

Los Pinos Fire Protection District
Financial Statements
Year Ended December 31, 2024

Los Pinos Fire Protection District

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Independent Auditor's Report

To the Board of Directors of
Los Pinos Fire Protection District
Ignacio, CO

Opinion

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund, of Los Pinos Fire Protection 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 Opinion

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

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 Los Pinos Fire Protection 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 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.

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Los Pinos Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Los Pinos Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of revenues, expenditures and changes in fund balance – general fund – budget and actual, schedule of the District's proportionate share of the net pension liability and schedule of the District's contributions 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.

MBE CPAs, LLP

Durango, CO
September 24, 2025

**Los Pinos Fire Protection District
Management's Discussion and Analysis (Unaudited)
December 31, 2024**

Introduction

As management of Los Pinos 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, 2024. We encourage the readers to consider this Management's Discussion and Analysis (MD&A) in conjunction with the basic financial statements and notes to the financial statements to broaden their understanding of the District's financial performance.

The MD&A is an element of the financial reporting model adopted by the Governmental Accounting Standards Board (GASB) in their Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.

Background Information

The District was established in 1985. Since that time much has changed. The District has seen growth in facilities, equipment, personnel, and changes to how we provide services. Our goal as an organization continues to be that of a commitment to service by our personnel, serving with professional excellence, integrity, and respect. The governmental activity of the District is primarily providing fire protection services for the Town of Ignacio, the areas of the Southern Ute Indian Tribe Reservation and the outlining 325 square miles of the District.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statement consists of three components: 1) the government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves. The statements are organized so the reader can understand the District as a whole and then proceed to provide an increasingly detailed look at specific financial activities.

Reporting the District as a Whole

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 and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the government'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 related cash flows. Thus, revenues and expenses reported in this statement for some items will result in cash flows in future fiscal periods (e.g., uncollected taxes).

The government-wide financial statements detail functions of the District that are principally supported by tax revenues (governmental activities), grants and charges for services. The governmental activity of the District is public safety – Fire/Emergency Services.

**Los Pinos Fire Protection District
Management's Discussion and Analysis (Unaudited)
December 31, 2024**

Reporting the District as a Whole (continued)

Fund Financial Statements:

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The fund financial statements focus on the activities of the District's individual governmental funds and are divided into two parts: 1) the "modified accrual basis statements" and 2) the "budgetary basis statements". The District currently has one fund, the General Fund, which is a governmental fund.

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 governmentwide 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 fiscal 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 funds with similar 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 expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

The governmental fund financial statements are contained on pages 10 through 13 of this report.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 14 through 28 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information consisting of the Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund - Budget and Actual, Schedule of the District's Proportionate Share of the Net Pension Liability and Schedule of the District's Contributions, which can be found on pages 29 through 31 of this report.

**Los Pinos Fire Protection District
Management's Discussion and Analysis (Unaudited)
December 31, 2024**

Condensed Financial Information

	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assets			
Current and other assets	8,548,936	8,382,422	9,062,513
Non-current and capital assets, net	6,042,750	6,493,144	6,682,003
Total assets	<u>14,591,686</u>	<u>14,875,566</u>	<u>15,744,516</u>
Deferred outflows of resources	<u>619,114</u>	<u>1,144,818</u>	<u>937,132</u>
Liabilities			
Other liabilities	178,806	219,979	172,986
Long-term liabilities outstanding	176,745	197,473	227,480
Total liabilities	<u>355,551</u>	<u>417,452</u>	<u>400,466</u>
Deferred inflows of resources	<u>3,716,914</u>	<u>3,906,218</u>	<u>2,829,632</u>
Net assets			
Invested in capital assets, net of related debt	4,954,113	6,655,968	6,682,003
Restricted	169,283	320,607	147,100
Unrestricted	6,014,939	4,720,139	6,622,447
Total net assets	<u>11,138,335</u>	<u>11,696,714</u>	<u>13,451,550</u>
Program revenues			
Operating grants and contributions	1,239,850	876,812	1,216,393
Charges for services	849,766	803,811	950,628
Capital grants and contributions	-	-	-
General revenues			
Property taxes	2,228,132	3,266,950	4,296,991
Interest income	32,789	141,888	233,585
Gain on sale of capital assets	-	-	4,600
Total revenues	<u>4,350,537</u>	<u>5,089,461</u>	<u>6,702,197</u>
Expenses			
Public safety	3,648,259	4,498,370	4,947,361
Interest on long-term debt	-	-	-
Loss on sale of capital assets	-	32,712	-
Total expenses	<u>3,648,259</u>	<u>4,531,082</u>	<u>4,947,361</u>
Increase (decrease) in net assets	702,278	558,379	1,754,836
Net assets January 1	10,436,057	11,138,335	11,696,714
Net assets December 31	<u>11,138,335</u>	<u>11,696,714</u>	<u>13,451,550</u>

**Los Pinos Fire Protection District
Management’s Discussion and Analysis (Unaudited)
December 31, 2024**

Government-Wide Financial Analysis

The fire district continues to be faced with having to use reserve funds to maintain our current level of emergency response capabilities. In the 2024 property tax year we saw a decrease in property tax secondary to recent legislation passed. This, along with a decrease in oil and gas production, led to a tax revenue decrease of approximately 27% for the planned budget year. Continued increased costs of goods and services, along with rising insurance costs, places additional strain on the budget. Grants will focus on EMS capital equipment upgrade, training needs, and operational equipment. We seek additional revenue opportunities through wildland and EMS deployments.

Financial Analysis of the District’s Funds

As mentioned previously, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. A discussion of the District’s governmental funds follows.

Governmental Funds:

The focus of the District’s governmental funds is to provide information on near-term inflows, outflows, and the balance of spendable resources. Such information is useful in assessing the District’s financing requirements. In particular, unrestricted fund balance may serve as a useful measure of a government’s net resources available for spending at the end of the fiscal year. Fund balances are detailed on page 10 of this report.

At the end of the current fiscal year, the District’s governmental funds reported a combined ending fund balance of \$6,075,093.

Capital Assets

The District’s investment in capital assets for its governmental activities as of December 31, 2024 amounts to \$6,682,003 (net of accumulated depreciation). This investment in capital assets includes land, buildings, equipment and vehicles.

Budgetary Highlights

Over the course of the year, the District revised its budget. Actual expenditures were \$145,285 below the final budget amounts and resources available were \$1,788,465 above the final budgeted amount.

Significant budget variances from the final were as follows:

Account	2024 Actual	2024 Final Budget	Budget Variance	Reason
Property taxes	4,296,991	4,086,232	210,759	Increase in property valuation
Wildland fire/FEMA	812,578	295,000	517,578	Increased calls
Charges for services	950,628	382,500	568,128	Increased calls
Investment earnings	233,585	30,000	203,585	High interest rates
Other revenue	408,415	120,000	288,415	Unanticipated Trial PILT

**Los Pinos Fire Protection District
Management's Discussion and Analysis (Unaudited)
December 31, 2024**

Request for Information

The financial report is designed to provide a general overview of the District's finances for all those interested in the government's finances. Questions concerning any of the information provided in the report or additional financial information should be addressed to: Los Pinos Fire Protection District, PO Box 319, Ignacio, CO 81137.

**Los Pinos Fire Protection District
Statement of Net Position
Government-Wide
As of December 31, 2024**

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 1,840,812
Investments	2,889,884
Receivables:	
Due from County Treasurer	735,642
Property taxes receivable	2,814,434
Patient receivables, net of estimated uncollectible amounts of \$17,016	68,065
Intergovernmental receivables	496,308
Other receivables	217,368
Total Current Assets	9,062,513
Noncurrent Assets	
Capital assets	
Capital assets, not being depreciated	940,411
Capital assets, depreciated, net of accumulated depreciation	5,741,592
Capital assets, net	6,682,003
Total Noncurrent Assets	6,682,003
Total Assets	15,744,516
Deferred Outflows of Resources	
Deferred outflows related to pension	937,132
Total Deferred Outflows of Resources	937,132
Total Assets and Deferred Outflows of Resources	\$ 16,681,648
Liabilities	
Current Liabilities	
Accounts payable	\$ 31,965
Accrued payroll and benefits	141,021
Total Current Liabilities	172,986
Noncurrent Liabilities	
Accrued compensated absences	227,480
Total Noncurrent Liabilities	227,480
Total Liabilities	400,466
Deferred Inflows of Resources	
Deferred property tax revenue	2,814,434
Deferred inflows related to pension	15,198
Total Deferred Inflows of Resources	2,829,632
Net Position	
Net investment in capital assets	6,682,003
Restricted for:	
Declared emergencies - TABOR amendment	147,100
Unrestricted	6,622,447
Total Net Position	13,451,550
Total Liabilities, Deferred Inflows of Resources and Net Position	\$ 16,681,648

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

Los Pinos Fire Protection District
Statement of Activities
Government-Wide
For the Year Ended December 31, 2024

<u>Functions / Program Activities</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Change in Net Position</u>
<u>Governmental Activities:</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Total Governmental Activities</u>
Public safety	\$ 4,947,361	\$ 950,628	\$ 1,216,393	\$ (2,780,340)
General Revenues				
Property taxes				3,734,007
Specific ownership and other taxes				562,984
Investment earnings				233,585
Gain on sale of assets				4,600
Total General Revenues				4,535,176
Change in Net Position				1,754,836
Net Position - Beginning of Year				11,696,714
Net Position - End of Year				\$ 13,451,550

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

**Los Pinos Fire Protection District
Balance Sheet - Governmental Fund
As of December 31, 2024**

	General Fund
Assets	
Cash and cash equivalents	\$ 1,840,812
Investments	2,889,884
Receivables:	
Due from County Treasurer	735,642
Property taxes receivable	2,814,434
Patient receivables, net of estimated uncollectible amounts of \$17,016	68,065
Contract receivables	496,308
Other receivables	217,368
	<u>9,062,513</u>
Total Assets	\$ 9,062,513
 Liabilities, Deferred Inflows of Resources and Fund Balance	
Liabilities	
Accounts payable	\$ 31,965
Accrued payroll and benefits	141,021
Total Liabilities	<u>172,986</u>
 Deferred Inflows of Resources	
Deferred property tax revenue	2,814,434
Total Deferred Inflows of Resources	<u>2,814,434</u>
 Fund Balance	
Restricted	
Declared emergencies - TABOR amendment	147,100
Unassigned	5,927,993
Total Fund Balance	<u>6,075,093</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Balance	 \$ 9,062,513

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

**Los Pinos Fire Protection District
Reconciliation of the Balance Sheet - Governmental Fund
to the Statement of Net Position
December 31, 2024**

Total Fund Balance - Governmental Fund	\$	6,075,093
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.</p>		
Governmental capital assets		13,248,527
Less accumulated depreciation		(6,566,524)
		6,682,003
<p>Deferred outflows and inflows as well as the net pension asset related to pensions are not available to pay for current-period expenditures or are due and payable in the current period and, therefore, are not reported in the funds.</p>		
Deferred outflows related to pension		937,132
Deferred inflows related to pension		(15,198)
<p>Some liabilities are not due and payable in the current period and therefore are not reported in the funds.</p>		
Compensated absences		(227,480)
		(227,480)
Total Net Position - Governmental Activities	\$	13,451,550

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

**Los Pinos Fire Protection District
Statement of Revenues, Expenditures, and
Changes in Fund Balance - Governmental Fund
For the Year Ended December 31, 2024**

	General Fund
Revenues	
Property taxes	\$ 3,734,007
Specific ownership and other taxes	562,984
Patient fees, net	950,628
Intergovernmental	812,578
Grants and contributions	152,566
Payments in lieu of taxes (PILT) income	232,554
Miscellaneous	18,695
Gain on sale of assets	4,600
Investment earnings	233,585
Total Revenues	6,702,197
Expenditures	
Public safety	
Fire administration and fire fighting	4,264,738
Fire stations and buildings	86,908
Fire training	42,712
Fire prevention	447
Capital outlay	508,510
Total Expenditures	4,903,315
Net Change in Fund Balance	1,798,882
Fund Balance - Beginning of Year	4,276,211
Fund Balance - End of Year	\$ 6,075,093

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

**Los Pinos Fire Protection District
Reconciliation of the Statement of Revenues,
Expenditures, and Changes in Fund Balance - Governmental Fund
to the Statement of Activities
For the Year Ended December 31, 2024**

Net change in fund balance - total governmental fund \$ 1,798,882

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

Governmental funds report capital outlay 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 outlay	508,510
Depreciation expense	(482,475)

Governmental funds do not record the changes in the net pension asset, deferred outflows related to pension, and deferred inflows related to pension as an adjustment to current year expenditures. However, in the Statement of Activities, this change is shown as an adjustment to expenses. (40,074)

In the governmental funds, expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid to employees), whereas in the statement of activities, they are measured as the benefits are earned by employees during the year. This is the amount the liability for compensated absences changed during the year. (30,007)

Change in net position - governmental activities \$ 1,754,836

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

Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024

Note A - Summary of Significant Accounting Policies

The financial statements of Los Pinos Fire Protection District have been prepared in conformity with 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 following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Organization

The Los Pinos Fire Protection District (the "District") was formed in 1985 for the purpose of providing fire protection and emergency services for the Town of Ignacio and areas of the Southern Ute Indian Tribe Reservation. The District has an elected governing board and levies taxes on the property within the District for operations and debt service.

The District's annual financial report includes the accounts of all District operations.

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 impose its will on that organization or there is 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 District is not financially accountable for any other entity, nor is the District a component unit of any other government.

Government-Wide and Fund 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. Currently, the District has only governmental activities.

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 activities of the District. The statement of net position presents the financial position of the governmental activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported in a single column. The statement of net position reports all financial and capital resources of the District. The difference between the assets and deferred outflows of resources and liabilities and deferred inflows of resources is reported as net position. The District's net position is reported in three parts: net investment in capital assets, restricted net position, and unrestricted net position.

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 segment. Program revenues include: 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024

Note A - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The District, prepares its government-wide financial statements using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when the 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. Accordingly, the requirements of Statement of Governmental Accounting Standards No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus – an amendment of GASB Statements No. 21 and No. 34 and No. 38, Certain Financial Statement Note Disclosures have been implemented and incorporated in the District’s financial statement presentation.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current year. Taxes and intergovernmental revenues associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

The district reports the following major governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

Net Position/Fund Balance

In the government-wide and fund financial statements, net position and fund balance are restricted when constraints placed on the use of resources are externally imposed. The District has not established a formal policy for its use of restricted and unrestricted fund balance. However, when an expenditure is incurred for purposes for which both restricted and unrestricted fund balances are available, the District considers restricted fund balances to have been spent first.

Cash and Cash Equivalents

The District’s cash and cash equivalents are comprised of demand deposits and highly liquid investments with original maturities of three months or less from the date of acquisition.

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note A - Summary of Significant Accounting Policies (continued)

Investments

Investments are reported at fair value or at amortized cost, which approximates fair value. Fair values are based on published market prices. The governmental investment pool operates in accordance with appropriate state laws and regulations. The value of the pool is reported at amortized cost which, in most cases, approximates the fair values of the pool shares.

Under Colorado statutes, the District may lawfully invest eligible funds in the following securities:

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

Receivables

All trade and property tax receivables are reported net of an allowance for uncollectible amounts, when applicable. A 20% allowance for uncollectible patient amounts was deemed necessary by Management for 2024.

Prepaid Expenses

Payments made to vendors for services that will benefit periods beyond December 31, 2024, are recorded as prepaid items using the consumption method by recording an asset for the prepaid amount and reflecting the expenditure/expense in the year in which services are consumed. At the fund reporting level, an equal amount of fund balance is classified as nonspendable, as this amount is not available for general appropriation.

Capital Assets

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of \$2,500 or more and an estimated useful life of more than one year. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated fixed assets are valued at their estimated fair market value on the date donated.

Property, plant, and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings	40
Equipment	8 - 30
Vehicles and Software	7
Computer and office equipment	5

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note A - Summary of Significant Accounting Policies (continued)

Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Statewide Defined Retirement Plan administered by the Fire and Police Pension Association of Colorado (FPPA) and additions to/deductions from the pension plan's net position have been determined on the same basis as they are reported by FPPA. 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.

Revenues

- Net Patient Service Revenue: The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. Net patient service revenue is reported at the estimated net realizable amounts from patients, third-party payers and others for services rendered.
- Revenue Recognition – Property Taxes: Property taxes attach as an enforceable lien on property as of December 31. Taxes are levied on January 1 and are due and payable February 28 and July 31. In accordance with U.S. generally accepted accounting principles, the District has recorded as taxes receivable, current property taxes, which have been levied and are due within one year but are not yet considered delinquent. Because revenue from taxes receivable will not be available for expenditure until next year, management has deferred recognition of this revenue until next year.

Budgets and Budgetary Accounting

The District Board follows these procedures in establishing the budgetary data reflected in the financial statements:

- In accordance with State statutes, prior to October 15, the proposed operating budget is submitted to the District Board for the calendar year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them for the upcoming year, along with estimates for the current year and actual data for the two preceding years. State statutes require a more detailed line-item budget be submitted in summary form. In addition, more detailed line-item budgets are included for administration control.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- The District bookkeeper is required to present a monthly report to the District Board explaining any variance from the approved budget.
- Formal budgetary integration is employed as a management control device during the year.
- Budgets for the Governmental Fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Appropriations lapse at the end of each calendar year.
- The District Board may authorize supplemental appropriations during the year.

Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024

Note A - Summary of Significant Accounting Policies (continued)

Restricted Assets and Classification of Fund Balance

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. It is the District's policy to use restricted assets first when an expense is incurred for which both restricted and unrestricted assets are available.

In the governmental fund financial statements, fund balance is reported in five classifications.

- Nonspendable: This includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. The District shall report inventories, prepaid items, long-term receivables, and other amounts legally or contractually required to be maintained intact as nonspendable. No nonspendable fund balances as of December 31, 2024.
- Restricted: The Colorado Constitution as amended by TABOR (see separate tax, spending, and debt limitation footnote) requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. It is the District's policy to use restricted fund balance first when an expense is incurred for which both restricted and unrestricted fund balance are available.
- Committed: Committed is that portion of fund balance that has been committed by the highest level of formal action of the District's Board of Directors and does not lapse at year end. The constraint may be removed or changed only by resolution adopted by the Board of Directors. The District does not have any committed fund balance at year end. It is the District's policy to use committed fund balance first when an expense is incurred for which both committed and unassigned fund balance are available.
- Assigned: Assignments of fund balance are designated by District management. The District does not have any assigned fund balance at year end.
- Unassigned: Fund balance that has not been reported in any other classification is reported as unassigned.

If more than one classification of fund balance is available for use when an expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Estimates

The preparation of financial statements require management to make estimates and assumptions that affect certain reported amounts and disclosures. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenues and expenses. Actual results could vary from the estimates that were used.

Date of Management's Review

The District has evaluated subsequent events through September 24, 2025, the date which the financial statements were available to be issued. No material subsequent events were identified requiring disclosure in the financial statements.

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note B – Cash and Investments

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of bank failure, the District's deposits may not be returned to it. The District's deposits are governed by Colorado statute. 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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. 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.

The composition of all cash held by the District at December 31, 2024 is as follows:

Cash on hand	\$ 607
Cash held with treasurer	2,081
Cash deposited with banks	1,838,124
	<u>\$ 1,840,812</u>

The District has accounts that are covered under Federal Deposit Insurance Corporation (FDIC) insurance. At December 31, 2024, bank balances of the District's deposits totaled \$1,864,345 of which \$250,000 was insured by the FDIC and \$1,614,345 was collateralized in accordance with PDPA with a qualified institution.

Investments

Investments are reported at fair value or at amortized cost which approximates fair value.

At December 31, 2024, the District had \$566,943 invested in the Allspring Government Money Market Fund. The fund invests in short-term U.S. government debt and repurchase agreements collateralized by U.S. government obligations. The fund seeks to maintain, but does not guarantee a NAV of \$1 per share. The fund records its investments at amortized cost and the District records its investment in the fund using the amortized cost method, which approximates fair value.

At December 31, 2024, the District had \$2,322,940 held in the Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST is a liquid asset trust, holding pooled investments meeting the legal requirements for Colorado local governments and collateralizes investments in accordance with PDPA. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST Prime (Prime), COLOTRUST Plus+ (Plus+) and COLOTRUST Edge (Edge). All portfolios may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. Plus+ and Edge may also invest in the highest rated commercial paper. The Prime and Plus+ portfolios are restricted to a weighted average maturity (WAM) of 60 days or less while the Edge portfolio incorporates longer-dated securities with a WAM of 60 days or more. Both Prime and Plus+ portfolios are rated AAAM by Standard and Poor's and the EDGE portfolio is rated AAAf/S1 by Fitch Ratings.

As of December 31, 2024, the District had \$1 invested in Prime, \$318 invested in Plus+, and \$2,322,621 invested in Edge.

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note B – Cash and Investments (continued)

COLOTRUST records its investments at fair value and the District records its investments in COLOTRUST at net asset value as determined by fair value. Each share of Prime and Plus is equal in value to \$1.00 and the redemption frequency is daily with no redemption notice period. Edge's net asset value is managed to approximate a \$10.00 transactional share price and the redemption frequency is five business days. The principal value of an Edge investment may fluctuate and could be greater or less than \$10.00 per share at time of purchase, prior to redemption, and at the time of redemption. There are no unfunded commitments.

Investments of the District at December 31, 2024 are as follows:

	Standard & Poor's Rating	Balance
General Fund		
Allspring Government Money Market Fund	AAAm	\$ 566,943
Colorado Local Governmental Liquid Asset Trust	AAAm	2,322,940
Total investments		\$ 2,889,884

Risk Disclosures

Credit risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation. The credit ratings received from Standard & Poor's are disclosed above.

Custodial credit risk - Custodial credit risk for investments is the risk that, in the event of the failure of a custodial entity, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investments are exposed to custodial credit risk if they are uninsured, are not registered in the District's name, and are held by either the counterparty to the investment purchase or are held by the counterparty's trust department or agent but not held in the District's name. None of the District's investments owned at December 31, 2024, were subject to custodial credit risk.

Concentration of credit risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District places no limit on the amount the District may invest in any one issuer.

Interest rate risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment.

The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Colorado statutes limit authorized investments to those having a maturity of five years or less, unless the District's governing body specifically authorizes longer maturities.

Allspring Government Money Market Fund earned investment income of \$26,130 at 4.19% in 2024. COLOTRUST Plus+ earned investment income of \$96,417 at 4.71% and COLOTRUST Edge earned investment income of \$23,643 at 4.85%.

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note C - Capital Assets

A summary of changes in general capital assets during the year ended December 31, 2024 is as follows:

<u>2024</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	\$ 522,717	\$ -	\$ (21,150)	\$ 501,567
Construction in progress	202,138	236,706	-	438,844
Total assets not being depreciated	724,855	236,706	(21,150)	940,411
Capital assets being depreciated:				
Building	4,709,712	78,148	-	4,787,860
Equipment	7,349,211	193,656	(169,545)	7,373,322
Furniture and office equipment	38,159	-	-	38,159
Other improvements	108,775	-	-	108,775
Total depreciable capital assets	12,205,857	271,804	(169,545)	12,308,116
Less: Accumulated depreciation				
Building	(1,644,251)	(119,688)	-	(1,763,939)
Equipment	(4,501,147)	(360,062)	190,695	(4,670,514)
Furniture and office equipment	(38,160)	-	-	(38,160)
Other improvements	(91,186)	(2,725)	-	(93,911)
Total accumulated depreciation	(6,274,744)	(482,475)	190,695	(6,566,524)
Capital assets being depreciated, net	5,931,113	(210,671)	21,150	5,741,592
Governmental activities capital assets, net	<u>\$ 6,655,968</u>	<u>\$ 26,035</u>	<u>\$ -</u>	<u>\$ 6,682,003</u>

Depreciation is calculated using the straight-line method. Depreciation expense for the year ended December 31, 2024 was \$482,475.

Note D – Compensated Absences

The following is a summary of changes in long-term liabilities:

	<u>Beginning Balance</u>	<u>Change in accrual</u>	<u>Ending Balance</u>
Future compensated absences	\$ 197,473	\$ 30,007	\$ 227,480
Total long-term liabilities	<u>\$ 197,473</u>	<u>\$ 30,007</u>	<u>\$ 227,480</u>

Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024

Note E – Net Patient Service Revenue and Accounts Receivable

The District has agreements with third-party payers that provide for payments to the District at amounts different from its established rates. These payments arrangements include:

Medicare - Services rendered to Medicare program beneficiaries are paid based on a combination cost-reimbursement methodology and fee schedules.

Medicaid - Services rendered to Medicaid program beneficiaries are paid at prospectively determined rates. These rates vary according to a patient classification system that is based on clinical, diagnostic and other factors. Certain outpatient services and defined capital costs related to Medicaid beneficiaries are paid based on a cost-reimbursement methodology.

The Balanced Budget Act of 1997 changed how the Medicare and Medicaid programs pay the District for certain services and overall reduces payments.

The District provides services to the Native American tribes that live in the district. The District's policy is to charge for services for those that have commercial insurance and the rest are not charged. The District has received contributions in the past from the Southern Ute Tribe to offset the costs of providing services to this group. During 2024, the Southern Ute Tribe did not provide their annual contribution.

Note F – Pension and Retirement Plans

Defined Benefit, Multiple-Employer Cost Sharing Pension Plan

The following information presented is from the Statewide Retirement Plan (SRP) GASB 68 report which has a measurement date of December 31, 2023 for the reporting period December 31, 2024.

Plan Description - The District participates in the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 230 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows departments who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2003, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00%.

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024

Note F – Pension and Retirement Plans (continued)

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

Description of Benefits - The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service. A member is eligible for 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.

The annual retirement benefit for the Defined Benefit Component is 2.0% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% of the average of the member's highest three years' base salary 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 then years plus 1.25% of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9% of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5% of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0% as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions - Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note F – Pension and Retirement Plans (continued)

Members of the Defined Benefit Component contribute 12.0% of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5% annually through 2030 to a total of 13.0% of base salary. These increases result in a combined contribution rate of 25.0% of base salary in 2030. In 2023, the total combined member and employer contribution rate was 21.5%.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2% in 2030. In 2023, the total minimum required member and employer contribution rate was 21.7%.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20% per year after the first year of service and to be 100% vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

Pension Liability (Assets), Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions - At December 31, 2024, the District reported a liability (asset) of \$0 for its proportionate share of the net pension liability/(asset) related to the plan. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2024.

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2023 and 2022, the District's proportion was 0.166094% and 0.183442%, respectively.

Actuarial Assumptions - The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2023. The valuations used the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2024	January 1, 2023
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, net*	7.0%	7.0%
Projected Salary Increase*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note F – Pension and Retirement Plans (continued)

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for nondisabled 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

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 2.5 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, 2023 are summarized in the following table:

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

The discount rate used to measure the total pension liability was 7.00%. 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 Statewide Retirement 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.

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note F – Pension and Retirement Plans (continued)

As of the measurement period ending December 31, 2023, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board’s Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board’s policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

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 expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.77% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00%.

Sensitivity Analysis of the District’s Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate. The following table presents the District’s proportionate share of the net pension liability/(asset), calculated using a single discount rate of 7.00%, as well as what the District’s proportionate share of the plan’s net pension liability/(asset) would be if it were calculated using a discount rate that is 1.00% lower or 1.00% higher:

	1% Decrease 6.00%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
District’s proportionate share of the net pension liability/(asset)	\$ 931,355	\$ -	\$ -

The net pension liability of \$0 reflects a reserve for cost of living adjustments and to manage adverse experience of each stated discount rate above.

Other Information - For the year ended December 31, 2024, the District recognized pension expense (income) of \$254,726. The components of the District’s proportionate share of the net pension liability (asset) related to the plan as of December 31, 2023 (measurement date), are as follows:

Total pension liability	\$ 6,996,100
Plan fiduciary net position	6,996,100
Net pension liability/(asset)	\$ -

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note F – Pension and Retirement Plans (continued)

A summary of the District’s deferred outflows of resources and deferred inflows of resources related to pensions for FPPA SWDB as of December 31, 2024 is as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 316,317	\$ 15,198
Change in assumptions	183,476	-
Net difference between projected and actual earnings on pension plan investments	227,087	-
Change in proportionate share	26,716	-
Contributions subsequent to the measurement date	183,536	-
	\$ 937,132	\$ 15,198

The \$183,536 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an increase in the net pension asset in the year ended December 31, 2025.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as follows:

Year ended December 31:	
2025	\$ 108,049
2026	104,623
2027	102,242
2028	97,251
2029	90,882
Thereafter	320,093
Total	\$ 823,140

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in the separately issued FPPA financial reports found at <http://fppaco.org>.

457b Deferred Compensation Plan

The District participates in the 457b Deferred Compensation Plan administered by FPPA. The plan allows participants to invest additional retirement funds during their career. Participants may enroll at any time. The 457b plan is a retirement savings plan that allows for early withdraw without penalty. At this time the District does not make a matching contribution to this plan.

Note G – Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment’s language in order to determine its compliance.

**Los Pinos Fire Protection District
Notes to the Financial Statements
December 31, 2024**

Note H – Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters for which the government carries commercial insurance for vehicles, property and general, and management liability through McNeil & Company, Inc. and workmen's compensation coverage with Colorado Special District Property and Liability.

Note I – Intergovernmental Services

The District provides fire protection services to property belonging to the Southern Ute Indian Tribe (the Tribe). During 2024, the Tribe did not contribute their allotted \$500,000 to the District. After adjustments for deferrals of revenues related to this contract at the beginning and end of the year, no revenue was recognized in the current period. Management is working with the tribe to reinstate funding.

Required Supplementary Information

Schedule of Revenues, Expenditures and Changes in Fund Balance
General Fund - Budget and Actual
For the Year Ended December 31, 2024

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2024 Actual</u>	<u>Variance from Final Budget Favorable (Unfavorable)</u>
Revenues				
Taxes				
General property	\$ 3,886,232	\$ 3,886,232	\$ 3,947,882	\$ 61,650
Specific ownership and other taxes	200,000	200,000	349,082	149,082
Interest and penalty on tax	-	-	27	27
	<u>4,086,232</u>	<u>4,086,232</u>	<u>4,296,991</u>	<u>210,759</u>
Intergovernmental				
Wildland fire	225,000	225,000	764,168	539,168
FEMA deployment	70,000	70,000	48,410	(21,590)
	<u>295,000</u>	<u>295,000</u>	<u>812,578</u>	<u>517,578</u>
Charges for services				
Patient fees and tribal contributions	312,500	382,500	1,008,014	625,514
Bad debts	-	-	(57,386)	(57,386)
	<u>312,500</u>	<u>382,500</u>	<u>950,628</u>	<u>568,128</u>
Other local sources				
Investment earnings	30,000	30,000	233,585	203,585
Other	120,000	120,000	408,415	288,415
	<u>150,000</u>	<u>150,000</u>	<u>642,000</u>	<u>492,000</u>
Total Revenues	<u>4,843,732</u>	<u>4,913,732</u>	<u>6,702,197</u>	<u>1,788,465</u>
Expenditures				
Current				
Public Safety				
Fire administration and fire fighting				
Salaries and benefits	2,988,000	2,988,000	3,038,665	50,665
Purchased services	317,500	317,500	344,188	26,688
Supplies and repairs	381,000	381,000	527,286	146,286
Wildland fire fighting expense	481,100	481,100	324,594	(156,506)
Other	98,000	98,000	30,005	(67,995)
	<u>4,265,600</u>	<u>4,265,600</u>	<u>4,264,738</u>	<u>(862)</u>
Fire training				
Purchased services	50,000	50,000	42,712	(7,288)
Fire prevention				
Supplies and repairs	1,000	1,000	447	(553)
Fire stations and buildings				
Purchased services	112,000	112,000	72,027	(39,973)
Supplies and repairs	-	-	14,881	14,881
	<u>112,000</u>	<u>112,000</u>	<u>86,908</u>	<u>(25,092)</u>
Capital outlay	520,000	520,000	508,510	(11,490)
Contingency	100,000	100,000	-	(100,000)
Total Expenditures	<u>5,048,600</u>	<u>5,048,600</u>	<u>4,903,315</u>	<u>(145,285)</u>
Excess (Deficit) of Revenues Over Expenditures	(204,868)	(134,868)	1,798,882	1,933,750
Fund Balance, Beginning of Year	4,276,211	4,276,211	4,276,211	-
Fund Balance, End of Year	<u>\$ 4,071,343</u>	<u>\$ 4,141,343</u>	<u>\$ 6,075,093</u>	<u>\$ 1,933,750</u>

See accompanying Independent Auditor's Report

Los Pinos Fire Protection District
Schedule of the District's Proportionate Share of the Net Pension Liability (Unaudited)
Statewide Defined Benefit Plan - Fire and Police Pension Plan
Measurement Dates as of December 31,

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
District's proportion of the net pension liability	0.166094%	0.183442%	0.200880%	0.162243%	0.149566%	0.176741%	0.204486%	0.240307%	0.244978%	0.244978%
District's proportionate share of the net pension (asset) liability	\$ -	\$ 162,824	\$ (1,088,637)	\$ (352,230)	\$ (84,589)	\$ 223,449	\$ (294,185)	\$ 86,832	\$ (4,319)	\$ (226,948)
District's covered payroll	\$ 1,835,360	\$ 1,701,947	\$ 1,596,278	\$ 1,562,529	\$ 1,362,363	\$ 1,062,575	\$ 1,176,425	\$ 1,244,088	\$ 1,229,863	\$ 1,140,225
District's proportionate share of the net pension (asset) liability as a percentage of its covered payroll	0.00%	9.57%	-68.20%	-22.54%	-6.21%	21.03%	-25.01%	6.98%	-0.35%	-19.90%
Plan fiduciary net position as a percentage of the total pension liability	100.00%	97.63%	116.16%	106.72%	101.94%	95.23%	106.34%	98.21%	100.10%	106.83%

* Contributions as a percentage of covered payroll has been updated for calculation errors in prior years.

See accompanying Independent Auditor's Report

**Los Pinos Fire Protection District
Schedule of the District's Contributions (Unaudited)
Statewide Defined Benefit Plan - Fire and Police Pension Plan
Fiscal Period Dates as of December 31,**

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contributions in relation to the contractually required contributions	\$ 183,536	\$ 161,685	\$ 143,665	\$ 132,815	\$ 108,989	\$ 85,006	\$ 94,114	\$ 99,527	\$ 98,389	\$ 91,218	\$ 106,182
Contractually required contribution	(183,536)	(161,685)	(143,665)	(132,815)	(108,989)	(85,006)	(94,114)	(99,527)	(98,389)	(91,218)	(106,182)
Contribution excess (deficiency)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 1,835,360	\$ 1,701,947	\$ 1,596,278	\$ 1,562,529	\$ 1,362,363	\$ 1,062,575	\$ 1,176,425	\$ 1,244,088	\$ 1,229,863	\$ 1,140,225	\$ 1,327,275
Contributions as a percentage of covered payroll*	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%

* Contributions as a percentage of covered payroll has been updated for calculation errors in prior years.

See accompanying Independent Auditor's Report