

**Skyline Fire Protection District**

**Douglas County, Colorado**

Financial Statements

Year Ended December 31, 2024

with

Independent Auditor's Report

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# COLORADO CPA COMPANY

## Independent Auditor's Report

Board of Directors  
Skyline Fire Protection District  
Arapahoe County, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and each major fund of Skyline 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Skyline Fire Protection District as of December 31, 2024, and the respective changes in financial position and the respective budgetary comparison for the General Fund 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 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with GAAS, we:

- Exercise professional 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 Supplemental Information***

Management has omitted the management's 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 a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

*Colorado CPA Company PC*

Highlands Ranch, Colorado  
September 15, 2025

**Skyline Fire Protection District**  
**Balance Sheet/Statement of Net Position**  
**Governmental Funds**  
**December 31, 2024**

	<u>General Fund</u>	<u>Funds Total</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>Assets</b>				
Cash and investments	\$ 1,477,560	\$ 1,477,560	\$ -	\$ 1,477,560
Cash and investments - restricted	25,000	25,000	-	25,000
Receivable from County Treasurer	2,940	2,940	-	2,940
Prepaid expense	3,085	3,085	-	3,085
Property taxes receivable - ensuing year	479,823	479,823	-	479,823
Total assets	<u>\$ 1,988,408</u>	<u>\$ 1,988,408</u>	-	1,988,408
<b>Liabilities</b>				
Accounts payable and accrued expenses	\$ 2,074	\$ 2,074	-	2,074
Total liabilities	2,074	2,074	-	2,074
<b>Deferred inflows of resources</b>				
Deferred property taxes	479,823	479,823	-	479,823
Total deferred inflows of resources	479,823	479,823	-	479,823
<b>Fund balances/net position</b>				
Fund balances:				
Nonspendable:				
Prepaid expenses	3,085	3,085	(3,085)	-
Restricted:				
Emergencies	25,000	25,000	(25,000)	-
Unassigned	1,478,426	1,478,426	(1,478,426)	-
Total fund balances	<u>1,506,511</u>	<u>1,506,511</u>	<u>(1,506,511)</u>	<u>-</u>
Total liabilities, deferred inflows of resources and fund balances				
	<u>\$ 1,988,408</u>	<u>\$ 1,988,408</u>		
Net position:				
Restricted for:				
Emergencies			25,000	25,000
Unrestricted			1,481,511	1,481,511
Total net position			<u>\$ 1,506,511</u>	<u>\$ 1,506,511</u>

Note: the accompanying notes are an integral part of these financial statements.

**Skyline Fire Protection District**  
Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities  
Governmental Funds  
For the Year Ended December 31, 2024

	<u>General Fund</u>	<u>Funds Total</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Expenditures/expenses</b>				
Accounting and audit	\$ 15,050	\$ 15,050	\$ -	\$ 15,050
Contract services	452,982	452,982	-	452,982
Directors fees	4,414	4,414	-	4,414
Dues and publications	745	745	-	745
Fire marshal expense	16,913	16,913	-	16,913
Insurance	2,908	2,908	-	2,908
Legal fees	780	780	-	780
Miscellaneous expenses	4,157	4,157	-	4,157
Repairs and maintenance	414	414	-	414
Treasurer's fees	8,362	8,362	-	8,362
Utilities	1,316	1,316	-	1,316
Total expenditures/expenses	<u>508,041</u>	<u>508,041</u>	-	<u>508,041</u>
<b>General revenues</b>				
Property taxes	556,563	556,563	-	556,563
Specific ownership taxes	29,663	29,663	-	29,663
Interest income and miscellaneous	74,207	74,207	-	74,207
Total general revenues	<u>660,433</u>	<u>660,433</u>	-	<u>660,433</u>
<b>Excess /(deficiency) of revenues over expenditures</b>	152,392	152,392	-	152,392
<b>Special and extraordinary items</b>				
Sale of capital assets	369,188	369,188	-	369,188
Net special and extraordinary items	<u>369,188</u>	<u>369,188</u>	-	<u>369,188</u>
<b>Net changes in fund balances</b>	521,580	521,580	(521,580)	
<b>Change in net position</b>			521,580	521,580
<b>Fund balances / net position</b>				
Beginning of year	984,931	984,931	-	984,931
End of year	<u>\$ 1,506,511</u>	<u>\$ 1,506,511</u>	<u>\$ -</u>	<u>\$ 1,506,511</u>

Note: the accompanying notes are an integral part of these financial statements.

**Skyline Fire Protection District**  
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual  
General Fund  
For the Year Ended December 31, 2024

	Original & Final Budget	Actual	Variance - Favorable (Unfavorable)
<b>Expenditures</b>			
Accounting and audit	\$ 14,550	\$ 15,050	\$ (500)
Contract services	452,982	452,982	-
Directors fees	6,459	4,414	2,045
Dues and publications	1,650	745	905
Fire marshal expense	19,800	16,913	2,887
Insurance	2,908	2,908	-
Legal fees	12,500	780	11,720
Miscellaneous expenses	3,100	4,157	(1,057)
Repairs and maintenance	6,550	414	6,136
Treasurer's fees	7,550	8,362	(812)
Utilities	3,740	1,316	2,424
Contingency and reserve	25,000	-	25,000
Total expenditures	556,789	508,041	48,748
<b>General revenues</b>			
Property taxes	503,314	556,563	53,249
Specific ownership taxes	27,000	29,663	2,663
Interest income and miscellaneous	50,000	74,207	24,207
Total general revenues	580,314	660,433	80,119
<b>Excess /(deficiency) of revenues over expenditures</b>	23,525	152,392	128,867
<b>Special and extraordinary items</b>			
Sale of capital assets	-	369,188	369,188
Net special and extraordinary items	-	369,188	369,188
<b>Net changes in fund balance</b>	23,525	521,580	498,055
<b>Fund balances</b>			
Beginning of year	978,487	984,931	6,444
End of year	\$ 1,002,012	\$ 1,506,511	\$ 504,499

Note: the accompanying notes are an integral part of these financial statements.

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 1 – Definition of Reporting Entity**

Definition of Reporting Entity

Skyline Fire Protection District (the “District”) is a quasi-municipal corporation and political subdivision of the State of Colorado, and is governed pursuant to provisions of the Colorado Special District Act. The District’s service area is located in Arapahoe County, Colorado. The District was established in 1958 to provide a funding mechanism to pay the Denver Fire Department for fire protection and emergency response services such as medical emergencies, motor vehicle accidents, rescue calls, and incidents involving hazardous materials within its boundaries. This covers over 1,100 properties. The District is governed by an elected Board of Directors.

As required by accounting principles generally accepted in the United States of America (“GAAP”), these financial statements present the activities of the District, which is legally separate and financially independent of other state and local governments. The District follows the Governmental Accounting Standards Boards (“GASB”) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. The pronouncements also require including a possible component unit if it would be misleading to exclude it.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

The District no employees and all fire marshall, operational and administrative functions are contracted.

**Note 2 – Summary of Significant Accounting Policies**

The accounting policies of the District conform to GAAP as applicable to governmental units. The GASB is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The more significant accounting policies of the District are described as follows:

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Estimates

The preparation of these financial statements in conformity with GAAP requires the District management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Basis of Presentation

The accompanying financial statements are presented per GASB Statement No. 34, “*Special Purpose Governments.*”

The government-wide financial statements (i.e. the governmental funds balance sheet/statement of net position and the governmental funds statement of revenues, expenditures, and changes in fund balances/statement of activities) report information on all of the governmental activities of the District. The statement of net position reports all financial and capital resources of the District. The difference between the (a) assets and deferred outflows of resources and the (b) liabilities and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which expenditures/expenses of the governmental funds are supported by general revenues. Governmental activities are normally supported by property taxes and intergovernmental revenues.

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

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

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 2 – Summary of Significant Accounting Policies (continued)**

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 related cash flows. Property taxes are recognized as revenues in the year for which they are levied and collected.

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 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 District considers revenues to be *available* if they are collected within 60 days of the end of the current period. The material sources of revenue subject to accrual are property taxes and interest. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or the long-term obligation is paid.

The District reports the following major governmental fund:

*General Fund* – The General Fund is the general operating fund of the District. It is used to account for all financial resources not accounted for and reported in another fund.

Budgets

In accordance with the State Budget Law of Colorado, 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 appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Fair Value of Financial Instruments

The District’s financial instruments include cash and investments, accounts receivable and accounts payable. The District estimates that the fair value of all financial instruments as of December 31, 2024, does not differ materially from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The carrying amount of these financial instruments approximates fair value because of the short maturity of these instruments.

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Deposits and Investments

The District's cash and investments are considered to be cash on hand and short-term investments with maturities of three months or less from the date of acquisition. Investments for the government are reported at fair value.

The District follows the practice of pooling cash of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single bank account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Deferred Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has no items that qualify for reporting in this category.

Deferred Inflows of Resources

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 one item that qualifies for reporting in this category. Deferred property taxes are deferred and recognized as an inflow of resources in the period that the amounts are available or collected.

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Capital Assets

Capital assets, which include property and infrastructure assets (e.g. streets, water system, sewer system and similar items), are reported in the applicable governmental or business-type activities columns 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 two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend the life of the asset are not capitalized. Improvements that will be conveyed to other governmental entities are classified as construction in progress, are not included in the calculation of net investment in capital assets, and are not depreciated. Land and certain landscaping improvements are not depreciated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable using the straight-line method. Depreciation on property that will remain assets of the District is reported on the Statement of Activities as a current charge.

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

<u>Category</u>	<u>Useful Life</u>
Buildings	30 years
Improvements	30 years
Vehicles and equipment	7 years

During 2024, the District sold its remaining assets (see Note 4).

Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. As of December 31, 2024, the District has no long-term obligations.

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Fund Equity

Fund balance for governmental funds is reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

*Non-spendable fund balance* – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaids or inventory) or is legally or contractually required to be maintained intact. The non-spendable fund balance in the General Fund as of December 31, 2024 represents prepaid insurance.

*Restricted fund balance* – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation. Emergency Reserves are provided for as required by Article X, Section 20 of the Constitution of the State of Colorado. A portion of the General Fund balance at December 31, 2024 has been restricted in accordance with this requirement.

*Committed fund balance* – The portion of fund balance constrained for specific purposes according to limitations imposed by the District’s highest level of decision-making authority, the Board of Directors prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

*Assigned fund balance* – The portion of fund balance that is constrained by the government’s intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

*Unassigned fund balance* – The residual portion of fund balance that does not meet any of the above-described criteria.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District’s policy to use the most restrictive classification first.

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 2 – Summary of Significant Accounting Policies (continued)**

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports the following categories of net position:

*Net investment in capital assets* – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

*Restricted net position* – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

*Unrestricted net position* – consists of all other net position that does not meet the definition of the above component and is available for general use by the District.

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.

Property Taxes

Property taxes are levied by the District Board of Directors. The levy is based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners who assess the property tax obligation of the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April, or at the taxpayers' election, in equal installments in February and June. Delinquent taxpayers are notified in August and the sales of the resultant tax liens on delinquent properties are generally held in November or December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of revenue in the year they are levied and measurable. The deferred property tax revenues are recorded as revenue in the year they are available or collected.

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 3 – Cash and Investments**

Cash and investments as of December 31, 2024, are classified in the accompanying financial statements as follows:

Statement of net position:

Cash and investments - unrestricted	\$ 1,477,560
Cash and investments - restricted	<u>25,000</u>
Total	<u>\$ 1,502,560</u>

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

Deposits with financial institutions	\$ 1,899
Investments	<u>1,500,661</u>
Total	<u>\$ 1,502,560</u>

Investments as of December 31, 2024, consist of the following:

<u>Investment</u>	<u>Maturity</u>	<u>Balance</u>
Colotrust Edge	Weighted Average 101 Days	\$ 787,670
Colotrust Plus	Weighted Average Under 60 Days	703,288
Colotrust Prime	Weighted Average Under 60 Days	<u>9,703</u>
Total investments		<u>\$ 1,500,661</u>

Cash Deposits

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 regulators. 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 for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 3 – Cash and Investments (continued)**

Cash Deposits (continued)

The State Commissioners for banks and financial services are required by Statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2024, the District's cash deposits reported a carrying balance equal to its bank balance of \$1,899.

*Custodial Credit Risks – Deposits*

For 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, none of the District's bank balance was exposed to custodial credit risk.

Investments

*Investment Policies*

The District has not adopted a formal investment policy; however, the District follows state statutes regarding investments. Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors, such actions are generally associated with a debt service or sinking fund requirements. Colorado State statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

The District generally limits its concentration of investments to those noted with an asterisk (\*) above, which are believed to have minimal credit risk; minimal interest rate risk and no foreign currency risk.

*Concentration Risk and Custodial Risk – Investments*

The District is not subject to concentration risk or investment custodial risk disclosure requirements for investments that are in the possession of another party.

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 3 – Cash and Investments (continued)**

Investments (continued)

*Investment Valuation*

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The District's investments in money market funds are not required to be categorized within the fair value hierarchy and are calculated using the net asset value ("NAV") method.

As of December 31, 2024, the District had the following investments:

*COLOTRUST*

The local government investment pool, Colorado Local Government Liquid Asset Trust ("COLOTRUST") is an investment trust/joint venture established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST offers shares in three portfolios: COLOTRUST Prime, COLOTRUST PLUS+, and COLOTRUST Edge.

COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST using the net asset value method. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST Edge may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, and certain repurchase agreements, and limits its investments to those allowed by State statutes. It is rated AA Af/S1 by FitchRatings with a weighted average maturity of 101 days in 2024. Purchases and redemptions are available daily at a net asset value of approximately \$10.00. There are no unfunded commitments and the redemption notice period is one business day.

COLOTRUST Prime and COLOTRUST PLUS+ operate similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under C.R.S. 24-75-601. Both portfolios are rated AA Am by Standard and Poor's. Purchases and redemptions are available daily at a NAV of \$1.00. There are no unfunded commitments and there is no redemption notice period

**Skyline Fire Protection District**  
Notes to the Financial Statements  
December 31, 2024

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**Note 3 – Cash and Investments (continued)**

Restricted Cash and Investments

As of December 31, 2024, a portion of the District’s cash and investments were restricted for restricted for emergency reserves.

**Note 4 – Capital Assets**

The following is an analysis of capital assets for the year ended December 31, 2024:

<u>Governmental-type activities</u>	<u>Balance 01/01/2024</u>	<u>Acquisitions</u>	<u>Dispositions</u>	<u>Balance 12/31/2024</u>
Capital assets being depreciated:				
Buildings	\$ 36,885	\$ -	\$ (36,885)	\$ -
Improvements	4,500	-	(4,500)	-
Total, buildings and improvements	41,385	-	(41,385)	-
Accumulated depreciation	(41,385)	-	41,385	-
Total capital assets, net of accumulated depreciation	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

During 2024, the District sold its firehouse and related assets. The net proceeds consisted of:

Gross sale price	\$ 395,000
Commissions and other selling costs	(25,812)
Net proceeds	<u>\$ 369,188</u>

**Note 5 – Related Party Information**

The members of the Board of Directors of the District are owners of property within the District and may have conflicts of interest in dealing with the District.

**Skyline Fire Protection District**  
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**Note 6 – Intergovernmental Agreement for Fire Protection Services**

On August 5, 2008, the District entered into an intergovernmental agreement with the City and County of Denver for fire protection services. The agreement was amended in December 2014. As amended, the City and County of Denver, through the Denver Fire Department, agrees to provide fire protection services to the residents of the District including fire protection, arson and fire investigations, and emergency notification and dispatch services. Certain equipment was transferred from the District to the Denver Fire Department in 2008, while the District maintained operations of the fire station until it was sold in 2024. The amended term of the agreement expires in December 2025, unless terminated earlier as provided in the contract and subject to budget and annual appropriation of the funding. If in December 2025 the agreement is still in effect, it may be renewed for an additional ten-year term.

The District provides an annual payment to the City and County of Denver in the amount generated by nine mills of the District's property tax revenue, but not less than \$210,000 annually, with late payment interest of 12% per annum charged for payments not received by July 31 each year. During the year, the District paid \$452,982 for contract services.

**Note 7 – Risk Management**

The District is exposed to various risks of loss related to thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees or acts of God.

The District is a member of the Colorado Special Districts Property and Liability Pool (the "Pool") as of December 31, 2024. The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years.

The District pays annual premiums to the Pool for liability, property and public officials liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

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**Note 8 – Tax, Spending and Debt Limitations**

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer’s Bill of Rights (“TABOR”), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future 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.

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

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

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 will require judicial interpretation.

**Note 9 – Change in Fund Reporting**

The District has previously reported its operations using an enterprise fund. During 2024, the District’s management determined that reporting operations within a general governmental fund will better represent the nature of its functions. There was no resulting impact to beginning net position.