

TELLURIDE FIRE PROTECTION DISTRICT

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

December 31, 2024



DWC
CPAS | ADVISORS

TELLURIDE FIRE PROTECTION DISTRICT

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Independent Auditor's Report



Board of Directors
Telluride Fire Protection District
Telluride, Colorado

INDEPENDENT AUDITOR'S REPORT

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the District, as of December 31, 2024, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 and the budgetary comparison information for the District's general fund on page 37 be presented to supplement the basic financial statements. Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions* – an amendment of GASB No. 27, requires that the Schedule of the District's Proportionate Share of the Net Pension Liability / (Asset) of the FPPA Statewide Defined Benefit Pension Plan, the Schedule of District Contributions to the FPPA Statewide Defined Benefit Pension Plan, the Volunteer Plan Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios – Last 10 Years (to be built prospectively), and the Volunteer Plan Schedule of Contributions – Last 10 Years (to be built prospectively) on pages 38 through 41 be presented to supplement the basic financial statements. Such information, is the responsibility of management and, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing

standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplemental Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Debt Service Fund, supplemental Schedule of Revenues, Expenditures, and Changes in Fund Balance – General Fund, and supplemental Schedule of Revenues, Expenditures, and Changes in Fund Balance – Debt Service Fund on pages 42 through 44 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



Grand Junction, Colorado

June 30, 2025

Management's Discussion and Analysis

TELLURIDE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2024

As management of the Telluride Fire Protection District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2024 with comparative information presented for the year ended December 31, 2023. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of the District.

Financial Highlights

- In the government-wide financial statements, the District's assets and deferred outflows exceeded its liabilities and deferred inflows by \$17,589,426 (net position) at December 31, 2024, an increase of \$4,842,857 from the net position at December 31, 2023. This is discussed on page 6.
- The General Fund reported an ending fund balance of \$10,339,458 at December 31, 2024, an increase of \$4,278,242 from the prior year. This is discussed on page 8.
- The Debt Service Fund reported an ending fund balance of \$273,849 at December 31, 2024, an increase of \$13,921 from the prior year. This is discussed on page 8.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

Governmental Funds

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

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

An annual appropriated budget was adopted for the funds. Budgetary comparison schedules have been provided on pages 37 and 42 to demonstrate compliance with the adopted budget.

Notes to Basic Financial Statements

The notes to the basic financial statements provide additional information that are essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 17 through 36.

Required Supplementary Information (RSI)

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

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

Other Supplemental Information

The Debt Service Fund budgetary comparison schedule and comparison schedules of fund revenues, expenditures, and changes in fund balance for the current year and two prior years have been presented on pages 42 through 44.

Government-wide Financial Analysis

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

	2024	2023	Increase (Decrease)
Assets			
Current and other assets	\$ 22,158,403	\$ 17,214,206	\$ 4,944,197
Capital assets, net	9,288,489	6,392,707	2,895,782
<i>Total Assets</i>	<u>31,446,892</u>	<u>23,606,913</u>	<u>7,839,979</u>
Deferred Outflows of Resources			
Pension related	1,834,112	2,029,593	(195,481)
<i>Total Deferred Outflows of Resources</i>	<u>1,834,112</u>	<u>2,029,593</u>	<u>(195,481)</u>
Liabilities			
Current liabilities	1,778,414	852,079	926,335
Long-term liabilities	2,169,900	666,113	1,503,787
Net pension liability	808,224	1,081,403	(273,179)
<i>Total Liabilities</i>	<u>4,756,538</u>	<u>2,599,595</u>	<u>2,156,943</u>
Deferred Inflows of Resources			
Unearned property tax revenue	10,338,082	10,061,994	276,088
Pension plans	596,958	228,348	368,610
<i>Total Deferred Inflows of Resources</i>	<u>10,935,040</u>	<u>10,290,342</u>	<u>644,698</u>
Net Position			
Net investment in capital assets	9,272,961	6,622,545	2,650,416
Restricted	2,744,368	838,056	1,906,312
Unrestricted	5,572,097	5,285,968	286,129
<i>Total Net Position</i>	<u>\$ 17,589,426</u>	<u>\$ 12,746,569</u>	<u>\$ 4,842,857</u>

Current assets increased by \$4,944,000 primarily due the recording of \$1,928,000 in escrow cash balances related to two lease purchase agreements executed in 2024. These agreements were established to address operational needs, including employee housing for employees and volunteers to maintain their residency within the District boundary and vehicle requirements. Capital assets increased from the prior year by approximately \$2,896,000 due to an increase in capital outlay, which was budgeted for, and included the purchase of employee housing, a new type three engine, two UTV Side by Sides, a F-150 staff vehicle, and various other equipment. The increase in current liabilities by \$926,000 and long-term liabilities by \$1,504,000 is primarily attributable to the execution of two lease purchase agreements during 2024. The decrease in deferred outflows for pension plans of \$195,000, the decrease in the net pension liability of \$273,000, and the increase in deferred inflows for pension plans of \$645,000 were primarily driven by increased in unearned property tax revenue and changes in assumptions implemented by pension plans administered by the Fire & Police Pension Association (FPPA) of Colorado. See Note 8 to the District's financial statements for further information regarding pension plans covering the District's employees and the District's accounting for their pension related balances.

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

	2024	2023	Increase (Decrease)
Revenues			
Program revenues:			
Charges for services	\$ 752,920	\$ 585,416	\$ 167,504
Wildland fire fees	275,414	480,134	(204,720)
Operating grants	421,252	1,004,984	(583,732)
Permits and fees	73,647	82,687	(9,040)
General revenues:			
Taxes			
Property taxes	10,316,354	4,516,314	5,800,040
Specific ownership taxes	342,527	209,189	133,338
Interest on delinquent taxes	32,847	13,828	19,019
Earnings on deposits and investments	468,729	293,746	174,983
Miscellaneous	43,186	83,115	(39,929)
<i>Total Revenues</i>	<u>12,726,876</u>	<u>7,269,413</u>	<u>5,457,463</u>
Expenses			
Personnel	4,474,224	3,958,148	516,076
General operating	676,227	572,695	103,532
Fire prevention	909,521	888,345	21,176
General and administrative	990,615	622,689	367,926
Ambulance	337,650	243,833	93,817
Interest	136,416	42,048	94,368
Pension expense (income)	412,600	(113,037)	525,637
Retention/recruitment fund	46,810	31,500	16,310
Employee rent benefit	-	10,710	(10,710)
Other	11,456	5,315	6,141
<i>Total Expenses</i>	<u>7,995,519</u>	<u>6,262,246</u>	<u>1,733,273</u>
Other Financing Sources			
Gain on sale of capital asset	111,500	-	111,500
<i>Change in Net Position</i>	<u>4,842,857</u>	<u>1,007,167</u>	<u>3,835,690</u>
Net Position – beginning of year	<u>12,746,569</u>	<u>11,739,402</u>	<u>1,007,167</u>
Net Position – end of year	<u>\$ 17,589,426</u>	<u>\$ 12,746,569</u>	<u>\$ 4,842,857</u>

Total revenues of the District increased from the prior year by 5,457,000 or 75%, driven primarily due to the increase in 2023 property taxes levied by the District that were received in 2024. The mill levy for 2024 increased due to a tax payer ballot initiative in May 2023 increasing the mill levy to 8.465. The requested increase was driven by the need to support increased demand for services including additional staffing and continued capital projects. The decrease in operating grants of \$584,000 was driven by the District receiving that last of three scheduled payments totaling \$426,049 from the Staffing for Adequate Fire and Emergency Response (SAFER) Grant awarded to the District in 2021 through the Federal Emergency Management Agency (FEMA) of the U.S. Department of Homeland Security. Total expenses increased by \$1,733,000 or 28% from the prior year, driven primarily by an increase in personnel costs of \$516,000 due to wage increases and increased overtime coverage and due to the increase in pension expense of \$574,000 due to changes in actuarial assumptions implemented by pension plans administered by the FPPA. The District's revenues and other financing sources exceeded its expenses for the year ended December 31, 2024 resulting in an overall increase in net position of \$4,842,857.

Financial Analysis of Governmental Funds

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

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

The District has two governmental funds, the General Fund and the Debt Service Fund. The General Fund is considered a major fund under GASB financial reporting standards, which the Debt Service Fund is considered a nonmajor fund. The General Fund had a fund balance of \$10,339,458 as of December 31, 2024, of which \$68,244 related to prepaid expenses is nonspendable, \$354,000 is restricted for emergencies, and \$2,322,124 is restricted for the acquisition of capital assets. The unassigned portion of fund balance in the amount of \$7,595,090 is available for general spending. Total fund balance for the District's General Fund increased by \$4,278,242 from the prior year, primarily due to the mill levy increase for 2024 resulting from a tax payer ballot initiative in May 2023 increasing the mill levy to 8.465. The Debt Service Fund paid \$364,625 in principal and interest as the final payment on the 2013 General Obligation Refunding Bonds was made. Total fund balance for the District's Debt Service Fund increased by approximately \$14,000 from the prior year, primarily due to the excess of property and specific ownership taxes collected over the expenditures for debt service.

Budgetary Highlights

The District did not amend its originally adopted budget for the General Fund. Total revenues were in excess of expenditures by \$2,458,995, primarily due to the increases in property taxes, earnings on deposits and investments, and delayed capital expenditures associated with the new community lease agreements executed in early 2024. Total expenditures were \$1,308,246 below budget.

Regarding the District's Debt Service Fund, the excess of revenues over expenditures was \$13,921 greater than budgeted due to interest on delinquent taxes and earnings on deposits exceeding budgeted amounts.

The budget amounts as shown on pages 37 and 42 of the financial statements include the adopted budgets for the General Fund and Debt Service Fund.

Capital Assets

Replacements, which improve or extend the lives of property, are capitalized. Maintenance, repairs, and equipment replacements of a routine nature are charged to expenditures as incurred and are not capitalized. Significant additions to capital assets during the year included the purchase of employee housing, a new type three engine, two UTV Side by Sides, a F-150 staff vehicle, and various other equipment. These additions were offset by depreciation expense. The District also has restricted resources of \$2,322,124 at December 31, 2024 related to lease-purchase proceeds restricted for acquisition of capital assets, see Note 1 – Fund Balance Classification. Additional information on the District's capital assets can be found in Note 6.

Long-Term Debt

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

Economic Factors and Next Year's Budget

The District's future capital project plans are to begin a remodel to Station 3, located in Placerville, that is scheduled to begin. Funding for the remodel was approved by the Board and allocated in 2025 to ensure availability at the start of construction and through its expected completion in 2027. In preparation for the project, the District purchased a single-family home in Placerville for \$1.2 million to serve as a shift house during the remodel period. Additionally, a type three engine was purchased and delivered in January 2025. A type one ambulance, which was ordered in 2023, is scheduled for purchase and delivery in August 2025. The District continues to adopt a conservative approach to budgeting for the General Fund, daily operations, and long-term Master Plan projects. However, the Board of Directors approved to utilize funds from the General Operating Reserve to support a significant facility purchase, as well as equipment and apparatus replacements, in accordance with the Replacement Schedule and the Reserve Fund Philosophy. The District continues to rely on its Master Plan to project long-term facility and apparatus needs, with the ongoing objective of maintaining a responsible reserve fund to address unanticipated financial requirements.

Request for Information

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the District Chief, P.O. Box 1645, Telluride, CO 81435.

Basic Financial Statements

Government-wide Financial Statements

TELLURIDE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2024

ASSETS

Cash and investments	\$ 9,161,264
Cash - restricted for aquisition of capital assets	2,322,124
Receivables:	
Taxes	10,338,082
Emergency medical services (EMS) accounts, net of allowance of \$14,000	88,744
Other	10,255
Prepaid expenses	68,244
Deposit on purchase of capital assets	169,690
Capital assets, net of accumulated depreciation, where applicable:	
Land and land improvements	594,122
Buildings and improvements	4,968,715
Fire apparatus, ambulances and other vehicles	2,878,389
Other fire support equipment	847,263
<i>Capital Assets, Net</i>	<i>9,288,489</i>
<i>Total Assets</i>	<i>31,446,892</i>

DEFERRED OUTFLOWS OF RESOURCES

Pension related (see Note 8)	1,834,112
<i>Total Deferred Outflows of Resources</i>	<i>\$ 1,834,112</i>

(continued)

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2024

LIABILITIES

Accounts payable	\$ 808,790
Accrued payroll liabilities	228,534
Accrued interest payable	101,305
Long-term debt:	
Due within one year	639,785
Due after one year	1,867,557
Compensated absences	302,343
Net pension liability	808,224
<i>Total Liabilities</i>	<i>4,756,538</i>

DEFERRED INFLOWS OF RESOURCES

Unearned property tax revenue	10,338,082
Pension related (see Note 8)	596,958
<i>Total Deferred Inflows of Resources</i>	<i>10,935,040</i>

NET POSITION

Net investment in capital assets	9,272,961
Restricted for:	
Acquisition of capital assets	2,322,124
Emergencies	354,000
Nonspendable purposes	68,244
Unrestricted	5,572,097
<i>Total Net Position</i>	<i>\$ 17,589,426</i>

(concluded)

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the year ended December 31, 2024

PROGRAM EXPENSES

Personnel	\$ 4,474,224
General operating	676,227
Fire prevention	909,521
General and administrative	990,615
Ambulance	337,650
Interest	136,416
Pension expense (see Note 8)	412,600
Retention/recruitment fund	46,810
Other	11,456
<i>Total Program Expenses</i>	<u>7,995,519</u>

PROGRAM REVENUES

Charges for services	752,920
Wildland fire fees	275,414
Operating grants	421,252
Permits and fees	73,647
<i>Net Program Expenses</i>	<u>6,472,286</u>

GENERAL REVENUES

Taxes:	
Property taxes	10,316,354
Specific ownership taxes	342,527
Interest on delinquent taxes	32,847
Earnings on deposits and investments	468,729
Miscellaneous	43,186
<i>Total General Revenues</i>	<u>11,203,643</u>

OTHER FINANCING SOURCES

Gain on sale of capital asset	111,500
<i>Change in Net Position</i>	<u>4,842,857</u>

Net Position - January 1, 2024	<u>12,746,569</u>
Net Position - December 31, 2024	<u><u>\$ 17,589,426</u></u>

See accompanying notes.

Fund Financial Statements

TELLURIDE FIRE PROTECTION DISTRICT
BALANCE SHEET –
GOVERNMENTAL FUNDS
December 31, 2024

	General Fund	Debt Service Fund	Total Governmental Funds
ASSETS			
Cash and investments	\$ 8,888,802	\$ 272,462	\$ 9,161,264
Cash - restricted for aquisition of capital assets	2,322,124	-	2,322,124
Receivables:			
Taxes	10,338,082	-	10,338,082
EMS accounts, net of allowance of \$14,000	88,744	-	88,744
Other	10,255	-	10,255
Due from other fund	-	1,387	1,387
Prepaid expenses	68,244	-	68,244
<i>Total Assets</i>	<u><u>\$ 21,716,251</u></u>	<u><u>\$ 273,849</u></u>	<u><u>\$ 21,990,100</u></u>
LIABILITIES			
Accounts payable	\$ 808,790	\$ -	\$ 808,790
Due to other fund	1,387	-	1,387
Accrued payroll liabilities	228,534	-	228,534
<i>Total Liabilities</i>	<u><u>1,038,711</u></u>	<u><u>-</u></u>	<u><u>1,038,711</u></u>
DEFERRED INFLOWS OF RESOURCES			
Unearned property tax revenue	10,338,082	-	10,338,082
<i>Total Deferred Inflows of Resources</i>	<u><u>10,338,082</u></u>	<u><u>-</u></u>	<u><u>10,338,082</u></u>
FUND BALANCE			
Nonspendable	68,244	-	68,244
Restricted for:			
Acquisition of capital assets	2,322,124	-	2,322,124
Emergencies	354,000	-	354,000
Unassigned	7,595,090	273,849	7,868,939
<i>Total Fund Balance</i>	<u><u>10,339,458</u></u>	<u><u>273,849</u></u>	<u><u>10,613,307</u></u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balance</i>	<u><u>\$ 21,716,251</u></u>	<u><u>\$ 273,849</u></u>	<u><u>\$ 21,990,100</u></u>

See accompanying notes.

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

December 31, 2024

Total Fund Balance - Governmental Funds	\$ 10,613,307
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Accrued compensated absences payable are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(302,343)
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Lease-purchase obligations are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds.	(2,507,342)
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Accrued interest on debt obligations is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds.	(101,305)
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Net pension liability, deferred outflows, and deferred inflows related to pensions are not current financial resources and therefore are not reported as assets or liabilities in the governmental funds.	428,930
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Deposits toward the purchase price of capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	169,690
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Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds:

Cost of capital assets	\$ 16,400,085
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Less accumulated depreciation	(7,111,596)
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Total Net Position - Governmental Activities	9,288,489 \$ 17,589,426
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See accompanying notes.

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

For the year ended December 31, 2024

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
REVENUES			
Taxes:			
Property taxes	\$ 9,945,961	\$ 370,393	\$ 10,316,354
Specific ownership taxes	329,802	12,725	342,527
Interest on delinquent taxes	30,982	1,865	32,847
Charges for services	752,920	-	752,920
Permits and fees	73,647	-	73,647
Wildland fire fees	275,414	-	275,414
Operating grants	421,252	-	421,252
Earnings on deposits and investments	463,997	4,732	468,729
Miscellaneous	43,186	-	43,186
<i>Total Revenues</i>	<u>12,337,161</u>	<u>389,715</u>	<u>12,726,876</u>
EXPENDITURES			
Personnel	4,367,862	-	4,367,862
General and administrative	979,446	-	979,446
General operating	676,227	11,169	687,396
Ambulance	337,650	-	337,650
Fire prevention	364,374	-	364,374
Pension contributions	121,688	-	121,688
Other	11,456	-	11,456
Capital outlay	3,023,798	-	3,023,798
Debt service			
Principal	320,080	355,000	675,080
Interest	44,078	9,625	53,703
<i>Total Expenditures</i>	<u>10,246,659</u>	<u>375,794</u>	<u>10,622,453</u>
<i>Excess of Revenues Over Expenditures (Excess of Expenditures Over Revenues)</i>	<u>2,090,502</u>	<u>13,921</u>	<u>2,104,423</u>
OTHER FINANCING SOURCES			
Proceeds from capital asset lease purchase	2,076,240	-	2,076,240
Proceeds from sale of capital assets	111,500	-	111,500
<i>Total Other Financing Sources</i>	<u>2,187,740</u>	<u>-</u>	<u>2,187,740</u>
<i>Net Change in Fund Balance</i>	<u>4,278,242</u>	<u>13,921</u>	<u>4,292,163</u>
Fund Balance - January 1	<u>6,061,216</u>	<u>259,928</u>	<u>6,321,144</u>
Fund Balance - December 31	<u><u>\$ 10,339,458</u></u>	<u><u>\$ 273,849</u></u>	<u><u>\$ 10,613,307</u></u>

See accompanying notes.

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

For the year ended December 31, 2024

Net Change in Fund Balance - Total Governmental Funds	\$	4,292,163
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Amounts reported for governmental activities in the Statement of Activities are different because:

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

Capital outlay	\$ 3,023,798	
Depreciation expense	<u>(545,147)</u>	2,478,651

Principal payment on long-term debt obligations is reported as an expenditure in the governmental funds and a reduction to a liability in the Statement of Net Position.	355,000
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Principal payments on lease-purchase obligations are reported as an expenditure of governmental funds, but reduce long-term liabilities in the Statement of Net Position.	320,080
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Proceeds from the issuance of the lease-purchase obligations are recognized as an other financing source in the governmental funds but as a liability in the Statement of Net Position.	(2,076,240)
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Accrued interest on long-term debt obligations is not reported as an expenditure in the governmental funds but is reported as an expense when due in the Statement of Activities.

December 31, 2023	9,137	
December 31, 2024	<u>(101,305)</u>	(92,168)

Amortization of premium on long-term debt is recorded as part of interest expense in the Statement of Activities, but not in the governmental funds.	9,455
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Pension income (expense) related to adjustments required by GASB 68 is not reported in the governmental funds but is reported in the Statement of Activities.	(290,912)
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Compensated absences are recognized as an expenditure in the governmental funds when they are determined to be payable from current financial resources. In the Statement of Activities, compensated absences are recognized as an expense when incurred:

December 31, 2023	149,171	
December 31, 2024	<u>(302,343)</u>	(153,172)

Change in Net Position of Governmental Activities	\$	<u>4,842,857</u>
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See accompanying notes.

Notes to Basic Financial Statements

TELLURIDE FIRE PROTECTION DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

December 31, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Financial Reporting Entity

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

Government-wide Financial Statements

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

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or program. *Program revenues* include 1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not included among program revenues are reported instead as *general revenues*.

Fund Financial Statements

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

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

For the year ended December 31, 2024, the District has two funds, the General Fund, which is the District's primary operating fund that accounts for all financial resources of the District, except those required to be accounted for in another fund; and the Debt Service Fund, which is the fund that accounts for principal and interest payments on outstanding bonds of the District. The General Fund is considered a major fund, whereas the Debt Service Fund is considered a nonmajor fund. Separate financial statements are provided for governmental funds.

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenditures are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the receipt of the grant proceeds is considered available to use to pay liabilities of the current period.

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

Pensions

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

Use of Estimates

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

Property Taxes

Property taxes for the current year are levied in December of the previous year and attach as a lien on property the following January 1. They are payable in full by April 30, or in two equal installments due February 28, and June 15. Property taxes assessed for 2024 and due in 2025 are reported as a receivable and deferred inflow of resources at December 31. The deferred taxes are reported as revenue in the year in which the lien attaches and they are available and collected.

Capital Assets

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

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

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

Long-term Debt

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

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

Compensated Absences

Paid Time Off and other Leaves of Absence

Full-time administrative staff accumulate paid time off (PTO) time after the first day of employment. Eligible personnel accumulate 128 hours of PTO after the first full year of employment, 240 hours of PTO after five full years of employment, 320 hours of PTO after ten full years of employment, and 400 hours of PTO after eleven full years of employment. Each employee can accumulate 128 hours up to a maximum of 400 hours, dependent on years of service.

Full-time emergency response employees accumulate paid time off (PTO) time after the first day of employment. Eligible personnel accumulate 264 hours of PTO after the first full year of employment, 480 hours of PTO after five full years of employment, 576 hours of PTO after ten full years of employment, and 672 hours of PTO after eleven full years of employment. Each employee can accumulate 400 hours up to a maximum of 672 hours, dependent on years of service.

Upon separation, employees receive pay for unused PTO. This liability is recorded in the government-wide financial statements.

Deferred Outflows of Resources and Deferred Inflows of Resources

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

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

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

Net Position

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

Due to and Due from Other Funds

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

Fund Balance Classification

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

- Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. The District had nonspendable resources for prepaid expenses as of December 31, 2024 in the amount of \$68,244.
- Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified the Taxpayer’s Bill of Rights (TABOR) emergency reserves as being restricted because their use is restricted by state statute. The District has also classified cash proceeds from the District’s lease-purchase obligations as cash restricted for the acquisition of capital assets in accordance with the District’s lease-purchase agreements (See Note 7).

- Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the District's Board. These amounts cannot be used for any other purpose unless the Board removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2024.
- Assigned: This classification includes amounts that are constrained by the District's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the Board or through the Board delegating this responsibility to the District Chief through the budgetary process. The District had assigned resources for future capital outlay as of December 31, 2024 in the amount of \$2,322,124. Through the budgetary process, this amount has been assigned for various capital outlay projects.
- Unassigned: This classification includes the residual fund balance for the General Fund.

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

NOTE 2 - RECONCILIATION OF GOVERNMENT-WIDE FUND FINANCIAL STATEMENTS

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

NOTE 3 - TAX, SPENDING AND DEBT LIMITATIONS

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

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

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

NOTE 4 - BUDGETS

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

- A. Budgets are required by state law.
- B. The budget officer is required to submit a proposed budget to the Board by October 15.
- C. Public hearings are conducted by the Board to obtain taxpayer comments.
- D. Certification of the mill levies to the Board of County Commissioners and adoption of the budget and appropriations are required by December 15.
- E. Expenditures may not legally exceed appropriations at the fund level. Board approval is required for changes in the budget. The District expended less than was appropriated during the year ended December 31, 2024 in the General fund and the Debt Service Fund.
- F. Budget appropriations lapse at the end of each year.
- G. Budgets are adopted on the modified accrual basis of accounting.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

At December 31, 2024, the carrying amount of the District’s deposits with maturities less than one year consisted of the following:

	Bank Balance	Carrying Amount
Cash in checking accounts	\$ 790,710	\$ 787,323
Cash in money market account	\$ 284,191	\$ 283,108
Certificate of deposit	\$ 303,052	\$ 303,052

At December 31, 2024, \$750,000 was covered by depositor’s insurance and \$623,483 was collateralized under PDPA requirements.

Custodial Credit Risk – Deposits

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

Investments

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

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers’ acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Certificates of deposit

The District does not have an investment policy that would further limit its investment choices.

As of December 31, 2024, the District had the following investments:

Description	Credit Quality Rating	Maturity Weighted Average Days of 60 (to Reset)	Fair Value
COLOTRUST PLUS+	AAAm		\$ 7,787,781

At December 31, 2024, the District had funds invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a local government investment pool established for local government entities in Colorado to pool surplus funds. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S. Title 24, Article 75, Section 6. COLOTRUST currently offers three portfolios: (1) COLOTRUST PRIME, (2) COLOTRUST PLUS+, and (3) COLOTRUST EDGE.

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

COLOTRUST PLUS+ is a local government investment pool that operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST PLUS+ may invest in U.S. Treasury and Agency securities, the highest rated commercial paper and repurchase agreements collateralized by U.S. Treasury and Agency securities. COLOTRUST PLUS is rated AAAm by Standard and Poor’s and had a weighted average days to maturity (to reset) of 60 as of December 31, 2024.

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

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

Interest Rate Risk – Investments

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

Credit Risk – Investments

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

Concentrations of Credit Risk – Investments

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

NOTE 6 - CAPITAL ASSETS

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

	Balance December 31, 2023	Increases	Decreases	Balance December 31, 2024
Non-depreciable capital assets				
Land and land improvements	\$ 594,122	\$ -	\$ -	\$ 594,122
<i>Total non-depreciable capital assets</i>	<u>594,122</u>	<u>-</u>	<u>-</u>	<u>594,122</u>
Depreciable capital assets				
Buildings and improvements	5,388,131	2,339,580	-	7,727,711
Fire apparatus, ambulances and other vehicles	6,127,794	606,936	(329,936)	6,404,794
Other fire support equipment	1,179,045	494,413	-	1,673,458
<i>Total depreciable capital assets</i>	<u>12,694,970</u>	<u>3,440,929</u>	<u>(329,936)</u>	<u>15,805,963</u>
Less accumulated depreciation for:				
Buildings and improvements	(2,622,772)	(136,224)	-	(2,758,996)
Fire apparatus, ambulances and other vehicles	(3,515,542)	(340,799)	329,936	(3,526,405)
Other fire support equipment	(758,071)	(68,124)	-	(826,195)
<i>Total accumulated depreciation</i>	<u>(6,896,385)</u>	<u>(545,147)</u>	<u>329,936</u>	<u>(7,111,596)</u>
<i>Total capital assets being depreciated, net</i>	<u>5,798,585</u>	<u>2,895,782</u>	<u>-</u>	<u>8,694,367</u>
<i>Total capital assets, net</i>	<u>\$ 6,392,707</u>	<u>\$ 2,895,782</u>	<u>\$ -</u>	<u>\$ 9,288,489</u>

Depreciation expense was charged to functions/programs of the District as follows: ambulance \$68,124; fire prevention \$340,799; and general operating \$136,224.

NOTE 7 - LONG-TERM LIABILITIES

Land Leases

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

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

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

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

Equipment Lease Purchase Agreement

On February 1, 2022, the District entered into an equipment lease purchase agreement for \$1,240,000 with Community First National Bank to purchase four vehicles for the District and to purchase the third floor of Station 2. The agreement is collateralized by the vehicles purchased under the agreement. The District is obligated to make annual payments of \$264,158, including principal and interest at an interest rate of 2.72 percent, each June 15 beginning June 15, 2022 and ending June 15, 2026. The agreement requires compliance with specified covenants and obligations. At December 31, 2024 the District believes it is in compliance with these covenants. Of the proceeds received, \$394,199 has not yet been expended, and these proceeds have been presented as cash restricted for acquisition of capital assets with the corresponding restriction of the same amount of fund balance and net position.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 250,334	\$ 13,824	\$ 264,158
2026	257,153	7,005	264,158
<i>Total minimum future obligations payments</i>	<u>\$ 507,487</u>	<u>\$ 20,829</u>	<u>\$ 528,316</u>

On January 19, 2024, the District entered into a lease purchase agreement for \$986,311 with Community First National Bank to purchase one new fire engine, one new ambulance, two new all-terrain rescue vehicles, one new truck, and various other equipment. The agreement is collateralized by the equipment and vehicles purchased. The District is obligated to make two annual payments of \$100,000 and three annual payments of \$321,776, including principal and interest at an interest rate of 5.824 percent, each June 15th beginning June 15, 2024 and ending June 15, 2028. The agreement requires compliance with specified covenants and obligations. At December 31, 2024 the District believes it is in compliance with these covenants. Of the proceeds received, \$837,996 has not yet been expended, and these proceeds have been presented as cash restricted for acquisition of capital assets with the corresponding restriction of the same amount of fund balance and net position.

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

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 47,006	\$ 52,994	\$ 100,000
2026	271,520	50,256	321,776
2027	287,333	34,443	321,776
2028	304,067	17,709	321,776
<i>Total minimum future obligations payments</i>	<u>\$ 909,926</u>	<u>\$ 155,402</u>	<u>\$ 1,065,328</u>

On January 19, 2024, the District entered into a lease purchase agreement for \$1,089,929 with Community First National Bank to purchase three new two bedroom/two bathroom condos for employee housing. The agreement is collateralized by certain apparatuses owned by the District. The District is obligated to make annual payments of \$407,557, including principal and interest at an interest rate of 5.974 percent, each January 19th beginning January 19, 2025 and ending January 19, 2027. The agreement requires compliance with specified covenants and obligations. At December 31, 2024 the District believes it is in compliance with these covenants. Of the proceeds received, \$1,089,929 has not yet been expended, and these proceeds have been presented as cash restricted for acquisition of capital assets with the corresponding restriction of the same amount of fund balance and net position.

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

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

General Obligation Bonds

In February 2013, the District issued General Obligation Refunding Bonds, Series 2013 (GO Refunding 2013 Bonds) of \$3,080,000. Principal is payable annually on December 1 beginning on December 1, 2015, with interest (rates from 2.0% to 2.5%) payable semiannually beginning June 1, 2013 and semi-annually thereafter maturing on December 1, 2024. The net proceeds were used to advance refund the GO 2004 Bonds maturing on and after December 1, 2015. Additionally, the total proceeds received by the District included a net reoffering premium of \$9,445 and proceeds from the sale of registered B coupons amounting to \$210,022. The premium is amortized over the life of the GO Refunding 2013 Bonds. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal of, interest on, and premium, if any, on the GO Refunding 2013 Bonds without limitation as to rate and in an amount sufficient to pay the Bonds when due. As of December 31, 2024, the District fully retired the outstanding balance of the GO Refunding 2013 Bonds.

Changes in long-term liabilities:

	Balance December 31, 2023	Additions	Reductions	Balance December 31, 2024	Due Within One Year
GO Refunding 2013 Bonds	\$ 355,000	\$ -	\$ (355,000)	\$ -	\$ -
Original issue premium, net	9,455	-	(9,455)	-	-
2022 Lease-purchase obligation	751,182	-	(243,695)	257,153	250,334
2024 Lease-purchase obligation - equipment	-	986,311	(76,385)	862,920	47,006
2024 Lease-purchase obligation - housing	-	1,089,929	-	747,484	342,445
<i>Long-term debt</i>	1,115,637	2,076,240	(684,535)	1,867,557	639,785
Accrued compensated absences	149,171	153,172	-	302,343	-
<i>Total long-term liabilities</i>	<u>\$ 1,264,808</u>	<u>\$ 2,229,412</u>	<u>\$ (684,535)</u>	<u>\$ 2,169,900</u>	<u>\$ 639,785</u>

Interest expense of \$131,684 on long-term debt has been included in the direct expenses of individual functions on the government-wide statement of activities; it is comprised of interest on the lease-purchase obligation of \$136,986 and bond debt service interest of \$4,153. It is offset by bond premium amortization of \$9,455, thus arriving at the total of \$131,684. Authorization for general long-term debt is specific to a particular purpose; thus, an objective connection can be made to a specific program. All interest on long-term debt is reported as a direct expense of the program for which borrowing is related.

NOTE 8 - PENSION PLANS

Paid Full-Time Personnel

The District participates in the Statewide Defined Benefit Plan (SWDB Plan), a cost-sharing multiple-employer defined benefit pension plan. 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 percent.

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

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>.

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 an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent 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 percent 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 percent 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 percent 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 percent to the higher of 3 percent 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 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

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.

Members of the Defined Benefit Component contribute 12.0 percent 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 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2023, the total combined member and employer contribution rate was 21.5 percent.

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 percent in 2030. In 2023, the total minimum required member and employer contribution rate was 21.7 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2023, the total combined member and employer contribution rate was 10.75 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2023, the total minimum combined member and employer contribution rate was 16.25 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 is 14.24 percent. The Hybrid Defined Benefit Component contribution rate from January 1, 2023 through June 30, 2023 was 13.90 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

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 percent per year after the first year of service and to be 100 percent 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.

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.

At December 31, 2023, the total pension liability for the SWDB Plan was \$4,212,130,287, the plan fiduciary net position was \$4,212,130,287, the net pension liability was \$0, and the plan fiduciary net position as a percentage of the total pension liability was 100 percent.

At December 31, 2023, the District's proportion of the net pension asset of the SWDB Plan was 0.25936 percent, which was an increase of 0.04321 percent from its proportion measured as of December 31, 2022.

At December 31, 2024, the District reported a net pension liability of \$0 for its proportionate share of the SWDB Plan net pension liability. The net pension liability was measured as of December 31, 2023. The collective total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The actuarially determined contributions as of December 31, 2023 are based on the January 1, 2022 actuarial valuation. For the year ended December 31, 2024, the District recognized pension expense of \$126,038 related to the SWDB Plan.

Employer contributions recognized by the SWDB Plan from the District were \$298,844 for the year ended December 31, 2024.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the SWDB Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$ 354,607	\$ -
Changes in assumptions	286,508	-
Contributions subsequent to measurement date	298,844	-
Difference between actual and expected experience	493,945	23,732
Changes in the employer's proportion and differences between the employer's contributions (other than those to separately finance specific liabilities of the individual employer to the plan) and the employer's proportionate share of contributions	-	414,730
Total	\$ 1,433,904	\$ 438,462

The deferred outflows of resources and deferred inflows of resources related to pensions are included with total deferred outflows of resources and total deferred inflows of resources on the statement of net position. Deferred outflows of resources of \$298,844 related to FPPA pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the FPPA net pension liability in the measurement period ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31,	Amounts Recognized in Pension Expense
2025	\$ 191,775
2026	\$ 283,289
2027	\$ 405,027
2028	\$ 55,022
2029	\$ 67,892
Thereafter	\$ 108,322
Total	\$ 1,111,327

The actuarial valuations for the SWDB Plan were used to determine the total pension liability and actuarially determined contributions for the measurement period ended December 31, 2023. The valuation used the following actuarial assumption 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*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables 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 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.

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 Rate of Return
Global Equity	35.00%	8.33%
Long Short	6.00%	7.27%
Private Markets	34.00%	10.31%
Fixed Income – Rates	10.00%	5.35%
Fixed Income – Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Cash	1.00%	4.32%
Total	100.00%	

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

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.

Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

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

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension (asset) liability	\$ 1,454,357	\$ -	\$ -

The net pension liability of \$0 reflects a reserve for cost of living adjustments and to manage adverse experience of \$50,921 at a 7.00 percent discount rate and \$1,297,767 at a 8.00 percent discount rate.

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

Volunteer Firefighters

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

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

The Volunteer Plan provides normal retirement benefits, disability retirement, and survivor benefits. Fully vested firefighters receive the maximum benefit in an amount reviewed every other year during the actuarial review process. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are fully vested and are eligible for a normal retirement benefit. Firefighters with 10 to 20 years of service are also eligible for a reduced monthly benefit based off an amount per year of service that is also reviewed every other year during the actuarial review process. Upon death, the surviving spouse receives a monthly pension equal to 50 percent of the benefit previously received, payable until death or remarriage. The District has sixty-two retirees, including beneficiaries, two inactive nonretired members, and thirty-two active members in the Volunteer Plan as of January 1, 2024, the actuarial valuation date.

At December 31, 2024, the District reported a net pension liability of \$808,224 related to the Volunteer Plan. The net pension liability was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024.

At December 31, 2024 the total pension liability was \$3,489,672, the plan fiduciary net position was \$2,612,898, and the plan fiduciary net position as a percentage of the total pension liability was 76.84 percent. For the year ended December 31, 2024, the District recognized pension expense of \$2,220 related to the Volunteer Plan.

At December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to the Volunteer Plan from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 2,251	\$ -
Assumption changes	13,348	-
Contributions subsequent to measurement date	121,688	-
Net difference between expected and actual earnings on pension plan investments	262,921	158,496
Total	\$ 400,208	\$ 158,496

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

Deferred outflows of resources of \$121,688 related to the Volunteer Plan, resulting from contributions subsequent to the measurement date of December 31, 2023 will be recognized as a reduction of the net pension liability in the measurement period ending December 31, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the years ending December 31,	
2025	\$ 22,078
2026	\$ 36,094
2027	\$ 74,745
2028	\$ (12,893)
2029	\$ -
Thereafter	\$ -
Total	\$ 120,024

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were \$121,688 for the year ended December 31, 2024.

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, 2022, determines the contribution amounts for 2023 and 2024.

Methods and assumptions used to determine contribution rates for the year ended December 31, 2023 were as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 Years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65.
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

Development of the single discount rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; 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%.

Projected cash flows used in determining the Single Discount Rate are available upon request.

Long-term expected return on plan assets. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-term Expected Real Rate of Return</u>
Cash	1.00%	4.32%
Fixed Income – Rates	10.00%	5.35%
Fixed Income – Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Long Short	6.00%	7.27%
Global Equity	35.00%	8.33%
Private Markets	34.00%	10.31%
Total	100.00%	

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability	\$ 1,149,009	\$ 808,224	\$ 518,892

Deferred Compensation Retirement Plan

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

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

NOTE 9 - RISK MANAGEMENT

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

NOTE 10 - SUBSEQUENT EVENTS

On June 17, 2025, the District adopted a resolution to assign \$4,000,000 of fund balance for the remodeling of Station 3, which is scheduled to begin during the year ended December 31, 2026 and continue into 2027.

On July 15, 2025, the District adopted a resolution to close the Debt Service Fund and transfer the remaining excess cash balance of \$272,559 to the General Fund. The excess cash balance resulted from the initial operating funds transfer from the General Fund to the Debt Service Fund at inception of the Debt Service Fund. These funds have been assigned for future capital project expenditures.

Required Supplemental Information

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

For the year ended December 31, 2024

	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes:			
Property taxes	\$ 9,678,412	\$ 9,945,961	\$ 267,549
Specific ownership taxes	100,000	329,802	229,802
Interest on delinquent taxes	-	30,982	30,982
Charges for services	550,000	752,920	202,920
Permits and fees	60,000	73,647	13,647
Wildland fire fees	250,000	275,414	25,414
Operating grants	426,000	421,252	(4,748)
Earnings on deposits and investments	100,000	463,997	363,997
Miscellaneous	22,000	43,186	21,186
<i>Total Revenues</i>	<u>11,186,412</u>	<u>12,337,161</u>	<u>1,150,749</u>
EXPENDITURES			
Personnel	4,422,000	4,367,862	54,138
General and administrative	965,400	979,446	(14,046)
General operating	665,000	676,227	(11,227)
Ambulance	265,000	337,650	(72,650)
Fire prevention	398,000	364,374	33,626
Pension contributions	121,688	121,688	-
Other	42,000	11,456	30,544
Capital outlay	3,166,439	3,023,798	142,641
Debt service			
Principal	1,427,163	320,080	1,107,083
Interest	82,215	44,078	38,137
<i>Total Expenditures</i>	<u>11,554,905</u>	<u>10,246,659</u>	<u>1,308,246</u>
<i>Excess of Revenues Over Expenditures (Excess of Expenditures Over Revenues)</i>	<u>(368,493)</u>	<u>2,090,502</u>	<u>2,458,995</u>
OTHER FINANCING SOURCES			
Proceeds from equipment lease purchase	3,129,858	2,076,240	(1,053,618)
Proceeds from sale of capital asset	-	111,500	111,500
<i>Total Other Financing Sources</i>	<u>3,129,858</u>	<u>2,187,740</u>	<u>(942,118)</u>
<i>Net Change in Fund Balance</i>	<u><u>\$ 2,761,365</u></u>	<u><u>4,278,242</u></u>	<u><u>\$ 1,516,877</u></u>
Fund Balance - January 1		<u>6,061,216</u>	
Fund Balance - December 31		<u><u>\$ 10,339,458</u></u>	

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY / (ASSET) OF THE FPPA STATEWIDE DEFINED BENEFIT PENSION PLAN

As of December 31, *

	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability	0.2594%	0.2162%	0.1766%	0.0931%	0.0915%	0.0978%	0.1071%	0.1192%	0.1151%
District's proportionate share of the net pension asset (liability)	\$ -	\$ (191,857)	\$ 956,865	\$ 202,114	\$ 51,775	\$ (126,614)	\$ 154,078	\$ (43,055)	\$ 2,029
District's covered payroll	\$ 2,994,474	\$ 2,553,218	\$ 1,831,374	\$ 1,421,382	\$ 749,144	\$ 654,945	\$ 634,144	\$ 610,168	\$ 557,941
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	0.00%	7.51%	52.25%	14.22%	6.91%	19.33%	24.30%	7.06%	-0.36%
	100.00%	97.60%	116.20%	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 (the Plan's measurement periods) occurring prior to the District's fiscal years ended December 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	\$ 298,844	\$ 242,070	\$ 182,670	\$ 120,817	\$ 59,931	\$ 53,978	\$ 50,116	\$ 48,785	\$ 48,785
Contributions in relation to the statutorily required contribution	(298,844)	(242,070)	(182,670)	(120,817)	(59,931)	(53,978)	(50,116)	(48,785)	(48,785)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	\$ 2,994,474	\$ 2,553,218	\$ 1,831,374	\$ 1,421,382	\$ 749,144	\$ 674,730	\$ 654,945	\$ 634,144	\$ 610,168
Contributions as a percentage of covered payroll	10%	9%	10%	8%	8%	8%	8%	8%	8%

See accompanying notes.

TELLURIDE FIRE PROTECTION DISTRICT
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION
VOLUNTEER PLAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET) AND RELATED RATIOS
LAST 10 YEARS (to be built prospectively)
As of December 31, *

Measurement period ending December 31:	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability									
Service cost	\$ 16,417	\$ 21,727	\$ 21,727	\$ 28,850	\$ 28,850	\$ 28,376	\$ 28,376	\$ 29,492	\$ 29,492
Interest on the total pension liability	236,591	233,530	234,793	221,783	220,530	216,737	214,109	196,579	194,198
Difference between expected and actual experience of the total pension liability	-	9,303	-	192,085	-	99,442	-	129,780	-
Changes of assumptions	-	55,188	-	-	-	133,690	-	80,440	-
Benefit payments	(265,780)	(280,798)	(268,526)	(238,700)	(224,502)	(211,258)	(203,760)	(200,317)	(183,887)
Net change in total pension liability	(12,772)	38,950	(12,006)	204,018	24,878	266,987	38,725	235,974	39,803
Total pension liability - beginning	3,502,444	3,463,494	3,475,500	3,271,482	3,246,604	2,979,617	2,940,892	2,704,918	2,665,115
Total pension liability - ending	<u>\$ 3,489,672</u>	<u>\$ 3,502,444</u>	<u>\$ 3,463,494</u>	<u>\$ 3,475,500</u>	<u>\$ 3,271,482</u>	<u>\$ 3,246,604</u>	<u>\$ 2,979,617</u>	<u>\$ 2,940,892</u>	<u>\$ 2,704,918</u>
Plan Fiduciary Net Position									
Employer contributions	\$ 121,688	\$ 121,688	\$ 139,701	\$ 262,701	\$ -	\$ 123,000	\$ 123,000	\$ 123,000	\$ 123,000
Net investment income	241,424	(234,790)	376,270	307,869	290,402	1,115	271,830	93,928	31,605
Benefit payments	(265,780)	(280,798)	(268,526)	(238,700)	(224,502)	(211,258)	(203,760)	(200,317)	(183,887)
Pension plan administrative expense	(28,782)	(22,683)	(21,210)	(16,682)	(25,194)	(23,230)	(22,030)	(3,078)	(4,993)
State of Colorado supplemental discretionary payment	-	67,293	93,989	93,989	70,245	70,245	69,156	69,156	91,969
Net change in plan fiduciary net position	68,550	(349,290)	320,224	409,177	110,951	(40,128)	238,196	82,689	57,694
Plan fiduciary net position - beginning (market value of assets at beginning of year)	2,612,898	2,962,188	2,641,964	2,232,787	2,121,836	2,161,964	1,923,768	1,841,079	1,783,385
Plan fiduciary net position - ending (market value of assets at end of year)	<u>\$ 2,681,448</u>	<u>\$ 2,612,898</u>	<u>\$ 2,962,188</u>	<u>\$ 2,641,964</u>	<u>\$ 2,232,787</u>	<u>\$ 2,121,836</u>	<u>\$ 2,161,964</u>	<u>\$ 1,923,768</u>	<u>\$ 1,841,079</u>
Net Pension Liability	808,224	889,546	501,306	833,536	1,038,695	1,124,768	817,653	1,017,124	863,839
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	76.84%	74.60%	85.53%	76.02%	68.25%	65.36%	72.56%	65.41%	68.06%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

* The amounts presented for the years shown above were determined as of and for the calendar years ended December 31, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 and 2015 (the Plan's measurement periods) occurring prior to the District's fiscal years ended December 31, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017 and 2016 in accordance with Government Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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

For the Years Ended December 31,

FY Ended December 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution * (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
2023	\$ 121,688	\$ 121,688	\$ -	N/A	N/A
2022	\$ 121,688	\$ 188,981	\$ (67,293)	N/A	N/A
2021	\$ 139,701	\$ 233,690	\$ (93,989)	N/A	N/A
2020	\$ 139,701	\$ 356,690	\$ (216,989)	N/A	N/A
2019	\$ 112,777	\$ 70,245	\$ 42,532	N/A	N/A
2018	\$ 112,777	\$ 193,245	\$ (80,468)	N/A	N/A
2017	\$ 104,620	\$ 192,156	\$ (87,536)	N/A	N/A
2016	\$ 104,620	\$ 192,156	\$ (87,536)	N/A	N/A
2015	\$ 122,564	\$ 214,969	\$ (92,405)	N/A	N/A

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

See accompanying notes.

Other Supplemental Information

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

For the year ended December 31, 2024

	Final Budget	Actual	Favorable (Unfavorable) Variance
REVENUES			
Taxes:			
Property taxes	\$ 373,582	\$ 370,393	\$ (3,189)
Specific ownership taxes	10,000	12,725	2,725
Interest on delinquent taxes	-	1,865	1,865
Earnings on deposits and investments	-	4,732	4,732
<i>Total Revenues</i>	<u>383,582</u>	<u>389,715</u>	<u>6,133</u>
EXPENDITURES			
General operating	11,207	11,169	38
Debt service			
Principal	355,000	355,000	-
Interest	17,375	9,625	7,750
<i>Total Expenditures</i>	<u>383,582</u>	<u>375,794</u>	<u>7,788</u>
<i>Excess of Revenues Over Expenditures</i>	<u>-</u>	<u>13,921</u>	<u>13,921</u>
<i>Net Change in Fund Balance</i>	<u>\$ -</u>	<u>13,921</u>	<u>\$ 13,921</u>
Fund Balance - January 1		<u>259,928</u>	
Fund Balance - December 31		<u><u>\$ 273,849</u></u>	

See accompanying notes.

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

For the years ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
REVENUES			
Taxes:			
Property taxes	\$ 9,945,961	\$ 4,152,766	\$ 3,978,970
Specific ownership taxes	329,802	192,284	179,596
Interest on delinquent taxes	30,982	12,133	12,903
Charges for services	752,920	585,416	543,722
Permits and fees	73,647	82,687	37,311
Wildland fire fees	275,414	480,134	229,243
Operating grants	421,252	1,004,984	155,200
Earnings on deposits and investments	463,997	289,222	106,962
Miscellaneous	43,186	83,115	126,919
<i>Total Revenues</i>	<u>12,337,161</u>	<u>6,882,741</u>	<u>5,370,826</u>
EXPENDITURES			
Personnel	4,367,862	3,969,422	3,294,275
General and administrative	979,446	611,707	543,173
General operating	676,227	572,696	626,930
Ambulance	337,650	243,833	302,895
Fire prevention	364,374	398,446	265,723
Pension contributions	121,688	121,688	121,688
Other	11,456	5,315	6,676
Capital outlay	3,023,798	1,376,165	564,960
Debt service:			
Principal	320,080	237,233	251,585
Interest	44,078	26,924	12,573
<i>Total Expenditures</i>	<u>10,246,659</u>	<u>7,563,429</u>	<u>5,990,478</u>
<i>Excess of Revenues Over Expenditures (Excess of</i>			
<i>Expenditures Over Revenues)</i>	<u>2,090,502</u>	<u>(680,688)</u>	<u>(619,652)</u>
OTHER FINANCING SOURCES			
Proceeds from equipment lease purchase	2,076,240	-	1,240,000
Proceeds from sale of capital assets	111,500	-	14,500
<i>Total Other Financing Sources</i>	<u>2,187,740</u>	<u>-</u>	<u>1,254,500</u>
<i>Net Change in Fund Balance</i>	<u>4,278,242</u>	<u>(680,688)</u>	<u>634,848</u>
Fund Balance - January 1	<u>6,061,216</u>	<u>6,741,904</u>	<u>6,107,056</u>
Fund Balance - December 31	<u><u>\$ 10,339,458</u></u>	<u><u>\$ 6,061,216</u></u>	<u><u>\$ 6,741,904</u></u>

See accompanying notes.

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

For the years ended December 31, 2024, 2023, and 2022

	<u>2024</u>	<u>2023</u>	<u>2022</u>
REVENUES			
Taxes:			
Property taxes	\$ 370,393	\$ 363,548	\$ 359,740
Specific ownership taxes	12,725	16,905	16,268
Interest on delinquent taxes	1,865	1,695	1,900
Earnings on deposits and investments	4,732	4,524	1,492
<i>Total Revenues</i>	<u>389,715</u>	<u>386,672</u>	<u>379,400</u>
EXPENDITURES			
General operating	11,169	10,981	10,851
Debt service			
Principal	355,000	340,000	335,000
Interest	9,625	18,125	26,500
<i>Total Expenditures</i>	<u>375,794</u>	<u>369,106</u>	<u>372,351</u>
<i>Excess of Revenues Over Expenditures</i>	<u>13,921</u>	<u>17,566</u>	<u>7,049</u>
<i>Net Change in Fund Balance</i>	13,921	17,566	7,049
Fund Balance - January 1	<u>259,928</u>	<u>242,362</u>	<u>235,313</u>
Fund Balance - December 31	<u><u>\$ 273,849</u></u>	<u><u>\$ 259,928</u></u>	<u><u>\$ 242,362</u></u>

See accompanying notes.