	150,604	24,841
COMMUNICATIONS	10,050	10,050	11,181	(1,131)
FIREFIGHTING AND RESCUE	55,330	55,330	33,859	21,471
PAYROLL	511,517	511,517	368,213	143,304
PENSION	12,000	12,000	12,000	-
STATION, BUILDINGS, AND GROUNDS	21,950	21,950	16,953	4,997
TRAINING	38,200	38,200	27,709	10,491
UTILITIES	8,600	8,600	6,988	1,612
VEHICLES	49,500	49,500	35,382	14,118
INCIDENT EXPENSES	7,000	7,000	-	7,000
OPERATIONAL CONTINGENCY	30,000	30,000	-	30,000
CAPITAL OUTLAY	418,000	418,000	34,084	383,916
<b>DEBT SERVICE</b>				
LEASE PURCHASE INTEREST	8,039	8,039	8,039	-
LEASE PURCHASE PRINCIPAL	92,496	92,496	91,127	1,369
<b>TOTAL EXPENDITURES</b>	<b>1,438,127</b>	<b>1,438,127</b>	<b>796,139</b>	<b>641,988</b>
REVENUES OVER (UNDER) EXPENDITURES	(345,893)	(345,893)	338,449	684,342
FUND BALANCE JANUARY 1	380,637	380,637	380,637	-
FUND BALANCE DECEMBER 31	<b>\$ 34,744</b>	<b>\$ 34,744</b>	<b>\$ 719,086</b>	<b>\$ 684,342</b>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT

DIVIDE FIRE PROTECTION DISTRICT

VOLUNTEER FIRE DEPARTMENT PENSION FUND

SCHEDULE OF CHANGES IN THE PLAN'S NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

MEASUREMENT PERIOD ENDED DECEMBER 31,

MEASUREMENT PERIOD ENDED DECEMBER 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
TOTAL PENSION LIABILITY (ASSET)										
SERVICE COST	\$ 13,828	\$ 13,414	\$ 13,414	\$ 14,329	\$ 14,329	\$ 10,642	\$ 10,642	\$ 12,807	\$ 12,807	\$ 6,685
INTEREST ON THE TOTAL PENSION LIABILITY	31,940	33,310	32,225	31,905	30,616	29,407	28,085	29,153	27,497	9,091
CHANGES TO BENEFIT TERMS	-	-	-	-	-	-	-	-	-	217,799
DIFFERENCE BETWEEN EXPECTED AND ACTUAL EXPERIENCE	-	(43,925)	-	(12,344)	-	8,026	-	(43,379)	-	23,872
ASSUMPTION CHANGES	-	8,952	-	-	-	19,749	-	7,250	-	-
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(32,980)	(30,139)	(30,139)	(27,628)	(25,475)	(23,262)	(19,016)	(19,016)	(17,447)	(12,710)
NET CHANGE IN TOTAL PENSION LIABILITY (ASSET)	12,788	(18,388)	15,500	6,262	19,470	44,562	19,711	(13,185)	22,857	244,737
TOTAL PENSION LIABILITY (ASSET) - BEGINNING	465,693	484,081	468,581	462,319	442,849	398,287	378,576	391,761	368,904	124,167
TOTAL PENSION LIABILITY (ASSET) - ENDING (a)	\$ 478,481	\$ 465,693	\$ 484,081	\$ 468,581	\$ 462,319	\$ 442,849	\$ 398,287	\$ 378,576	\$ 391,761	\$ 368,904
PLAN FIDUCIARY NET POSITION										
CONTRIBUTIONS - EMPLOYER	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000	\$ 12,000
CONTRIBUTIONS - EMPLOYEE	-	-	-	-	-	-	-	-	-	-
NET INVESTMENT INCOME	64,728	(59,164)	96,760	76,561	75,420	(189)	69,415	24,022	7,816	27,181
BENEFIT PAYMENTS, INCLUDING LUMP SUMS	(32,980)	(30,139)	(30,139)	(27,628)	(25,475)	(23,262)	(19,016)	(19,016)	(17,447)	(12,710)
ADMINISTRATIVE EXPENSES	(9,140)	(7,102)	(6,776)	(5,556)	(9,309)	(8,389)	(6,739)	(988)	(1,864)	(1,014)
STATE OF COLORADO SUPPLEMENTAL DISCRETIONARY PAYMENT	10,800	10,800	21,600	-	10,800	10,800	10,800	10,800	10,800	10,800
NET CHANGE IN PLAN FIDUCIARY NET POSITION	45,408	(73,605)	93,445	55,377	63,436	(9,040)	66,460	26,818	11,305	36,257
PLAN FIDUCIARY NET POSITION - BEGINNING	674,179	747,784	654,339	598,962	535,526	544,566	478,106	451,288	439,983	403,726
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 719,587	\$ 674,179	\$ 747,784	\$ 654,339	\$ 598,962	\$ 535,526	\$ 544,566	\$ 478,106	\$ 451,288	\$ 439,983
PLAN'S NET PENSION LIABILITY (ASSET) - BEGINNING	(208,486)	(263,703)	(185,758)	(136,643)	(92,677)	(146,279)	(99,530)	(59,527)	(71,079)	(279,559)
PLAN'S NET PENSION LIABILITY (ASSET) - ENDING (a) - (b)	\$ (241,106)	\$ (208,486)	\$ (263,703)	\$ (185,758)	\$ (136,643)	\$ (92,677)	\$ (146,279)	\$ (99,530)	\$ (59,527)	\$ (71,079)
PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF THE TOTAL PENSION LIABILITY (ASSET) (b) / (a)	150.39%	144.77%	154.47%	139.64%	129.56%	120.93%	136.73%	126.29%	115.19%	119.27%
COVERED PAYROLL	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
PLAN'S NET PENSION LIABILITY (ASSET) 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

DIVIDE FIRE PROTECTION DISTRICT  
VOLUNTEER FIRE DEPARTMENT PENSION FUND  
SCHEDULE OF EMPLOYER CONTRIBUTIONS  
FOR THE YEARS ENDED DECEMBER 31,

PLAN YEAR ENDED DECEMBER 31,	ACTUARIALLY DETERMINED CONTRIBUTION	ACTUAL CONTRIBUTION*	CONTRIBUTION DEFICIENCY (EXCESS)	COVERED PAYROLL	ACTUAL CONTRIBUTION AS A % OF COVERED PAYROLL
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2023	\$ 5,681	\$ 22,800	\$ (17,119)	N/A	N/A
2022	\$ 5,681	\$ 22,800	\$ (17,119)	N/A	N/A
2021	\$ 10,082	\$ 33,600	\$ (23,518)	N/A	N/A
2020	\$ 10,082	\$ 12,000	\$ (1,918)	N/A	N/A
2019	\$ -	\$ 22,800	\$ (22,800)	N/A	N/A
2018	\$ -	\$ 22,800	\$ (22,800)	N/A	N/A
2017	\$ 5,193	\$ 22,800	\$ (17,607)	N/A	N/A
2016	\$ 5,193	\$ 22,800	\$ (17,607)	N/A	N/A
2015	\$ -	\$ 22,800	\$ (22,800)	N/A	N/A
2014	\$ -	\$ 22,800	\$ (22,800)	N/A	N/A

*\* Actual contribution is from the employer only and does not include employee amounts but includes both District and State of Colorado Supplemental Discretionary Payment.*

DIVIDE FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

STATEWIDE RETIREMENT PENSION PLAN

AS OF DECEMBER 31, \*

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension (asset) liability	0.009517%									
District's proportionate share of the net pension (asset) liability	\$ -									
District's covered payroll	\$ 216,323									
District's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	0.00%									
Plan fiduciary net position as a percentage of the total pension (asset) liability	100.00%									

\* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2023 (the Plan's measurement periods) occurring prior to the District's calendar years ended December 31, 2024, in accordance with Government Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions .

The schedule is presented to show information for ten years. Until information for the full ten-year period is available, information will be presented for the years it is available.

DIVIDE FIRE PROTECTION DISTRICT  
 SCHEDULE OF DISTRICT CONTRIBUTIONS  
 STATEWIDE RETIREMENT PENSION PLAN  
 FOR THE YEARS ENDED DECEMBER 31,

	<u>2024</u>	<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>
Statutorily required contribution	\$ 19,519									
Contributions in relation to the statutorily required contribution	<u>(19,519)</u>									
Contribution deficiency (excess)	<u>\$ -</u>									
District's covered payroll	\$ 195,388									
Contributions as a percentage of covered payroll	9.99%									

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is

DIVIDE FIRE PROTECTION DISTRICT  
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION  
YEAR ENDED DECEMBER 31, 2024

NOTE -1      BUDGETARY INFORMATION

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

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and public requirements. The budget includes each fund on its basis of accounting.

NOTE -2      PENSION SCHEDULES – EMPLOYER CONTRIBUTIONS

The Schedule of Employer Contributions relates to the District's volunteer pension plan. Covered payroll is not applicable to volunteer pension plans as the nature of the services provided by the volunteers is not compensation-based.