

Kremmling Fire Protection District
Kremmling, Colorado
Financial Statements

December 31, 2024



Kremmling Fire Protection District Financial Statements
December 31, 2024

Table of Contents

	Page(s)
INDEPENDENT AUDITOR'S REPORT	1
Management's Discussion and Analysis	3
Basic Financial Statements:	
Government-wide Financial Statements:	
Governmental Fund Balance Sheet / Statement of Net Position	7
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	9
Notes to the Financial Statements	11
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	24
Schedule of Employer's Proportionate Share of Net Pension Asset / Liability	25
Schedule of District Contributions	27
Noted to Schedule of Contributions	29

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Kremmling Fire Protection District
Kremmling, Colorado

Opinions

We have audited the financial statements of the governmental activities and the General fund of Kremmling Fire Protection District (the District), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the District, as of December 31, 2024, and the respective changes in financial position 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, (GAS) issued by the Comptroller General of the United States. 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.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 GAAS and *Government 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 GAAS and *Government 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, budgetary comparison information, and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

P. Andrew Hall LLC.

Corpus Christi, Texas
November 6, 2025

MANAGEMENT DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

Introduction

The Kremmling Fire Protection District's management discussion and analysis is intended to provide the reader and user of our financial statements with: (a) an understanding of the financial issues of the District; (b) an overview of the District's financial activities; (c) an explanation of the changes in the District's financial position; (d) an explanatory analysis of the variations of the annual approved budgets and; (e) an assessment of any future financial or operating issues of the District.

This discussion and analysis is intended to focus on the activities for the year ended December 31, 2024. It should be read in conjunction with, and with reference to, the accompanying audited financial statements and related notes to the financial statements.

Overview of the Financial Statements

Government-Wide Financial Statements: These statements are on pages 7 and 8 of this report. They provide information about the District's financial position from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet / Statement of Net Position provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, with the difference between the two reported as the District's net position. The General Fund column provides the financial position looking at the short-term available resources and is reported on the modified accrual basis of accounting. The Statement of Net Position provides the financial position looking at long term economic resources and is reported on a full accrual basis. Over time, comparison of changes in net position may provide a useful method of evaluating whether the financial position of the District is improving or deteriorating.

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities provides information regarding the District's revenues and expenses / expenditures. The General Fund column focuses on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. The Statement of Activities column 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 the related cash flows.

Fund Financial Statements: Governmental funds are used to maintain control over resources that have been designated for specific activities or objectives. A fund is a group of related accounts used as resources for the purposes of the fund. Governmental funds focus on the near-term inflows and outflows of spendable resources and the balance of those resources at year-end. The focus of governmental funds is narrower than government-wide financial statements, so a comparison of information presented to help readers better understand the long-term impact of the near-term financing and spending decisions.

The Notes to Financial Statements provide additional required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements. The Notes to the Financial Statements are found starting at page 9 of this report.

The District adopts a budget annually for its only governmental fund, the General Fund. A budgetary comparison statement has been provided to demonstrate compliance with this budget and is found in the Required Supplementary Information on pages 21. As required by Governmental Accounting Standards Board Statement No. 68, Accounting and Financial Reporting for Pensions (an Amendment of GASB No. 27), the District's pension liability related to the Volunteer Fire and Police Pension Plan, is found in the Required Supplementary Information on pages 24-29.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the District

Statement of Net Position

	2024	2023
Current and other assets	\$ 2,441,090	\$ 2,061,074
Capital assets, net	952,320	1,003,830
Total assets	3,393,410	3,064,904
Deferred outflows of resources	80,437	116,411
Other liabilities	10,397	13,004
Long-term liabilities	68,900	128,869
Total liabilities	79,297	141,873
Deferred inflows of resources	689,392	512,969
Net position:		
Net investment in capital assets	952,320	1,003,830
Restricted for emergencies	23,416	19,001
Unrestricted	1,729,242	1,503,642
Total net position	\$ 2,704,978	\$ 2,526,473

Net position increased by \$178,505 to \$2,704,978 during 2024 due to an increase in assessed valuation. \$23,416 of net position is restricted for an emergency reserve in compliance with TABOR.

Cash and investments increased by \$222,506 from the prior year. At December 31, 2024, cash and investments represent approximately 72% of the District's current assets and approximately 52% of the District's total assets.

Total liabilities decreased by \$62,576 from the previous year, primarily due to the change in the net pension liability.

Net capital assets totaled \$952,320 at December 31, 2024, which represents approximately 36% of total net position. In 2024, capital assets decreased by \$51,509 on a net basis. Capital assets of the District include land and improvements, buildings, vehicles, equipment, and assets under construction. These assets are used to provide fire protection and rescue services to its constituents; therefore, these assets are not available for future spending. The remaining unrestricted assets are for current expenditures and reserves for future capital expenditures and scheduled replacements of vehicles and equipment. The details of the changes to capital assets can be found in Note 4 to the financial statements.

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MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Financial Analysis of the District (continued)

Statement of Activities

	<u>2024</u>	<u>2023</u>
Revenues:		
Property Taxes	\$ 745,247	\$ 506,609
Speceific Ownership Taxes	35,649	35,497
Interest Income	92,066	73,612
Firefighter Funds	1,377	4,085
Other	1,171	13,575
Total Revenues	<u>875,510</u>	<u>633,378</u>
Expenses:		
Administration	403,340	371,626
Building	1,689	1,741
Operations	42,089	25,399
Training	5,173	1,264
Vehicles	11,794	7,994
Utilities	16,044	13,727
Pension Expense	42,576	53,753
Bad Debt Expense	18,468	-
Depreciation	155,832	155,008
Total expenses	<u>697,005</u>	<u>630,512</u>
Change in net position	178,505	2,866
Net position - Beginning	<u>2,526,473</u>	<u>2,523,607</u>
Net position - Ending	<u>\$ 2,704,978</u>	<u>\$ 2,526,473</u>

In 2024, revenues increased \$242,132 or 38% from 2023 levels. Property and specific ownership taxes represented 89% of the total revenues in 2024. The increase in total revenue from the prior year was primarily due to an increase in property tax revenues due to a higher assessed valuation.

Overall expenses of the District increased by \$66,313 or 11% in 2024 compared to 2023. Depreciation expenses of \$155,832 accounted for 22% of the District's expenses for 2024; payroll costs including salaries and benefits totaled \$216,048 or 31% of total expenses and insurance expense of \$28,606 were 4% of total expenses.

Budgetary Analysis and Discussion

The District's General Fund balance increased by \$206,201 in 2024 and increased by \$141,393 in 2023. The 2024 increase in fund balance is the result of lower than budgeted capital outlay.

General Fund revenues for 2024 were \$58,470 favorable to budget, primarily due to property tax, specific ownership taxes and interest income being higher than expected.

General Fund expenditures were favorable to budget by \$321,614 primarily due to lower than planned expenditures in capital outlay. Overall, General Fund expenditures for 2024 increased \$66,493 from 2023 because of increased expenses in nearly every line item.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

Capital Asset and Long-Term Debt

Capital Assets: Capital asset activity for the year consisted of depreciation expense of \$155,832 and capital outlay of \$104,323 primarily for new windows and doors for the fire station. As noted previously the details of these expenses can be found in the note disclosures in section Note 4.

Long Term Debt: The District has no long-term debt.

Next Year's Budget

The District's fund balance at the end of 2024 was \$1,741,301 as compared to the budget estimate of \$1,347,031. The 2025 budget anticipates an ending balance of \$1,374,973 with expected revenues of \$1,073,482 and expenditures of \$1,445,936, of which \$802,000 is for capital expenditures.

Request for Information

This financial report is designed to provide a general overview of the District's finances for those with an interest in the District's operations. Questions concerning the information provided in this report should be addressed to: Board of Directors, Kremmling Fire Protection District, P.O. Box 6, Kremmling, Colorado 80459 or by phone at (970) 724-3795.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

KREMLING FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET
DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Net Position
ASSETS:			
Cash and Cash Equivalents	\$ 14,487	\$ -	\$ 14,487
Investments	1,734,302	-	1,734,302
Property Tax Receivable	689,392	-	689,392
Speceific Ownership Tax Receivable	2,909	-	2,909
Capital Assets, not being depreciated	-	8,000	8,000
Capital Assets, net of depreciation	-	944,320	944,320
Total Assets	<u>2,441,090</u>	<u>952,320</u>	<u>3,393,410</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Resources Related to Pensions	-	80,437	80,437
Total Deferred Outflows of Resources	<u>-</u>	<u>80,437</u>	<u>80,437</u>
LIABILITIES:			
Accounts Payable	8,254	-	8,254
Accrued Liabilities	2,143	-	2,143
Due in More Than One Year			
Accrued Compensated Absences	-	24,973	24,973
Net Pension Liability	-	44,107	44,107
Total Liabilities	<u>10,397</u>	<u>69,080</u>	<u>79,477</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Property Tax evенue	689,392	-	689,392
Total Deferred Inflows of Resources	<u>689,392</u>	<u>-</u>	<u>689,392</u>
FUND BALANCE:			
Restricted for Emergencies	23,416	(23,416)	-
Unassigned	1,717,885	(1,717,885)	-
Total Fund Balance	<u>1,741,301</u>	<u>(1,741,301)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 2,441,090</u>		
NET POSITION:			
Net Investment in Capital Assets		952,321	952,321
Restricted for Emergencies		23,416	23,416
Unrestricted		1,729,241	1,729,241
Total Net Position		<u>\$ 2,704,978</u>	<u>\$ 2,704,978</u>

The accompanying notes to the financial statements are an integral part of this report.

KREMMLING FIRE PROTECTION DISTRICT
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
December 31, 2024

Total Fund Balances - Total Governmental Funds \$ 1,741,301

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are reported in the governmental funds. The cost of assets in governmental activities and the accumulated depreciation are as follows:

Capital Assets	\$ 3,285,857	
Accumulated Depreciation	<u>(2,333,537)</u>	
		952,320

Deferred Outflows and Inflows are not reported in governmental funds as follows:

Deferred Outflows Related to Pensions	80,437
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Some liabilities are not due and payable in the current period and therefore are not reported in funds.

A detail of these liabilities follows:

Accumulated Compensated Absences	\$ (24,973)	
Net Pension Liability	<u>(44,107)</u>	
		<u>(69,080)</u>

Net Position of Governmental Activities	<u>\$ 2,704,978</u>
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The accompanying notes are an integral part of these financial statements.

KREMLING FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2024

	General Fund	Adjustments	Statement of Activities
REVENUES			
Property Taxes	\$ 745,247	\$ -	\$ 745,247
Specific Ownership Taxes	35,649	-	35,649
Interest Income	92,066	-	92,066
Firefighter Funds	1,377	-	1,377
Other	1,171	-	1,171
Total Revenues	<u>875,510</u>	<u>-</u>	<u>875,510</u>
EXPENDITURE/EXPENSES			
Administration	399,173	4,167	403,340
Building	1,689	-	1,689
Operations	42,089	-	42,089
Training	5,173	-	5,173
Vehicles	11,794	-	11,794
Utilities	16,044	-	16,044
Capital Outlay	104,323	(104,323)	-
Pension Expense	70,556	(27,980)	42,576
Bad Debt Expense	18,468	-	18,468
Depreciation	-	155,832	155,832
Total Expenditures/Expenses	<u>669,309</u>	<u>27,696</u>	<u>697,005</u>
CHANGE IN FUND BALANCE	206,201	(206,201)	-
CHANGE IN NET POSITION		178,505	178,505
FUND BALANCE/NET POSITION			
Beginning of year	<u>1,535,100</u>		<u>2,526,473</u>
End of Year	<u>\$ 1,741,301</u>		<u>\$ 2,704,978</u>

The accompanying notes to the financial statements are an integral part of this report.

KREMMLING FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2024

Net Change in Fund Balance - Total Governmental Funds \$ 206,201

Amounts reported for governmental activities in the statement of activities
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities
the cost of those assets is allocated over their estimated useful lives and reported as depreciation
expense. Capital outlays exceed depreciation as follows:

Capital Outlay	\$ 104,323	
Depreciation	<u>(155,832)</u>	(51,509)

Expenditures are recognized in the governmental funds when paid or due for items not normally paid
with available financial resources. However, the Statement of Activities is presented on an accrual
basis and expenses reported when incurred. This amount is the net effect of these differences

Compensated Absence Expense	\$ (4,167)	
Net Change in Pension	<u>27,980</u>	
	23,813	<u>23,813</u>

Change in net position of governmental activities \$ 178,505

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

NOTES TO FINANCIAL STATEMENTS

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Kremmling Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide fire protection services. The District's service area is located in Grand County, Colorado. The District is governed by five elected board members (the "Board"). The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("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 more significant aspects of the government's accounting policies are described below.

Reporting Entity

The reporting entity consists of (a) The primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations, which are fiscally dependent, i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, the Kremmling Volunteer Firefighter membership (the "Volunteers") is reported as a blended component unit in the District's financial statements. More specifically, the Volunteers is included as a blended component unit of the District because it does not have corporate powers separate from the District that would distinguish it as being legally separate from the District, and the nature and significance of their relationship are such that exclusion would cause the financial statements to be incomplete. The purpose of the Volunteers is to preserve life and to protect property and the environment through firefighting and rescue activity, and to provide mutual aid to other agencies, as necessary. The Volunteers is comprised of volunteer firefighters.

Basis of Presentation

The accompanying financial statements are presented in accordance with GASB Statement No. 34 – Special Purpose Governments, Section SP20 and GASB No. 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position.

Government-wide and Financial Statements: The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District does not have any business-type activities; only governmental activities.

In the Governmental Fund Balance Sheet / Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The District's net position are reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental fund:

- The General Fund is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation: Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

Financial Statement Accounts

Cash, Cash Equivalents, and Investments: Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the District.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

Receivables: Operating accounts receivables at December 31, 2024 are considered uncollectable and the full amount has been written off. A bad debt expense of \$ 18,468 was incurred to clear the old uncollectible balances.

Property Taxes: Property taxes are assessed in one year as a lien on the property, but not collected by governmental entities until the subsequent year. In accordance with GAAP, the assessed but unavailable property tax revenue has been recorded as a receivable and a deferred inflow of resources.

Capital Assets: Capital assets, which include land, construction-in-progress, land improvements, buildings and improvements, vehicles, and equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase, if applicable, is capitalized as part of the value of the asset.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Accounts (Continued)

Capital Assets (continued)

Land improvements, buildings and improvements, vehicles, and equipment are depreciated using the straight-line method over the following estimated useful lives.

Assets	Years
Land Improvements	10 - 20
Building Improvements	7 - 40
Vehicles	6 - 32
Equipment	5 - 20

Pensions: The District participates in the Statewide Defined Benefit Plan administered by the Fire and Police Pension Association of Colorado (“FPPA”). The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit plan.

The District also sponsors a single employer defined benefit plan for its volunteer firefighters. The net pension asset (liability), deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. 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 to conform to 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 the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Deferred Inflows and Outflows of Resources: In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The District has only one item that qualifies for reporting in this category at December 31, 2024, pension-related deferred outflows reported in the government-wide Statement of Net Position. Pension contributions made after the measurement date, and the difference between projected and actual earnings, will be recognized as a reduction of the net pension liability in future periods. See Note 6.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one item that qualifies for reporting in this category. Unavailable revenues from property taxes, reported in the governmental balance sheet and on the Statement of Net Position, are deferred and recognized as in inflow from resources in the period that the amounts become available.

Fund Balance: Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of the funds but also provide clarity as to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Financial Statement Accounts (Continued)

Fund Balance (continued)

The District classifies governmental fund balances as follows:

- Non-spendable - includes fund balance amounts that inherently cannot be spent because they are not in spendable form; such as inventories, prepaid items, or long-term receivables.
- Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board.
- Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board or its management designees.
- Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts first when both restricted and unrestricted fund balance is available, unless there are legal documents or contracts that prohibit this, such as in grant agreements requiring dollar-for-dollar spending. Additionally, the District first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The District does not have a formal minimum fund balance policy. However, the District's budget includes a calculation of a targeted reserve positions and management calculates targets and reports them annually to Board of Directors.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

In the fall of each year, the District's Board formally adopts a budget with appropriations by fund for the ensuing year pursuant to Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with GAAP.

- For the 2024 budget, prior to August 25, 2023, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2023, only once by a single notification to the District.
- On or before October 15, 2023, the District's manager submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- For the 2024 budget, prior to December 15, 2023, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting (continued)

- After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of those estimated in the budget; (c) it may approve emergency appropriations; and (d) it may reduce appropriations for which originally estimated revenues are insufficient.
- All appropriations lapse at year-end. Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2023 were collected in 2024 and taxes certified in 2024 will be collected in 2025. Taxes are due on January 1 in the year of collection; however, they may be paid in either one installment (no later than April 30) or two equal installments (not later than February 28 and June 15) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15.

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used only for declared emergencies. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, salary, or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenues. The District has reserved a portion of its December 31, 2024 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$23,416.

The District's voters approved the following TABOR ballot question on November 4, 1997: Without any increase in the property tax mill levy, shall the Kremmling Fire Protection District (the "District") be authorized to collect, and the District to retain and expend all revenues and other funds collected from any source during 1996 and each subsequent year, notwithstanding the limitations of Article X, Section 20 of the Colorado Constitution or any other law.

District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 3: DEPOSITS AND INVESTMENTS

Cash Deposits

The District maintains a cash pool that is available for use by all funds. Each fund's portion of the pool is displayed on their respective balance sheet as "Cash and Cash equivalents". As of December 31, 2024, the District's cash deposits had a carrying balance of \$14,487 with corresponding bank balance of \$19,172 of which \$250,000 is federally insured.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 3: DEPOSITS AND INVESTMENTS

Cash Deposits (continued)

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2024, none of the District's bank deposits were exposed to custodial credit risk.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States 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.

At December 31, 2024, the District had \$984,897 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to \$1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to \$10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

CSAFE - The District invests in the Colorado Surplus Asset Fund Trust (CSAFE), established for Colorado local governments surplus fund pooling. The pool is regulated by the Colorado Securities Commissioner. Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained by the custodial bank. The custodian's internal records identify the investments owned by the specific pool. C-SAFE is a 2a7-like investment pool and is rated by Standard and Poor's, and Moody's with current ratings of AAA and Aaa. CSAFE is valued at amortized cost. There are no limitations on withdrawals. The redemption frequency is daily and there is no redemption notice period for. At December 31, 2024 the District had \$703,836 invested in CSAFE.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 3: DEPOSITS AND INVESTMENTS (CONTINUED)

Investments (continued)

A summary of cash and cash equivalents at December 31, 2024 is as follows:

Cash Deposits	\$ 14,487
Money Market	45,569
COLOTRUST	984,897
CSAFE	<u>703,836</u>
Total Cash and Cash Equivalents	<u>\$ 1,748,789</u>

As of December 31, 2024, the Board had not adopted a formal investment policy.

NOTE4: CAPITAL ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets, not being depreciated				
Land	\$ 8,000	\$ -	\$ -	\$ 8,000
Total Capital Assets, not being depreciated	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>8,000</u>
Capital Assets, being depreciated				
Land Improvements	\$ 45,915	\$ -	\$ -	\$ 45,915
Buildings and Improvements	1,055,933	104,323	-	1,160,256
Vehicles	1,757,770	-	-	1,757,770
Equipment	313,916	-	-	313,916
Total Capital Assets Being Depreciated	<u>3,173,534</u>	<u>104,323</u>	<u>-</u>	<u>3,277,857</u>
Less Accumulated Depreciation				
Capital Assets, being depreciated				
Land Improvements	(45,518)	(217)	-	(45,735)
Buildings and Improvements	(672,590)	(41,397)	-	(713,987)
Vehicles	(1,287,911)	(94,370)	-	(1,382,281)
Equipment	<u>(171,686)</u>	<u>(19,848)</u>	<u>-</u>	<u>(191,534)</u>
Total Accumulated Depreciation	<u>(2,177,705)</u>	<u>(155,832)</u>	<u>-</u>	<u>(2,333,537)</u>
Total Capital Assets Being Depreciated, net	<u>\$ 995,829</u>	<u>\$ (51,509)</u>	<u>\$ -</u>	<u>\$ 944,320</u>

NOTE 5: LONG-TERM OBLIGATIONS

Accrued Compensated Absences

The District has a policy for the accumulation of paid vacation and sick leave, subject to certain limits. These benefits are only available to full-time employees. Full-time employees are eligible for these benefits under the following formula. Earned vacation leave accrues on a graduated scale. Sick pay accrues at the rate of 8 hours per month. The maximum accrual of aggregate sick and vacation hours for the Chief is 340 hours and 240 hours for the other two full-time employees. This liability is reported in the Statement of Net Position. None of this liability is reported in the Governmental Fund Balance Sheet, as it is not expected to be paid from expendable available resources.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 5: LONG-TERM OBLIGATIONS (CONTINUED)

Accrued Compensated Absences (continued)

The following table summarizes changes in the District's long-term obligations during the past year:

	Beginning Balance	Increases	Decreases	Ending Balance
Compensated Absences	\$ 20,805	\$ 4,168	\$ -	\$ 24,973
Total Long-term Liabilities	\$ 20,805	\$ 4,168	\$ -	\$ 24,973

NOTE 6: PENSION ASSETS (LIABILITIES), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

Volunteer Fire Department Pension Fund

At December 31, 2024, the Department reported a liability of \$44,107 for its net pension liability / (asset). The net pension liability / (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability/(asset) was determined by an actuarial valuation as of that date. The plan membership consists of the following:

Retirees and Beneficiaries	15
Inactive, Nonretired Members	3
Active members	7
	25

For the year ended December 31, 2024, the Department recognized pension expense of \$70,556. At December 31, 2024, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ -
Changes of assumptions	-	-
Net difference between projected and actual earnings	65,158	41,144
	\$ 65,158	\$ 41,144

\$0 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. *Actuarial assumptions.* The total pension liability (asset) in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement. Future pension expense from the amortization of deferred outflows and inflows of resources are as follows:

Year ended December 31:	(Inflows) of Resources
2025	\$ 1,497
2026	8,206
2027	18,015
2028	(3,704)
	\$ 24,014

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 6: PENSION ASSETS (LIABILITIES), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Volunteer Fire Department Pension Fund (continued)

On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2023 valuation were based on the results of an actuarial experience study in 2022.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2022, are summarized in the above table.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Rare of Return</u>
Cash	1%	4.32%
Fixed Income - Rates	10%	5.35%
Fixed Income - Credit	5%	5.89%
Absolute Return	9%	6.39%
Long Short	6%	7.27%
Global Equity	35%	8.33%
Private Markets	34%	10.31%
Total	100%	

Discount rate. The discount rate used to measure the total pension liability was 7.50 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 Fire & Police Pension Association Board of Director’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

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

	1% Decrease	Current Discount Rate	1% Increase
	6.00%	7.00%	8.00%
Net Pension Liability/(Asset)	\$ 126,666	\$ 44,107	\$ (25,178)

* The long-term rate of return used was 7.0 percent. The municipal bond rate used was 4.05 percent. The single discount rate for the plans was 7.00 percent.

Pension plan fiduciary net position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 6: PENSION ASSETS (LIABILITIES), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Statewide Retirement Plan

The District contributes to the Statewide Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Retirement Plan (SRP) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid fire fighters of the District are members of the Statewide Retirement Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the District to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Retirement Plan and the Statewide Death and Disability Plan. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Description of Benefits

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. The annual normal retirement benefit is 2 percent of the average of the member's highest three-year' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent of the average thereafter.

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of 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 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 base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SRP plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Members of the SRP plan and their employers contributing at the rate of 12 percent and 11 percent, respectively, of base salary for a total contribution rate of 23 percent in 2023. In 2014, the members elected to increase the member contribution rate to the SRP plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2023 to a total of 12 percent of base salary. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. Contributions to the SRP plan from the District were \$22,306 for the year ended December 31, 2024.

At December 31, 2024, the District reported a liability of \$0 for its proportionate share of the net pension liability (asset). The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The District's proportion of the net pension liability was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2023, the District's proportion was .000124180294 percent, which was an increase of .000013160342 percent from its proportion measured as of December 31, 2022.

For the year ended December 31, 2024, the District recognized pension expense of \$5,767. At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 6: PENSION ASSETS (LIABILITIES), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Statewide Retirement Plan (continued)

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 23,649	\$ -
Changes of assumptions	13,718	-
Net difference between projected and actual earnings	-	-
Net impact of change in change in proportionate share	-	3,250
Contributions subsequent to the measurement date	22,306	-
	\$ 59,673	\$ 3,250

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

Year ended December 31:	Net Deferred Outflows/ (Inflows) of Resources
2025	\$ 28,803
2026	10,878
2027	16,707
2028	(51)
2029	(5,100)
Thereafter	5,186
	\$ 56,423

Actuarial Assumptions

The total pension liability (asset) in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Total Pension Liability	Actuarial Determined Contributions
	January 1, 2024	January 1, 2023
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Long-term Investment Rate of Return*	N/A	30 years
Projected Salary Increases*	7%	7%
Cost of Living Adjustments (COLA)	4.25%-11.25%	4.25%-11.25%
*Includes Inflation at:	2.50%	2.50%

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 pre-retirement 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 Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. 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.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 6: PENSION ASSETS (LIABILITIES), PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS (CONTINUED)

Statewide Retirement Plan (continued)

Pension Plan Fiduciary Net Position

Detailed information about the SWDB's fiduciary net position is available in FPPA's annual comprehensive financial report, which can be obtained at <http://www.fppaco.org>.

Statewide Money Purchase Pension Plan (MPPP)

The District contributes to the Statewide Money Purchase Pension Plan (MPPP), a defined contribution pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). The MPPP provides retirement benefits for eligible fire personnel employed by the District.

Plan Description

The MPPP is established under Colorado Revised Statutes Title 31, Article 30, and is administered by FPPA. As a defined contribution plan, retirement benefits depend solely on the amounts contributed to the plan and investment earnings thereon. Each participant has an individual account, and benefits are fully vested upon contribution.

Funding Policy

Both the District and eligible employees are required to contribute a fixed percentage of covered payroll. For the year ended December 31, 2024, the contribution rates were:

- Employee contribution rate: 8.0%
- Employer contribution rate: 8.0%

Contributions are made monthly and are immediately vested.

Contributions

For the year ended December 31, 2024, the District contributed \$6,888 to the MPPP, which equaled the required contributions for the year. Employee contributions for the same period were \$6,888 required contribution and \$700 voluntary after-tax contribution.

Plan Administration

FPPA administers the plan and provides oversight, investment management, and reporting. Additional information regarding the plan, including audited financial statements and investment performance, is available at www.fppaco.org.

NOTE 7: VOLUNTARY INVESTMENT PROGRAM

Description. Effective May 1, 2010 employees of the District who are members of the SRP (see Note 6) may voluntarily contribute to the Voluntary Investment Program ("457 Plan"), an Internal Revenue Code Section 457 defined contribution plan administered by FPPA. Plan participation is optional, and contributions are separate from others made to FPPA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 457 Plan provisions to the State Legislature.

Funding Policy. The 457 Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$23,500 for calendar year 2024 and \$23,000 for the calendar years 2023). Catch-up contributions up to \$7,500 for calendar years 2024 and 2023 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). For the years ended December 31, 2024 and 2023-member pre-tax contributions were \$7,535 and \$2,250, respectively.

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
DECEMBER 31, 2024**

NOTE 8: TAX, SPENDING, AND DEBT LIMITATION

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The Town believes it is in compliance with the requirements of TABOR.

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

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. The District had an emergency reserve of \$23,416 as of December 31, 2024.

NOTE 9: RISK MANAGEMENT

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, are not expected to exceed the commercial insurance coverage.

NOTE 10: SUBSEQUENT EVENTS

Management has evaluated subsequent events through November 6, 2025, the date on which the financial statements were available to be released.

REQUIRED SUPPLEMENTARY INFORMATION

**KREMLING FIRE PROTECTION DISTRICT
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2024**

	Original Budget	Final Budget	Actual	Variance Favorable (unfavorable)
REVENUES				
Property Taxes	\$ 742,740	\$ 742,740	\$ 745,247	\$ 2,507
Specific Ownership Taxes	13,000	13,000	35,649	22,649
Interest Income	52,000	52,000	92,066	40,066
Grants	2,000	2,000	-	(2,000)
Firefighter Funds	1,600	1,600	1,377	(223)
Other	5,700	5,700	1,171	(4,529)
Total Revenues	<u>817,040</u>	<u>817,040</u>	<u>875,510</u>	<u>58,470</u>
EXPENDITURES				
Administration	425,718	425,718	399,173	26,545
Building	5,300	5,300	1,689	3,611
Operations	52,450	52,450	42,089	10,361
Training	9,450	9,450	5,173	(2,344)
Vehicles	18,000	18,000	11,794	1,956
Utilities	18,700	18,700	16,044	2,656
Capital Outlay	331,000	400,420	104,323	296,097
Pension Expense	71,756	71,756	70,556	1,200
Bad Debt Expense	-	-	18,468	(18,468)
Total Expenditures	<u>932,374</u>	<u>1,001,794</u>	<u>669,309</u>	<u>321,614</u>
Change in Fund Balance	<u>\$ (115,334)</u>	<u>\$ (184,754)</u>	206,201	<u>\$ 21,447</u>
FUND BALANCE/NET POSITION				
Beginning of year			<u>1,535,100</u>	
End of Year			<u>\$ 1,741,301</u>	

KREMMLING FIRE PROTECTION DISTRICT
SCHEDULE OF EMPLOYERS'S PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITY
FIRE AND POLICE ASSOCIATION OF COLORADO
LAST 10 FISCAL YEARS

Measurement Period Ending December 31,	2023	2022	2021
Total Pension Liability			
Service Cost	\$ 7,016	\$ 3,922	\$ 3,922
Interest (on Total Pension Liability)	53,906	53,481	53,738
Benefit changes	-	-	-
Difference between Expected and Actual Experience	-	(419)	-
Changes of assumptions	-	8,456	-
Benefit Payments	(60,885)	(60,885)	(61,785)
Net Change in Total Pension Liability	37	4,555	(4,125)
Total Pension Liability - Beginning	796,563	792,008	796,133
Total Pension Liability - Ending (a)	<u>\$ 796,600</u>	<u>\$ 796,563</u>	<u>\$ 792,008</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 53,753	\$ 55,967	\$ 49,285
Pension Plan Net Investment Income	66,628	(56,460)	94,367
Benefit Payments	(60,885)	(60,885)	(61,785)
Pension Plan Administrative Expense	(6,752)	(6,018)	(4,473)
State of Colorado Supplemental Discretionary Payment	11,250	11,250	22,500
Net Change in Plan Fiduciary Net Position	63,994	(56,146)	99,894
Plan Fiduciary Net Position - Beginning	688,499	744,645	644,751
Plan Fiduciary Net Position - Ending (b)	<u>\$ 752,493</u>	<u>\$ 688,499</u>	<u>\$ 744,645</u>
Net Pension (Asset) Liability - Ending (a)-(b)	<u>\$ 44,107</u>	<u>\$ 108,064</u>	<u>\$ 47,363</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.46%	86.43%	94.02%
Covered-employee payroll	N/A	N/A	N/A
Net pension liability/(asset) as a percentage of covered employee payroll	N/A	N/A	N/A

(continued)

KREMMLING FIRE PROTECTION DISTRICT
SCHEDULE OF EMPLOYERS'S PROPORTIONATE SHARE OF NET PENSION ASSETS/LIABILITY
FIRE AND POLICE ASSOCIATION OF COLORADO
LAST 10 FISCAL YEARS

2020	2019	2018	2017	2016	2015	2014
\$ 7,488	\$ 7,488	\$ 7,640	\$ 7,640	\$ 13,047	\$ 13,047	\$ 9,978
53,772	53,548	54,923	54,317	53,270	52,568	50,443
-	-	-	-	-	-	-
(29)	-	(6,805)	-	(12,274)	-	21,900
-	-	32,340	-	18,399	-	-
<u>(58,185)</u>	<u>(57,494)</u>	<u>(53,245)</u>	<u>(54,495)</u>	<u>(57,105)</u>	<u>(55,450)</u>	<u>(55,530)</u>
3,046	3,542	34,853	7,462	15,337	10,165	26,791
793,087	789,545	754,692	747,230	731,893	721,728	694,937
<u>\$ 796,133</u>	<u>\$ 793,087</u>	<u>\$ 789,545</u>	<u>\$ 754,692</u>	<u>\$ 747,230</u>	<u>\$ 731,893</u>	<u>\$ 721,728</u>
\$ 47,982	\$ 41,452	\$ 41,945	\$ 40,410	\$ 40,515	\$ 37,595	\$ 36,825
73,996	72,976	(942)	67,005	23,408	8,380	27,729
(58,185)	(57,494)	(53,245)	(54,495)	(57,105)	(55,450)	(55,530)
(4,047)	(5,637)	(5,592)	(4,564)	(848)	(773)	(1,038)
-	11,250	11,250	11,250	11,250	11,250	11,250
59,746	62,547	(6,584)	59,606	17,220	1,002	19,236
585,005	522,458	529,042	469,436	452,216	451,214	431,978
<u>\$ 644,751</u>	<u>\$ 585,005</u>	<u>\$ 522,458</u>	<u>\$ 529,042</u>	<u>\$ 469,436</u>	<u>\$ 452,216</u>	<u>\$ 451,214</u>
<u>\$ 151,382</u>	<u>\$ 208,082</u>	<u>\$ 267,087</u>	<u>\$ 225,650</u>	<u>\$ 277,794</u>	<u>\$ 279,677</u>	<u>\$ 270,514</u>
80.99%	73.76%	66.17%	70.10%	62.82%	61.79%	62.52%
N/A	N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A	N/A

**KREMMLING FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
FIRE AND POLICE ASSOCIATION OF COLORADO
LAST 10 FISCAL YEARS**

	Fiscal Year Ended December 31,				
	2023	2022	2021	2020	2019
Actuarially determined contribution	\$ 22,153	\$ 22,153	\$ 32,791	\$ 32,791	\$ 30,788
Contributions in relation to actuarially determined contribution	<u>(65,003)</u>	<u>(67,217)</u>	<u>(71,785)</u>	<u>(71,785)</u>	<u>(52,702)</u>
Contribution deficiency (excess)	<u>\$ (42,850)</u>	<u>\$ (45,064)</u>	<u>\$ (38,994)</u>	<u>\$ (38,994)</u>	<u>\$ (21,914)</u>

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

(continued)

KREMMLING FIRE PROTECTION DISTRICTY
SCHEDULE OF CONTRIBUTIONS
FIRE AND POLICE ASSOCIATION OF COLORADO
LAST 10 FISCAL YEARS

Fiscal Year Ended December 31,				
2018	2017	2016	2015	2014
\$ 38,134	\$ 38,134	\$ 36,799	\$ 36,799	\$ 36,799
(51,660)	(51,765)	(48,845)	(48,075)	(48,924)
\$ (13,526)	\$ (13,631)	\$ (12,046)	\$ (11,276)	\$ (12,125)

**KREMLING FIRE PROTECTION DISTRICT
NOTES TO SCHEDULE OF CONTRIBUTIONS
DECEMBER 31, 2024**

Valuation Date: 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 Fiscal Year Ending December 31, 2023:

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% per year of eligibility until 100% at age 65.
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee 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. Post-retirement: 2006 central rates from the RP-2014 Annuitant 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. Disabled: 2006 central rates from the RP-2014 Disabled 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.

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

Notes:

The actuarial assumptions shown above are associated with the Actuarially Determined Contribution for the Fiscal Year Ending December 31, 2023. The actuarial assumptions were changed for the Actuarial Valuation as of January 1, 2023 and as such, the Total Pension Liability was measured using those assumptions. Please see the comprehensive summary in the funding valuation as of January 1, 2023 for assumptions used to measure the Total Pension Liability as of December 31, 2023.