



SUGAR LOAF FIRE PROTECTION DISTRICT

Boulder County, Colorado

FINANCIAL REPORT

December 31, 2024

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Sugar Loaf Fire Protection District
Boulder, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the fiduciary activities of Sugar Loaf Fire Protection District (SLFPD) of Boulder, Colorado as of and for the year ended December 31, 2024, which collectively comprise SLFPD's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sugar Loaf Fire Protection District as of December 31, 2024 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Sugar Loaf 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 opinion.

Management's Responsibility 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; this includes 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 Sugar Loaf Fire Protection District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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 opinion. 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 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 Sugar Loaf 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 Sugar Loaf 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

Management Discussion and Analysis - Unaudited

The Management's Discussion and Analysis on pages 3 through 7 is presented to supplement the basic financial statements and to provide operational, economic and historical context to the financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or any other form of assurance on it.

Individual Fund Statements

The Schedule of Revenues, Expenditures, Expenses and Changes in Fund Balance Budget and Actual - for the General Fund on page 19, with related notes on page 20, is presented to supplement the basic financial statements by providing general fund operational results (Non-GAAP Budgetary Basis) for the year.

The Schedule of Funding Progress for the Volunteer Firefighters Pension on page 21 reports funding progress and Pension Fund activity over time.

The Schedule of Changes in Net Assets - Budget and Actual for the Fiduciary Fund on page 22 presents changes in net assets for the year compared to budgeted amounts (Non-GAAP Budgetary Basis).

We have applied certain limited procedures to the information presented on pages 19 - 22, which consisted principally of inquiries of management regarding the methods of measurement and presentation of these individual fund statements; however, we did not audit the information and express no opinion or any other form of assurance on them.



CAHILL & ASSOCIATES, P.C.
June 2, 2025

**SUGAR LOAF FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2024**

Sugar Loaf Fire Protection District (SLFPD) covers approximately eighteen square miles in the foothills west of Boulder, Colorado. This area includes approximately 500 homes, 1,500 residents, city water treatment plant, Boulder open space and several thousand acres of Arapahoe-Roosevelt National Forest. The District is served by an all-volunteer department of thirty to forty individuals and operates from three fire stations that serve primarily as storage locations for vehicles and equipment.

This discussion and analysis of Sugar Loaf Fire Protection District's (SLFPD) financial performance provides an overview of SLFPD's financial activities for the fiscal year ended December 31, 2024. This section is a summary of financial activities based on currently known facts, decisions, or conditions. The Management's Discussion and Analysis section is an introduction and should be read in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The net assets of SLFPD exceeded the liabilities at December 31, 2024, by \$2,442,153. Of this amount, \$1,043,253 represents net assets that are invested in capital assets and \$138,180 that is restricted for capital expenditures and emergencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction of SLFPD's basic financial statements.

The financial statements of SLFPD report information about SLFPD using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term information about SLFPD's overall financial status. The Statement of General Fund Balance reconciled to the Statement of Net Assets presents information on SLFPD's assets and liabilities, with the difference between the two reported as general fund balance and net assets. The Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances reconciled to the Changes in Net Assets presents information showing how SLFPD's General Fund Balance and Net Assets changed during the year. Fiduciary fund statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others. The basic financial statements can be found on pages 7-11 of this report.

The financial statements also include notes that further discuss information in the statements and provide more detailed data. The notes to the financial statements can be found on pages 12-17. The notes are followed by a section of required and other supplemental information.

**SUGAR LOAF FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

FINANCIAL ANALYSIS

For the year ended December 31, 2024, assets exceeded liabilities by \$2,442,153. Firefighting is a capital-intensive enterprise, and approximately 42 percent of the net assets are invested in capital assets net of related debt. The following is a summary of SLFPD's net assets.

	<u>2024</u>	<u>2023</u>
Assets		
Current Assets	\$ 1,991,506	\$ 1,829,263
Capital Assets (Net of Depreciation)	<u>1,043,253</u>	<u>1,017,578</u>
Total Assets	<u>3,034,759</u>	<u>2,846,841</u>
Liabilities		
Current Liabilities	592,606	583,660
Noncurrent Liabilities	<u>-</u>	<u>-</u>
Total Liabilities	<u>592,606</u>	<u>583,660</u>
Net assets		
Invested in Capital Assets	1,043,253	1,017,578
Temporarily Restricted	<u>-</u>	<u>-</u>
Restricted	138,180	138,180
Unrestricted	<u>1,260,721</u>	<u>1,107,423</u>
Total Net Assets	<u>\$ 2,442,153</u>	<u>\$ 2,263,181</u>

SLFPD's Net Asset's balance increased by \$178,972 in 2024. The following Summary Statement of Revenues, Expenses and Changes in General Fund Balances shows components of the 2024 and 2023 changes.

Summary Statement of Activities and Changes in Net Assets

	<u>2024</u>	<u>2023</u>
Revenues	\$ 733,069	\$ 506,224
Expenditures	<u>554,097</u>	<u>361,983</u>
Change In Net Assets	<u>\$ 178,972</u>	<u>\$ 144,241</u>

Revenue in 2024 includes \$71,899 for firefighting services provided outside the district while 2024 expenditures include \$32,785 in payments to firefighters for the related services provided.

Operating Revenues and Expenditures

As shown below, revenue increased by approximately 29.4% while expenses increased 53.1%. The following table shows 2024 revenue compared to 2023.

	<u>2024</u>	<u>Percent</u>	<u>2023</u>	<u>Percent</u>
	<u>Amount</u>	<u>of Total</u>	<u>Amount</u>	<u>of Total</u>
Property Taxes	\$ 504,263	68.8%	\$ 366,301	64.7%
Grants/Donations Net of Expenses	117,929	16.1%	84,631	23.3%
Investment Earnings	23,313	3.1%	6,212	1.1%
Firefighter Income	19,969	2.7%	33,698	6.0%
Truck Income	51,930	7.1%	1,838	0.1%
Other Income	<u>15,665</u>	<u>2.2%</u>	<u>26,458</u>	<u>4.8%</u>
	<u>\$ 733,069</u>	<u>100.0%</u>	<u>\$ 566,224</u>	<u>100.0%</u>

The 2024 increase in revenue is primarily due to increases in property taxes in the current year.

**SUGAR LOAF FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

FINANCIAL ANALYSIS (Continued)

The following table shows 2024 expenses compared to 2023:

	<u>2024 Amount</u>	<u>Percent of Total</u>	<u>2023 Amount</u>	<u>Percent of Total</u>
Operating Expenses				
Building Maintenance and Utilities	32,233	5.8%	21,034	5.4%
Equipment Repairs and Maintenance	121,699	22.0%	85,789	21.9%
Capital Outlay	70,024	12.6%	17,392	4.4%
Depreciation	101,506	18.3%	90,992	23.3%
Firefighting Operations	63,570	11.5%	41,608	10.6%
Non-District Firefighting, net	32,875	5.9%	1,537	0.4%
Pension Contribution	33,000	6.0%	30,000	7.7%
Administration	99,190	17.9%	102,945	26.3%
	<u>\$ 554,097</u>	<u>100.0 %</u>	<u>\$ 391,297</u>	<u>100.0 %</u>

The District's 2024 expenses relate to fire protection, which includes fire fighting prevention and medical response. In addition to the 2024 depreciation expense and repairs and maintenance expenses, the district also paid \$127,179 as a final deposit on the purchase of new truck. As a service organization providing fire protection, the majority of the expenses are for insurance, building utilities and repairs, vehicle and equipment maintenance, and training and supplies. Although administration expenses were comparable from 2024 to 2023, the district had significant increases in all other expense categories and a 20% increase in firefighting operations in other districts in 2024. SFLPD acts as an agent for the firefighters and collects funds from other districts for the work performed and then remits these funds to the firefighters providing the services less a 4% administrative fee that is income to the District.

Capital Assets

SLFPD's investment in capital assets (original cost less accumulated depreciation) as of December 31, 2024 was \$1,043,253. Capital assets consist of fire trucks, support vehicles, land, buildings, and firefighting equipment. Major capital asset acquisitions totaled \$127,179 during 2024, less depreciation of \$101,506, resulted in a net increase of \$25,675.

	<u>2024</u>	<u>2023</u>	<u>Total Dollar Change</u>
Land	\$ 41,264	\$ 41,264	\$ -
Buildings and Improvements	311,300	444,125	(132,825)
Firefighting and Other Equipment (net)	<u>690,689</u>	<u>532,189</u>	<u>158,500</u>
Total	<u>\$ 1,043,253</u>	<u>\$ 1,017,578</u>	<u>\$ 25,675</u>

This year's additions to firefighting equipment was \$127,179 for a final down payment on a new truck.

**SUGAR LOAF FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024**

Economic Factors and Future Outlook

Property tax income will decrease slightly in 2025. The operating tax mill levy stayed the same at 7.000 to mills and the capital tax mill levy remained at 3.972. The assessed valuation decreased from \$43,578,211 to \$41,121,903. The result of the changes in the valuation will result in an approximate decrease in revenue of \$27,000 in 2025 when compared to 2024.

The District's 2025 budget provides for general property tax revenue of \$287,853 and capital property tax revenue of \$163,336.

The District's 2025 budget also provides for fundraising income and donations of \$75,000, net firefighter and truck income of \$20,000 from fighting fires outside the district and investment income of \$20,000.

In addition to the normal firefighting costs, providing and facilitating fire mitigation and paying other operating expenses, the District's 2025 budget includes \$208,836 for capital improvements to the stations and new equipment for operations.

BASIC FINANCIAL STATEMENTS

SUGAR LOAF FIRE PROTECTION DISTRICT
Governmental (General) Fund Balance Sheet and
Statement of Net Assets
December 31, 2024

	Primary Government - 2024		
	General Fund	Adjustments Note A	Statement of Net Assets
ASSETS			
CURRENT ASSETS			
Cash and Equivalents	\$ 1,528,627	\$ -	\$ 1,528,627
Investments	8,397	-	8,397
Firefighter Non-District Payments Receivable	3,293	-	3,293
Grants Receivable	-	-	-
Property Tax Receivable	451,189	-	451,189
CAPITAL ASSETS, NET OF DEPRECIATION			
Land	-	41,264	41,264
Buildings & Improvements	-	311,300	311,300
Equipment	-	690,689	690,689
Total Capital Assets, Net of Depreciation	-	1,043,253	1,043,253
TOTAL ASSETS	\$ 1,991,506	\$ 1,043,253	\$ 3,034,759
LIABILITIES AND FUND BALANCES/NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	\$ 87,923	\$ -	\$ 87,923
Firefighter Non-District Payments Payable	53,494	-	53,494
Deferred Property Tax Revenue	451,189	-	451,189
Total Liabilities	592,606	-	592,606
FUND BALANCES			
Restricted for Capital Improvements/Emergencies	1,398,900	(1,398,900)	-
Total Fund Balances	1,398,900	(1,398,900)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 1,991,506		
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		1,043,252	1,043,252
Restricted for Capital Improvements/Emergencies		138,180	138,180
Temporarily Restricted		-	-
Unrestricted		1,260,721	1,260,721
Total Net Assets		2,442,153	2,442,153
TOTAL LIABILITIES AND NET ASSETS		\$ 1,043,253	\$ 3,034,759

See Accompanying Notes to Basic Financial Statements

SUGAR LOAF FIRE PROTECTION DISTRICT
Statement of Governmental Fund Revenues
Expenditures, and Changes in Fund Balance and
Statement of Activities and Changes in Net Assets
For the Year Ended December 31, 2024

	Primary Government - 2024		
	General Fund	Adjustments Note B	Statement of Activities
REVENUES			
Property Taxes	\$ 504,263	\$ -	\$ 504,263
Grants/Donations	117,929	-	117,929
Investment Income	23,313	-	23,313
Firefighter Income	19,969	-	19,969
Truck Income	51,930	-	51,930
Other Income	15,665	-	15,665
Total General Revenues	\$ 733,069	\$ -	\$ 733,069
EXPENDITURES/EXPENSES			
Building Maintenance and Utilities	\$ 32,233	\$ -	\$ 32,233
Equipment Repairs and Maintenance	121,699	-	121,699
Capital Outlay	197,203	(127,179)	70,024
Depreciation	-	101,506	101,506
Firefighting Operations	63,570	-	63,570
Non-District Firefighting Expense	32,875	-	32,875
Pension Contribution	33,000	-	33,000
Administration	99,190	-	99,190
Total Expenditures/Expenses	579,770	(25,673)	554,097
REVENUES OVER (UNDER) EXPENDITURES	153,299	(153,299)	-
CHANGE IN NET ASSETS		\$ 178,972	\$ 178,972
FUND BALANCE/NET ASSETS			
Beginning of year	1,328,443		2,263,181
End of Year	\$ 1,481,742		\$ 2,442,153

See Accompanying Notes to Basic Financial Statements

**SUGAR LOAF FIRE PROTECTION DISTRICT
RECONCILIATION OF GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

**RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES D
TO STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**

December 31, 2024 and the Year Then Ended

**NOTE A
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES**

GOVERNMENTAL FUND BALANCE - GENERAL FUND	\$ 1,398,900
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Amounts reported in governmental activities in the Statement of Net Assets are adjusted to reflect:

Capital assets of \$3,098,719 net of accumulated depreciation (\$2,055,466) are not financial resources and therefore are not reported in the general fund	<u>1,043,253</u>
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NET ASSETS OF GOVERNMENTAL ACTIVITIES	\$ <u>2,442,153</u>
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**NOTE B
RECONCILIATION OF STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES
AND CHANGES IN NET ASSETS**

EXCESS (DEFICIT) REVENUES OVER EXPENDITURES - GENERAL FUND	\$ 153,299
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Amounts reported to arrive at the Statement of Activities are adjusted to reflect:

Governmental General Fund reports capital outlay and capital lease payments as expenditures. In the statement of activities, the cost of acquired capital assets are recoded as assets and expensed over estimated useful lives as depreciation expense. Payments on capital leases reduce the outstanding balance of the lease obligation. Adjustments are:

Capital outlays capitalized - Building Improvements and Equipment	127,179
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Depreciation expense	<u>(101,506)</u>
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CHANGE IN NET ASSETS	\$ <u>178,972</u>
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SUGAR LOAF FIRE PROTECTION DISTRICT
Statements of Fiduciary Net Assets
Volunteer Firefighters' Pension Fund
Year Ended December 31, 2024

	<u>2024</u>
ASSETS	
Investments	\$ <u>498,445</u>
TOTAL ASSETS	\$ <u>498,445</u>
 NET ASSETS	
NET ASSETS	
Held in Trust for Pension Benefits	<u>498,445</u>
NET ASSETS	\$ <u>498,445</u>

See Accompanying Notes to Basic Financial Statements

SUGAR LOAF FIRE PROTECTION DISTRICT
Statement of Changes in Fiduciary Net Assets
Volunteer Firefighters' Pension Fund
For the Year Ended December 31, 2024

	<u>2024</u>
ADDITIONS	
Contributions:	
Allocated Property Taxes	\$ 33,000
State of Colorado Contribution	<u>16,205</u>
Total Contributions	49,205
Investment Earnings:	
Investment Income	6,606
Realized Gain on Investments	19,717
Unrealized Gain (Loss) on Investments	<u>20,978</u>
Total Investment Earnings	<u>47,301</u>
TOTAL ADDITIONS	96,506
DEDUCTIONS	
Pension Benefits	57,013
Administrative Expenses	<u>16,781</u>
TOTAL DEDUCTIONS	<u>73,794</u>
CHANGE IN NET ASSETS	22,712
NET ASSETS, BEGINNING OF YEAR	<u>475,733</u>
NET ASSETS, END OF YEAR	\$ <u>498,445</u>

See Accompanying Notes to Basic Financial Statements

SUGAR LOAF FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Sugar Loaf Fire Protection District (SLFPD), is governed pursuant to provisions of the Colorado Special District Act, by a five member Board of Directors. The District's service area is located in the foothills west of Boulder, Colorado, and includes parts of Colorado Highway 119, Sugar Loaf Road, and Magnolia Road. The District was established in 1967 to provide fire protection, rescue, and emergency services to the citizens and property within its boundaries. The District receives a portion of its revenue from taxes assessed on the property within its boundaries.

The District is served by an all volunteer department, which usually varies between thirty and forty members. The District is the primary special purpose government responsible for all fire protection within its service areas. As a result, all significant activities have been included in the basic financial statements. The District's financial statements represent those of a stand-alone government, as there are no component units.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The more significant accounting policies established by GAAP and used by the District are discussed below.

Basic Financial Statements - Government Statements

The governmental financial statements report information on all of the non-fiduciary activities of the primary government.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Revenues include property tax revenues, interest income, and miscellaneous revenues that are used to meet the operational and capital requirements of the function.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government 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.

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property tax revenue, and interest income associated with the current year are considered being susceptible to accrual, and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives cash.

Fund Accounting: The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses one major governmental fund, the General Fund.

Governmental Funds: Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance or net assets.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports one major government fund: The General Fund which is used to account for all financial resources of the District. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Fiduciary Funds: Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net assets and changes in net assets and are reported using accounting principles similar to businesses in the private sector.

The District's fiduciary fund is presented in the fiduciary fund financial statements by type (pension). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds are not incorporated into the governmental statements.

Cash and Cash Equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Highly liquid investments with a maturity of three months or less are also considered cash equivalents.

Investments

Investments are stated at fair value based on quoted market values, with the exception of money market funds and external investment pools. These are stated at cost, which approximate fair value.

Receivables and Deferred Revenue

The District reports unearned deferred revenue in the governmental fund balance sheet. Deferral arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. The District has accrued 2024 property taxes to be collected in 2025 as deferred revenue and a receivable in the accompanying governmental funds balance sheet. (See Property Tax below).

Capital Assets

Capital assets, which include property and equipment are reported in the governmental financial statements. Capital assets are defined as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at their estimated fair value on the date donated.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are expensed. Depreciation of capital assets is charged as an expense against operations. Depreciation has been provided over the estimated useful lives using the straight-line method.

Estimated useful lives for asset types are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Land	N/A
Buildings and Improvements	17-50 years
Firefighting Equipment	10-25 years

Property Tax

Annual property taxes are levied and assessed on property as of January 1 and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property, and collects the property taxes on behalf of the District and remits them to the District on a monthly basis. The District has accrued the 2024 taxes to be collected in 2025 in the accompanying financial statements with a corresponding offset to Deferred Revenue. Property taxes are recognized as revenue in the year in which they are intended to finance operating expenditures.

The Board of Directors designates the total mill levy to the general fund. The allocation to the pension fund is based on the prior year's contribution and the actuarial study's estimated required contribution.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the governmental financial statements of net assets regardless of whether they will be liquidated with current resources or future resources. Obligations that will be paid from governmental funds are reported as a liability in the general fund to the extent that they will be paid with current resources. In general, payments made within thirty days after year-end are considered to have been made with current available financial resources. Long-term obligations against net assets are obligations to be paid by restricted funds or from future revenue.

Use of Estimates

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

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. This risk is mitigated in that the District's deposits are subject to and in accordance with the State of Colorado's Public Deposit Protection Act ("PDPA"). Under this act, all uninsured deposits of public funds are to be fully collateralized. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. At December 31, 2024, all of the District's cash and cash equivalents were either insured by FDIC or collateralized under PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain 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
- Banker's acceptance 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

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a custodian, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2024, the District had \$643,280 in investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust discussed below.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investments is the means of limiting exposure to fair value losses arising from increasing interest rates.

Local Government Investment Pool

At December 31, 2024, the District had invested \$762,979 in the Colorado Local Government Liquid Asset Trust (the "Trust"), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AA+ by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to www.colotrust.com.

At December 31, 2024 the District had cash balances as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental activities:		
Bank Deposits	\$767,834	\$ 767,758
Investments Held by Custodian	8,526	8,526
Local Government Investment Pool	<u>762,980</u>	<u>762,980</u>
Total Cash and Cash Equivalents	<u>\$1,539,340</u>	<u>\$1,539,264</u>

Investments held by the District in the Volunteer Firefighters' Pension Fund at December 31, 2024 were as follows:

<u>Cost</u>	<u>Fair Value</u>
\$ 477,467	\$ 498,445

NOTE 3 - CAPITAL ASSETS

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

	<u>Balance Jan. 1, 2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec. 31, 2024</u>
Land	\$ 41,264	\$ -	\$ -	\$ 41,264
Buildings & Improvements	588,799	-	-	588,799
Fire Fighting Equip	<u>2,341,475</u>	<u>127,181</u>	<u>-</u>	<u>2,468,656</u>
Total General Fixed Assets	2,971,538	127,181	-	3,098,719
Less Accumulated Depreciation	<u>(1,953,960)</u>	<u>(101,506)</u>	<u>-</u>	<u>(2,055,466)</u>
NET CAPITAL ASSETS	<u>\$ 1,017,578</u>	<u>\$ 25,675</u>	<u>\$ -</u>	<u>\$ 1,043,253</u>

The District's policy is to capitalize individual equipment expenditures exceeding \$5,000.

NOTE 5- VOLUNTEER FIREFIGHTERS' PENSION PLAN

The District has established the Volunteer Firefighters' Pension Plan (the "Plan"), an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statute. The Plan is administered by the Fire and Police Pension Association of Colorado ("FPPA"). Any firefighter who has both attained the age of 50 and completed 20 years of active service becomes eligible for a monthly pension of \$220 with an additional \$11 for each year of service in excess of twenty. A firefighter, who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity which extends beyond one year, shall be compensated in an amount determined by the Pension Board. The annual financial report of FPPA may be obtained by contacting FPPA at 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721.

As established by the legislature, the State of Colorado contributes 90% of the District's contribution up to a maximum of one-half mill based on the previous year's net property valuation. At January 1, 2023 membership in the plan consisted of 21 active members, 30 retired members and one inactive member with vested benefits.

Plan contributions are not actuarially determined. An actuary is engaged to determine the adequacy of contributions. Actuarial assumptions included the following:

1. Interest Rate - 7% per annum, compounded annually
2. Retirement - Age 50 and 20 years of service
3. Disability - Graduated rates for all disabilities
4. Mortality - 1994 Group Annuity Mortality Table
5. Separation - Graduated rates for all withdrawals
6. Marital Status - 90% married
7. Age Difference - Males assumed to be 3 years older
8. Asset Valuation - 3 year smoother fair market value

For the year ended December 31, 2024, the SLFPD and State of Colorado actual contributions were \$30,000 and \$16,205 respectively. The actuarial study as of January 1, 2023 concluded that current plan contributions were adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Funded Status and Funding Progress

As of January 1, 2023, the most recent actuarial valuation date, the Plan was sixty-four percent funded. The actuarial accrued liability for benefits was \$761,883, and the value of assets was \$498,445 at December 31, 2024 and \$475,733 at December 31, 2023.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about how the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

NOTE 6 - TAX SPENDING AND DEBT LIMITATIONS (TABOR COMPLIANCE)

In November 1992, Colorado voters passed an amendment ("TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local governments. Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves. The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

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

The Constitution requires that emergency reserves be established. These reserves must be at least three percent of Fiscal Year Spending. Emergency reserves as of December 31, 2024 totaling \$80,000 are included in the fund balance in the General Fund.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions could require judicial interpretation.

NOTE 7 - 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 carries commercial insurance covering specific and general risks of loss, including worker's compensation and health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two years. There have been no significant reductions in insurance coverage.

Required Supplementary Information

SUGAR LOAF FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETERY BASIS)
GENERAL FUND
REQUIRED SUPPLEMENTARY INFORMATION
December 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
GENERAL REVENUES/RESERVES			
General Revenues			
Property Taxes	\$ 478,000	\$ 504,263	\$ 26,263
Investment Earnings	-	23,313	23,313
Non-District Firefighter Income	-	19,969	19,969
Grants/Donations/Fundraisers	60,000	117,929	57,929
Non-District Firefighting Income	30,000	51,930	21,930
Other Income	-	15,665	15,665
Total General Revenues	<u>568,000</u>	<u>733,069</u>	<u>165,069</u>
Budgeted Capital Reserves			
General Fund Balance Reserved for Capital Outlay	<u>200,000</u>	<u>-</u>	<u>(200,000)</u>
Total Revenues and Capital Reserves	768,000	733,069	(34,931)
EXPENDITURES/EXPENSES			
Fire Protection Operations	174,000	217,502	(43,502)
Non-District Firefighter Expense	-	32,875	(32,875)
Administrative Services	149,500	132,190	17,310
Fundraising Expenses	-	-	-
Capital Outlay	<u>36,305</u>	<u>197,203</u>	<u>(160,898)</u>
Total Expenditures/Expenses	<u>359,805</u>	<u>579,770</u>	<u>(219,965)</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ <u>408,195</u>	153,299	\$ <u>(254,896)</u>
FUND BALANCE, BEGINNING OF YEAR		<u>1,328,443</u>	
FUND BALANCE, END OF YEAR		\$ <u>1,481,742</u>	

See Accompanying Note to Required Supplementary Information

SUGAR LOAF FIRE PROTECTION DISTRICT

Notes to Required Supplementary Information

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During September of each year, the Board of Directors for the District meets to prepare a proposed budget for the forthcoming year. At this meeting, requests from interested parties are heard and considered in the preparation of the budget. A notice as to the proposed budget is then published in a local newspaper, in order that interested citizens can voice their concerns about the proposed budget. In this notice, concerned citizens are requested to attend a Board of Directors meeting, usually held in October, at which time the proposed budget is considered by the Board.

After hearing any comments from concerned citizens, and after making any amendments to the proposed budget that may be forthcoming, the budget is approved by the entire Board of Directors and the mill levy request is certified to the County Treasurer.

At the same meeting that the budget is adopted, or at a meeting later in the year but prior to December 31, the necessary resolutions to adopt the budget, appropriate sums of money for the operation of the District, and to adopt the mill levy certification, are made by the Board.

The budget is used by the Board of Directors during the District's year to control expenditures and as a management device for assessment of how the District is meeting its obligations on a month-to-month basis. The board of Directors is authorized to transfer budgeted amounts between accounts within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the entire Board of Directors and formalized by a resolution prior to the close of the budget year. The final amended budget is used in this report.

SUGAR LOAF FIRE PROTECTION DISTRICT
Schedule of Funding Progress
Volunteer Firefighters' Pension Fund
Required Supplementary Information
December 31, 2024

ANALYSIS OF FUNDING PROGRESS

Actuarial Report January 1,	Actuarial Value of Assets	(AAL) Actuarial Accrued Liability	Excess (Shortfall) of Assets Over AAL	Funded Ratio	Annual Covered Payroll
2019	433,240	677,742	(244,502)	64%	N/A
2021	436,275	721,484	(285,209)	60%	N/A
2023	485,175	761,883	(276,708)	64%	N/A

REVENUES BY SOURCE

Year	Property Taxes	State Contributions	Investment Income	Total
2019	30,000	12,013	60,660	102,673
2021	60,000	12,203	70,410	142,613
2023	30,000	16,073	45,939	92,012

EXPENSES BY TYPE

Year	Benefits	Administrative Expenses	Total
2019	43,692	13,803	57,495
2021	58,344	14,008	72,352
2023	58,586	18,469	77,055

Other Supplementary Information

SUGAR LOAF FIRE PROTECTION DISTRICT
Schedule of Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Volunteer Firefighters' Pension Fund
Other Supplementary Information
For the Year Ended December 31, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ADDITIONS			
Contributions:			
Allocated Property Taxes	\$ 33,000	\$ 33,000	\$ -
State of Colorado	-	16,205	16,205
Total Contributions	<u>33,000</u>	<u>49,205</u>	<u>16,205</u>
Investment Earnings:			
Investment Income	5,000	6,606	1,606
Realized Gain on Investments	-	19,717	19,717
Unrealized Gain on Investments	-	20,978	20,978
Total Investment Earnings	<u>5,000</u>	<u>47,301</u>	<u>42,301</u>
TOTAL ADDITIONS	38,000	96,506	58,506
DEDUCTIONS			
Pension Benefits	-	57,013	(57,013)
Administrative Expenses	-	16,781	(16,781)
TOTAL DEDUCTIONS	<u>-</u>	<u>73,794</u>	<u>(73,794)</u>
CHANGE IN NET ASSETS	\$ <u>38,000</u>	\$ 22,712	\$ <u>(15,288)</u>
NET ASSETS, BEGINNING OF YEAR		<u>475,733</u>	
NET ASSETS, END OF YEAR		\$ <u>498,445</u>	