

**LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
DOLORES, COLORADO**

BASIC FINANCIAL STATEMENTS

December 31, 2024

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FINANCIAL SECTION



**PROSPECTIVE
BUSINESS
SOLUTIONS, LLC**
Certified Public Accountants

Auditing, Accounting, and Consulting Services for
Governments and Nonprofit Organizations

Board of Directors
Lewis-Arriola Fire Protection District
Dolores, Colorado

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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 these 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, 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 District's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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

Management has omitted the Management Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB), who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the Budgetary Comparison Schedule and the Schedule of Changes in Net Position, Liability, and Related Ratios and Contributions on pages 22-23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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.

PB Solutions LLC

Littleton, Colorado

April 15, 2025

BASIC FINANCIAL STATEMENTS

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2024

	GOVERNMENTAL ACTIVITIES
ASSETS	
Cash and Investments	\$ 4,545,736
Cash Held with County Treasurer	7,030
Taxes Receivable	677,784
Prepaid Expenses	19,316
Capital Assets, Not Depreciated	87,400
Capital Assets, Depreciated, Net of Accumulated Depreciation	2,113,865
Net Pension Asset	<u>9,153</u>
TOTAL ASSETS	<u>7,460,284</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to Pensions	<u>337,145</u>
LIABILITIES	
Current Liabilities	
Accounts Payable	<u>10,403</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenues	677,784
Related to Pensions	<u>115,288</u>
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>793,072</u>
NET POSITION	
Net Investment in Capital Assets	2,201,265
Unrestricted	<u>4,792,689</u>
TOTAL NET POSITION	<u>\$ 6,993,954</u>

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2024

FUNCTIONS/PROGRAMS	EXPENSES	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
		CHARGES FOR SERVICES	OPERATING GRANTS AND CONTRIBUTIONS	GOVERNMENTAL ACTIVITIES
PRIMARY GOVERNMENT				
Governmental Activities				
Administration	\$ 56,435	\$ -	\$ -	\$ (56,435)
Fire Protection	418,100	-	15,000	(403,100)
Total Governmental Activities	474,535	-	15,000	(459,535)
GENERAL REVENUES				
				866,048
				93,490
				1,650
				224,823
				<u>1,186,011</u>
				726,476
				<u>6,267,478</u>
				<u>\$ 6,993,954</u>

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT

BALANCE SHEET
 GENERAL FUND
 December 31, 2024

ASSETS	
Cash and Investments	\$ 4,545,736
Cash Held at County Treasurer	7,030
Taxes Receivable	677,784
Prepaid Expenses	19,316
TOTAL ASSETS	<u>\$ 5,249,866</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES	
LIABILITIES	
Accounts Payable	<u>\$ 10,403</u>
TOTAL LIABILITIES	<u>10,403</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Property Tax Revenues	<u>677,784</u>
FUND BALANCES	
Nonspendable	19,316
Unassigned	4,542,363
TOTAL FUND BALANCES	<u>4,561,679</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 5,249,866</u>

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GENERAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
Year Ended December 31, 2024

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

Total fund balances of governmental funds			\$ 4,561,679
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds.			
	Capital Assets, Not Depreciated	87,400	
	Capital Assets, Depreciated	5,217,673	
	Accumulated Depreciation	<u>(3,103,808)</u>	2,201,265
Long-term liabilities and related assets are not due and payable in the current period and, therefore, are not reported in the funds.			
	Net Pension Asset		9,153
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the funds.			
	Deferred outflows of resources - Related to Pensions	337,145	
	Deferred inflows of resources - Related to Pensions	<u>(115,288)</u>	<u>221,857</u>
Net position of governmental activities			<u>\$ 6,993,954</u>

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND
Year Ended December 31, 2024

REVENUES	
Property Taxes	\$ 866,048
Specific Ownership Taxes	93,490
Grants and Contributions	15,000
Earnings on Investments	224,823
Miscellaneous	<u>1,650</u>
 TOTAL REVENUES	 <u>1,201,011</u>
EXPENDITURES	
Current	
Administration	181,435
Fire Protection	<u>190,788</u>
Capital Outlay	-
TOTAL EXPENDITURES	<u>372,223</u>
 CHANGE IN FUND BALANCES	 828,788
 FUND BALANCES, Beginning	 <u>3,732,891</u>
 FUND BALANCES, Ending	 <u>\$ 4,561,679</u>

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES 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 balances - total governmental funds			\$ 828,788
Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities.			
	Depreciation		(214,011)
Deferred Charges related to pensions are not recognized in the governmental funds. However, for governmental activities those amounts are reported in the statement of net position and amortized in the statement of activities.			
	Pension Contributions	125,000	
	Pension Expense	<u>(13,301)</u>	<u>111,699</u>
Change in net position of governmental activities			<u>\$ 726,476</u>

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Lewis- Arriola Fire Protection District (the “District”) was formed in 1975. The District provides emergency services and fire protection in rural areas of Montezuma County, Colorado, including Lewis, Arriola, Beulah and Goodman Point communities and their surrounding vicinities. The area encompassed by the District’s boundary is 68,280 acres. In addition to providing protection for its own geographical area, the District maintains verbal and written cooperative fire agreements with four other fire districts in the area – Cortez, Pleasant View, Dolores, and Mancos. In Montezuma County, approximately 70 percent of land ownership is federal and state. Federal lands consist of the San Juan National Forest, several nation monument sites, and the Ute Mountain Indian Reservation. The District has historically responded to calls for assistance from these various agencies whenever needed and will continue to do so.

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

Reporting Entity

The financial reporting entity consists of the District and organizations for which the District is financially accountable. All funds, organizations, institutions, agencies, departments, and offices that are not legally separate are part of the District. In addition, any legally separate organizations for which the District is financially accountable are considered part of the reporting entity. Financial accountability exists if the District appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization provides benefits to, or imposes financial burdens on the District.

In accordance with requirements of the Governmental Accounting Standards Board (GASB), the District does not include any component units within its reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. The District does not report any business-type activities.

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers 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*. Internally dedicated resources are reported as general revenues rather than as program revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

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

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

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

Assets, Liabilities, and Fund Balance/Net Position

Deposits and Investments –The District considers cash and cash equivalents to be all demand deposits as well as short- term investments with a maturity date of three months or less. Investments are stated at fair value.

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

Prepaid Expenses – Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets – Capital assets, which include property, equipment, trucks, and furniture and fixtures are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

Capital assets are depreciated using the straight-line method over the following estimated useful lives as follows:

Buildings	39 years
Equipment and Trucks	7 – 20 years
Furniture and Fixtures	5 years

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

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

Property Taxes – Property taxes are levied on December 15 based on the assessed value of property as certified by the County Assessor on October 1. The property tax may be paid in total by April 30 or one-half payment by February 28 and the second half by June 15. The billings are considered due on these dates. The bill becomes delinquent, and penalties and interest may be assessed by the County Treasurer on the postmark day following these dates. The tax sale date is the first Thursday of November.

Under Colorado Law, all property taxes become due and payable on January 1, in the year following that in which they are levied. The County Treasurer's Office collects property taxes and remits them to the District on a monthly basis.

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

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

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

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Assets, Liabilities, and Fund Balance/Net Position (Continued)

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

- Nonspendable – This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact. The District reports prepaid expenses as nonspendable.
- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District does not report any restricted fund balances.
- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Trustees. These amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District does not report any committed resources.
- Assigned – This classification includes amounts the government intends to use for specific purposes that do not meet the criteria to be classified as restricted or committed. The District does not report any assigned fund balances.
- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

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

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 1: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets, errors omissions, injuries to employees, or acts of God. The District carried commercial insurance for these risks of loss through December 31, 2024.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates..

Subsequent Events

The District has evaluated events subsequent to the year ended December 31, 2024 through April 15, 2025, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: **CASH AND INVESTMENTS**

Cash and investments on December 31, 2024, consist of the following:

Deposits	\$ 31,100
Investments	<u>4,514,636</u>
Total	<u>\$ 4,545,736</u>

Deposits

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government’s deposits may not be returned to it. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations.

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 2: **CASH AND INVESTMENTS** (Continued)

Deposits (Continued)

At December 31, 2024, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

At December 31, 2024, the District had deposits with financial institutions with a carrying amount of \$31,100. The bank balances with the financial institutions were \$36,893. All of these balances were covered by federal depository insurance.

Investments

Interest Rate Risk

State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five year. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

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

Concentration of Credit Risk

State statutes do not limit the amount the District may invest in one issuer, except for corporate securities.

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 2: **CASH AND INVESTMENTS** (Continued)

Investments (Continued)

Local Government Investment Pools

The District had invested \$4,514,636 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAM by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to \$1.00 (net asset value). Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the entities.

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 3: CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2024, is summarized below:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Governmental Activities				
Capital Assets, Not Depreciated				
Land	\$ 87,400	\$ -	\$ -	\$ 87,400
Capital Asset, Being Depreciated				
Buildings	\$ 1,772,999	\$ -	\$ -	\$ 1,772,999
Equipment	1,316,857	-	-	1,316,857
Trucks	2,106,006	-	-	2,106,006
Furniture and Fixtures	21,811	-	-	21,811
Total Capital Assets, Being Depreciated	5,217,673	-	-	5,217,673
Accumulated Depreciation				
Buildings	530,713	64,291	-	595,004
Equipment	1,096,739	46,090	-	1,142,829
Trucks	1,244,762	103,063	-	1,347,825
Furniture and Fixtures	17,583	567	-	18,150
Total Depreciation	2,889,797	214,011	-	3,103,808
Capital Assets, Depreciated, Net	2,327,876	(214,011)	-	2,113,865
Net Capital Assets	\$ 2,415,276	\$ (214,011)	\$ -	\$ 2,201,265

Depreciation expense was charged to the Fire Protection program.

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 4: **VOLUNTEER FIREFIGHTERS PENSION PLAN**

Plan description. The District, on behalf of its volunteer firefighters, contributes to the Lewis-Arriola Fire Protection Volunteer Firefighters' Pension Plan, a defined benefit pension plan which is affiliated with the Colorado Fire and Police Pension Association (FPPA). The plan provides retirement benefits for embers and beneficiaries according to the plan provision as enacted and governed by the Board of Directors of the District. Title 31, Article 30 of the Colorado Revised Statutes (CS), as amended, establishes the basic benefit provision under the plan.

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 FPA for plan administration and investment only. The FPPA issues a publicly available comprehensive annual financial report that includes the assets of the volunteer plan. That report may be obtained at www.fppaco.org.

The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plan have 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 are reported at fair value.

Volunteers covered and benefits provided. The pension plan provides retirement and death benefits. Retirement benefits for volunteer firemen with ten years of volunteer service are calculated as \$21.25 per month per year of volunteer service for a maximum of 30 years. Volunteer firemen with 20 years of service are eligible to retire at age 50. Volunteer firemen with 20 years of service are eligible for death benefits. Death benefits are a lump sum payment of \$600 if death occurs before retirement or 50% of the retiree's benefit if the member is married commencing on the date the deceased member would have turned age 50 for retired members.

On December 31, 2024, there are 27 retired volunteer firefighters receiving benefits, 3 beneficiaries of firefighters receiving benefits, 25 active volunteers, and 8 inactive, nonretired volunteers.

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
 NOTES TO THE FINANCIAL STATEMENTS
 December 31, 2024

NOTE 4: **VOLUNTEER FIREFIGHTERS PENSION PLAN** (Continued)

Contributions. The plan may receive contributions from the District in an amount not to exceed one-half mill of property tax revenue. As established by its Legislature, the State of Colorado may provide a matching contribution of ninety percent of the District's contribution. Contributions are not actuarially determined. The actuary issued to determine the adequacy of contributions. Based on the January 1, 2024, actuarial evaluation, the actuarially determined contributions expected to finance the costs of benefits earned during the year, with an additional amount to finance the unfunded liability, were \$41,937. During the year ended December 31, 2024, the District contributed \$125,000 to the plan. The State of Colorado contributed \$17,435.

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, 2024 are as follows:

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	2.5%
Projected salary increases	N/A
Investment rate of return	7.0% per annum
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	<u>Pre-retirement:</u> 2006 central rates from the RP-2014 Mortality Tables for males and females, projected to 2018, using MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off duty mortality. <u>Post retirement:</u> 2006 central rates from the RP-2014 Mortality Tables for males and females, projected to 2018, using MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. <u>Disabled:</u> 2006 central rates from the RP-2014 Mortality Tables for males and females, projected to 2018, using MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 4: **VOLUNTEER FIREFIGHTERS PENSION PLAN** (Continued)

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

Notes: The actuarial assumption shown above are associated with the Actuarially Determined Contributions for the year ending December 31, 2024. The actual assumptions were changed for the Actuarial Valuation as of January 1, 2023, and as such, the total pension liability was measured using those assumptions.

Single Discount Rate. Projected benefit payments are 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%.

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 4: VOLUNTEER FIREFIGHTERS PENSION PLAN (Continued)

Changes in the Net Pension Liability

Changes in the District’s net pension liability for the year ended December 31, 2024, were as follows:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance, December 31, 2023	\$ 2,085,477	\$ 1,942,938	\$ 142,539
Service Cost	16,280	-	16,280
Interest	142,376	-	142,376
Differences between expected and actual experience fo the Total Pension Liability	-	-	-
Changes in assumptions	-	-	-
Contributions	-	125,000	(125,000)
Net Investment Income	-	183,917	(183,917)
Benefit Payments	(121,127)	(121,127)	-
State of Colorado supplemental discretionary payment	-	17,435	(17,435)
Administrative expenses	-	(16,004)	16,004
Total	<u>\$ 2,123,006</u>	<u>\$ 2,132,159</u>	<u>\$ (9,153)</u>

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

	1% Decrease <u>6%</u>	Discount Rate <u>7%</u>	1% Increase <u>8%</u>
District's Net Pension Liability (Asset)	<u>\$ 256,385</u>	<u>\$ (9,153)</u>	<u>\$ (227,922)</u>

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 4: **VOLUNTEER FIREFIGHTERS PENSION PLAN** (Continued)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2024, the District recognized pension expense of (\$111,699). On December 31, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 13,657	\$ -
Change in assumptions	7,901	
Net difference between projected and actual earnings on investments	190,587	115,288
Contributions subsequent to the measurement date	125,000	-
Total	\$ 337,145	\$ 115,288

The District’s contributions subsequent to the measurement date of \$125,000 will be recognized as a reduction of the net pension liability in the subsequent fiscal year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended December 31,</u>	
	2025 \$ 24,131
	2026 28,288
	2027 53,983
	2028 (9,545)
Total	\$ 96,857

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2024

NOTE 5: **COMMITMENTS AND CONTINGENCIES**

Tabor Amendment

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (the “Tabor Amendment”), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Tabor Amendment is complex and subject to judicial interpretations.

Based upon the voters’ approval of the District’s exemption from the Tabor limitation and “any other law” including the 5.5% limitation, the District has been exempted from the requirements of the Tabor Amendment including the 5.5% growth limitation since January 1, 2016. The District believes it has complied with the Amendment and does not report a restriction of fund balance in the General Fund.

REQUIRED SUPPLEMENTARY INFORMATION

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2024

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Property Taxes	\$ 847,428	\$ 866,048	\$ 18,620
Specific Ownership Taxes	75,000	93,490	18,490
Grants and Contributions	8,000	15,000	7,000
Earnings on Investments	125,000	224,823	99,823
Miscellaneous	16,000	1,650	(14,350)
TOTAL REVENUES	1,071,428	1,201,011	129,583
EXPENDITURES			
Current			
Administration			
Professional Services	25,000	18,511	6,489
Pension Contribution	125,000	125,000	-
Office Supplies	3,000	1,898	1,102
Board of Directors	3,600	3,700	(100)
Treasurer Fees	20,000	17,326	2,674
Fire Chief Administration	15,000	15,000	-
Total Administration	191,600	181,435	10,165
Fire Protection			
Firemen Reimbursements	30,000	30,000	-
Fire Chief Expense	8,000	4,422	3,578
Supplies	50,015	33,912	16,103
Insurance	30,000	23,568	6,432
Training	14,000	14,859	(859)
Station Operations	30,000	20,150	9,850
Dispatch Services and Communications	15,000	11,089	3,911
Repairs and Maintenance	49,000	39,962	9,038
Other	35,500	12,826	22,674
Total Fire Protection	261,515	190,788	70,727
Capital Outlay	4,314,413	-	4,314,413
TOTAL EXPENDITURES	4,767,528	372,223	4,395,305
CHANGE IN FUND BALANCE	(3,696,100)	828,788	4,524,888
FUND BALANCES, Beginning	3,746,100	3,732,891	(13,209)
FUND BALANCES, Ending	\$ 50,000	\$ 4,561,679	\$ 4,511,679

See the accompanying independent auditor's report

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET POSITION, LIABILITY, AND RELATED RATIOS AND CONTRIBUTIONS
VOLUNTEER FIRE DEPARTMENT PENSION PLAN

Years Ended December 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service Cost	\$ 16,280	\$ 13,120	\$ 13,120	\$ 17,435	\$ 17,435	\$ 15,980	\$ 16,642	\$ 16,642	\$ 20,522
Interest	142,376	136,257	134,748	150,833	120,403	133,240	125,774	124,304	125,799
Differences Between Expected and Actual Experience	-	37,761	-	(46,904)	-	31,690	18,961	-	(45,838)
Changes in Assumptions	-	21,843	-	-	-	97,716	47,069	-	-
Benefit Payments	(121,127)	(125,066)	(127,500)	(129,604)	(129,641)	(129,795)	(124,428)	(118,388)	(118,629)
Net Change in Total Pension Liability	37,529	83,915	20,368	(8,240)	8,197	148,831	84,018	22,558	(18,146)
Total Pension Liability, Beginning	2,085,477	2,001,562	1,981,194	1,989,434	1,981,237	1,832,406	1,729,900	1,707,342	1,725,488
Total Pension Liability, Ending	\$ 2,123,006	\$ 2,085,477	\$ 2,001,562	\$ 1,981,194	\$ 1,989,434	\$ 1,981,237	\$ 1,813,918	\$ 1,729,900	\$ 1,707,342
Plan Fiduciary Net Position									
Contributions - Employer	125,000	125,000	125,000	125,000	85,000	95,000	85,000	85,000	75,000
Contributions - State of Colorado	17,435	17,435	34,870	-	34,870	-	17,435	17,435	17,435
Net Investment Income	183,917	(154,519)	269,175	215,963	204,706	(1,025)	67,490	21,753	80,832
Benefit Payments	(121,127)	(125,066)	(127,500)	(129,604)	(129,641)	(129,795)	(124,428)	(118,388)	(118,629)
Administrative Expenses	(16,004)	(28,182)	(12,160)	(10,429)	(16,230)	(13,336)	(2,299)	(3,156)	(2,271)
Net Change in Fiduciary Net Position	189,221	(165,332)	289,385	200,930	178,705	(49,156)	43,198	2,644	52,367
Plan Fiduciary Net Position, Beginning	1,942,938	2,108,270	1,818,885	1,617,955	1,439,250	1,488,406	1,293,018	1,290,374	1,238,007
Plan Fiduciary Net Position, Ending	\$ 2,132,159	\$ 1,942,938	\$ 2,108,270	\$ 1,818,885	\$ 1,617,955	\$ 1,439,250	\$ 1,336,216	\$ 1,293,018	\$ 1,290,374
District's Net Pension Liability (Asset)									
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	\$ (9,153)	\$ 142,539	\$ (106,708)	\$ 162,309	\$ 371,479	\$ 541,987	\$ 477,702	\$ 436,882	\$ 416,968
	100.43%	93.17%	105.33%	91.81%	81.33%	72.64%	73.66%	74.75%	75.58%
District Contributions									
Actuarially Determined Contributions	41,937	23,327	71,052	71,052	71,052	54,216	54,009	72,941	54,009
Actual Contribution*	142,435	142,435	159,870	102,435	102,435	112,435	102,435	102,435	102,435
Contributions Deficiency (Excess)	\$ (100,498)	\$ (119,108)	\$ (88,818)	\$ (31,383)	\$ (31,383)	\$ (58,219)	\$ (48,426)	\$ (29,494)	\$ (48,426)
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* Includes both employer and State of Colorado Discretionary Payment

See the accompanying independent auditor's report

LEWIS-ARRIOLA FIRE PROTECTION DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

NOTE 1: BUDGETS AND BUDGETARY ACCOUNTING

A budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles.

The Board of Directors reviews a proposed budget for the fiscal year commencing on January 1. The budget is adopted by the Board of Directors prior to December 31. Expenditures may not legally exceed appropriations at the fund level. Revisions to the budget must be approved by the Board of Directors. All annual appropriations lapse at fiscal year-end.

NOTE 2: SCHEDULE OF CHANGES IN NET POSITION, LIABILITY, AND RELATED RATIOS AND CONTRIBUTIONS

Actuarial information is available in the Actuarial Valuation Report prepared by Gabriel, Roeder, Smith & Company as of January 2024.