

**COLORADO FIREFIGHTER HEART, CANCER, AND
BEHAVIORAL HEALTH BENEFITS TRUST**

**FINANCIAL STATEMENTS AND
REQUIRED SUPPLEMENTARY INFORMATION**

YEARS ENDED JUNE 30, 2024 AND 2023



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COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
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INDEPENDENT AUDITORS' REPORT

Board of Trustees
Colorado Firefighter Heart, Cancer, and
Behavioral Health Benefits Trust
Denver, Colorado

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Colorado Firefighter Heart, Cancer, and Behavioral Health Benefits Trust (the Trust) as of and for the years ended June 30, 2024 and 2023 and the related notes to the financial statements, which collectively comprise the Trust'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 financial position of the Trust as of June 30, 2024 and 2023, and the changes in financial position 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Trust and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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 Trust'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.

Auditors' 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 auditors' 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 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 Trust'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 Trust'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.

Board of Trustees
Colorado Firefighter Heart, Cancer, and
Behavioral Health Benefits Trust

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and loss development information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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 audits 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Broomfield, Colorado
August 22, 2024

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

The discussion and analysis is designed to provide an analysis of the Colorado Firefighter Heart, Cancer, and Behavioral Health Benefit Trust's (the Trust) financial condition and operating results and to inform the reader on the Trust's financial issues and activities.

The Management's Discussion and Analysis (MD&A) should be read in conjunction with the Trust's financial statements.

Program Overview

The Heart Program was established to provide benefits to eligible firefighters who suffered heart and circulatory malfunctions under Part 3 of Article 5 of Title 29 of CRS. Employers must be a special district, a city, or a town to participate in the Trust. The heart program began to provide benefits on January 1, 2015. As of June 30, 2024, there were 100 members with approximately 4,563 firefighters covered. Participating members are reimbursed 100% for their full-time firefighters by the Colorado Department of Local Affairs (DOLA).

The cancer program was established on July 1, 2017 pursuant to Colorado Senate Bill 17-214, to provide cancer benefits to eligible firefighters similar to the heart program. On a voluntary basis by employer, it covers the five types of statutory cancers with faster payout than under the 2007 presumptive of cancer in the workers' compensation system. As of June 30, 2024, there were 106 members with approximately 5,327 firefighters covered. The breast and thyroid cancer coverage was added to the cancer award program effective January 1, 2021 and July 1, 2022 respectively. The cost for breast and thyroid cancer coverage is not eligible for reimbursement through the Colorado Special Districts Property and Liability Pool given that the cost of covering breast cancer claims is not contemplated in the National Council on Compensation Insurance (NCCI) rates as it is for other covered cancers under the statutory Workers' Compensation Act. Fire districts belonging to the Colorado Special Districts Property and Liability Pool (CSDP) get their contributions paid for by the CSDP (excluding breast and thyroid cancer coverage). As cancer loads in the NCCI rates drop over time so will the reimbursement percentage by the CSDP. Self-insured cities and those insured by other carriers should receive significant savings from their insurer or excess carriers upon joining the cancer program within the Trust.

The behavioral health program was launched on February 10, 2023 pursuant to Colorado Senate Bill 22-002. The coverage is automatically extended to all Colorado firefighters to receive reimbursement for behavioral and mental health treatment that is not already covered by any other employer offered programs such as deductibles, co-pays, and out-of-pocket expenses. There is no enrollment required and the coverage is available as long as funding lasts from the state.

The financial statements of the Trust are presented as a special purpose government engaged only in the business-type activities of providing certain heart, cancer and behavioral health benefits.

The *Statements of Net Position* present information on all of the Trust's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in the net position may serve as a useful indicator of whether the financial position of the Trust is improving or deteriorating.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

The *Statements of Revenues, Expenses and Changes in Net Position* present information that reflects how the Trust's net position changed during the past year. All changes in the net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will only result in cash flows in future fiscal periods.

The *Statements of Cash Flows* report the Trust's cash flows from operating and investing activities.

Financial Overview and Highlights

The analysis below presents a comparison of the Trust's current year financial position to the prior year:

	Heart Benefits		Cancer Benefits		Behavioral Health Benefits		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
ASSETS								
Cash	\$ 451,206	\$ 421,103	\$ 234,433	\$ 57,660	\$ 126,197	\$ 10,958	\$ 811,836	\$ 489,721
COLOTRUST Investment	2,883	2,731	32,739	30,992	-	-	35,622	33,723
CSAFE Investment	398,521	2,527,959	534,187	2,415,315	172,869	869,504	1,105,577	5,812,778
Schwab Investment	2,676,555	-	2,151,307	-	1,185,230	-	6,013,092	-
Deposit with Sedgwick	9,850	9,850	(11,413)	150	10,000	8,150	8,437	18,150
Prepaid Expense	5,099	8,339	14,753	15,548	2,549	6,531	22,401	30,418
Total Assets	<u>\$ 3,544,114</u>	<u>\$ 2,969,982</u>	<u>\$ 2,956,006</u>	<u>\$ 2,519,665</u>	<u>\$ 1,496,845</u>	<u>\$ 895,143</u>	<u>\$ 7,996,965</u>	<u>\$ 6,384,790</u>
LIABILITIES AND NET POSITION								
LIABILITIES								
Claims Loss Reserve	\$ 312,734	\$ 429,346	\$ 387,747	\$ 559,773	\$ 236,255	\$ 70,155	\$ 936,736	\$ 1,059,274
Unearned Contributions	437,459	474,047	467,892	642,252	-	-	905,351	1,116,299
Accrued Expenses	-	1,412	-	344	225	5,093	225	6,849
Total Liabilities	<u>750,193</u>	<u>904,805</u>	<u>855,639</u>	<u>1,202,369</u>	<u>236,480</u>	<u>75,248</u>	<u>1,842,312</u>	<u>2,182,422</u>
NET POSITION								
Unrestricted	<u>2,793,921</u>	<u>2,065,177</u>	<u>2,100,367</u>	<u>1,317,296</u>	<u>1,260,365</u>	<u>819,895</u>	<u>6,154,653</u>	<u>4,202,368</u>
Total Net Position	<u>2,793,921</u>	<u>2,065,177</u>	<u>2,100,367</u>	<u>1,317,296</u>	<u>1,260,365</u>	<u>819,895</u>	<u>6,154,653</u>	<u>4,202,368</u>
Total Liabilities and Net Position	<u>\$ 3,544,114</u>	<u>\$ 2,969,982</u>	<u>\$ 2,956,006</u>	<u>\$ 2,519,665</u>	<u>\$ 1,496,845</u>	<u>\$ 895,143</u>	<u>\$ 7,996,965</u>	<u>\$ 6,384,790</u>

Approximately 14% of total assets at June 30, 2024 and approximately 99% of total asset at June 30, 2023 consist of cash and cash equivalents primarily invested in Local Government Investment Pools (COLOTRUST and CSAFE). Approximately 75% of total assets at June 30, 2024 consist of investments primarily invested in U.S Treasury and Agency Obligations, and certificates of deposit which are held by Schwab. As a result of the Trust's conservative investment objectives and policies, the investment yield from COLOTRUST was 5.41% and 5.22% at June 30, 2024 and 2023, respectively, the investment yield from CSAFE was 5.43% and 5.20% at June 30, 2024 and 2023, respectively, and the investment yield from Schwab was 5.06% at June 30, 2024 (this was a new investment in fiscal year 2024).

It is worth noting that for coverage year 2023-2024, the actuary projects that the claim reserves, including the incurred but not reported (IBNR), for the cancer program is \$387,747 and \$312,734 for the heart program. The projection of the claim reserves for the behavioral health program for coverage year 2023-2024 is \$236,255.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

The analysis below presents a comparison of the Trust's financial position for the two prior years, 2023 and 2022.

	Heart Benefits		Cancer Benefits		Behavioral Health Benefits		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS								
Cash	\$ 421,103	\$ 403,271	\$ 57,660	\$ 219,955	\$ 10,958	\$ -	\$ 489,721	\$ 623,226
COLOTRUST Investment	2,731	2,626	30,992	29,794	-	-	33,723	32,420
CSAFE Investment	2,527,959	2,168,778	2,415,315	1,441,171	869,504	-	5,812,778	3,609,949
Deposit with Sedgwick	9,850	5,210	150	(4,210)	8,150	-	18,150	1,000
Prepaid Expense	8,339	5,801	15,548	5,801	6,531	-	30,418	11,602
Total Assets	<u>\$ 2,969,982</u>	<u>\$ 2,585,686</u>	<u>\$ 2,519,665</u>	<u>\$ 1,692,511</u>	<u>\$ 895,143</u>	<u>\$ -</u>	<u>\$ 6,384,790</u>	<u>\$ 4,278,197</u>
LIABILITIES AND NET POSITION								
LIABILITIES								
Claims Loss Reserve	\$ 429,346	\$ 54,482	\$ 559,773	\$ 399,196	\$ 70,155	\$ -	\$ 1,059,274	\$ 453,678
Unearned Contributions	474,047	391,173	642,252	254,522	-	-	1,116,299	645,695
Accrued Expenses	1,412	540	344	4,344	5,093	-	6,849	4,884
Total Liabilities	904,805	446,195	1,202,369	658,062	75,248	-	2,182,422	1,104,257
NET POSITION								
Unrestricted	2,065,177	2,139,491	1,317,296	1,034,449	819,895	-	4,202,368	3,173,940
Total Net Position	<u>2,065,177</u>	<u>2,139,491</u>	<u>1,317,296</u>	<u>1,034,449</u>	<u>819,895</u>	<u>-</u>	<u>4,202,368</u>	<u>3,173,940</u>
Total Liabilities and Net Position	<u>\$ 2,969,982</u>	<u>\$ 2,585,686</u>	<u>\$ 2,519,665</u>	<u>\$ 1,692,511</u>	<u>\$ 895,143</u>	<u>\$ -</u>	<u>\$ 6,384,790</u>	<u>\$ 4,278,197</u>

Approximately 99% of total assets at June 30, 2023 and 2022 consist of cash and cash equivalents primarily invested in the Local Government Investment Pool (COLOTRUST and CSAFE). As a result of the Trust's conservative investment objectives and policies, the investment yield from COLOTRUST was 5.22% and 1.17% at June 30, 2023 and 2022, respectively, and the investment yield from CSAFE was 5.20% and 1.15% at June 30, 2023 and 2022, respectively.

It is worth noting that for coverage year 2022-2023, the actuary projects that the claim reserves, including the incurred but not reported (IBNR), for the cancer program is \$559,773 and \$429,346 for the heart program. The projection of the claim reserves for the new behavioral health program for coverage year 2022-2023 is \$70,155.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

The analysis below presents a comparison of the Trust's current year net income to the prior year:

	Heart Benefits		Cancer Benefits		Behavioral Health Benefits		Total	
	2024	2023	2024	2023	2024	2023	2024	2023
REVENUE								
Contributions	\$ 771,155	\$ 695,305	\$ 1,718,375	\$ 1,401,783	\$ 1,000,000	\$ 1,000,000	\$ 3,489,530	\$ 3,097,088
UNDERWRITING EXPENSES								
Claims Expense	(22,985)	528,658	809,670	991,242	479,940	89,507	1,266,625	1,609,407
Claims Administration Fees	21,099	18,587	39,279	40,225	10,380	5,093	70,758	63,905
Management Expenses	77,116	69,530	171,838	140,178	100,000	100,000	348,954	309,708
General and Administrative Expenses	101,208	256,551	36,356	28,857	47,610	4,364	185,174	289,772
Total Operating Expenses	176,438	873,326	1,057,143	1,200,502	637,930	198,964	1,871,511	2,272,792
INCOME (LOSS) FROM OPERATIONS	594,717	(178,021)	661,232	201,281	362,070	801,036	1,618,019	824,296
Net Investment Income	134,027	103,707	121,839	81,566	78,400	18,859	334,266	204,132
NET INCOME (LOSS)	728,744	(74,314)	783,071	282,847	440,470	819,895	1,952,285	1,028,428
NET POSITION - BEGINNING OF YEAR	2,065,177	2,139,491	1,317,296	1,034,449	819,895	-	4,202,368	3,173,940
NET POSITION - END OF YEAR	\$ 2,793,921	\$ 2,065,177	\$ 2,100,367	\$ 1,317,296	\$ 1,260,365	\$ 819,895	\$ 6,154,653	\$ 4,202,368

Contributions for the heart program increased \$75,850, approximately 11% over the previous year. Contributions for the cancer program increased \$316,592, approximately 23% over the previous year. The behavioral health program is funded solely through a \$1,000,000 contribution from the state.

The Trust received cancer program contributions from the CSDP's workers' compensation program of \$694,273 for the year ended June 30, 2024. These are reported as contributions by the cancer program. Members in both the CSDP workers' compensation program and the Trust cancer program receive a 100% contribution from CSDP workers' compensation to the Trust cancer program (excluding breast and thyroid cancer coverage).

For coverage year 2023-2024, the total net incurred loss for the heart program was \$(22,984), for the cancer program was \$809,670, and for the behavioral health program was \$479,940. The total incurred loss includes actual claim payments, case reserves, and IBNR estimates.

Management expenses are for the operation, administration, and management of the Trust by McGriff Insurance Services, LLC. The fee is 10% of the expiring year's gross written contributions, which amounted to \$348,954 and \$309,708 for the years ended June 30, 2024 and 2023, respectively.

General and administrative expenses for the heart program decreased by \$155,343 from 2023 to 2024. This decrease was primarily due to a decrease in the loss prevention grant program which amounted to \$147,122 less than 2023.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

General and administrative expenses for the cancer program increased by \$7,499 from 2023 to 2024. This increase was primarily due to an increase in the marketing fees which amounted to \$2,693 more than 2023.

The overall increase in net income of \$923,857 is due primarily to an increase in contributions in the heart program of \$75,850 and cancer program of \$316,592. These increases were offset by decreases in claims expenses in the heart program of \$551,643 and cancer program of \$181,572.

The analysis below presents a comparison of the Trust's net income for the two prior years, 2023 and 2022.

	Heart Benefits		Cancer Benefits		Behavioral Health Benefits		Total	
	2023	2022	2023	2022	2023	2022	2023	2022
REVENUE								
Contributions	\$ 695,305	\$ 637,125	\$ 1,401,783	\$ 1,072,311	\$ 1,000,000	\$ -	\$ 3,097,088	\$ 1,709,436
UNDERWRITING EXPENSES								
Claims Expense	528,658	172,192	991,242	707,337	89,507	-	1,609,407	879,529
Claims Administration Fees	18,587	11,195	40,225	25,321	5,093	-	63,905	36,516
Management Expenses	69,530	63,480	140,178	107,464	100,000	-	309,708	170,944
General and Administrative Expenses	256,551	188,471	28,857	28,331	4,364	-	289,772	216,802
Total Operating Expenses	873,326	435,338	1,200,502	868,453	198,964	-	2,272,792	1,303,791
INCOME FROM OPERATIONS	(178,021)	201,787	201,281	203,858	801,036	-	824,296	405,645
Investment Income	103,707	5,663	81,566	4,002	18,859	-	204,132	9,665
NET INCOME (LOSS)	(74,314)	207,450	282,847	207,860	819,895	-	1,028,428	415,310
NET POSITION - BEGINNING OF YEAR	2,139,491	1,932,041	1,034,449	826,589	-	-	3,173,940	2,758,630
NET POSITION - END OF YEAR	\$ 2,065,177	\$ 2,139,491	\$ 1,317,296	\$ 1,034,449	\$ 819,895	\$ -	\$ 4,202,368	\$ 3,173,940

Contributions for the heart program increased \$58,180, approximately 9% over the previous year. Contributions for the cancer program increased \$329,472, approximately 31% over the previous year. The behavioral health program was new for the year ended June 30, 2023 and was funded solely through a \$1,000,000 contribution from the state.

The Trust received cancer program contributions from the CSDP's workers' compensation program of \$643,860 for the year ended June 30, 2023. These are reported as contributions by the cancer program. Members in both the CSDP workers' compensation program and the Trust cancer program receive a 100% contribution from CSDP workers' compensation to the Trust cancer program (excluding breast and thyroid cancer coverage).

For coverage year 2022-2023, the total incurred loss for the heart program was \$528,658, for the cancer program was \$991,242, and for the behavioral health program was \$89,507. The total incurred loss includes actual claim payments, case reserves, and IBNR estimates.

**COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2024 AND 2023**

Management expenses are for the operation, administration, and management of the Trust by McGriff Insurance Services, LLC. The fee is 10% of the expiring year's gross written contributions, which amounted to \$309,708 and \$170,944 for the years ended June 30, 2023 and 2022, respectively.

General and administrative expenses for the heart program increased by \$68,078 from 2022 to 2023. This increase was primarily due to an increase in the loss prevention grant program which amounted to \$71,214 more than 2022.

General and administrative expenses for the cancer program increased by \$528 from 2022 to 2023. This decrease was primarily due to an increase in the financial audit service which amounted to \$569 more than 2022.

The overall increase in net income of \$613,118 is due primarily to the addition of the behavioral health benefits program, with net income of \$819,895. There was also an increase in contributions in the heart program of \$58,180 and cancer program of \$329,472. These increases were offset by increases in claims expenses in the heart program of \$356,466 and cancer program of \$283,905.

Economic Outlook

Both the heart and cancer programs in the Trust continue to maintain positive net positions. The Trust will continue to work with its actuary to review historical data and set proper rates to be sufficient to cover claims incurred. The behavioral health program will continue to provide coverage as long as funding lasts from the state.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
STATEMENTS OF NET POSITION
JUNE 30, 2024 AND 2023

	2024	2023
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 1,953,035	\$ 6,336,222
Investments	6,013,092	-
Deposit with Sedgwick	8,437	18,150
Prepaid Expenses	22,401	30,418
Total Assets	\$ 7,996,965	\$ 6,384,790
LIABILITIES AND NET POSITION		
CURRENT LIABILITIES		
Claims Loss Reserve	\$ 936,736	\$ 1,059,274
Unearned Contributions	905,351	1,116,299
Accrued Expenses	225	6,849
Total Liabilities	1,842,312	2,182,422
NET POSITION		
Unrestricted	6,154,653	4,202,368
Total Liabilities and Net Position	\$ 7,996,965	\$ 6,384,790

See accompanying Notes to Financial Statements.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
OPERATING REVENUE		
Contributions	\$ 3,489,530	\$ 3,097,088
OPERATING EXPENSES		
Claims Expense	1,266,625	1,609,407
Claims Administration Fees	70,758	63,905
Management Expense	348,954	309,708
General and Administrative Expenses	185,174	289,772
Total Operating Expenses	1,871,511	2,272,792
INCOME FROM OPERATIONS	1,618,019	824,296
NONOPERATING REVENUE		
Net Investment Income	334,266	204,132
CHANGES IN NET POSITION	1,952,285	1,028,428
Net Position - Beginning of Year	4,202,368	3,173,940
NET POSITION - END OF YEAR	\$ 6,154,653	\$ 4,202,368

See accompanying Notes to Financial Statements.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2024 AND 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Contributions Received from Members	\$ 3,278,582	\$ 3,567,692
Claims Paid	(1,389,163)	(1,003,811)
Commissions, Contributions, and Administrative Expenses Paid	(593,780)	(697,386)
Net Cash Provided by Operating Activities	1,295,639	1,866,495
CASH FLOWS FROM INVESTING ACTIVITIES		
Investments Purchased	(6,013,092)	-
Interest Received	334,266	204,132
Net Cash Provided (Used) by Investing Activities	(5,678,826)	204,132
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(4,383,187)	2,070,627
Cash and Cash Equivalents - Beginning of Year	6,336,222	4,265,595
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 1,953,035	\$ 6,336,222
CASH FLOWS FROM OPERATING ACTIVITIES		
Income from Operations	\$ 1,618,019	\$ 824,296
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:		
Effect of Changes in Assets and Liabilities:		
Prepaid Expenses	8,017	(18,816)
Claims Loss Reserve	(122,538)	605,596
Unearned Contributions	(210,948)	470,604
Accrued Expenses	(6,624)	1,965
Deposit with Sedgwick	9,713	(17,150)
Total Adjustments	(322,380)	1,042,199
Net Cash Provided by Operating Activities	\$ 1,295,639	\$ 1,866,495

See accompanying Notes to Financial Statements.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Colorado Firefighter Heart and Circulatory Benefits Trust was established to provide a benefit plan that provides firefighter heart and circulatory malfunction benefits consistent with the provisions of Part 3 of Article 5 of Title 29, C.R.S for eligible employees of any member district, city, or town of the Trust. The Trust began to provide heart and circulatory benefits beginning January 1, 2015. At June 30, 2024 and 2023, there were 100 and 96 members, respectively.

On May 17, 2017, pursuant to Colorado Senate Bill 17-214, which enacted Part 4 of Article 5 of Title 29, C.R.S for eligible employees of any member district, city, or town of the Trust, the Trust amended its trust agreement to acknowledge participation in a voluntary cancer benefit trust providing a cancer benefit plan outlined in the C.R.S. The Trust adopted a new legal name at this time, Colorado Firefighter Heart and Cancer Benefits Trust (the Trust). Such name change and amendments to the trust agreement took effect, and the Trust began providing cancer benefits to members on July 1, 2017. The breast and thyroid cancer coverage was added to the cancer award program effective January 1, 2021 and July 1, 2022, respectively. The cost for breast and thyroid cancer coverage is not eligible for reimbursement through the Colorado Special Districts Property and Liability Pool given that the cost of covering breast and thyroid cancer claims is not contemplated in the NCCI rates as it is for other covered cancers under the statutory Workers' Compensation Act. At June 30, 2024 and 2023 there were 106 and 101 members, respectively. The members are made up of districts, cities, and towns within Colorado. The Trust accepts contributions from members to be paid over to the Trust Committee in accordance with terms of its trust agreement, which are held in trust and then disbursements are made from the Trust in accordance with its trust agreement.

The behavioral health program was launched on February 10, 2023 pursuant to Colorado Senate Bill 22-002. The Trust adopted a new legal name at this time, Colorado Firefighter Heart, Cancer and Behavioral Health Benefits Trust. Colorado Firefighter Trust, which is a shorter version of the legal name, is being used as the DBA name. The coverage is automatically extended to all Colorado firefighters to receive reimbursement for behavioral and mental health treatment that is not already covered by any other employer offered programs such as deductibles, co-pays, and out-of-pocket expenses. There is no enrollment required and the coverage is available as long as funding lasts from the state.

The Trust provides an essential governmental function to its members as described in Section 115 of the Internal Revenue Code (IRC) and is considered to be exempt from federal income taxes pursuant to the IRC.

Basis of Presentation and Accounting

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America applicable to governmental risk pools, set forth by the Governmental Accounting Standards Board. The activities of the Trust are accounted for as an enterprise fund, and the economic resources measurement focus, and accrual basis of accounting is utilized where revenue is recognized when earned and expenses are recognized when the liability is incurred.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation and Accounting (Continued)

The Trust distinguishes between operating revenues and expenses and nonoperating items in the statements of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Trust's purpose of providing heart, cancer and behavioral health benefits for its members. Operating revenues consist of contributions from its members. Operating expenses include the cost of claims paid and administrative expenses. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Cash Equivalents

For purposes of the statements of cash flows, the Trust considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents.

Investments

Participating interest earning investments that have a maturity of less than one year from the date of purchase are reported at amortized cost. Investments with a maturity greater than one year when purchased are stated at fair value. Investments in the local government investment pools are stated at net asset value.

Claim Loss Reserve and Claims Expense

The claim loss reserve and claims expense (both allocated and unallocated) include estimates of the ultimate net cost of all losses which are incurred but unpaid, as well as a provision for incurred but not reported losses, as of June 30, 2024 and 2023.

The claim loss reserve and claims expense are both determined using individual case evaluations and independent actuarial projections. With the addition of the behavioral health program in February 2023, the claims loss reserve for the behavioral health program is based on ten percent of the budgeted amount paid, as there was not an actuarial projection performed for the year ended June 30, 2023 given the limited cases for this new program. There was an actuarial projection performed for the year ended June 30, 2024 for the behavioral health program. These estimates are continually reviewed and, as adjustments become necessary, such adjustments are reflected in current operations. The liabilities are based on the estimated ultimate cost of settling the claims, including the effects of inflation and other societal and economic factors, and are reported at present values.

Since reserves are based on estimates, the ultimate settlement of claims may vary from the amounts included in the financial statements. Although it is not possible to measure the degree of variability inherent in such estimates, management believes that the claim loss reserve and claims expense are reasonable.

Contributions

The Trust agreement provides for contributions from the members in accordance with rates established by the board of trustees. The board of trustees reserves the right to increase or adjust the rates based on an actuarial evaluation of the claims experience.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions (Continued)

Contributions are recognized as earned on a daily pro rata basis in proportion to the period of coverage provided.

Contributions billed and received prior to the due date are recorded as unearned contributions and recognized as revenue in the period for which they relate.

Net Position

Net position presents the difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources in the statement of net position. Restricted net position results when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors and the like, or imposed by law through constitutional provisions or enabling legislation. The Trust has no restricted net position, all net position is considered unrestricted.

Use of Estimates

The preparation of the Trust's financial statements in conformity with accounting principles generally accepted in the United States of America requires Trust management to make significant estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government, and entities such as the Trust, 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 of 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 equal to the aggregate uninsured deposits. The Trust does not have any uncollateralized deposits as amounts above the federal insurance levels are collateralized by PDPA.

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 June 30, 2024 and 2023, the Trust's cash deposits had a carrying balance of \$811,836 and \$489,721, respectively.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments

The Trust has adopted an investment policy, which limits investments to:

- U.S. Treasury and Agencies
- U.S. Government Sponsored Enterprises
- U.S. Municipal Securities
- Corporate Debt Instruments of all forms (excluding subordinated, must be U.S. Dollar denominated)
- Local Government Investment Pools
- Money Market Funds (\$1 billion dollar minimum fund size)
- Repurchase Agreements (only collateralized by U.S. Treasury and Agencies or U.S. Government Sponsored Enterprises)

Interest Rate Risk

The Trust has adopted an interest rate risk policy, the policy is as follows: the Trust will minimize the risk that the market value of securities in the portfolio will fall due to changes in general interest rates, by limiting the maximum duration of the portfolio to ten years. The Trust has authorized the investment of up to 20% of the portfolio in securities with maturities between five and ten years from the date of purchase.

As of June 30, the Trust had the following investments:

June 30, 2024	Fair Value	Less Than 1 Year	1-5 Years	6-10 Years
Investment Type:				
Local Government Investment Pool (COLOTRUST)	\$ 35,622	\$ 35,622	\$ -	\$ -
Local Government Investment Pool (CSAFE)	1,105,577	1,105,577	-	-
U.S. Treasury Obligations	886,960	196,678	690,282	-
U.S. Agency Obligations	2,422,411	-	2,000,989	421,422
Certificates of Deposit	2,703,721	1,282,771	1,420,950	-
Total Investments	<u>\$ 7,154,291</u>	<u>\$ 2,620,648</u>	<u>\$ 4,112,221</u>	<u>\$ 421,422</u>
<u>June 30, 2023</u>				
Investment Type:				
Local Government Investment Pool (COLOTRUST)	\$ 33,723	\$ 33,723	\$ -	\$ -
Local Government Investment Pool (CSAFE)	5,812,778	5,812,778	-	-
Total Investments	<u>\$ 5,846,501</u>	<u>\$ 5,846,501</u>	<u>\$ -</u>	<u>\$ -</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The Trust's investment policy requires that the Trust limit credit risk, the risk of loss due to the failure of the security issuer or backer, by diversifying the investment portfolio so that potential losses on individual securities will be minimized and by limiting investments to specified credit ratings. The investments in the securities of U.S. Government Agencies were all rated AAA by Standard & Poor's, and AAA by Moody's Investors Services. The negotiable certificates of deposit and external investment pools are not rated. The local government investment pools, COLOTRUST and CSAFE, are rated AAA by Standard & Poor's, for both the years ended June 30, 2024 and 2023.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Credit Risk (Continued)

COLOTRUST

As of June 30, 2024 and 2023, the Trust had invested \$35,622 and \$33,723, respectively, in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00.

CSAFE

As of June 30, 2024 and 2023, the Trust had invested \$1,105,577 and \$5,812,778, respectively, in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating CSAFE. The Trust's investment in CSAFE CORE is measured at net asset value, equal to \$2.00 per share.

Fair Value of Investments

Fair values represent quoted market prices traded in the public marketplace. The Trust categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. 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. For investments measured at Net Asset Value (NAV), there are no commitments, the redemption frequency is daily, and there is no redemption notice period. For Level 2 inputs the pricing methodology utilizes the services of firms that provide market standard pricing. These pricing service providers synthesize multiple market inputs to determine a fair value price. As such, the prices are derived from altered or indirectly observable prices to result in a fair value measure.

<u>Investments by Fair Value Level</u>	<u>June 30, 2024</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Obligations	\$ 886,960	\$ -	\$ 886,960	\$ -
U.S. Agency Obligations	2,422,411	-	2,422,411	-
Negotiable Certificates of Deposit	2,703,721	-	2,703,721	-
Total Investments at Fair Value	6,013,092	\$ -	\$ 6,013,092	\$ -
Investments at Net Asset Value:				
COLOTRUST	35,622			
CSAFE	1,105,577			
Total Investments	\$ 7,154,291			
<u>Investments by Fair Value Level</u>	<u>June 30, 2023</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Obligations	\$ -	\$ -	\$ -	\$ -
U.S. Agency Obligations	-	-	-	-
Negotiable Certificates of Deposit	-	-	-	-
Total Investments at Fair Value	-	\$ -	\$ -	\$ -
Investments at Net Asset Value:				
COLOTRUST	33,723			
CSAFE	5,812,778			
Total Investments	\$ 5,846,501			

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024 AND 2023

NOTE 2 CASH AND CASH EQUIVALENTS (CONTINUED)

Custodial Credit Risk

The Trust's investments held in local government investment pools are excluded from this requirement and it does not have any custodial credit risk for the remaining investments.

Concentration of Credit Risk

The nature of the investments held by the trust are excluded from this requirement as they are made up of U.S. government investments and local government investment pools.

NOTE 3 CLAIMS PAYABLE

As discussed in Note 1, the Trust establishes a liability for both reported and unreported claims. The following represents changes in that liability for the Trust for the years ended June 30:

	Heart Benefits			Cancer Benefits			Behavioral Health Benefits			Total		
	2024	2023	2022	2024	2023	2022	2024	2023	2022	2024	2023	2022
Claims Payable -												
Beginning of Year	\$ 429,346	\$ 54,482	\$ 187,600	\$ 559,773	\$ 399,196	\$ 160,476	\$ 70,155	\$ -	\$ -	\$ 1,059,274	\$ 453,678	\$ 348,076
Provision for												
Claims Expenses:												
Provision for												
Covered Events of												
the Current Year	120,474	545,768	238,177	659,594	543,400	392,331	482,136	89,507	-	1,262,204	1,178,675	630,508
Increase/(Decrease) in												
Provisions for Covered												
Events of Prior Years	(143,458)	(17,110)	(65,985)	150,076	447,842	315,006	(2,197)	-	-	4,421	430,732	249,021
Total Provision												
for Claims												
Expenses (Gains)	(22,984)	528,658	172,192	809,670	991,242	707,337	479,939	89,507	-	1,266,625	1,609,407	879,529
Payments:												
Claims Expenses												
Attributable to												
Covered Events												
of the Current Year	53,477	116,422	186,180	435,538	273,002	181,174	272,366	19,352	-	761,381	408,776	367,354
Claims Expenses												
Attributable to Covered												
Events of Prior Years	40,151	37,372	119,130	546,158	557,663	287,443	41,473	-	-	627,782	595,035	406,573
Total Payments	93,628	153,794	305,310	981,696	830,665	468,617	313,839	19,352	-	1,389,163	1,003,811	773,927
Claims Payable -												
End of Year	\$ 312,734	\$ 429,346	\$ 54,482	\$ 387,747	\$ 559,773	\$ 399,196	\$ 236,255	\$ 70,155	\$ -	\$ 936,736	\$ 1,059,274	\$ 453,678

NOTE 4 ADMINISTRATION

The Trust has an agreement with McGriff Insurance Services, LLC. to operate, administer, and manage the Trust. Under this agreement, the management fee is 10% of the expiring year's gross written contribution, which amounted to \$348,954 and \$309,708 for the years ended June 30, 2024 and 2023, respectively.

The Trust has an agreement with Sedgwick Claims Management Services, Inc. to administer claims processing, which was effective beginning July 1, 2020. The claims processing fees paid for the years ended June 30, 2024 and 2023 were \$70,758 and \$63,905, respectively.

COLORADO FIREFIGHTER HEART, CANCER, AND BEHAVIORAL HEALTH BENEFITS TRUST
LOSS DEVELOPMENT INFORMATION
(SEE INDEPENDENT AUDITORS' REPORT)

	Six Months	Year Ended June 30,								
	Ended June 30, 2015*	2016*	2017*	2018	2019	2020	2021	2022	2023*	2024
1) Net Earned Required Contributions, Investment Revenue, and Commissions	\$ 485,518	\$ 466,539	\$ 510,361	\$ 1,108,705	\$ 1,277,135	\$ 1,352,528	\$ 1,520,380	\$ 1,719,101	\$ 3,301,220	\$ 3,824,161
2) Unallocated Expenses	70,713	88,751	142,616	287,570	362,907	336,192	316,519	424,262	663,385	570,078
3) Estimated Incurred Losses and Expenses - End of Accident Year	6,087	122,497	31,770	412,516	589,343	339,291	684,235	630,508	1,178,675	1,262,204
4) Paid (Cumulative) as of:										
End of Accident Year	4,000	62,497	27,354	222,339	205,855	185,265	404,568	367,354	408,776	761,381
One Year Later	4,000	79,814	31,931	413,120	652,915	224,265	759,955	828,541	752,072	
Two Years Later	4,087	79,814	31,931	416,218	846,233	274,355	881,537	1,059,839		
Three Years Later	4,087	79,814	31,931	416,562	846,672	274,654	933,835			
Four Years Later	4,087	81,549	31,931	417,218	857,079	274,714				
Five Years Later	4,087	81,549	31,931	418,780	857,079					
Six Years Later	4,087	81,549	31,931	419,609						
Seven Years Later	4,087	81,549								
Eight Years Later	4,087	81,549								
Nine Years Later	4,087									
5) Re-Estimated Incurred Losses and Expenses										
Losses and Expense:										
End of Accident Year	6,087	122,497	31,770	412,516	589,343	339,291	684,235	630,508	1,178,675	1,169,317
One Year Later	6,000	79,814	31,931	417,886	846,291	289,028	931,841	1,060,852	1,194,249	
Two Years Later	4,087	79,814	31,931	416,218	849,876	288,680	925,860	1,091,802		
Three Years Later	4,087	79,814	31,931	416,562	848,890	285,039	985,861			
Four Years Later	4,087	81,549	31,931	419,313	858,557	275,399				
Five Years Later	4,087	81,549	31,931	419,657	858,557					
Six Years Later	4,087	81,549	31,931	419,657						
Seven Years Later	4,087	81,549								
Eight Years Later	4,087	81,549								
Nine Years Later	4,087									
6) Increase (Decrease) in Estimated Incurred Losses and Expenses from End of Year (5 Less 3)	(2,000)	(40,948)	161	7,141	269,214	(63,892)	301,626	461,294	15,574	(92,887)
7) Net Loss and Loss Adjustment Expenses Reserves (5 Less 4)	-	-	-	48	1,478	685	52,026	31,963	442,177	407,936

* Note: Years ended June 30, 2015 through 2017 include only heart and circulatory benefits.

* Note: In the Year ended June 30, 2023, Behavior Health was added as a benefit.



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