OLATHE FIRE PROTECTION DISTRICT

Montrose County, Colorado

Annual Financial Report and
Independent Auditors' Report

December 31, 2024

Haynie & Company

HaynieCPAs.com

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INDEPENDENT AUDITORS' REPORT

Members of the Board of Directors

Olathe Fire Protection District
Montrose County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Olathe 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 Olathe Fire Protection District, as of December 31, 2024, and the respective changes in financial position and the 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 audits in accordance with auditing standards generally accepted in the United States of America. 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 Olathe Fire Protection District 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 Olathe 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.

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 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, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Olathe 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 Olathe 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Olathe Fire Protection District's basic financial statements. The supplementary information section is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Haynie & Company

Littleton, Colorado
May 28, 2025

Management’s Discussion & Analysis

Olathe Fire Protection District
Management's Discussion and Analysis
December 31, 2024

This section presents management's analysis of OLATHE FIRE PROTECTION DISTRICT (the District) financial condition and activities as of and for the year ended December 31, 2024. Management's Discussion and Analysis (MD&A) is intended to serve as an introduction to the District's basic financial statements.

This information should be read in conjunction with the audited financial statements that follow this section. The District, as the primary governmental entity, includes, within the financial statements, the financial position, and activities of the District's pension plan. The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on the District's financial issues and activities.

The information in this MD&A is presented under the following headings:

I. Overview of the Basic Financial Statements
II. Financial Analysis
III Capital Assets and Lease Administration
IV Budgetary Highlights
V. Economic Factors and Next Year's Budget and Rates
VI. Requests for Information

I. Overview of the Basic Financial Statements

The District's basic financial statements are comprised of four components: (A.) Government-wide Financial Statements (B.) Fund Financial Statements (C.) Notes to Basic Financial Statements and (D.) Required supplementary information and other supplementary information in addition to the basic financial statements.

A. Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the primary government (the District). These statements include the financial activities of overall District government, except for fiduciary activities. Governmental activities generally are financed through taxes.

B. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The basic financial statements of the District are presented as a special purpose government engaged only in governmental type activities providing fire protection services to District residents.

General Fund

The District's General Fund statements include:

The *Balance Sheet* presents information on all of the District's assets and liabilities, with the difference between the two reported as fund balance. Over time, increases or decreases in assets and liabilities may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statements of Revenues, Expenditures and Changes in Fund Balance* present information which reflects how the District's fund balance changed during the past year. All changes in assets and liabilities 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 statements for some items that will only result in cash flows in future fiscal periods.

C. Notes to Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the basic financial statements. The notes to basic financial statements can be found on pages 6 to 16 of this report.

D. Required Supplementary Information

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budgetary comparison presented for legal compliance and schedules of current and historic pension information.

II. Financial Analysis

A. Financial Highlights

- Net Position increased by $80,249 (5.1%) when compared to 2023
- District revenues (fund basis) increased by $753,051 (47.1%) from 2023 to 2024
- District expenses (fund basis) increased by $815,799 (46.1%) from 2023 to 2024

B. Financial Position

As noted earlier, net position may serve over time as a useful indicator of the District's financial position. In the case of the District, the total net position, was $1,660,636 and $1,580,387 (restated) for the years ended December 31, 2024 and 2023, respectively.

The largest portion of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

		12/31/2024
Assets		
Current assets	$	2,008,746
Capital assets, net and other non-current assets		1,789,463
Deferred outflows of resources		115,547
Total assets and deferred outflows		3,913,756
Liabilities and Deferred Inflows of Resources		
Current liabilities		128,808
Non-current liabilities		966,001
Deferred inflows of resources		1,158,311
Total liabilities and deferred inflows of resources		2,253,120
Net Position		
Net investment in capital assets		1,305,739
Restricted		71,000
Unrestricted		283,897
Total net position	$	1,660,636

C. Results of Operation

The following table shows the changes in the District's Net Position during the year:

Statement of Activities
December 31, 2024

		2024
Revenue		
Property taxes	$	1,116,168
Specific ownership taxes		137,151
Investment earnings		23,485
Charges for services		1,014,722
Operating grants and contributions		1,588
Other income		59,003
Total revenue		2,352,117
Expenses		
Public safety		2,271,868
Total program expenses		2,271,868
Change in Net Position		80,249
Net Position—Beginning of Year (restated)		1,580,387
Net Position—End of Year	$	1,660,636

Olathe Fire Protection District
Management's Discussion and Analysis
December 31, 2024

District Revenue and Expense Analysis:

Revenues
District revenues as of December 31, 2024 increased by $753,051 over the year ended December 31, 2023. This increase in revenue was caused primarily by significant increases in property taxes.

Expenditures/Expenses
District expenditures/ expenses as of December 31, 2024 increased by $815,799 over the year ended December 31, 2023. This change is due primarily to an increase in general operations, offset a decrease in capital assets purchased during the year.

General Fund
The General Fund was established and continually funded to provide for the general and administrative expenses and operating costs of the District. This Fund provides for the functional areas of the organization. The primary funding source for the General Fund is taxation of real and personal property. Other sources of income for the General Fund include intergovernmental revenues, ambulance fees and investment income.

III. Capital Assets and Leases Payable

A. Capital Assets

The District's investment in capital assets at December 31, 2024 amounts to $1,842,674 (net of accumulated depreciation). This investment in capital assets includes land, buildings, apparatus, equipment, and furnishings. An analysis of changes in capital assets is as follows:

Capital Assets
December 31, 2024 and 2023

	2024	2023	Variance	Percentage Change
Land	$ 31,824	$ 31,824	$ -	0.00%
Building and improvements	1,460,634	1,460,634	-	0.00%
Communications equipment	48,930	48,930	-	0.00%
Emergency vehicles	1,825,959	1,307,544	518,415	39.65%
Other equipment and vehicles	644,696	607,780	36,916	6.07%
Office equipment and IT	15,822	15,822	-	0.00%
Total capital assets	4,027,865	3,472,534	555,331	
Less: accumlated depreciation	(2,238,402)	(2,048,950)	(189,452)	
Capital assets, net of accumulated depreciation	$ 1,789,463	$ 1,423,584	$ 365,879	

Capital additions to the District in 2024 included building improvements, new equipment, and emergency vehicle equipment.

Additional information on the District’s capital assets can be found in Note 5 of this report.

IV. General Fund Budgetary Highlights

The District's annual budgets are prepared according to Colorado law, and they are based on accounting for certain transactions on a basis of cash receipts and disbursements. It should be noted that the December 31, 2024 budget was monitored to more closely align expenses with the areas of responsibility.

The difference between the final budgeted expenditures of $2,713,440 and the actual expenditures of $2,585,452 resulted in a favorable variance of $127,988.

Additional information on the District's detailed budget can be found in page 18-19 of this report.

V. Economic Factors and Next Year's Budget

- Property taxes are budgeted in the amount of $1,115,185 for the General Fund based on the 2024 assessed valuation of the District.
- Emergency medical services revenues are budgeted to be $443,503.
- $ 452,000 has been budgeted for various capital expenditures across all categories.

VI. Requests for Information

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Olathe Fire Protection District, PO Box 547, Olathe, Colorado 81425-0547.

Basic Financial Statements

Olathe Fire Protection District
Statement of Net Position
December 31, 2024

Assets	**Governmental Activities**
Current assets:	
Cash and cash equivalents	$ 510,810
Due from other governments	-
Property taxes receivable	1,115,185
Other receivable	254,910
Prepaid expense	127,841
Total current assets	2,008,746
Long-Term assets:	
Capital assets, net (Note 5)	1,789,463
Total long-term assets	1,789,463
Deferred Outflows of Resources	
Deferred outflows related to pension	115,547
Total deferred outflows of resources	115,547
Total assets and deferred outflows of resources	$ 3,913,756
Liabilities	
Accounts payable and accrued payroll liabilities	$ 42,117
Accrued interest payable	19,916
Accrued expense	66,775
Noncurrent liabilities:	
Due in less than one year	68,979
Due in more than one year	414,745
Net pension liability	482,277
Total liabilities	1,094,809
Deferred Inflows of Resources	
Deferred property tax revenue	1,115,185
Deferred inflows related to pension	43,126
Total deferred inflows of resources	1,158,311
Net Position	
Net investment in capital assets	1,305,739
Restricted for emergencies	71,000
Unrestricted	283,897
Total net position	1,660,636
Total liabilities, deferred inflows of resources, and net position	$ 3,913,756

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

Olathe Fire Protection District
Statement of Activities
For the Year Ended December 31, 2024

Functions/Program Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contribution	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental activities				
Public safety	$ 2,271,868	$ 1,014,722	$ 1,588	$ (1,255,558)
Total governmental activities	$ 2,271,868	$ 1,014,722	$ 1,588	$ (1,255,558)
General revenues:				
Property taxes				1,116,168
Specific ownership taxes				137,151
Investment income				23,485
Other income				59,003
Change in net position				80,249
Net position - beginning of year (as restated)				1,580,387
Net position - end of year				$ 1,660,636

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

Olathe Fire Protection Distrcit
Governmental Funds Balance Sheet and
Reconciliation of the Governmental Fund Balance Sheet
with the Statement of Net Position
December 31, 2024

		General Fund
Assets		
Cash and cash equivalents		$ 510,810
Funds in escrow		-
Receivables		
Property taxes		1,115,185
Other		254,910
Prepaid expense		127,841
Total assets		$ 2,008,746
Liabilities		
Accounts payable		$ 28,922
Accrued payroll liabilities		13,195
Total liabilities		42,117
Deferred Inflows of Resources		
Deferred property tax revenue		1,115,185
Total deferred inflows of resources		1,115,185
Fund Balances		
Nonspendable		
Restricted for:		127,841
Emergency reserve		71,000
Unassigned		652,603
Total fund balance		851,444
Total liabilities, deferred inflows of resources and fund balances		$ 2,008,746
Fund Balances - Total Governmental Funds		$ 851,444
Amounts reported for governmental activities in the statement of net assets excluded from the governmental fund balance because:		
Capital assets used in governmental activities are not current financial resources and are excluded from the funds.		
Governmental capital assets	4,027,865	
Less accumulated depreciation	(2,238,402)	
Capital assets, net		1,789,463
Pension balances are not available resources or current liabilities and are not included in fund financial statements.		
Net pension liability		(482,277)
Deferred outflows related to pension		115,547
Deferred inflows related to pension		(43,126)
Long-term liabilities, such as leases and related accrued interest, are not due and payable in the current period and therefore are not reported in		
Accrued absences		(66,775)
Lease purchase obligation		(483,724)
Accrued interest		(19,916)
Net position of governmental activities		$ 1,660,636

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

Olathe Fire Protection District
Governmental Fund Revenues, Expenditures, and Changes in Fund Balances
December 31, 2024

	General Fund
Revenues	
Property tax	$ 1,116,168
Specific ownership tax	137,151
Intergovernmental revenues - local governments	1,588
Ambulance fees	1,014,722
Investment income	23,485
Other	59,003
Total Revenues	2,352,117
Expenditures	
Administrative expenses	262,104
General operations	1,654,640
Capital outlay	555,603
Debt service	113,105
Total Expenditures	2,585,452
Excess of Revenues over (under) Expenditures	(233,335)
Fund balances:	
Beginning of the year	1,084,779
End of the year	$ 851,444

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

Olathe Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities
December 31, 2024

Net change in fund balance—total governmental funds	$	(233,335)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives.		
Current year depreciation		(189,724)
Capital outlay - capitalized portion		555,603
The acquisition of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Additionally, the change in long-term liabilities does not consume current financial resources		
Lease principal paid		66,511
Change in accrued interest		(876)
Change in accrued absences		(10,741)
Pension expenses and income do not use current financial resources and are excluded from the funds.		
Net change in pension		(107,189)
Change in net position of governmental activities	$	80,249

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

Olathe Fire Protection District
Notes to Financial Statements
December 31, 2024

1. Definition of Reporting Entity

The Olathe Fire Protection District is incorporated as a fire protection district under the laws of the State of Colorado and is governed by an elected five-person board. The District provides fire protection and ambulance services within the District's boundaries.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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 District, which is the primary government, is not considered a component unit of any other government and does not engage in any business-type activities.

2. Summary of Significant Accounting Policies

The financial statements of the Olathe Fire Protection District (District) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

The most significant of the District's accounting policies are described below.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on every activity of the District. Governmental activities are generally supported by taxes, charges for services and intergovernmental revenues. There are no business-type activities in the District for the year ended December 31, 2024.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segments are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those 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.

2. Summary of Significant Accounting Policies (continued)

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The District has one governmental fund, the General Fund.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets and liabilities generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balance present increases and decreases in those net current assets. These funds use the modified accrual basis of accounting whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recognized when a liability is incurred, as under accrual accounting.

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

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile the ending net position and the change in net position.

In accordance with GASB, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source. Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15.

2. Summary of Significant Accounting Policies (continued)

Cash and Cash Equivalents

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with an original maturity of three months or less.

Capital Assets

Capital assets used in governmental activities of the District are recorded at cost. Depreciation is computed on a straight-line basis over the following estimated useful lives:

Furniture and equipment	5 – 15 years
Equipment	10 – 25 years
Emergency Vehicles	10 – 25 years

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset have not been capitalized. Capital assets determined to be items that have useful lives above 12 months, and have a value of $2,500 or more.

Compensated Absences

The District has a policy that allows employees to accumulate unused vacation benefits up to certain maximum hours. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured. The District's General Fund is used to liquidate compensated absences of the governmental activities.

Long-Term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments and the noncurrent portion of long-term liabilities that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within sixty days after year end are considered to have been made with current available financial resources.

Net Position and Fund Balance

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

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

2. Summary of Significant Accounting Policies (continued)

- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents the net assets of the District, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund balance for governmental funds should be 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: nonspendable, 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:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.

- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. 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* – amounts that are available for any purpose; positive amounts are reported only in the general fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, or unassigned fund balances are

2. Summary of Significant Accounting Policies (continued)

available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

The District establishes fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget.

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Stewardship, Compliance and Accountability

Budgetary Information

Budgetary Policy – The District Board appoints the Administrator to be the budget officer. The Budget Officer prepares the budget in accordance with Budget Law, observing legal requirements for content, and format. Prior to October 15, the District Budget Officer submits a proposed operating budget for the fiscal year commencing the following January 1 to the Board of Directors. At this time a copy of the budget is made available for inspection by the public and notice of the proposed budget is published. Public hearings are held at the regular Board of Directors meetings to obtain taxpayer input.

No later than December 15th of the prior year for the ensuing fiscal year, the Board of Directors must formally adopt the budget, which is legally enacted through passage of a Resolution to Adopt its budget and a Resolution to Appropriate. In December 2024, the

3. Stewardship, Compliance and Accountability (continued)

budgets for the General Fund were adopted, on a basis consistent with GAAP. After adopting its budget, but not earlier than December 1st and no later than December 15th the Board of Directors must certify its property tax levy to the Board of County Commissioners.

Appropriations are controlled and the budget is only amended in conformity with Colorado Revised Statutes, which defines three bases for budget amendments; 1) budgetary transfers; 2) adopt a supplemental appropriation, (if there is receipt of unanticipated revenue, other than ad valorem taxes and it is available to meet a contingency); and 3) a downward revision of the appropriation.

Budgetary Data – Budget amounts presented in the General Fund "Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual" reflect the original budget and the amended budget (which has been adjusted for legally authorized revision to the annual budget during the year). All annual appropriations lapse at fiscal year-end.

4. Deposits and Investments

Custodial Credit Risks – Deposits
Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. As of December 31, 2024, the District had cash deposits with a bank balance of $518,706 and a carrying balance of $510,810.

Investments
Colorado 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,

4. Deposits and Investments (continued)

- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

As of December 31, 2024, the District had no investments.

5. Capital Assets

The following table presents capital assets activity of the District for the year ended December 31, 2024:

	Balance December 31, 2023	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2024
Capital assets, not being depreciated:				
Land	$ 31,824	$ -	$ -	$ 31,824
Total capital assets, not being depreciated	31,824	-	-	31,824
Capital assets, being depreciated:				
Buildings and improvements	1,460,634	-	-	1,460,634
Communications equipment	48,930	-	-	48,930
Emergency vehicles	1,307,544	518,415	-	1,825,959
Fire and EMS equipment	607,780	36,916	-	644,696
Office furnishings	15,822	-	-	15,822
Total capital assets, being depreciated	3,440,710	555,331	-	3,996,041
Total accumulated depreciation	(2,048,950)	(189,452)	-	(2,238,402)
Total capital assets, being depreciated, net	1,391,760	365,879	-	1,757,639
Capital assets, net	$ 1,423,584	$ 365,879	$ -	$ 1,789,463

6. Long-Term Liabilities

Long-Term liabilities activity for the year was as follows:

	December 31, 2023 (restated)		Change		December 31, 2024	
Lease-Purchases	$	550,235	$	(68,979)	$	481,256
Compensated Absences	$	56,034	$	10,741	$	66,775

In 2013, the District entered into a lease-purchase agreement in the amount of $400,000, including issuance costs of $13,000, for construction of a new fire station and improvements to the existing fire station. The lease-purchase is for 15 years, at 3.5% interest, and is payable in semi-annual installments of $17,252 on February 1 and August 1 of each year. The lease payment is subject to annual appropriation.

In 2023, the District entered into two lease-purchase agreement in the amount of $425,000 and $84,500. The lease-purchases are for 12 and 7 years, at 5.18% and 6.19% annual interest, and are payable in annual installments of $47,990 and $14,817, respectively.

The lease-purchase obligations outstanding at December 31, 2024, is payable as follows:

Year	Principal	Interest	Total
2025	46,127	25,840	71,967
2026	39,929	22,878	62,807
2027	42,109	20,698	62,807
2028	44,410	18,397	62,807
2029	46,835	15,972	62,807
2030-2034	209,031	44,262	253,293
2035	55,283	2,362	57,645
	$ 483,724	$ 150,409	$ 634,133

At December 31, 2024, the District had no authorized but unissued indebtedness.

7. Pensions

<u>Volunteer Firefighter's Pension</u>

Plan Description: The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan, which is administered by FPPA. The plan is an agent multiple-employer plan that provides retirement benefits for members and beneficiaries according to the plan provisions. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan.

The financial statements of this Plan are prepared using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

At December 31, 2024, the District reported a net pension liability of $482,277 for this Plan. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

For the year ended December 31, 2024, the District recognized pension expense of $133,305. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between projected and actual investment earnings	$ -	$ -
Changes in assumptions	-	-
Difference between expected and actual experience	74,989	43,126
Contributions subsequent to measurement date	40,558	-
Total	$ 115,547	$ 43,126

$40,558 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

7. Pensions (continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense (income) as follows:

Year ending December 31,	
2025	$ 3,487
2026	10,426
2027	21,474
2028	(3,524)

Actuarial assumptions: The total pension liability and actuarially determined contributions as of the measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2023
Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	20 years
Long-Term Investment Rate of Return	7.0%
Asset Valuation Method	5-Year smoothed fair value
Retirement Age	50% per year of eligibility until 100% at age 65
Includes Inflation at	2.5%

Sensitivity: The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate this is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

	Projected Net Pension Liability
1% Decrease to 6.0%	$ 593,980
Single Discount Rate	482,277
1% Increase to 8.0%	387,661

7. Pensions (continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	35.0%	8.33%
Equity Long/Short	6.0%	7.27%
Private Markets	34.0%	10.31%
Fixed Income - Rates	10.0%	5.35%
Fixed Income - Credit	5.0%	5.89%
Absolute Return	9.0%	6.39%
Cash	1.0%	4.32%
Total	100.0%	

Discount rate: Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits). For the purpose of the valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.77% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

8. Risk Management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District carries commercial insurance coverage for all risks of loss. Claims have not exceeded commercial coverage since inception.

9. Commitments and Contingencies

TABOR Reserves

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations, which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenues.

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.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an Enterprise will require judicial interpretation.

10. Adjustments and Restatement – GASB 101 Implementation

In 2024, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. In accordance with the provisions of GASB 101, the District has applied the Statement retrospectively. As a result, the ending net position as of December 31, 2023 was restated to reflect the updated liability balance under the new model. The restatement is summarized as follows:

Restatement in the Statement of Net Postion

	December 31, 2023 As Orginially Stated	Restatement - GASB 101 implementation	December 31, 2023 As Restated
Compensated absences	$ 16,061	$ 39,973	$ 56,034

Restatement in Revenus, Expenditures and Changes in Net Position

	December 31, 2023 As Orginially Stated	Restatement - GASB 101 implementation	December 31, 2023 As Restated
Public Safety expenses	$ 1,591,805	$ 39,973	$ 1,631,778
Net Position- End of Year	$ 1,620,360	$ (39,973)	$ 1,580,387

OLATHE FIRE PROTECTION DISTRICT

Required Supplementary Information

Olathe Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
December 31, 2024

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Montrose County revenue	$ 1,160,160	$ 1,244,395	$ 1,258,975	$ 14,580
Emergency medical services	900,000	900,000	1,014,722	114,722
Grant income	14,442	52,039	4,000	(48,039)
Other revenue	27,200	45,946	74,420	28,474
Total revenues	2,101,802	2,242,380	2,352,117	109,737
Expenditures:				
District administration:				
Salaries expense	191,201	191,201	175,887	15,314
Advertising / public notices	150	150	68	82
Professional fees	37,000	37,000	30,835	6,165
Office supplies	5,525	5,525	5,169	356
Public relations activities	3,275	3,275	2,077	1,198
Governing board expense	4,900	4,900	5,010	(110)
Subcriptions, dues, and association fees	12,784	12,784	6,665	6,119
Website development	2,400	2,400	1,494	906
Property & liability insurance	32,126	32,126	34,898	(2,772)
Volunteer fireman pension fund expense	55,000	55,000	55,000	-
Operations:				
Payroll	1,024,525	1,024,525	1,004,898	19,627
Employee support	276,704	276,704	261,218	15,486
Supplies	37,500	37,500	24,975	12,525
Communications	57,730	57,730	52,350	5,380
Computer software subscriptions	29,084	29,084	24,649	4,435
Training expense	17,980	17,980	7,230	10,750
Extraordinary expense	2,000	2,000	-	2,000
Equipment & parts	39,097	45,217	40,328	4,889
Billing collection fee	52,200	52,200	69,603	(17,403)

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

Transportation equipment:				
Fuel	47,774	47,774	32,364	15,410
Repairs & maintenance	45,650	60,650	46,355	14,295
Equipment & supplies	6,400	6,400	974	5,426
Registration fees	200	200	554	(354)
Buildings:				
Fire station (406 5th St):				
Repairs & maintenance	13,600	13,600	11,983	1,617
Utilities	15,563	15,563	14,043	1,520
Equipment and supplies	9,000	11,250	11,042	208
Communication tower:				
Repairs & maintenance	500	500	-	500
Electricity	546	546	616	(70)
Equipment	500	500	-	500
Fire Station (Pea Green):				
Repair expense	1,000	2,500	2,553	(53)
Utilities	2,260	2,260	1,754	506
General supplies	500	2,000	-	2,000
Contingency	35,000	29,500	-	29,500
Total operating expenditures	2,059,674	2,080,544	1,924,592	155,952
Debt service	(97,310)	(104,800)	(113,105)	(8,305)
Capital outlays:				
Station furniture / equipment cost	(5,000)	(7,500)	-	7,500
New vehicles	(433,700)	(507,296)	(518,685)	(11,389)
New equipment	(13,300)	(13,300)	(29,070)	(15,770)
Total nonoperating revenues (expenses	(549,310)	(632,896)	(660,860)	(27,964)
Excess Revenue Over (Under) Expenditures	(507,182)	(471,060)	(233,335)	237,725
Fund Balance—Beginning of year	986,409	986,409	1,084,779	(98,370)
Emergency reserves (3%)	(77,220)	(81,403)	(71,000)	10,403
Fund Balance—End of Year	$ 479,227	$ 515,349	$ 851,444	$ 336,095

Olathe Fire Protection District
Required Supplementary Information
Volunteer Pension Fund
Schedules of Employer Contributions
As of Measurement Period Ended

Measurement Period Ended	Actuarially Required Contributions	Actual Employer Contributions	Contribution Excess/(Deficiency)	Actual Covered Payroll	Contributions as a Percentage of Covered Payroll
12/31/2023	$ 44,721	$ 50,000	$ 5,279	$ -	N/A*
12/31/2022	$ 44,721	$ 50,000	$ 5,279	$ -	N/A*
12/31/2021	$ 69,610	$ 77,609	$ 7,999	$ -	N/A*
12/31/2020	$ 69,610	$ 77,609	$ 7,999	$ -	N/A*
12/31/2019	$ 59,339	$ 70,442	$ 11,103	$ -	N/A*
12/31/2018	$ 59,339	$ 64,442	$ 5,103	$ -	N/A*
12/31/2017	$ 51,791	$ 64,442	$ 12,651	$ -	N/A*
12/31/2016	$ 51,791	$ 54,442	$ 2,651	$ -	N/A*
12/31/2015	$ 33,261	$ 54,442	$ 21,181	$ -	N/A*
12/31/2014	$ 33,261	$ 54,442	$ 21,181	$ -	N/A*

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.
** Ratio not applicable (N/A) since payroll is zero due to the plan covering volunteers.*

Olathe Fire Protection District
Required Supplementary Information
Volunteer Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Years

Measurement period ended December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total pension liability										
Service cost	$ 1,190	$ 2,839	$ 2,839	$ 14,672	$ 14,672	$ 13,655	$ 13,655	$ 14,336	$ 14,336	$ 11,112
Interest	82,045	74,462	76,119	79,775	79,637	81,663	81,205	76,035	75,700	60,313
Benefit changes	110,733	-	-	-	-	2,808	-	-	-	207,995
Difference between expected and actual experience	-	16,589	-	(44,486)	-	(5,248)	-	33,273	-	(1,160)
Changes of assumptions	-	9,271	-	-	-	45,426	-	36,914	-	-
Benefit Payments	(103,663)	(105,813)	(99,550)	(93,300)	(91,403)	(88,500)	(89,000)	(93,500)	(77,920)	(71,579)
Net change in total pension liability	90,305	(2,652)	(20,592)	(43,339)	2,906	49,804	5,860	67,058	12,116	206,681
Total pension liability - Beginning	1,111,708	1,114,360	1,134,952	1,178,291	1,175,385	1,125,581	1,119,721	1,052,663	1,040,547	833,866
Total pension liability - Ending (a)	1,202,013	1,111,708	1,114,360	1,134,952	1,178,291	1,175,385	1,125,581	1,119,721	1,052,663	1,040,547
Plan fiduciary net position										
Employer contributions	35,558	35,558	60,000	60,000	56,000	50,000	50,000	40,000	40,000	40,000
Net investment income	65,698	(67,694)	108,151	83,580	88,376	949	87,270	31,799	12,615	41,755
Benefit payments	(103,663)	(105,813)	(99,550)	(93,300)	(91,403)	(88,500)	(89,000)	(93,500)	(77,920)	(71,579)
Administrative expense	(10,930)	(7,237)	(7,245)	(6,933)	(9,826)	(9,035)	(10,106)	(1,230)	(3,341)	(1,343)
State of Colorado supplemental discretionary payment	14,442	14,442	17,609	17,609	14,442	14,442	14,442	14,442	14,442	14,442
Net change in plan fiduciary net position	1,105	(130,744)	78,965	60,956	57,589	(32,144)	52,606	(8,489)	(14,204)	23,275
Plan fiduciary net position - beginning	718,631	849,375	770,410	709,454	651,865	684,009	631,403	639,892	654,096	630,821
Plan fiduciary net position - end (b)	719,736	718,631	849,375	770,410	709,454	651,865	684,009	631,403	639,892	654,096
District's net pension liabilty - ending (a)-(b)	482,277	393,077	264,985	364,542	468,837	523,520	441,572	488,318	412,771	386,451
Plan fiduciary net position as a percentage of the total pension liability	59.88%	64.64%	76.22%	67.88%	60.21%	55.46%	60.77%	56.39%	60.79%	62.86%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Note 2: The data provided in this schedule is based as of the measurement date of the District's net pension liability.