

TELLURIDE FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT

December 31, 2023



DWC
CPAS | ADVISORS

TELLURIDE FIRE PROTECTION DISTRICT

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Independent Auditor's Report



Board of Directors
Telluride Fire Protection District
Telluride, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Telluride Fire Protection District (the District), as of and for the year ended December 31, 2023, 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, the major fund, and the aggregate remaining fund information of the District, as of December 31, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 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 the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the budgetary comparison information for the District's general fund on page 35 be presented to supplement the basic financial statements. Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB No. 27, requires that the Schedule of the District's Proportionate Share of the Net Pension Liability / (Asset) of the FPPA Statewide Defined Benefit Pension Plan, the Schedule of District Contributions to the FPPA Statewide Defined Benefit Pension Plan, the Volunteer Plan Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios – Last 10 Years (to be built prospectively), and the Volunteer Plan Schedule of Contributions – Last 10 Years (to be built prospectively) on pages 36 through 39 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund, supplemental Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund, and supplemental Schedule of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund on pages 40 through 42 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This supplementary information 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.

DWC

Grand Junction, Colorado

June 18, 2024

Management's Discussion and Analysis

TELLURIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2023

As management of the Telluride Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2023 with comparative information presented for the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- In the government-wide financial statements, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$12,746,569 (net position) at December 31, 2023, an increase of \$1,007,167 from the net position at December 31, 2022. This is discussed on page 7.
- The General Fund reported an ending fund balance of \$6,061,216 at December 31, 2023, a decrease of \$680,688 from the prior year. This is discussed on page 8.
- The Debt Service Fund reported an ending fund balance of \$259,928 at December 31, 2023, an increase of \$17,566 from the prior year. This is discussed on page 8.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the basic financial statements. This report also contains required and other supplemental information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private sector business.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in the statement of activities for some items that will only result in cash flows in future fiscal periods.

In the government-wide financial statements, the District's activities are shown in one category; *governmental activities*. The District's activities are principally supported by property taxes and charges for services. The government-wide financial statements can be found on pages 10 through 12.

Fund Financial Statements

A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Fund accounting is used to ensure and demonstrate compliance with finance-related legal requirements. The District's funds are all considered governmental funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities. The District presents two governmental funds; the General Fund and the Debt Service Fund. The financial statements of the District's governmental funds can be found on pages 13 through 16.

An annual appropriated budget was adopted for the funds. Budgetary comparison schedules have been provided on pages 35 and 40 to demonstrate compliance with the adopted budget.

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17 through 34.

Required Supplementary Information (RSI)

The RSI presents additional information that differs from the basic financial statements in that the auditor applies certain limited procedures in reviewing the information. In this report, RSI includes the management's discussion and analysis and General Fund budgetary comparison schedule, as well as certain RSI required by Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions* (GASB 68) including the:

- Schedule of the District's Proportionate Share of the Net Pension Liability / (Asset) of the FPPA Statewide Defined Benefit Pension Plan
- Schedule of District Contributions to the FPPA Statewide Defined Benefit Pension Plan
- Volunteer Plan Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios – Last 10 Years (to be built prospectively)
- Volunteer Plan Schedule of Contributions – Last 10 Years (to be built prospectively)

Other Supplemental Information

The Debt Service Fund budgetary comparison schedule and comparison schedules of fund revenues, expenditures, and changes in fund balance for the current year and two prior years have been presented on pages 40 through 42.

Government-wide Financial Analysis

The following summarizes the District's governmental net position as of December 31:

	2023	2022	Increase (Decrease)
Assets			
Current and other assets	\$ 17,214,206	\$ 12,223,692	\$ 4,990,514
Capital assets, net	6,392,707	5,656,441	736,266
Net pension asset	-	956,865	(956,865)
<i>Total Assets</i>	<u>23,606,913</u>	<u>18,836,998</u>	<u>4,769,915</u>
Deferred Outflows of Resources			
Pension plans	2,029,593	994,942	1,034,651
<i>Total Deferred Outflows of Resources</i>	<u>2,029,593</u>	<u>994,942</u>	<u>1,034,651</u>
Liabilities			
Current liabilities	852,079	820,700	31,379
Noncurrent liabilities	666,113	1,243,323	(577,210)
Net pension liability	1,081,403	501,306	580,097
<i>Total Liabilities</i>	<u>2,599,595</u>	<u>2,565,329</u>	<u>34,266</u>
Deferred Inflows of Resources			
Unearned property tax revenue	10,061,994	4,561,825	5,500,169
Pension plans	228,348	965,384	(737,036)
<i>Total Deferred Inflows of Resources</i>	<u>10,290,342</u>	<u>5,527,209</u>	<u>4,763,133</u>
Net Position			
Net investment in capital assets	6,622,545	5,492,981	1,129,564
Restricted	838,056	1,050,133	(212,077)
Unrestricted	5,285,968	5,196,288	89,680
<i>Total Net Position</i>	<u>\$ 12,746,569</u>	<u>\$ 11,739,402</u>	<u>\$ 1,007,167</u>

Current assets increased by \$4,991,000 and deferred inflows from unearned property tax revenue increased by \$5,500,000 primarily due to the increase in 2023 property taxes levied by the District that will be received in 2024. The mill levy for 2024 is increasing due to a tax payer ballot initiative in May 2023 increasing the mill levy to 8.465. The requested increase was driven by the need to support increased demand for services including additional staffing and continued capital projects. The need for District work force housing in the Telluride area has forced the District to pivot and invest more of its reserve monies into housing for employees and volunteers to maintain their residency within the District boundary. Capital assets increased from the prior year by approximately \$736,000 due to an increase in capital outlay, which was budgeted for, and included the purchase of employee housing, an ambulance, and various other equipment. The decrease in the net pension asset of \$957,000, the increase in deferred outflows for pension plans of \$1,035,000, the increase in the net pension liability of \$580,000, and the decrease in deferred inflows for pension plans of \$737,000 were primarily driven by changes in assumptions implemented by the Statewide Defined Benefit Plan (SWDB) administered by the Fire & Police Pension Association (FPPA) of Colorado. See Note 8 to the District's financial statements for further information regarding pension plans covering the District's employees and the District's accounting for their pension related balances.

The following summarizes the change in the District's governmental net position for the years ended December 31:

	2023	2022	Increase (Decrease)
Revenues			
Program revenues:			
Charges for services	\$ 585,416	\$ 543,722	\$ 41,694
Wildland fire fees	480,134	229,243	250,891
Operating grants	1,004,984	155,200	849,784
Permits and fees	82,687	37,311	45,376
General revenues:			
Taxes			
Property taxes	4,516,314	4,338,710	177,604
Specific ownership taxes	209,189	195,864	13,325
Interest on delinquent taxes	13,828	14,803	(975)
Earnings on deposits and investments	293,746	108,454	185,292
Miscellaneous	83,115	126,919	(43,804)
<i>Total Revenues</i>	<u>7,269,413</u>	<u>5,750,226</u>	<u>1,519,187</u>
Expenses			
Personnel	3,958,148	3,279,496	678,652
General operating	572,695	626,930	(54,235)
Fire prevention	888,345	712,627	175,718
General and administrative	622,689	554,024	68,665
Ambulance	243,833	302,895	(59,062)
Interest	42,048	29,622	12,426
Pension expense (income)	(113,037)	(658,064)	545,027
Retention/recruitment fund	31,500	53,950	(22,450)
Employee rent benefit	10,710	12,852	(2,142)
Other	5,315	6,676	(1,361)
<i>Total Expenses</i>	<u>6,262,246</u>	<u>4,921,008</u>	<u>1,341,238</u>
Other Financing Sources			
Gain on sale of capital asset	-	14,500	(14,500)
<i>Change in Net Position</i>	<u>1,007,167</u>	<u>843,718</u>	<u>163,449</u>
Net Position – beginning of year	<u>11,739,402</u>	<u>10,895,684</u>	<u>843,718</u>
Net Position – end of year	<u>\$ 12,746,569</u>	<u>\$ 11,739,402</u>	<u>\$ 1,007,167</u>

Total revenues of the District increased from the prior year by 1,519,000 or 26%, driven primarily by increases in operating grants, wildland fire fees, and earnings on the District's investments held by COLOTRUST. The increase in operating grants of \$850,000 was driven by the District receiving two of three scheduled payments totaling \$901,820 from the Staffing for Adequate Fire and Emergency Response (SAFER) Grant awarded to the District in 2021 through the Federal Emergency Management Agency (FEMA) of the U.S. Department of Homeland Security. Total expenses increased by \$1,341,000 or 27% from the prior year, driven primarily by an increase in personnel costs of \$679,000 due to the increase in full-time personnel to 37 as of December 31, 2023 from 30 in prior year and due to the increase in pension expense of \$545,000. The District's revenues exceeded its expenses for the year ended December 31, 2023 resulting in an overall increase in net position of \$1,007,167.

Financial Analysis of Governmental Funds

As noted earlier, fund accounting is used to ensure and demonstrate compliance with finance related legal requirements.

The focus of governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The District has two governmental funds, the General Fund and the Debt Service Fund. The General Fund is considered a major fund under GASB financial reporting standards, which the Debt Service Fund is considered a nonmajor fund. The General Fund had a fund balance of \$6,061,216 as of December 31, 2023, of which \$20,929 related to prepaid expenses is nonspendable, \$163,000 is restricted for emergencies, and \$394,199 is restricted for the acquisition of capital assets. The unassigned portion of fund balance in the amount of \$5,483,088 is available for general spending. Total fund balance for the District's General Fund decreased by \$680,688 from the prior year, primarily due to the increase in personnel costs discussed in the Government-wide Financial Analysis Section above and due to the increase in capital outlay, which was budgeted for, and included the purchase of employee housing, an ambulance, and various other equipment. The Debt Service Fund had a fund balance restricted for debt service of \$259,928 as of December 31, 2023, and paid \$358,125 in principal and interest during the year then ended. Total fund balance for the District's Debt Service Fund increased by approximately \$18,000 from the prior year, primarily due to the excess of property and specific ownership taxes collected over the expenditures for debt service.

Budgetary Highlights

The District amended its originally adopted budget for the General Fund. Total expenditures were in excess of revenues by \$680,688, which was covered by the fund balance of the District's General Fund as allowed under the Colorado Revised Statutes as they relate to budgets. Actual expenditures exceeded revenues due to a significant amount of capital outlay expenditures during the year ended December 31, 2023, which were budgeted for, and included the purchase of employee housing, an ambulance, and various other equipment. Total expenditures were \$149,128 below budget.

Regarding the District's Debt Service Fund, the excess of revenues over expenditures was \$18,000 greater than budgeted due to property and specific ownership taxes collected exceeding budgeted amounts.

The budget amounts as shown on pages 35 and 40 of the financial statements include the adopted budgets for the General Fund and Debt Service Fund.

Capital Assets

Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Significant additions to capital assets during the year included the purchase of employee housing, an ambulance, and various other equipment. These additions were offset by depreciation expense. The District also has restricted resources of \$394,199 at December 31, 2023 related to lease-purchase proceeds restricted for acquisition of capital assets, see Note 1 – Fund Balance Classification. Additional information on the District's capital assets can be found in Note 6.

Long-Term Debt

In January of 2013, the District advance refunded the existing 2004 general obligation bonds. The 2004 bonds were completely paid off in 2014, leaving only the 2013 General Obligation Refunding Bonds. The final principal payment on the 2013 General Obligation Refunding Bonds of \$355,000 is scheduled to be made during the year ending December 31, 2024. In February of 2022, the District entered into a lease purchase agreement to purchase equipment, vehicles, and the third floor of Station 2. Significant long-term debt activity during the year included scheduled principal payments on the bonds payable and lease-purchase obligation. This is discussed further in Note 7.

Economic Factors and Next Year's Budget

The budget for 2024 will experience a significant change primarily due to the impacts of the mill levy change from the 2023 election which doubled the mill levy from 4.465 to 8.465. In addition, the District sold three capital assets in 2024; a rescue apparatus, an ambulance and a camp trailer. The remainder of the budget line items are forecasted to stay in the parameters of what was approved by the board of directors for the year except for personnel wages due to: (1) the loss of a couple of staff positions resulting in increased overtime coverage, (2) increased training requirements and opportunities to enroll three staff members into paramedic programs, and (3) a change in the District's volunteer response model. Due to these factors the personnel wages budget line item is anticipated to run above the forecast and approved number.

Request for Information

This financial 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 financial information should be addressed to the District Chief, P.O. Box 1645, Telluride, CO 81435.

Basic Financial Statements

Government-wide Financial Statements

TELLURIDE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2023

ASSETS

Cash and investments	\$ 6,053,000
Cash - restricted for aquisition of capital assets	394,199
Receivables:	
Taxes	10,061,994
Emergency medical services (EMS) accounts, net of allowance of \$14,000	96,248
Other	1,015
Prepaid expenses	20,929
Deposit on purchase of capital assets	<u>586,821</u>
Capital assets, net of accumulated depreciation, where applicable:	
Land and land improvements	594,122
Buildings and improvements	2,765,359
Fire apparatus, ambulances and other vehicles	2,612,252
Other fire support equipment	<u>420,974</u>
	<i>Capital Assets, Net</i> <u>6,392,707</u>
	<i>Total Assets</i> <u>23,606,913</u>

DEFERRED OUTFLOWS OF RESOURCES

Pension related (see Note 8)	<u>2,029,593</u>
	<i>Total Deferred Outflows of Resources</i> <u>\$ 2,029,593</u>

(continued)

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2023

LIABILITIES

Accounts payable	\$	54,489
Accrued payroll liabilities		189,758
Accrued interest payable		9,137
Long-term debt:		
Due within one year		598,695
Due after one year		516,942
Compensated absences		149,171
Net pension liability		1,081,403
		<u>1,081,403</u>
	<i>Total Liabilities</i>	<u>2,599,595</u>

DEFERRED INFLOWS OF RESOURCES

Unearned property tax revenue		10,061,994
Pension related (see Note 8)		228,348
		<u>228,348</u>
	<i>Total Deferred Inflows of Resources</i>	<u>10,290,342</u>

NET POSITION

Net investment in capital assets		6,622,545
Restricted for:		
Acquisition of capital assets		394,199
Debt service		259,928
Emergencies		163,000
Nonspendable purposes		20,929
Unrestricted		5,285,968
		<u>5,285,968</u>
	<i>Total Net Position</i>	<u>\$ 12,746,569</u>

(concluded)

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

PROGRAM EXPENSES

Personnel	\$ 3,958,148
General operating	572,695
Fire prevention	888,345
General and administrative	622,689
Ambulance	243,833
Interest	42,048
Pension expense (income) (see Note 8)	(113,037)
Retention/recruitment fund	31,500
Employee rent benefit	10,710
Other	5,315
<i>Total Program Expenses</i>	<u>6,262,246</u>

PROGRAM REVENUES

Charges for services	585,416
Wildland fire fees	480,134
Operating grants	1,004,984
Permits and fees	82,687
<i>Net Program Expenses</i>	<u>4,109,025</u>

GENERAL REVENUES

Taxes:	
Property taxes	4,516,314
Specific ownership taxes	209,189
Interest on delinquent taxes	13,828
Earnings on deposits and investments	293,746
Miscellaneous	83,115
<i>Total General Revenues</i>	<u>5,116,192</u>
<i>Change in Net Position</i>	<u>1,007,167</u>

Net Position - January 1, 2023	<u>11,739,402</u>
Net Position - December 31, 2023	<u>\$ 12,746,569</u>

See accompanying notes.

Fund Financial Statements

TELLURIDE FIRE PROTECTION DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and investments	\$ 5,793,214	\$ 259,786	\$ 6,053,000
Cash - restricted for aquisition of capital assets	394,199	-	394,199
Receivables:			
Taxes	9,678,412	383,582	10,061,994
EMS accounts, net of allowance of \$14,000	96,248	-	96,248
Other	1,015	-	1,015
Due from other fund	-	142	142
Prepaid expenses	20,929	-	20,929
<i>Total Assets</i>	<u>\$ 15,984,017</u>	<u>\$ 643,510</u>	<u>\$ 16,627,527</u>
LIABILITIES			
Accounts payable	\$ 54,489	\$ -	\$ 54,489
Due to other fund	142	-	142
Accrued payroll liabilities	189,758	-	189,758
<i>Total Liabilities</i>	<u>244,389</u>	<u>-</u>	<u>244,389</u>
DEFERRED INFLOWS OF RESOURCES			
Unearned revenue - property taxes	9,678,412	383,582	10,061,994
<i>Total Deferred Inflows of Resources</i>	<u>9,678,412</u>	<u>383,582</u>	<u>10,061,994</u>
FUND BALANCE			
Nonspendable	20,929	-	20,929
Restricted for:			
Acquisition of capital assets	394,199	-	394,199
Debt service	-	259,928	259,928
Emergencies	163,000	-	163,000
Unassigned	5,483,088	-	5,483,088
<i>Total Fund Balance</i>	<u>6,061,216</u>	<u>259,928</u>	<u>6,321,144</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u>\$ 15,984,017</u>	<u>\$ 643,510</u>	<u>\$ 16,627,527</u>

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION

December 31, 2023

Total Fund Balance - Governmental Funds		\$ 6,321,144
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Accrued compensated absences payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(149,171)
Lease-purchase obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(751,182)
Long-term debt obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.		(355,000)
Original issue net premium is reported as financing sources in the governmental funds when first issued, but deferred and amortized over the life of the debt in the Statement of Net Position.		(9,455)
Accrued interest on debt obligations is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.		(9,137)
Net pension liability, deferred outflows, and deferred inflows related to pensions are not current financial resources and therefore are not reported as assets or liabilities in the governmental funds.		719,842
Deposits toward the purchase price of capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.		586,821
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:		
Cost of capital assets	\$ 13,289,092	
Less accumulated depreciation	<u>(6,896,385)</u>	<u>6,392,707</u>
Total Net Position - Governmental Activities		<u>\$ 12,746,569</u>

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
GOVERNMENTAL FUNDS

For the year ended December 31, 2023

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Property taxes	\$ 4,152,766	\$ 363,548	\$ 4,516,314
Specific ownership taxes	192,284	16,905	209,189
Interest on delinquent taxes	12,133	1,695	13,828
Charges for services	585,416	-	585,416
Permits and fees	82,687	-	82,687
Wildland fire fees	480,134	-	480,134
Operating grants	1,004,984	-	1,004,984
Earnings on deposits and investments	289,222	4,524	293,746
Miscellaneous	83,115	-	83,115
<i>Total Revenues</i>	<u>6,882,741</u>	<u>386,672</u>	<u>7,269,413</u>
EXPENDITURES			
Personnel	3,969,422	-	3,969,422
General and administrative	611,707	-	611,707
General operating	572,696	10,981	583,677
Ambulance	243,833	-	243,833
Fire prevention	398,446	-	398,446
Pension contributions	121,688	-	121,688
Other	5,315	-	5,315
Capital outlay	1,376,165	-	1,376,165
Debt service			
Principal	237,233	340,000	577,233
Interest	26,924	18,125	45,049
<i>Total Expenditures</i>	<u>7,563,429</u>	<u>369,106</u>	<u>7,932,535</u>
<i>Excess of Revenues Over Expenditures (Excess of Expenditures Over Revenues)</i>	<u>(680,688)</u>	<u>17,566</u>	<u>(663,122)</u>
<i>Net Change in Fund Balance</i>	<u>(680,688)</u>	<u>17,566</u>	<u>(663,122)</u>
Fund Balance - January 1	<u>6,741,904</u>	<u>242,362</u>	<u>6,984,266</u>
Fund Balance - December 31	<u><u>\$ 6,061,216</u></u>	<u><u>\$ 259,928</u></u>	<u><u>\$ 6,321,144</u></u>

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT
OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES

For the year ended December 31, 2023

Net Change in Fund Balance - Total Governmental Funds	\$	(663,122)
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Amounts reported for governmental activities in the Statement of Activities are different because:

Capital outlays are reported as expenditures in the governmental funds; however, in the Statement of Activities, the cost of capital assets is allocated over their estimated useful life as depreciation expense:

Capital outlay	\$ 1,376,165	
Depreciation expense	<u>(489,899)</u>	886,266

Principal payment on long-term debt obligations is an expense in the governmental funds and a reduction to a liability in the Statement of Net Position.	340,000
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Principal payments on lease-purchase obligations are reported as an expenditure of governmental funds, but reduce long-term liabilities in the Statement of Net Position.	237,233
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Accrued interest on long-term debt obligations is not reported as an expenditure in the governmental funds but is reported as an expense when due in the Statement of Activities.

December 31, 2022	2,687	
December 31, 2023	<u>(9,137)</u>	(6,450)

Amortization of premium on long-term debt is recorded as part of interest expense in the Statement of Activities, but not in the governmental funds.	9,451
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Pension income (expense) related to adjustments required by GASB 68 is not reported in the governmental funds but is reported in the Statement of Activities.	234,725
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Compensated absences are recognized as an expenditure in the governmental funds when they are determined to be payable from current financial resources. In the Statement of Activities, compensated absences are recognized as an expense when incurred:

December 31, 2022	118,235	
December 31, 2023	<u>(149,171)</u>	<u>(30,936)</u>

Change in Net Position of Governmental Activities		<u>\$ 1,007,167</u>
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See accompanying notes.

Notes to Basic Financial Statements

TELLURIDE FIRE PROTECTION DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The District's more significant accounting policies are described below:

Financial Reporting Entity

The District is a political subdivision of the State of Colorado, formed in 1966 for the purpose of providing fire protection and emergency medical services to the Telluride, Colorado area. The District is governed by an elected five-member board of directors (the Board).

Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. *Governmental activities* are supported by taxes and charges for services. The District has no *business-type activities*, which rely to a significant extent on user charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *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 included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

The accounts of the District are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Governmental funds are accounted for on a flow of current financial resources basis. Balance sheets for these funds generally include only current assets and current liabilities. Reported fund balances are considered a measure of available, spendable resources. Operating statements for these funds present a summary of available, spendable resources, and expenditures for the period.

For the year ended December 31, 2023, the District has two funds, the General Fund, which is the District's primary operating fund that accounts for all financial resources of the District, except those required to be accounted for in another fund; and the Debt Service Fund, which is the fund that accounts for principal and interest payments on outstanding bonds of the District. The General Fund is considered a major fund, whereas the Debt Service Fund is considered a nonmajor fund. Separate financial statements are provided for governmental funds.

Measurement Focus and Basis of Accounting

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 expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the receipt of the grant proceeds is considered available to use to pay liabilities of the current period.

The modified accrual basis of accounting is used by all governmental funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Revenues are considered available if collected within 60 days after year end. Those revenues associated with the current period susceptible to accrual are property taxes, interest revenue, and charges for services. Grant revenues are recognized as they are earned. All other revenues are recognized when cash is received. Expenditures are recorded when the related fund liability is incurred. Exceptions to this general rule include principal and interest on general long-term debt which is recognized when due, and compensated absences which are recognized when the obligations are expected to be liquidated with available financial resources.

Pensions

The District participates in two defined benefit pension plans. For purposes of measuring the net pension (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension income/expense, information about the fiduciary net position of pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Property Taxes

Property taxes for the current year are levied in December of the previous year and attach as a lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28, and June 15. Property taxes for 2023 are reported as a receivable and deferred inflow of resources at December 31. The deferred taxes are reported as revenue in the year in which the lien attaches and they are available and collected.

Capital Assets

Capital assets are stated at cost. Donated assets are recorded at their estimated fair market value at the date of donation. The District defines capital assets as assets with an initial cost of more than \$10,000. Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and improvements	25 - 50 years
Fire apparatus	20 years
Other equipment	3 - 10 years
Ambulances	10 years
Other vehicles	6 years

Long-term Debt

In the government-wide financial statements, long-term debt is reported as a liability in the statement of net position. Bond issuance premiums and discounts, as well as losses on refinancing, are deferred and amortized over the life of the related debt using the straight-line method. Bond obligations payable are reported net of the applicable bond premium or discount and refinancing losses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as program expenses.

In the fund financial statements, issuance costs are recognized when incurred. The face amount of the debt issued, premiums, and discounts received on debt issuances are reported as other financing sources and uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Compensated Absences

Vacation

Full-time employees accumulate vacation time after the first full year of employment. Eligible personnel accumulate two weeks of vacation after the first full year of employment, three weeks of vacation after five full years of employment, and four weeks of vacation after ten full years of employment. Each employee can accumulate four weeks up to a maximum of eight weeks (320 hours), dependent on years of service. Upon separation, employees receive pay for unused vacation. This liability is recorded in the government-wide financial statements.

Sick Leave

The District provides for the accumulation of paid sick leave benefits for personnel at the rate of four hours for each full month worked. Sick leave is accumulated from year to year up to a maximum of ten days (80 hours). Upon separation, employees do not receive pay for unused sick leave.

Deferred Outflows of Resources and Deferred Inflows of Resources

GASB Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position* (GASB 63), defines the five elements that make up a statement of financial position to include:

- Assets – resources with a present service capacity under District control
- Deferred Outflows of Resources – consumption of net position by the District that is applicable to a future reporting period
- Liabilities – present obligations to sacrifice resources
- Deferred Inflows of Resources – acquisitions of net position by the District that is applicable to a future reporting period
- Net Position – residual of all other elements presented in a statement of financial position

See Note 8 for detail of the composition of the District’s deferred outflows of resources and deferred inflows of resources related to pensions.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing attributable to the acquisition or construction of improvements of those assets. Net position is reported as restricted when there are limitations on their use due to external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Due to and Due from Other Funds

Inter-fund receivables and payables arise from inter-fund transactions and are recorded by all funds affected in the period in which transactions are executed.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- **Nonspendable:** This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District had nonspendable resources for prepaid expenses as of December 31, 2023 in the amount of \$20,929.
- **Restricted:** This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the Taxpayer’s Bill of Rights (TABOR) emergency reserves as being restricted because their use is restricted by state statute. The District has classified the amount restricted for payment of debt service as being restricted because the use of these resources is restricted by the financial institution with which the District has a revenue bond. The District has also classified cash proceeds from the District’s lease-purchase obligation as cash restricted for the acquisition of capital assets in accordance with the District’s lease-purchase agreement (See Note 7).

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District’s Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2023.
- Assigned: This classification includes amounts that are constrained by the District’s intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District Chief through the budgetary process. The District had assigned resources for future capital outlay as of December 31, 2023 in the amount of \$394,199. Through the budgetary process, this amount has been assigned for various capital outlay projects.
- Unassigned: This classification includes the residual fund balance for the General Fund.

The District would typically use committed resources first and then assigned resources as appropriate opportunities arise, but the District reserves the right to selectively spend unassigned resources first to defer the use of these other classified funds.

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between *fund balance* of the *governmental fund* and *net position of governmental activities* as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between the *net change in fund balances* of the *governmental fund* and the *changes in net position of governmental activities* as reported in the government-wide statement of activities. These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for government fund statements to the economic resources measurement and full accrual basis used for government-wide statements.

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as TABOR, which has several limitations including revenue raising, spending abilities, debt limitations, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. TABOR requires a reserve of 3% of the District’s fiscal year spending, excluding bonded debt service. A portion of the District’s General Fund balance is classified as restricted for emergencies required by TABOR (see Note 1).

In 2018, the voters authorized the District to increase the mill levy by 2 mills from 2.465 mills to 4.465 mills for taxes collected in 2020 and subsequent years.

In 2023, the voters authorized the District to increase the mill levy by 4 mills from 4.465 mills to 8.465 mills for taxes collected in 2024 and subsequent years.

NOTE 4 - BUDGETS

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- A. Budgets are required by state law.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. The District amended its originally adopted 2023 budget. The District expended less than was appropriated during 2023 in the General Fund. The District expended \$987 more than was appropriated in the Debt Service Fund primarily due to the fact that required debt service payments on the District’s outstanding bonds were higher than budgeted. This may be a violation of state budget law.
- F. Budget appropriations lapse at the end of each year.
- G. Budgets are adopted on the modified accrual basis of accounting.

NOTE 5 - DEPOSITS AND INVESTMENTS

The Colorado Public Deposit Protection Act (PDPA) governs the District’s deposits. The statutes specify eligible depositories for public cash deposits which must be Colorado institutions and must maintain federal deposit insurance through the Federal Deposit Insurance Corporation (FDIC) on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets maintained by another institution or held in trust for all of its local government depositors as a group with a market value at least equal to 102% of the uninsured deposits. The Colorado Division of Banking for banks, savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the carrying amount of the District’s deposits with maturities less than one year consisted of the following:

	Bank Balance	Carrying Amount
Cash in checking accounts	\$ 1,265,501	\$ 1,040,856
Cash in money market account	\$ 269,841	\$ 269,841
Cash in escrow account – lease-purchase proceeds	\$ 394,199	\$ 394,199

At December 31, 2023, \$750,000 was covered by depositor’s insurance and \$1,010,487 was collateralized under PDPA requirements.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank or investment pool failure, the District would not be able to recover its deposits. The District’s deposits are not deemed to be subject to custodial credit risk as they are covered by the FDIC or are collateralized under PDPA.

Investments

Colorado state statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including:

- 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
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Certificates of deposit

The District has no investment policy that would further limit its investment choices.

As of December 31, 2023, the District had the following investments:

<u>Description</u>	<u>Credit Quality Rating</u>	<u>Maturity</u>	<u>Fair Value</u>
COLOTRUST PLUS+	AAAm	Weighted Average Days of 48 (to Reset)	\$ 4,742,303

At December 31, 2023, the District had funds invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a local government investment pool established for local government entities in Colorado to pool surplus funds. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, Section 6. COLOTRUST currently offers three portfolios: (1) COLOTRUST PRIME, (2) COLOTRUST PLUS+, and (3) COLOTRUST EDGE.

The District’s funds invested in COLOTRUST are invested in COLOTRUST PLUS+.

COLOTRUST PLUS+ is a local government investment pool that operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST PLUS+ may invest in U.S. Treasury and Agency securities, the highest rated commercial paper and repurchase agreements collateralized by U.S. Treasury and Agency securities. COLOTRUST PLUS is rated AAAm by Standard and Poor’s and had a weighted average days to maturity (to reset) of 48 as of December 31, 2023.

A designated custodial bank serves as custodian for COLOTRUST’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for COLOTRUST’s portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records identify the investments owned by the participating governments. The annual report including the audited financial statements of COLOTRUST PLUS+ may be obtained on their website at www.colotruster.com.

The District records its investments in COLOTRUST PLUS+ and COLOTRUST EDGE at fair value as determined by net asset value as a practical expedient.

Interest Rate Risk – Investments

Colorado Revised Statutes limit investment maturities to five years or less unless formally approved by the Board. The Board has not adopted an investment policy that allows investment maturities greater than five years.

Credit Risk – Investments

State statutes limit certain investments to those with specified ratings from nationally recognized statistical rating organizations, depending on the type of investment.

Concentrations of Credit Risk – Investments

Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer or institution. State statutes do not limit the amount the District may invest in a single issuer of investment securities, except for corporate securities. The District holds 100% of its investments in COLOTRUST portfolios.

NOTE 6 - CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2023 was as follows:

	Balance December 31, 2022	Increases	Decreases	Balance December 31, 2023
Non-depreciable capital assets				
Land and land improvements	\$ 594,122	\$ -	\$ -	\$ 594,122
<i>Total non-depreciable capital assets</i>	<u>594,122</u>	<u>-</u>	<u>-</u>	<u>594,122</u>
Depreciable capital assets				
Buildings and improvements	4,593,227	794,904	-	5,388,131
Fire apparatus, ambulances and other vehicles	5,818,258	309,536	-	6,127,794
Other fire support equipment	1,057,320	121,725	-	1,179,045
<i>Total depreciable capital assets</i>	<u>11,468,805</u>	<u>1,226,165</u>	<u>-</u>	<u>12,694,970</u>
Less accumulated depreciation for:				
Buildings and improvements	-	(111,005)	-	(2,622,772)
Fire apparatus, ambulances and other vehicles	(3,210,123)	(305,419)	-	(3,515,542)
Other fire support equipment	(684,596)	(73,475)	-	(758,071)
<i>Total accumulated depreciation</i>	<u>(6,406,486)</u>	<u>(489,899)</u>	<u>-</u>	<u>(6,896,385)</u>
<i>Total capital assets being depreciated, net</i>	<u>5,062,319</u>	<u>736,266</u>	<u>-</u>	<u>5,798,585</u>
<i>Total capital assets, net</i>	<u>\$ 5,656,441</u>	<u>\$ 736,266</u>	<u>\$ -</u>	<u>\$ 6,392,707</u>

Depreciation expense was charged to functions/programs of the District as follows: ambulance \$73,475; fire prevention \$305,419; and general operating \$111,005.

NOTE 7 - LONG-TERM LIABILITIES

Land Leases

The District leases land from the Town of Telluride (the Town) on which the District's main facility resides, under an agreement dated June 17, 1997. The lease expires June 30, 2085 and requires an annual rental of \$10. The building and improvements, excluding equipment, are part of the leased premises. The District has the first right of refusal to purchase the leased premises should the Town desire to sell the leased premises.

The District has an intergovernmental agreement with the Mountain Village Metropolitan District and the Town of Mountain Village, dated August 8, 2010, relating to ownership of a joint service facility on land owned by the District located in Mountain Village, Colorado. The agreement continues indefinitely, subject to annual appropriation by the entities. Each entity has an undivided ownership interest in the joint facility in accordance with the following percentages:

Telluride Fire Protection District 54%
Town of Mountain Village 46%

The District leases land from San Miguel County, Colorado for a facility in Placerville, Colorado. The lease, dated December 18, 1984, is for a period of 99 years and requires no rental payments.

Equipment Lease Purchase Agreement

On February 1, 2022, the District entered into an equipment lease purchase agreement for \$1,240,000 with Community First National Bank to purchase four vehicles for the District and to purchase the third floor of Station 2. The agreement is collateralized by the vehicles purchased under the agreement. The District is obligated to make annual payments of \$264,158, including principal and interest at an interest rate of 2.72 percent, each June 15 beginning June 15, 2022 and ending June 15, 2026. The agreement requires compliance with specified covenants and obligations. At December 31, 2023 the District believes it is in compliance with these covenants. Of the proceeds received, \$394,199 has not yet been expended, and these proceeds have been presented as cash restricted for acquisition of capital assets with the corresponding restriction of the same amount of fund balance and net position.

The minimum future obligations on the equipment lease, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 243,695	\$ 20,463	\$ 264,158
2025	250,334	13,824	264,158
2026	257,153	7,005	264,158
<i>Total minimum future obligations payments</i>	<u>\$ 751,182</u>	<u>\$ 41,291</u>	<u>\$ 792,473</u>

General Obligation Bonds

In February 2013, the District issued General Obligation Refunding Bonds, Series 2013 (GO Refunding 2013 Bonds) of \$3,080,000. Principal is payable annually on December 1 beginning on December 1, 2015, with interest (rates from 2.0% to 2.5%) payable semiannually beginning June 1, 2013 and semi-annually thereafter maturing on December 1, 2024. The net proceeds were used to advance refund the GO 2004 Bonds maturing on and after December 1, 2015. Additionally, the total proceeds received by the District included a net reoffering premium of \$113,416 and proceeds from the sale of registered B coupons amounting to \$210,022. The premium is amortized over the life of the GO Refunding 2013 Bonds. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of, interest on, and premium, if any, on the GO Refunding 2013 Bonds without limitation as to rate and in an amount sufficient to pay the Bonds when due.

The minimum future obligations on the GO Refunding 2013 Bonds, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 355,000	\$ 8,875	\$ 363,875
<i>Total minimum future obligations payments</i>	<u>\$ 355,000</u>	<u>\$ 8,875</u>	<u>\$ 363,875</u>

Changes in long-term liabilities:

	Balance December 31, 2022	Additions	Reductions	Balance December 31, 2023	Due Within One Year
GO Refunding 2013 Bonds	\$ 695,000	\$ -	\$ (340,000)	\$ 355,000	\$ 355,000
Original issue premium, net	-	-	(9,451)	9,455	-
Lease-purchase obligation	988,415	-	(237,233)	751,182	243,695
<i>Long-term debt</i>	1,702,321	-	(586,684)	1,115,637	598,695
Accrued compensated absences	118,235	30,936	-	149,171	-
<i>Total long-term liabilities</i>	<u>\$ 1,820,556</u>	<u>\$ 30,936</u>	<u>\$ (586,684)</u>	<u>\$ 1,264,808</u>	<u>\$ 598,695</u>

Interest expense of \$37,524 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities; it is comprised of interest on the lease-purchase obligation of \$35,321 and bond debt service interest of \$11,654. It is offset by bond premium amortization of \$9,451, thus arriving at the total of \$37,524. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related.

NOTE 8 - PENSION PLANS

Paid Full-Time Personnel

The District participates in the Statewide Defined Benefit Plan (SWDB Plan), a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. The SWDB Plan became effective January 1, 1980. As of January 1, 2023, Statewide Defined Benefit Plan and the Statewide Hybrid Plan have merged to form the Statewide Retirement Plan (SRP) and the Statewide Defined Benefit Plan becomes the Defined Benefit Component of the Statewide Retirement Plan.

The SWDB Plan assets are included in the Fire & Police Members' Benefit Investment Fund and assets. Assets from the Deferred Retirement Option Plan (DROP), Money Purchase Component, and Separate Retirement Account assets from eligible retired members are in the Fire & Police Members' Self-Directed Investment Fund.

The SWDB Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on the FPPA's website at <https://www.fppaco.org>.

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of serve and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5.00 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.50 percent for each year of service thereafter.

Contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates increased 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2022, members of the SWDB plan and their employers are contributing at the rate of 12.0 percent and 9.0 percent, respectively, of pensionable earnings for a total contribution rate of 21.0 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reflect the actual cost of reentry by department. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 6.0 percent and 4.5 percent, respectively, of pensionable earnings for a total contribution rate of 10.5 percent in 2021. Per the 2014 member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

At December 31, 2022, the total pension liability for the SWDB Plan was \$3,752,109,029, the plan fiduciary net position was \$3,663,348,061, the net pension liability was \$88,760,968, and the plan fiduciary net position as a percentage of the total pension liability was 97.6 percent.

At December 31, 2022, the District's proportion of the net pension asset of the SWDB Plan was 0.21615 percent, which was an increase of 0.03959 percent from its proportion measured as of December 31, 2021.

At December 31, 2023, the District reported a net pension liability of \$191,857 for its proportionate share of the SWDB Plan net pension liability. The net pension liability was measured as of December 31, 2022. The collective total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023. The actuarially determined contributions as of December 31, 2022 are based on the January 1, 2022 actuarial valuation. For the year ended December 31, 2023, the District recognized pension expense of \$25,740 related to the SWDB Plan.

Employer contributions recognized by the SWDB Plan from the District were \$250,229 for the year ended December 31, 2023.

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the SWDB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 434,166	\$ -
Changes in assumptions	245,795	-
Contributions subsequent to measurement date	250,229	-
Difference between actual and expected experience	415,303	23,549
Changes in the employer's proportion and differences between the employer's contributions (other than those to separately finance specific liabilities of the individual employer to the plan) and the employer's proportionate share of contributions	154,047	-
Total	\$ 1,499,540	\$ 23,549

The deferred outflows of resources and deferred inflows of resources related to pensions are included with total deferred outflows of resources and total deferred inflows of resources on the statement of net position. Deferred outflows of resources of \$250,229 related to FPPA pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the FPPA net pension liability in the measurement period ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31,	Amounts Recognized in Pension Expense
2024	\$ 101,060
2025	\$ 183,062
2026	\$ 258,464
2027	\$ 357,746
2028	\$ 74,027
Thereafter	\$ 97,357
Total	\$ 1,071,716

The actuarial valuations for the SWDB Plan were used to determine the total pension liability and actuarially determined contributions for the measurement period ended December 31, 2022. The valuation used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2023	January 1, 2022
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The preretirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.50 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table.

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	35.00%	8.93%
Long Short	6.00%	7.47%
Private Markets	34.00%	10.31%
Fixed Income – Rates	10.00%	5.45%
Fixed Income – Credit	5.00%	6.90%
Absolute Return	9.00%	6.49%
Cash	1.00%	3.92%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension asset was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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 this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 percent (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 percent.

Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate. Regarding the sensitivity of the District's net pension asset to changes in the Single Discount Rate, the following presents the net pension asset, calculated using a Single Discount Rate of 7.00 percent, as well as what the District's net pension asset would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension (asset) liability	\$ 1,322,635	\$ 191,857	\$ (744,794)

Pension plan fiduciary net position. Detailed information about the SWDB's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at <https://www.fppaco.org>. Once in the site, locate the site map at the bottom of the web page and you will find the 'Annual Report' link.

Volunteer Firefighters

The FPPA administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://FPPAco.org>. Once in the site, locate the site map at the bottom of the web page and you will find the 'Annual Report' link.

The District is trustee of a single-employer defined benefit pension plan for all volunteer firefighters (Volunteer Plan). The Volunteer Plan is administered by the FPPA. The Volunteer Plan's Board of Trustees is comprised of the District's Board and firefighters in accordance with Colorado statutes.

The Volunteer Plan provides normal retirement benefits, disability retirement, and survivor benefits. Fully vested firefighters receive the maximum benefit in an amount reviewed every other year during the actuarial review process. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are fully vested and are eligible for a normal retirement benefit. Firefighters with 10 to 20 years of service are also eligible for a reduced monthly benefit based off an amount per year of service that is also reviewed every other year during the actuarial review process. Upon death, the surviving spouse receives a monthly pension equal to 50 percent of the benefit previously received, payable until death or remarriage. The District has sixty-two retirees, including beneficiaries, two inactive nonretired members, and thirty-two active members in the Volunteer Plan as of January 1, 2023, the actuarial valuation date.

At December 31, 2023, the District reported a net pension liability of \$889,546 related to the Volunteer Plan. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2023.

At December 31, 2023 the total pension liability was \$3,502,444, the plan fiduciary net position was \$2,612,898, and the plan fiduciary net position as a percentage of the total pension liability was 74.60 percent. For the year ended December 31, 2023, the District recognized pension expense of \$111,452 related to the Volunteer Plan.

At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to the Volunteer Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 23,535	\$ -
Assumption changes	34,268	-
Contributions subsequent to measurement date	121,688	-
Net difference between expected and actual earnings on pension plan investments	350,562	204,799
Total	\$ 530,053	\$ 204,799

The deferred outflows of resources and deferred inflows or resources related to the Volunteer Plan are included with total deferred outflows of resources and total deferred inflows of resources on the statement of net position.

Deferred outflows of resources of \$121,688 related to the Volunteer Plan, resulting from contributions subsequent to the measurement date of December 31, 2022 will be recognized as a reduction of the net pension liability in the measurement period ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31,	
2024	\$ 31,967
2025	\$ 34,972
2026	\$ 48,988
2027	\$ 87,639
2028	\$ -
Thereafter	\$ -
Total	\$ 203,566

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$121,688 for the year ended December 31, 2023.

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2021, determines the contribution amounts for 2022 and 2023.

Methods and assumptions used to determine contribution rates for the year ended December 31, 2022 were as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50.00% per year of eligibility until 100.00% at age 65.
Mortality	<p>Pre-retirement: 2006 central rates from the RP-2014 Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.</p> <p>Post-retirement: 2006 central rates from the RP-2014 Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p>Disabled: 2006 central rates from the RP-2014 Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p>

* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.

Development of the single 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 this valuation, the long-term expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.05 percent (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 percent.

Long-term expected return on plan assets. 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	1.00%	3.92%
Fixed Income – Rates	10.00%	5.45%
Fixed Income – Credit	5.00%	6.90%
Absolute Return	9.00%	6.49%
Long Short	6.00%	7.47%
Global Equity	35.00%	8.93%
Private Markets	34.00%	10.31%
Total	100.00%	

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 1,238,670	\$ 889,546	\$ 593,567

Deferred Compensation Retirement Plan

The District offers its employees a deferred compensation plan (the DCA Plan), created in accordance with Internal Revenue Code Section 457, administered by the FPPA. The DCA Plan, available to all District employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency.

All property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held in the DCA Plan trusts for the exclusive benefit of participants and their beneficiaries. FPPA is trustee of the trusts. The District has no ownership interest in the Compensation Plan nor is the District liable for losses under the Compensation Plan.

NOTE 9 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 10 - SUBSEQUENT EVENTS

On January 19, 2024, the District entered into a lease purchase agreement for \$1,089,929 with Community First National Bank to purchase three new 2 bedroom/2 bathroom condos for employee housing. The agreement is collateralized by certain apparatuses owned by the District. The District is obligated to make annual payments of \$407,557, including principal and interest at an interest rate of 5.974 percent, each January 19th beginning January 19, 2025 and ending January 19, 2027. The agreement requires compliance with specified covenants and obligations.

The minimum future obligations on the equipment lease, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 342,445	\$ 65,112	\$ 407,557
2026	362,902	44,655	407,557
2027	384,582	22,975	407,557
<i>Total minimum future obligations payments</i>	<u>\$ 1,089,929</u>	<u>\$ 132,742</u>	<u>\$ 1,222,671</u>

On January 19, 2024, the District entered into a lease purchase agreement for \$986,311 with Community First National Bank to purchase one new fire engine, one new ambulance, two new all-terrain rescue vehicles, one new truck, and various other equipment. The agreement is collateralized by the equipment purchased. The District is obligated to make two annual payments of \$100,000 and three annual payments of \$321,776, including principal and interest at an interest rate of 5.824 percent, each June 15th beginning June 15, 2024 and ending June 15, 2028. The agreement requires compliance with specified covenants and obligations.

The minimum future obligations on the equipment lease, are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 76,385	\$ 23,615	\$ 100,000
2025	47,006	52,994	100,000
2026	271,520	50,256	321,776
2027	287,333	34,443	321,776
2028	304,067	17,709	321,776
<i>Total minimum future obligations payments</i>	<u>\$ 986,311</u>	<u>\$ 179,017</u>	<u>\$ 1,165,328</u>

Required Supplemental Information

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – GENERAL FUND

For the year ended December 31, 2023

	Original Budget	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES				
Taxes:				
Property taxes	\$ 4,180,802	\$ 4,180,802	\$ 4,152,766	\$ (28,036)
Specific ownership taxes	160,000	160,000	192,284	32,284
Interest on delinquent taxes	12,903	12,903	12,133	(770)
Charges for services	500,000	550,000	585,416	35,416
Permits and fees	30,000	70,000	82,687	12,687
Wildland fire fees	200,000	480,000	480,134	134
Operating grants	426,000	1,000,000	1,004,984	4,984
Earnings on deposits and investments	60,000	275,000	289,222	14,222
Miscellaneous	35,852	35,852	83,115	47,263
Fund balance transfer	-	1,100,000	-	(1,100,000)
<i>Total Revenues</i>	<u>5,605,557</u>	<u>7,864,557</u>	<u>6,882,741</u>	<u>(981,816)</u>
EXPENDITURES				
Personnel	3,271,802	3,953,802	3,969,422	(15,620)
General and administrative	594,056	724,056	611,707	112,349
General operating	630,000	645,000	572,696	72,304
Ambulance	287,000	307,000	243,833	63,167
Fire prevention	238,000	373,000	398,446	(25,446)
Pension contributions	121,688	121,688	121,688	-
Other	53,852	53,852	5,315	48,537
Capital outlay	719,900	1,270,000	1,376,165	(106,165)
Debt service				
Principal	237,234	237,234	237,233	1
Interest	26,925	26,925	26,924	1
<i>Total Expenditures</i>	<u>6,180,457</u>	<u>7,712,557</u>	<u>7,563,429</u>	<u>149,128</u>
<i>Excess of Revenues Over Expenditures (Excess of Expenditures Over Revenues)</i>	<u>(574,900)</u>	<u>152,000</u>	<u>(680,688)</u>	<u>(832,688)</u>
<i>Net Change in Fund Balance</i>	<u>\$ (574,900)</u>	<u>\$ 152,000</u>	<u>(680,688)</u>	<u>\$ (832,688)</u>
Fund Balance - January 1			<u>6,741,904</u>	
Fund Balance - December 31			<u>\$ 6,061,216</u>	

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT

SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY / (ASSET) OF THE FPPA STATEWIDE DEFINED BENEFIT PENSION PLAN

As of December 31, *

	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.2162%	0.1766%	0.0931%	0.0915%	0.0978%	0.1071%	0.1192%	0.1151%
District's proportionate share of the net pension asset (liability)	\$ (191,857)	\$ 956,865	\$ 202,114	\$ 51,775	\$ (126,614)	\$ 154,078	\$ (43,055)	\$ 2,029
District's covered payroll	\$ 2,553,218	\$ 1,831,374	\$ 1,421,382	\$ 749,144	\$ 654,945	\$ 634,144	\$ 610,168	\$ 557,941
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	7.51%	52.25%	14.22%	6.91%	19.33%	24.30%	7.06%	-0.36%
Plan fiduciary net position as a percentage of the total pension asset (liability)	97.60%	116.20%	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 (the Plan's measurement periods) occurring prior to the District's fiscal years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS TO THE FPPA STATEWIDE DEFINED BENEFIT PENSION PLAN
For the Years Ended December 31,

	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 242,070	\$ 182,670	\$ 120,817	\$ 59,931	\$ 53,978	\$ 50,116	\$ 48,785	\$ 48,785
Contributions in relation to the statutorily required contribution	(242,070)	(182,670)	(120,817)	(59,931)	(53,978)	(50,116)	(48,785)	(48,785)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,553,218	\$ 1,831,374	\$ 1,421,382	\$ 749,144	\$ 674,730	\$ 654,945	\$ 634,144	\$ 610,168
Contributions as a percentage of covered payroll	9%	10%	8%	8%	8%	8%	8%	8%

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
VOLUNTEER PLAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET) AND RELATED RATIOS
LAST 10 YEARS (to be built prospectively)

As of December 31, *

Measurement period ending December 31:	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability								
Service cost	\$ 21,727	\$ 21,727	\$ 28,850	\$ 28,850	\$ 28,376	\$ 28,376	\$ 29,492	\$ 29,492
Interest on the total pension liability	233,530	234,793	221,783	220,530	216,737	214,109	196,579	194,198
Difference between expected and actual experience of the total pension liability	9,303	-	192,085	-	99,442	-	129,780	-
Changes of assumptions	55,188	-	-	-	133,690	-	80,440	-
Benefit payments	(280,798)	(268,526)	(238,700)	(224,502)	(211,258)	(203,760)	(200,317)	(183,887)
Net change in total pension liability	38,950	(12,006)	204,018	24,878	266,987	38,725	235,974	39,803
Total pension liability - beginning	3,463,494	3,475,500	3,271,482	3,246,604	2,979,617	2,940,892	2,704,918	2,665,115
Total pension liability - ending	<u>\$ 3,502,444</u>	<u>\$ 3,463,494</u>	<u>\$ 3,475,500</u>	<u>\$ 3,271,482</u>	<u>\$ 3,246,604</u>	<u>\$ 2,979,617</u>	<u>\$ 2,940,892</u>	<u>\$ 2,704,918</u>
Plan Fiduciary Net Position								
Employer contributions	\$ 121,688	\$ 139,701	\$ 262,701	\$ -	\$ 123,000	\$ 123,000	\$ 123,000	\$ 123,000
Net investment income	(234,790)	376,270	307,869	290,402	1,115	271,830	93,928	31,605
Benefit payments	(280,798)	(268,526)	(238,700)	(224,502)	(211,258)	(203,760)	(200,317)	(183,887)
Pension plan administrative expense	(22,683)	(21,210)	(16,682)	(25,194)	(23,230)	(22,030)	(3,078)	(4,993)
State of Colorado supplemental discretionary payment	67,293	93,989	93,989	70,245	70,245	69,156	69,156	91,969
Net change in plan fiduciary net position	(349,290)	320,224	409,177	110,951	(40,128)	238,196	82,689	57,694
Plan fiduciary net position - beginning (market value of assets at beginning of year)	2,962,188	2,641,964	2,232,787	2,121,836	2,161,964	1,923,768	1,841,079	1,783,385
Plan fiduciary net position - ending (market value of assets at end of year)	<u>\$ 2,612,898</u>	<u>\$ 2,962,188</u>	<u>\$ 2,641,964</u>	<u>\$ 2,232,787</u>	<u>\$ 2,121,836</u>	<u>\$ 2,161,964</u>	<u>\$ 1,923,768</u>	<u>\$ 1,841,079</u>
Net Pension Liability	889,546	501,306	833,536	1,038,695	1,124,768	817,653	1,017,124	863,839
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.60%	85.53%	76.02%	68.25%	65.36%	72.56%	65.41%	68.06%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 (the Plan's measurement periods) occurring prior to the District's fiscal years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
VOLUNTEER PLAN SCHEDULE OF CONTRIBUTIONS
LAST 10 YEARS (to be built prospectively)

For the Years Ended December 31,

FY Ended December 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution * (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
2022	\$ 121,688	\$ 188,981	\$ (67,293)	N/A	N/A
2021	\$ 139,701	\$ 233,690	\$ (93,989)	N/A	N/A
2020	\$ 139,701	\$ 356,690	\$ (80,468)	N/A	N/A
2019	\$ 112,777	\$ 70,245	\$ (87,536)	N/A	N/A
2018	\$ 112,777	\$ 193,245	\$ (80,468)	N/A	N/A
2017	\$ 104,620	\$ 192,156	\$ (87,536)	N/A	N/A
2016	\$ 104,620	\$ 192,156	\$ (87,536)	N/A	N/A
2015	\$ 122,564	\$ 214,969	\$ (92,405)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

See accompanying notes.

Other Supplemental Information

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE –
BUDGET AND ACTUAL – DEBT SERVICE FUND

For the year ended December 31, 2023

	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes:			
Property taxes	\$ 358,119	\$ 363,548	\$ 5,429
Specific ownership taxes	10,000	16,905	6,905
Interest on delinquent taxes	-	1,695	1,695
Earnings on deposits and investments	-	4,524	4,524
<i>Total Revenues</i>	<u>368,119</u>	<u>386,672</u>	<u>18,553</u>
EXPENDITURES			
General operating	10,744	10,981	(237)
Debt service			
Principal	340,000	340,000	-
Interest	17,375	18,125	(750)
<i>Total Expenditures</i>	<u>368,119</u>	<u>369,106</u>	<u>(987)</u>
<i>Excess of Revenues Over Expenditures</i>	<u>-</u>	<u>17,566</u>	<u>17,566</u>
<i>Net Change in Fund Balance</i>	<u>\$ -</u>	<u>17,566</u>	<u>\$ 17,566</u>
Fund Balance - January 1		<u>242,362</u>	
Fund Balance - December 31		<u>\$ 259,928</u>	

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – GENERAL FUND

For the years ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES			
Taxes:			
Property taxes	\$ 4,152,766	\$ 3,978,970	\$ 3,689,418
Specific ownership taxes	192,284	179,596	185,721
Interest on delinquent taxes	12,133	12,903	9,822
Charges for services	585,416	543,722	527,497
Permits and fees	82,687	37,311	49,329
Wildland fire fees	480,134	229,243	371,134
Operating grants	1,004,984	155,200	32,435
Earnings on deposits and investments	289,222	106,962	2,399
Miscellaneous	83,115	126,919	82,450
<i>Total Revenues</i>	<u>6,882,741</u>	<u>5,370,826</u>	<u>4,950,205</u>
EXPENDITURES			
Personnel	3,969,422	3,294,275	2,622,875
General and administrative	611,707	543,173	467,456
General operating	572,696	626,930	472,251
Ambulance	243,833	302,895	268,704
Fire prevention	398,446	265,723	186,724
Pension contributions	121,688	121,688	139,701
Other	5,315	6,676	6,849
Capital outlay	1,376,165	564,960	769,432
Debt service:			
Principal	237,233	251,585	-
Interest	26,924	12,573	-
<i>Total Expenditures</i>	<u>7,563,429</u>	<u>5,990,478</u>	<u>4,933,992</u>
<i>Excess of Revenues Over Expenditures (Excess of Expenditures Over Revenues)</i>	<u>(680,688)</u>	<u>(619,652)</u>	<u>16,213</u>
OTHER FINANCING SOURCES			
Proceeds from equipment lease purchase	-	1,240,000	-
Proceeds from sale of capital assets	-	14,500	32,500
<i>Total Other Financing Sources</i>	<u>-</u>	<u>1,254,500</u>	<u>32,500</u>
<i>Net Change in Fund Balance</i>	<u>(680,688)</u>	<u>634,848</u>	<u>48,713</u>
Fund Balance - January 1	<u>6,741,904</u>	<u>6,107,056</u>	<u>6,058,343</u>
Fund Balance - December 31	<u><u>\$ 6,061,216</u></u>	<u><u>\$ 6,741,904</u></u>	<u><u>\$ 6,107,056</u></u>

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE – DEBT SERVICE FUND

For the years ended December 31, 2023, 2022, and 2021

	<u>2023</u>	<u>2022</u>	<u>2021</u>
REVENUES			
Taxes:			
Property taxes	\$ 363,548	\$ 359,740	\$ 360,338
Specific ownership taxes	16,905	16,268	18,177
Interest on delinquent taxes	1,695	1,900	1,784
Earnings on deposits and investments	4,524	1,492	-
<i>Total Revenues</i>	<u>386,672</u>	<u>379,400</u>	<u>380,299</u>
EXPENDITURES			
General operating	10,981	10,851	10,867
Debt service			
Principal	340,000	335,000	320,000
Interest	18,125	26,500	32,886
<i>Total Expenditures</i>	<u>369,106</u>	<u>372,351</u>	<u>363,753</u>
<i>Excess of Revenues Over Expenditures (Excess of Expenditures Over Revenues)</i>	<u>17,566</u>	<u>7,049</u>	<u>16,546</u>
<i>Net Change in Fund Balance</i>	17,566	7,049	16,546
Fund Balance - January 1	<u>242,362</u>	<u>235,313</u>	<u>218,767</u>
Fund Balance - December 31	<u>\$ 259,928</u>	<u>\$ 242,362</u>	<u>\$ 235,313</u>

See accompanying notes.