CAHILL & ASSOCIATES, PC
Certified Public Accountants

SUGAR LOAF FIRE PROTECTION DISTRICT

Boulder County, Colorado

FINANCIAL REPORT

December 31, 2025

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CAHILL
& ASSOCIATES, PC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITORS' REPORT

Board of Directors
Sugar Loaf Fire Protection District
Boulder, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the fiduciary activities of Sugar Loaf Fire Protection District (SLFPD) of Boulder, Colorado as of and for the year ended December 31, 2025, which collectively comprise SLFPD's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Sugar Loaf Fire Protection District as of December 31, 2025 and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sugar Loaf Fire Protection District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sugar Loaf Fire Protection District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sugar Loaf Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sugar Loaf Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Required Supplementary Information

Management Discussion and Analysis - Unaudited
The Management's Discussion and Analysis on pages 3 through 6 is presented to supplement the basic financial statements and to provide operational, economic and historical context to the financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or any other form of assurance on it.

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

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

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

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

Cahill & Associates, P.C.

CAHILL & ASSOCIATES, P.C.
June 24, 2026

SUGAR LOAF FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2025

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

This discussion and analysis of Sugar Loaf Fire Protection District's (SLFPD) financial performance provides an overview of SLFPD's financial activities for the fiscal year ended December 31, 2025. This section is a summary of financial activities based on currently known facts, decisions, or conditions. The Management's Discussion and Analysis section is an introduction and should be read in conjunction with the financial statements that follow this section.

FINANCIAL HIGHLIGHTS

The net assets of SLFPD exceeded the liabilities at December 31, 2025, by $2,957,274. Of this amount, $1,609,183 represents net assets that are invested in capital assets and $138,180 that is restricted for capital expenditures and emergencies.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

The financial statements also include notes that further discuss information in the statements and provide more detailed data. The notes to the financial statements can be found on pages 12-18. The notes are followed by a section of required and other supplemental information.

FINANCIAL ANALYSIS

For the year ended December 31, 2025, assets exceeded liabilities by $2,957,274. Firefighting is a capital-intensive enterprise, and approximately 54 percent of the net assets are invested in capital assets net of related debt. The following is a summary of SLFPD's net assets.

	2025	2024
Assets		
Current Assets	$ 1,868,783	$ 1,991,506
Capital Assets (Net of Depreciation)	3,521,367	1,043,253
Total Assets	5,390,150	3,034,759
Liabilities		
Current Liabilities	520,692	592,606
Noncurrent Liabilities	1,912,184	-
Total Liabilities	2,465,448	592,606
Net assets		
Invested in Capital Assets	1,609,183	1,043,253
Temporarily Restricted	-	-
Restricted	138,180	138,180
Unrestricted	1,209,911	1,260,721
Total Net Assets	$ 2,957,274	$ 2,442,153

SLFPD's Net Asset's balance increased by $515,121 in 2025. The following Summary Statement of Revenues, Expenses and Changes in General Fund Balances shows components of the 2025 and 2024 changes.

Summary Statement of Activities and Changes in Net Assets

	2025	2024
Revenues	$ 957,429	$ 733,069
Expenditures	442,308	554,097
Change In Net Assets	$ 515,121	$ 178,972

Revenue in 2025 includes $72,539 for firefighting services provided outside the district while 2024 expenditures include $19,969 in payments to firefighters for the related services provided.

Operating Revenues and Expenditures
As shown below, revenue increased by approximately 30.6% while expenses decreased 20.2%. The following table shows 2025 revenue compared to 2024.

	2025 Amount	Percent of Total	2024 Amount	Percent of Total
Property Taxes	$ 549,699	57.4%	$ 504,263	68.8%
Grants/Donations Net of Expenses	225,182	23.5%	117,929	16.1%
Investment Earnings	34,810	3.6%	23,313	3.1%
Firefighter Income	72,537	7.6%	19,969	2.7%
Truck Income	32,000	3.3%	51,930	7.1%
Other Income	43,201	4.6%	15,665	2.2%
	$ 957,429	100.0%	$ 733,069	100.0%

Revenue increased significantly in all categories except truck revenue in 2025.

FINANCIAL ANALYSIS (Continued)

The following table shows 2025 expenses compared to 2024:

Operating Expenses	2025 Amount	Percent of Total	2024 Amount	Percent of Total
Building Maintenance and Utilities	$ 16,304	3.7%	$ 32,233	5.4%
Equipment Repairs and Maintenance	81,282	18.4%	121,699	21.9%
Capital Outlay	263	0.1%	70,024	4.4%
Depreciation	106,201	24.0%	101,506	23.3%
Firefighting Operations	75,676	17.1%	63,570	10.6%
Non-District Firefighting, net	-	-%	32,875	5.9%
Pension Contribution	33,000	7.5%	30,000	6.0%
Administration	129,582	29.3%	99,190	17.9%
	$ 442,308	100.0 %	$ 554,097	100.0 %

The District's 2025 expenses relate to fire protection, which includes fire fighting prevention and medical response. In addition to the 2025 depreciation expense and repairs and maintenance expenses, the district also paid $2,429,948 for the purchase of four new vehicles. As a service organization providing fire protection, the majority of the expenses are for insurance, building utilities and repairs, vehicle and equipment maintenance, and training and supplies. Although repairs and maintenance expenses decreased from 2025 to 2024, the district had significant increases in all other expense categories for 2025. SFLPD acts as an agent for the firefighters and collects funds from other districts for the work performed and then remits these funds to the firefighters providing the services less a 4% administrative fee that is income to the District.

Capital Assets

SLFPD's investment in capital assets (original cost less accumulated depreciation) as of December 31, 2025 was $3,521,367. Capital assets consist of fire trucks, support vehicles, land, buildings, and firefighting equipment. Major capital asset acquisitions totaled $2,584,315 during 2025 less depreciation of $106,201, resulted in a net increase of $2,478,114.

	2025	2024	Total Dollar Change
Land	$ 41,264	$ 41,264	$ -
Buildings and Improvements	359,466	311,300	48,166
Firefighting and Other Equipment (net)	3,120,637	690,689	2,429,948
Total	**$ 3,521,367**	**$ 1,043,253**	**$ 2,478,114**

This year's additions to firefighting equipment was $581,637 for two new brush trucks and $1,911,934 for two new structure trucks. The district sold a truck valued at $852 for $30,000. The District also spent $61,596 on station improvements. The structure trucks were financed through a capital lease in the amount of $1,911,934 which matures in ten years.

Economic Factors and Future Outlook

Property tax income will decrease slightly in 2026. The operating tax mill levy stayed the same at 7.000 to mills and the capital tax mill levy remained at 3.972. The assessed valuation decreased from $41,121,903 to $39,919,803. The result of the changes in the valuation will result in an approximate decrease in revenue of $13,000 in 2026 when compared to 2025.

The District's 2026 budget provides for general property tax revenue of $279,439 and capital property tax revenue of $158,561.

The District's 2026 budget also provides for fundraising income and donations of $75,000, net firefighter and truck income of $20,000 from fighting fires outside the district and investment income of $20,000.

In addition to the normal firefighting costs, providing and facilitating fire mitigation and paying other operating expenses, the District's 2026 budget includes $171,561 for capital improvements to the stations and new equipment for operations.

BASIC FINANCIAL STATEMENTS

SUGAR LOAF FIRE PROTECTION DISTRICT
Governmental (General) Fund Balance Sheet and
Statement of Net Assets
December 31, 2025

	Primary Government - 2025		
	General Fund	**Adjustments Note A**	**Statement of Net Assets**
ASSETS			
CURRENT ASSETS			
Cash and Equivalents	$ 1,341,846	$ -	$ 1,341,846
Investments	9,806	-	9,806
Firefighter Non-District Payments Receivable	66,887	-	66,887
Grants Receivable	11,796	-	11,796
Property Tax Receivable	437,999	-	437,999
Prepaid Expenses	449	-	449
CAPITAL ASSETS, NET OF DEPRECIATION			
Land	-	41,264	41,264
Buildings & Improvements	-	359,466	359,466
Equipment	-	3,120,637	3,120,637
Total Capital Assets, Net of Depreciation	-	3,521,367	3,521,367
TOTAL ASSETS	$ 1,868,783	$ 3,521,367	$ 5,390,150
LIABILITIES AND FUND BALANCES/NET ASSETS			
CURRENT LIABILITIES			
Accounts Payable	$ 27,874	$ -	$ 27,874
Firefighter Non-District Payments Payable	54,819	-	54,819
Deferred Property Tax Revenue	437,999	-	437,999
Total Current Liabilities	**520,692**	-	**520,692**
Capital Lease Payable	-	1,912,184	1,912,184
Total Liabilities	**520,692**	**1,912,184**	**2,432,876**
FUND BALANCES			
Restricted for Capital Improvements/Emergencies	1,348,091	(1,348,091)	-
Total Fund Balances	**1,348,091**	**(1,348,091)**	-
TOTAL LIABILITIES AND FUND BALANCES	$ **1,868,783**		
NET ASSETS			
Invested in Capital Assets, Net of Related Debt		1,609,183	1,609,183
Restricted for Capital Improvements/Emergencies		138,180	138,180
Temporarily Restricted		-	-
Unrestricted		1,209,911	1,209,911
Total Net Assets		**2,957,274**	**2,957,274**
TOTAL LIABILITIES AND NET ASSETS		$ **3,521,367**	$ **5,390,150**

See Accompanying Notes to Basic Financial Statements

SUGAR LOAF FIRE PROTECTION DISTRICT

Statement of Governmental Fund Revenues Expenditures, and Changes in Fund Balance and Statement of Activities and Changes in Net Assets

For the Year Ended December 31, 2025

	Primary Government - 2025		
	General Fund	**Adjustments Note B**	**Statement of Activities**
REVENUES			
Property Taxes	$ 549,699	$ -	$ 549,699
Grants/Donations	225,182	-	225,182
Investment Income	34,810	-	34,810
Firefighter Income	72,537	-	72,537
Truck Income	32,000	-	32,000
Other Income	43,201	-	43,201
Total General Revenues	**$ 957,429**	**$ -**	**$ 957,429**
EXPENDITURES/EXPENSES			
Building Maintenance and Utilities	$ 16,304	$ -	$ 16,304
Equipment Repairs and Maintenance	81,282	-	81,282
Purchased Capital Outlay	673,759	(673,496)	263
Depreciation	-	106,201	106,201
Firefighting Operations	75,676	-	75,676
Pension Contribution	33,000	-	33,000
Administration	129,582	-	129,582
Total Expenditures/Expenses	**1,009,603**	**(567,295)**	**442,308**
REVENUES OVER (UNDER) EXPENDITURES	**(52,174)**	**52,174**	**-**
PRIOR PERIOD ADJUSTMENT	**(81,477)**	**-**	**-**
CHANGE IN NET ASSETS		**$ 515,121**	**$ 515,121**
FUND BALANCE/NET ASSETS Beginning of year	**1,481,742**		**2,442,153**
End of Year	**$ 1,348,091**		**$ 2,957,274**

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

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

December 31, 2025 and the Year Then Ended

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

GOVERNMENTAL FUND BALANCE - GENERAL FUND	**$**	**1,348,091**
Amounts reported in governmental activities in the Statement of Net Assets are adjusted to reflect:		
Capital assets of $5,660,886 net of accumulated depreciation ($2,139,519) are not financial resources and therefore are not reported in the general fund		3,521,367
Capital Lease Obligation		(1,912,184)
NET ASSETS OF GOVERNMENTAL ACTIVITIES	**$**	**2,957,274**

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

EXCESS (DEFICIT) REVENUES OVER EXPENDITURES - GENERAL FUND	**$**	**(52,174)**
Amounts reported to arrive at the Statement of Activities are adjusted to reflect:		
Governmental General Fund reports capital outlay and capital lease payments as expenditures. In the statement of activities, the cost of acquired capital assets are recoded as assets and expensed over estimated useful lives as depreciation expense. Payments on capital leases reduce the outstanding balance of the lease obligation. Adjustments are:		
Purchased capital outlays capitalized - Building Improvements and Equipment		673,496
Depreciation expense		(106,201)
CHANGE IN NET ASSETS	**$**	**515,121**

SUGAR LOAF FIRE PROTECTION DISTRICT
Statements of Fiduciary Net Assets
Volunteer Firefighters' Pension Fund
Year Ended December 31, 2025

		2025
ASSETS		
Investments	$	539,780
TOTAL ASSETS	**$**	**539,780**
NET ASSETS		
NET ASSETS		
Held in Trust for Pension Benefits		539,780
NET ASSETS	**$**	**539,780**

SUGAR LOAF FIRE PROTECTION DISTRICT
Statement of Changes in Fiduciary Net Assets
Volunteer Firefighters' Pension Fund
For the Year Ended December 31, 2025

		2025
ADDITIONS		
Contributions:		
Allocated Property Taxes	$	33,000
State of Colorado Contribution		21,789
Total Contributions		54,789
Investment Earnings:		
Investment Income		6,238
Realized Gain on Investments		43,666
Unrealized Gain (Loss) on Investments		14,341
Total Investment Earnings		64,245
Other Income		1,104
TOTAL ADDITIONS		**120,138**
DEDUCTIONS		
Pension Benefits		59,228
Administrative Expenses		19,575
TOTAL DEDUCTIONS		78,803
CHANGE IN NET ASSETS		**41,335**
NET ASSETS, BEGINNING OF YEAR		498,445
NET ASSETS, END OF YEAR	**$**	**539,780**

See Accompanying Notes to Basic Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
The government financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

Receivables and Deferred Revenue
The District reports unearned deferred revenue in the governmental fund balance sheet. Deferral arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. The District has accrued 2025 property taxes to be collected in 2026 as deferred revenue and a receivable in the accompanying governmental funds balance sheet. (See Property Tax below).

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

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

Estimated useful lives for asset types are as follows:

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

Property Tax
Annual property taxes are levied and assessed on property as of January 1 and are certified by the County by November 1 of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property, and collects the property taxes on behalf of the District and remits them to the District on a monthly basis. The District has accrued the 2025 taxes to be collected in 2026 in the accompanying financial statements with a corresponding offset to Deferred Revenue. Property taxes are recognized as revenue in the year in which they are intended to finance operating expenditures.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-Term Obligations

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

Use of Estimates

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

NOTE 2 - CASH AND INVESTMENTS

Custodial Credit Risk - Deposits

The custodial credit risk for deposits is the risk that the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. This risk is mitigated in that the District's deposits are subject to and in accordance with the State of Colorado's Public Deposit Protection Act ("PDPA"). Under this act, all uninsured deposits of public funds are to be fully collateralized. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department. At December 31, 2025, all of the District's cash and cash equivalents were either insured by FDIC or collateralized under PDPA.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contracts
- Local government investment pools

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a custodian, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk. As of December 31, 2025, the District had $9,806 in investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust discussed below.

Interest Rate Risk

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

NOTE 2 - CASH AND INVESTMENTS (Continued)

Local Government Investment Pool
At December 31, 2025, the District had invested $389,873 in the Colorado Local Government Liquid Asset Trust (the "Trust"), a local government investment pool. As an investment pool, the Trust operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust is exempt from registration with the Securities and Exchange Commission. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios are rated AAAm by Standard and Poor's and may invest in U.S. Treasury Securities, repurchase agreements collateralized by U.S. Treasury Securities and the highest rated commercial paper. Wells Fargo Bank serves as custodian for the Trust's portfolios and provides services as the depository in connection with direct investments owned by the Trust. Separate financial statements can be obtained by calling (303) 864-7474 or going to www.colotrust.com.

At December 31, 2025 the District had cash balances as follows:

	Book Balance	Bank Balance
Governmental activities:		
Bank Deposits	$951,973	$ 767,758
Investments Held by Custodian	9,806	8,526
Local Government Investment Pool	389,873	762,980
Total Cash and Cash Equivalents	$1,351,652	$1,539,264

Investments held by the District in the Volunteer Firefighters' Pension Fund at December 31, 2025 were as follows:

Cost	Fair Value
$ 525,439	**$ 539,780**

NOTE 3 - CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2025, was as follows:

	Balance Jan. 1, 2025	Additions	Deletions	Balance Dec. 31, 2025
Land	$ 41,264	$ -	$ -	$ 41,264
Buildings & Improvements	588,799	61,596	-	650,395
Fire Fighting Equip	2,468,656	2,523,571	(23,000)	4,969,227
Total General Fixed Assets	3,098,719	2,585,167	(23,000)	5,660,886
Less Accumulated Depreciation	(2,055,466)	(106,201)	22,148	(2,139,519)
NET CAPITAL ASSETS	**$ 1,043,253**	**$2,478,966**	**$ (852)**	**$ 3,521,367**

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

NOTE 4 - CAPITAL LEASE OBLIGATION

Capital lease obligations as of December 31, 2025 include a ten-year lease for two structure trucks. This lease is treated as a capital lease since the lease agreement includes a bargain purchase option allowing the District the option of purchasing the trucks for a minimal price at the end of the lease agreement in 2035.

Cost of Equipment Under Capital Lease **$ 1,911,934**

NOTE 4 - CAPITAL LEASE OBLIGATION (Continued)

Schedule of Changes in Long-term Debt

	Balance Jan. 1, 2025	Additions	Payments/ Retirements	Balance Dec. 31, 2025
Capital Lease Obligation	$ -	$1,911,934	$ -	$ 1,911,934

Future Lease Obligations:

	Payment	Interest	Principal	$1,911,934
2026	$ 238,077	$ 80,301	$157,776	1,754,158
2027	238,077	73,675	164,402	1,589,756
2028	238,077	66,770	171,307	1,418,449
2029	238,077	59,575	178,502	1,239,947
2030	238,077	52,078	185,999	1,053,948
2031	238,077	44,266	193,811	860,136
2032	238,077	36,126	201,951	658,185
2033	238,077	27,644	210,433	447,752
2034	238,077	18,806	219,271	228,481
2035	$ 238,077	$ 9,596	$228,481	$ -

NOTE 5- VOLUNTEER FIREFIGHTERS' PENSION PLAN

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

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

NOTE 5- VOLUNTEER FIREFIGHTERS' PENSION PLAN (Continued)

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

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

For the year ended December 31, 2025, the SLFPD and State of Colorado actual contributions were $33,000 and $21,789 respectively. The actuarial study as of January 1, 2023 concluded that current plan contributions were adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Funded Status and Funding Progress
As of January 1, 2023, the most recent actuarial valuation date, the Plan was sixty-four percent funded. The actuarial accrued liability for benefits was $761,883, and the value of assets was $539,780 at December 31, 2025 and $498,445 at December 31, 2024.

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

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

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

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

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

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

The Constitution requires that emergency reserves be established. These reserves must be at least three percent of Fiscal Year Spending. Emergency reserves as of December 31, 2025 totaling $80,000 are included in the fund balance in the General Fund.

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

NOTE 7 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance covering specific and general risks of loss, including worker's compensation and health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past two years. There have been no significant reductions in insurance coverage.

NOTE 8 - PRIOR PERIOD ADJUSTMENT

The prior period adjustment of $81,477 is related to lease payments made from the general fund in past years that weren't recognized at the time of payment.

Required Supplementary Information

SUGAR LOAF FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETERY BASIS)
GENERAL FUND
REQUIRED SUPLEMENTARY INFORMATION
December 31, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
GENERAL REVENUES/RESERVES			
General Revenues			
Property Taxes	$ 451,189	$ 549,699	$ 98,510
Investment Earnings	20,000	34,810	14,810
Non-District Firefighter Income	20,000	72,537	52,537
Grants/Donations/Fundraisers	75,000	225,182	150,182
Truck Income	-	32,000	32,000
Other Income	-	43,201	43,201
Total General Revenues	**566,189**	**957,429**	**391,240**
Budgeted Capital Reserves			
General Fund Balance Reserved for Capital Outlay	-	-	-
Total Revenues and Capital Reserves	**566,189**	**957,429**	**391,240**
EXPENDITURES/EXPENSES			
Fire Protection Operations	218,000	173,262	44,738
Non-District Firefighter Expense	-	-	-
Administrative Services	128,500	129,582	(1,082)
Fundraising Expenses	-	-	-
Capital Outlay	208,836	673,759	(464,923)
Pension Contribution	-	33,000	(33,000)
Total Expenditures/Expenses	**555,336**	**1,009,603**	**(454,267)**
Prior Period Adjustment	-	(81,477)	(81,477)
EXCESS OF REVENUES OVER EXPENDITURES	$ 10,853	(133,651)	$ (63,027)
FUND BALANCE, BEGINNING OF YEAR		1,481,742	
FUND BALANCE, END OF YEAR		$ **1,348,091**	

See Accompanying Note to Required Supplementary Information

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

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

Other Supplementary Information

SUGAR LOAF FIRE PROTECTION DISTRICT
Schedule of Funding Progress
Volunteer Firefighters' Pension Fund
Required Supplementary Information
December 31, 2025

ANALYSIS OF FUNDING PROGESS

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

REVENUES BY SOURCE

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

EXPENSES BY TYPE

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

SUGAR LOAF FIRE PROTECTION DISTRICT
Schedule of Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Volunteer Firefighters' Pension Fund
Other Supplementary Information
For the Year Ended December 31, 2025

	Budget	Actual	Variance Favorable (Unfavorable)
ADDITIONS			
Contributions:			
Allocated Property Taxes	$ 33,000	$ 33,000	$ -
State of Colorado	-	21,789	21,789
Total Contributions	33,000	54,789	21,789
Investment Earnings:			
Investment Income	5,000	6,238	1,238
Realized Gain on Investments	-	43,666	43,666
Unrealized Gain on Investments	-	14,341	14,341
Total Investment Earnings	5,000	64,245	59,245
Other Income	-	1,104	1,104
TOTAL ADDITIONS	**38,000**	**120,138**	**82,138**
DEDUCTIONS			
Pension Benefits	-	59,228	(59,228)
Administrative Expenses	-	19,575	(19,575)
TOTAL DEDUCTIONS	-	**78,803**	**(78,803)**
CHANGE IN NET ASSETS	**$ 38,000**	**$ 41,335**	**$ 3,335**
NET ASSETS, BEGINNING OF YEAR		**498,445**	
NET ASSETS, END OF YEAR		**$ 539,780**	