AULT
FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

Year Ended December 31, 2025

ANDERSON & WHITNEY

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A Professional Corporation of
Certified Public Accountants

Independent Auditors' Report

Board of Directors
Ault Fire Protection District
Ault, Colorado

Opinions

We have audited the accompanying balance sheet/statement of net position and the statement of revenue, expenditures and changes in fund balance/ statement of activities of the governmental activities and the major fund of Ault Fire Protection District (the District) as of December 31, 2025 and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of the Ault Fire Protection District as of December 31, 2025, and the changes in financial position and the budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 opinion.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, 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 require that management discussion and analysis and pension schedules be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 evidence sufficient to express an opinion or provide any assurance.

Anderson & Whitney, P.C.

September 17, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of the Ault Fire Protection District (AFPD) for the year ended December 31, 2025. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

* AFPD's assets exceeded liabilities by $6,368,849 at December 31, 2025.

* The General Fund balance was $4,094,399 as of December 31, 2025. Of this amount, $109,743 is restricted for emergencies.

* The December 31, 2025 General Fund balance is $866,602 more than the previous year.

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 contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

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

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

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

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. AFPD, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. AFPD has one governmental fund, a General Fund.

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the 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 fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide adjustments to facilitate this comparison between *governmental funds* and *governmental activities*, which are also explained in the notes.

The basic governmental fund financial statements can be found on pages 8 and 9 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 12 through 31 of this report.

Budgetary Comparisons. AFPD adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund on pages 10 through 11 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2025, assets exceeded liabilities by $6,368,849.

The following table provides a summary of the District's net position:

December 31	2025	2024
Assets:		
Current and other assets	$ 7,447,310	$ 6,612,993
Capital assets	3,692,236	3,331,314
Total Assets	11,139,546	9,944,307
Deferred Outflows of Resources:		
Pension Plans	785,669	696,472
Liabilities:		
Current and other liabilities	37,704	87,825
Long-term liabilities	2,107,414	2,399,664
Total Liabilities	2,145,118	2,487,489
Deferred Inflows of Resources:		
Deferred Property Taxes	3,315,207	3,293,380
Pension Plans	96,041	72,163
Total Deferred Inflows	3,411,248	3,365,543
Net Position:		
Net Investment in capital assets	3,214,661	2,695,135
Restricted	109,743	93,156
Unrestricted	3,044,445	1,995,465
Total Net Position	$6,368,849	$4,783,756

A portion of AFPD's net position represents unrestricted net position of $3,044,445 which may be used to meet the District's ongoing obligations to patrons.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, building, equipment, and vehicles. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional $109,743 of the District's net position represents resources that are subject to external restriction on how they may be used. Included in this category are the TABOR emergency reserves of $109,743.

The following table indicates the changes in net position:

Years Ended December 31	2025	2024
General revenues:		
Property and S.O. taxes	$3,423,358	$ 2,877,118
Investment earnings	130,083	111,412
Other revenue and grants	104,662	116,660
Total Revenues	3,658,103	3,105,190
Expenses:		
Program services	1,864,259	2,780,039
Depreciation	188,701	174,448
Interest expense on debt	20,050	25,315
Total Expenses	2,073,010	2,979,802
Increase (decrease) in Net Position	$1,585,093	$ 125,388

Governmental Activities. Governmental activities increased AFPD's net position by $1,585,093 in 2025. Key elements of this increase are as follows:

* Total revenues were $3,658,103, up 18% from the prior year. This is primarily due to an increase in property taxes from increased property valuations.
* Expenses totaled $2,073,010. This represents a 30% decrease over the previous year, primarily due to a large decrease in the net pension liability.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes:

Year Ended December 31, 2025	Final Budget	Actual
Beginning Fund Balance	$3,227,797	$ 3,227,797
Revenue	3,526,260	3,658,103
Expenditures	3,526,654	2,791,501
Ending Fund Balance	$3,227,403	$ 4,094,399

CAPITAL ASSET ADMINISTRATION

Capital Assets. AFPD's investment in capital assets for its governmental type activities as of December 31, 2025, totals $3,692,236 (net of accumulated depreciation). This investment includes all land, buildings, equipment, and vehicles. The primary capital activity of 2025 was to purchase a tractor and other gear.

The District implemented the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated. Additional information on the District's capital assets can be found in Note 2 of this report.

DEBT ADMINISTRATION

Long-term Debt. Debt financing of approximately $1.5 million was received in 2006 for the fire stations. Annual required payments are approximately $108,000, funded from General Fund taxes. Debt financing of $544,169 was received in 2021 for a new fire engine. Annual required payments are approximately $70,000, funded from General Fund taxes. See Note 6 for additional information.

OTHER MATTERS

The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2026 budget:

- The assessed valuation of property in the District increased for 2026, resulting in a property taxes expected of $3,315,207.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of AFPD's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 526 Maple Avenue, Eaton, Colorado 80615.

AULT FIRE PROTECTION DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2025	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash	$ 417,279	$ -	$ 417,279
Investments	3,540,997		3,540,997
Property Taxes Receivable	3,315,207	-	3,315,207
Prepaid items	15,223	-	15,223
Restricted Cash	158,604	-	158,604
Capital Assets:			
Land	-	157,849	157,849
Buildings and improvements	-	2,883,286	2,883,286
Equipment	-	532,218	532,218
Vehicles	-	2,056,963	2,056,963
Less accumulated depreciation		(1,938,080)	(1,938,080)
DEFERRED OUTFLOWS OF RESOURCES			
Pension Plans	-	785,669	785,669
TOTAL ASSETS AND DEFERRED OUTFLOWS	$ 7,447,310	$ 4,477,905	$ 11,925,215
LIABILITIES			
Accounts Payable	32,480	-	32,480
Accrued Expenses	5,224	-	5,224
Lease obligations	-	320,711	320,711
Note Payable	-	156,864	156,864
Net Pension Liability	-	1,629,839	1,629,839
Total Liabilities	37,704	2,107,414	2,145,118
DEFERRED INFLOWS OF RESOURCES			
Deferred Property Taxes	3,315,207	-	3,315,207
Pension Plans	-	96,041	96,041
FUND BALANCE/NET POSITION			
Fund Balances:			
Restricted for debt service	158,604	-	158,604
Restricted for TABOR emergencies	109,743	-	109,743
Unassigned	3,826,052	-	3,826,052
Total Fund Balance	4,094,399	-	4,094,399
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	$ 7,447,310		
Net Position:			
Net investment in capital assets		3,214,661	3,214,661
Restricted for emergencies		109,743	109,743
Unrestricted		3,044,445	3,044,445
		$ 6,368,849	$ 6,368,849

See Accompanying Notes to Financial Statements.

AULT FIRE PROTECTION DISTRICT

STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

Year Ended December 31, 2025	General Fund	Adjustments	Statement of Activities
Revenue:			
General property taxes	$ 3,289,938	$ -	$ 3,289,938
Specific ownership taxes	133,420	-	133,420
Interest earnings	130,083	-	130,083
Other revenue and grants	104,662	-	104,662
Total Revenue	3,658,103	-	3,658,103
Expenditures:			
Current Operating:			
Administration	328,623	(198,965)	129,658
Operations	1,734,601	-	1,734,601
Capital outlay	549,623	(549,623)	-
Debt service	178,654	(158,604)	20,050
Depreciation	-	188,701	188,701
Total Expenditures	2,791,501	(718,491)	2,073,010
Revenue Over Expenditures/ Change in Net Position	866,602	718,491	1,585,093
Fund Balance/Net Position, Beginning of Year	3,227,797	1,555,959	4,783,756
Fund Balance/Net Position, End of Year	$ 4,094,399	$ 2,274,450	$ 6,368,849

See Accompanying Notes to Financial Statements.

AULT FIRE PROTECTION DISTRICT

BUDGETARY COMPARISON STATEMENT

Year Ended December 31, 2025	Actual	Final Budget	Variance
Revenue:			
General Property Taxes	$ 3,289,938	$ 3,283,326	$ 6,612
Specific Ownership Taxes	133,420	91,967	41,453
Interest Earnings	130,083	100,000	30,083
Other Revenue and Grants	104,662	50,967	53,695
Total Revenue	3,658,103	3,526,260	131,843
Expenditures:			
Administration:			
Administration	6,286	6,500	214
Governing Board	600	600	-
Community Outreach	3,308	5,000	1,692
Elections	1,778	12,000	10,222
Building	22,100	25,000	2,900
Printing and notices	150	150	-
Professional Services	49,748	58,000	8,252
Telephone and Utilities	30,624	36,200	5,576
Office Expenses	1,552	2,700	1,148
Insurance	94,534	85,000	(9,534)
County Treasurer's Fees	49,349	65,674	16,325
Dues and Subscriptions	44,856	65,000	20,144
Annual Recognition	6,276	6,000	(276)
Meals	3,300	3,300	-
Miscellaneous	14,162	2,500	(11,662)
Total Administration	328,623	373,624	45,001
Operations:			
Salaries	913,307	963,772	50,465
Payroll taxes	99,417	132,673	33,256
Stipends (Shift Coverage)	8,100	6,000	(2,100)
Benefits	97,404	85,500	(11,904)
Pension contribution	451,689	451,689	-
Equipment repairs	14,078	13,100	(978)
Vehicle	45,849	35,000	(10,849)
Physician Advisor	625	750	125
Training	9,826	28,000	18,174
Medical Expense	29,482	30,000	518
Non-capitalized equipment	12,991	12,000	(991)
Fire fighting service fee	1,831	10,000	8,169
Supplies	20,282	13,150	(7,132)
Turnout Gear/PPE	2,253	50,000	47,747
Nozzles/Hoses	-	8,000	8,000
Uniforms	4,166	8,000	3,834
Recruitment	1,222	1,000	(222)
Tools	992	15,000	14,008
Information Tech	9,308	30,000	20,692
Radio expense	11,779	9,500	(2,279)
Emergency Reserve	-	98,512	98,512
Total Operations	1,734,601	2,001,646	267,045

Continued on next page.

AULT FIRE PROTECTION DISTRICT

BUDGETARY COMPARISON STATEMENT - Continued

Year Ended December 31, 2025	Actual	Final Budget	Variance
Capital Outlay:			
Equipment and vehicles	$ 549,623	$ 972,434	$ 422,811
Total Capital Outlay	549,623	972,434	422,811
Debt Service:			
Principal	158,604	158,900	296
Interest	20,050	20,050	-
Total Debt Service	178,654	178,950	296
Total Expenditures	2,791,501	3,526,654	735,153
Revenue Over Expenditures	866,602	(394)	866,996
Fund Balance, January 1, 2025	3,227,797	3,227,797	-
Fund Balance, December 31, 2025	$ 4,094,399	$ 3,227,403	$ 866,996

See Accompanying Notes to Financial Statements.

AULT FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Ault Fire Protection District (the District) conform to generally accepted accounting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity:

The financial report of the District includes all of the integral parts of the District's operations. The District has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

Government-wide and Fund Financial Statements:

The District reports as a special purpose government engaged in a single governmental program. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

Separate financial statements are provided for the government fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation:

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 expenses 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.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued:

Property taxes and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

The G*eneral Fund* is the District's primary operating fund. It accounts for all financial resources of the District.

Capital Assets:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Acquisitions of capital assets are recorded as capital outlay expenditures within the governmental funds. Depreciation has been provided on capital assets, using straight line methods over the useful lives of the assets (buildings 50 years, trucks 10-20 years, and equipment 5-10 years). The District's capitalization level is $5,000.

Property Taxes:

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the same year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The District uses the Weld County Treasurer to bill and collect its property taxes. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible. Taxes levied in December 2025 are recorded as taxes receivable and deferred revenue as of December 31, 2025.

The original January 1, 2025 levy for the General Fund of the District was 7.3 mills or approximately $3,293,380.

Reclassifications:

Certain amounts in the 2024 financial statements have been reclassified to conform to the 2025 financial statement presentation. These reclassifications have not effect on the previously reported change in fund balance.

Subsequent Events:

Management has evaluated subsequent events through the date of the financial statements were available for issuance, which is the same date as the auditor's report.

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Budget:

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the Local Government Budget Law. The budget is prepared on a basis consistent with generally accepted accounting principles for all funds. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Board is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Board through a supplemental appropriation resolution. There were no supplemental appropriations in 2025.

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any borrowing used for the acquisition of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for specific purpose.

Restrictions for the District are recorded up to the maximum equity available in the fund balance and consist of:

Restricted for Emergencies:

These restrictions are established to comply with TABOR. Recorded TABOR emergency reserves at December 31, 2025 are $109,743.

Restricted for Debt Service:

These restrictions are established to comply with the provisions for debt service reserves.

Assigned fund balances, if any, are amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Deferred Outflows and Inflows of Resources:

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense/expenditures) until then. The District has one item that qualifies for reporting in this category: changes in the net pension asset not included in pension expense reported in the government-wide statement of net position.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents and acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category: changes in the net pension liability not included in pension expense reported in the government-wide statement of net position and deferred property taxes.

Compensated Absences:

In 2024, Ault Fire Protection District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. GASB 101 establishes standards for recognizing and measuring liabilities and expenses related to compensated absences, including vacation leave, sick leave, and other paid time off. The impact of the adoption was not material to the financial statements and primarily resulted in enhanced disclosures only.

GASB 101 requires the recognition of a liability for compensated absences that are attributable to services already rendered, based on established policies and applicable laws. The liability is measured using the pay or salary rates in effect at the financial reporting date. Liabilities are recognized only for compensated absences that are expected to result in payments to employees (e.g., cash payouts, leave used during employment, or other settlements).

Full-time employees receive annual leave which may accumulate at a rate varying from 48-192 hours annual depending on years of service and position in the District. Employees are allowed to roll over one year's worth of accrued paid time off until January 31st of the following year. Any accrued but unused paid time off carried over from the previous year above 48 hours is forfeited on February 1st. Upon termination, for any reason, employees are paid out half of any accrued but unused paid time off at their current rate of pay.

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Compensated Absences - Continued:

The District's liability has been reviewed and is considered immaterial to the financial statements as a whole.

Investment Risks:

The pension board shall have complete control and authority to invest the funds of the Plan. Funds of the Plan shall be managed and invested by the pension board of the District in accordance with the prudent investor rule and the other standards and provisions for trustees set forth in the "Colorado Uniform Prudent Investor Act". The District has affiliated with the Fire and Police Pension Association (FPPA) of Colorado to administer the Plan.

NOTE 2 - Capital Assets:

	Balance, 1/1/25	Additions	Deletions	Balance, 12/31/25
Land	$ 157,849	$ --	$ --	$ 157,849
Buildings	2,645,445	237,841	--	2,883,286
Equipment	557,072	59,915	84,769	532,218
Vehicles	1,805,096	251,867	--	2,056,963
Total Capital Assets	5,165,462	549,623	84,769	5,630,316
Less Accumulated Depreciation:				
Buildings	893,797	60,618	--	954,415
Equipment	311,735	38,856	84,769	265,822
Vehicles	628,616	89,227	--	717,843
Total Accumulated Depreciation	1,834,148	188,701	84,769	1,938,080
Capital Assets, net	$ 3,331,314	$ 360,922	$ --	$3,692,236

NOTE 3 - Cash and Investments:

The District's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust.

NOTE 3 - Cash and Investments - Continued:

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

At December 31, 2025, the District held investments of $3,540,997 in the Colorado Local Government Liquid Asset Trust (COLOTRUST PRIME), which is a 2a7-like investment pool. The investment pool is routinely monitored by the Colorado Division of Securities with regard to operations and investments. COLOTRUST PRIME may invest in U.S. securities, certain approved obligations of agencies of the U.S. government, certain money market funds registered as an investment company under the Federal Investment Company Act of 1940, and written repurchase agreements collateralized by U.S. securities or certain approved obligations of U.S. government agencies. At December 31, 2025, COLOTRUST PRIME had a weighted average maturity of 24 days to reset and 80 days to final maturity. Investments are valued at net asset value (NAV) with each share valued at $1.00. COLOTRUST PRIME is rated AAAm by S&P Global Ratings.

NOTE 4 – Volunteer Pension Plan:

The District's defined benefit pension plan for volunteers provides retirement and disability benefits and death benefits to plan members and beneficiaries. The plan is affiliated with the Fire and Police Member's Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. Title 31, Article 30 of the Colorado Revised Statutes assigns the authority to establish and amend the benefit provisions of the plans that participate in FPPA to the respective member entities. FPPA issues a publicly available financial report that includes financial statements and required supplementary information for the Fire and Police Member's Benefit Fund. That report may be obtained by writing to FPPA, 5290 DTC Parkway, Englewood, Colorado 80111, or by calling 1-800-332-FPPA.

Contribution requirements of the District are established under Title 31, Article 30 of the Colorado Revised Statutes. The plan is noncontributory regarding participants. Districts are allowed to levy up to a 1.000 mil property tax to provide pension contributions and may also contribute other revenues. Contributions to the plan for the year ended December 31, 2025, included $11,095 from State of Colorado matching and $0 of property taxes levied by the District.

On the actuarial valuation as of January 1, 2025, pension plan membership consisted of 5 active members and 21 retired members. In 2023, the monthly benefit increased to from $700 to $1,250.

NOTE 4 – Volunteer Pension Plan – Continued:

At December 31, 2025, AFPD reported a liability of $1,629,839 for its net pension liability of the volunteer plan. The net pension asset was measured as of December 31, 2024, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025.

For the year ended December 31, 2025, AFPD recognized pension expense of $222,036.

At December 31, 2025, AFPD reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ --	$ 30,363
Changes in assumptions	77,617	--
Net difference between projected and actual earnings on pension plan investments	58,328	63,423
Contributions subsequent to the measurement date	451,689	
Total	$ 587,634	$ 93,786

Deferred outflows of resources related to pensions of $451,689, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31	Amount
2026	$ 49,535
2027	15,247
2028	(13,918)
2029	(8,705)
	$ 42,159

NOTE 4 – Volunteer Pension Plan – Continued:

Changes in Net Pension Liability:

Collective Change in Net Pension Liability	Year Ended December 31, 2025
Total Pension Liability:	
Interest on the total pension liability	$ 190,997
Benefit changes	--
Service cost	10,790
Difference between expected and actual experience of the total pension liability	(102,126)
Changes of assumptions	261,064
Benefit payments	(235,625)
Net Change in Total Pension Liability	125,100
Total Pension Liability - Beginning	2,839,047
Total Pension Liability - Ending	2,964,147
Plan Fiduciary Net Position:	
IRC 414 (H) (2) employer-paid member contributions	$ 367,675
Projected earnings on plan investments	123,461
Benefit payments	(235,625)
Pension plan administrative expense	(7,860)
State of Colorado supplemental discretionary payment	11,095
Net Change in Plan Fiduciary Net Position	258,746
Plan Fiduciary Net Position - Beginning	1,075,562
Plan Fiduciary Net Position - Ending	1,334,308
Net Pension Liability	$ 1,629,839

Actuarial assumptions: The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.5 percent
Retirement age	50% per year of eligibility until 100% at age 65
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.0 percent

Mortality rates were based on the MP-2020 Combined Mortality Tables for Blue Collar Employees, projected with Scale BB, 60% multiplier for off-duty mortality.

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2020 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions.

NOTE 4 – Volunteer Pension Plan – Continued:

The assumption changes were effective for actuarial valuations beginning January 1, 2025. The actuarial assumptions impacted actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

Effective with the January 1, 2013 valuations, the Board adopted a five-year smoothing methodology in the determination of the actuarial value of assets. Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80% to 85% to reflect the passage of the Colorado Civil Union Act.

The Plan's 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 return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Rate of Return
Liquidity	4%	4.2%
Fixed Income – Rates	7%	5.0%
Fixed Income – Credit	7%	6.5%
Diversifiers	9%	5.7%
Long Short	6%	6.2%
Global Public Equity	33%	7.0%
Private Markets	34%	8.8%
Total	100%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.0 percent.

Discount rate: The discount rate used to measure the total pension liability was 7.0 percent. The projection of cash flows used to determine the discount rate assumed that District contributions will be made at the actuarially recommended rates.

Sensitivity of the AFPD net pension (asset) liability to changes in the discount rate: The following presents the net pension asset calculated using the discount rate of 7.0 percent, as well as what the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

NOTE 4 – Volunteer Pension Plan – Continued:

December 31, 2025	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Net pension liability	$ 1,941,197	$ 1,629,839	$ 1,368,775

NOTE 5 – Statewide Retirement Plan:

The District participates in the Statewide Retirement Plan (SWRP), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado (FPPA). The net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

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

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

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

NOTE 5 – Statewide Retirement Plan - Continued:

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

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

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 2024, the total combined member and employer contribution rate was 22.0 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.

NOTE 5 – Statewide Retirement Plan - Continued:

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 2024, the total minimum required member and employer contribution rate was 22.2 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 2024, the total combined member and employer contribution rate was 11 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 2024, the total minimum combined member and employer contribution rate was 17 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, 2024 was 14.24 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 form 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.

NOTE 5 – Statewide Retirement Plan - Continued:

Employer contributions are recognized by the SWRP Plan in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to the SWRP Plan. Employer contributions recognized by the SWRP Plan from the District were $64,453 for the year ended December 31, 2025.

At December 31, 2025, the District reported a liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2025. The District's proportion of the net pension asset was based on District contributions to the SWRP for the calendar year 2024 relative to the total contributions of participating employers to the SWRP Plan.

At December 31, 2025, the District proportion was .03 percent, which was approximately the same as its proportion measured as of December 31, 2024.

Actuarial Valuation Dates: The collective total pension liability as of December 31, 2025 is based upon the January 1, 2025 actuarial valuation. The actuarially determined contributions as of December 31, 2025 are based upon the January 1, 2025 actuarial valuation.

For the year ended December 31, 2025, the District recognized pension expense of $55,378. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

December 31, 2025	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 72,090	$ 2,255
Net difference between projected and actual earnings on pension plan investments	25,800	--
Changes in assumptions	10,241	--
Contributions subsequent to the measurement date	89,905	--
Total	$ 198,036	$ 2,255

Deferred outflows of resources related to pensions of $89,905, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ending December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

NOTE 5 – Statewide Retirement Plan - Continued:

Year Ending December 31	Amount
2026	$ 29,484
2027	43,565
2028	3,081
2029	4,570
2030	10,044
Thereafter	15,132
	$ 105,876

Average Remaining Expected Service Life: The average of the expected remaining service lives of all members in the plan, including active and inactive members, is 8.3 years determined as of the beginning of the December 31, 2024 measurement period.

Basis of Presentation: The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA.

As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2024 Annual Report, employer contributions to the Statewide Retirement Plan were $109,033,068 compared to total employer contributions of $109,037,538 on the Schedule of Employer Contributions. Adjustments were made to annualize employer contributions related to employers newly contributing to the plan, including employer departments completing reentry, and for known significant adjustments of non-recurring amounts.

The Schedule of Collective Pension Amounts represents total pension amounts for the Statewide Retirement Plan. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Specifically, this schedule excludes deferral amounts arising from the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

Collective Net Pension Liability/Asset: The components of the calculation of the net pension liability/(asset) of the Statewide Retirement Plan for participating departments as of December 31, 2024 are shown in the following table:

NOTE 5 – Statewide Retirement Plan - Continued:

	Measurement Date December 31, 2024
Total Pension Liability (A)	$ 4,716,284,644
Plan Fiduciary Net Position (B)	4,716,284,644
Employers' Net Pension Liability/(Asset) (A-B)	-0-
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (B/A)	100.0%

Actuarial Assumptions: The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2025. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, net*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.75%	4.25% - 11.75%
Cost of Living Adjustments (COLA)	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.

NOTE 5 – Statewide Retirement Plan - Continued:

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 2023 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, 2024. 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income - Rates	7%	5.00%
Fixed Income - Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	**100%**	

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.

NOTE 5 – Statewide Retirement Plan - Continued:

As of the measurement period ending December 31, 2024, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 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.

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%	Single Discount Rate Assumption 7.00%	1% Increase 8.00%
$146,397	$-0-	$-0-

The net pension liability of $-0- reflects a reserve for cost of living adjustments and to manage adverse experience of $43,127 at a 7.00 percent discount rate and $200,071 at a 8.00 percent discount rate.

Pension plan fiduciary net position: Detailed information about the SWRP's fiduciary net position is available in FPPA's publicly available annual comprehensive financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

NOTE 6 – Governmental Long-Term Debt:

December 31	2025
$1,500,000, Bank loan (2006) due in semi-annual payments of $54,304, due June 1, 2027, interest at 3.50 %, secured by property tax revenues	$ 156,864
Engine lease in 2022, balance due in annual payments of $70,248 at 3.1% interest, maturity in 2030	320,711
Total	$ 477,575

The annual requirements to repay the loan as of December 31, 2025, are as follows:

Year Ending December 31	Principal	Interest	Total
2026	$ 103,943	$ 4,666	$ 108,609
2027	52,921	944	53,865
	$ 156,864	$ 5,610	$ 162,474

The annual requirements to repay the engine lease as of December 31, 2025, are as follows:

Year Ending December 31	Principal	Interest	Total
2026	$ 60,275	$ 9,973	$ 70,248
2027	62,149	8,099	70,248
2028	64,082	6,166	70,248
2029	66,075	4,173	70,248
2030	68,130	2,118	70,248
	$ 320,711	$ 30,529	$ 351,240

Changes in long-term debt during the year were as follows:

	Balance 1/1/25	Additions	Retirements	Balance 12/31/25	Due Within One Year
2006 loan	$ 257,012	$ --	$100,148	$156,864	$103,943
Engine lease	379,167	--	58,456	320,711	60,275
Total	$ 636,179	$ --	$ 158,604	$ 477,575	$ 164,218

NOTE 7 – Reconciliation Between General Fund Balance Sheet and the Statement of Net Position:

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

December 31, 2025	
Fund balance of General Fund	$ 4,094,399
Capital assets used in governmental activities are not financial resources and therefore are not reported in the General Fund	3,692,236
Net pension liability	(1,629,839)
Deferred inflows and outflows for pensions	689,628
Long-term leases and loans are not due and payable in the current period and therefore are not reported in the General Fund	(477,575)
Total Net Position	$ 6,368,849

NOTE 8 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of the General Fund to the Statement of Activities:

Year Ended December 31, 2025	
Net change in fund balance – General Fund	$ 866,602
Amounts reported for *governmental activities* in the statement of activities are different because:	
The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current year.	360,922
The repayment of the principal of long-term debt consumes the current financial resources of the General Fund. However, this transaction has no effect on net position. This amount is the net effect of these differences.	158,604
The General Fund reports District pension contributions as expenditures. However, in the statement of activities, the cost of pension benefits earned is reported as pension expense.	198,965
Change in Net Position of Governmental Activities	$ 1,585,093

NOTE 9 - Contingencies:

In 1992, the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Included in the accompanying financial statements are emergency reserves of at least 3% of fiscal year spending.

In 1998, the electors of the District voted to supersede TABOR and to collect, retain, and expend the full proceeds of all taxes, fees, and other revenue without increasing or adding taxes of any kind, and to retain the existing mill levy of 6.480.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The District purchases commercial insurance for risks of loss in excess of deductible amounts and participates in the Colorado Compensation Insurance Authority. Settled claims have not exceeded this coverage in any of the past three fiscal years.

AULT FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Contributions - Volunteer Plan

Year Ended December 31	Actuarially Required Contributions	Contributions Made	Contribution Deficiency (Surplus)
2025	$ 180,955	$ 451,689	(270,734)
2024	180,955	367,675	(186,720)
2023	94,366	326,129	(231,763)
2022	94,366	177,843	(83,477)
2021	105,714	143,250	(37,536)
2020	105,714	115,356	(9,642)
2019	57,919	98,665	(40,746)
2018	57,919	109,460	(51,541)
2017	37,365	106,282	(68,917)
2016	37,365	102,877	(65,512)

Methods and Assumptions Used:

Actuarial cost method: Entry age
Amortization method: Level dollar-open
Remaining amortization period: 20 years
Asset valuation method: 5 year
smoothed fair value
Inflation: 2.5%
Benefit increase: Increased to $1,250 per month in 2023
Investment return: 7.0%

AULT FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of Changes in Net Pension Liability - Volunteer Plan

Measurement Period Ended December 31	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability:										
Annual Service Cost	$ 10,790	$ 10,790	$ 8,331	$ 8,331	$ 10,522	$ 10,522	$ 4,807	$ 4,807	$ 5,960	$ 5,884
Interest on the Total Pension Liability	190,997	193,688	112,984	114,250	116,205	117,346	89,807	90,227	68,865	74,320
Difference between expected experience and actual	(102,126)	-	(59,585)	-	(10,019)	-	(84,293)	-	31,731	(42,689)
Benefit changes	-	1,269,705	-	-	-	540,025	-	-	244,931	-
Change of Assumptions	261,064	-	14,157	-	-	-	44,530	-	41,291	-
Benefit Payments	(235,625)	(249,975)	(139,650)	(141,650)	(145,425)	(142,938)	(95,250)	(107,238)	(106,200)	(88,379)
Total Pension Liability - Beginning	2,839,047	1,614,839	1,678,602	1,697,671	1,726,388	1,201,433	1,241,832	1,253,986	967,408	1,031,440
Total Pension Liability - Ending	2,964,147	2,839,047	$ 1,614,839	$ 1,678,602	$ 1,697,671	$ 1,726,388	$ 1,201,433	$ 1,241,782	$ 1,253,986	$ 980,576
Plan Fiduciary Net Position:										
Contributions - District	$ 367,675	$ 315,034	$ 166,748	$ 121,060	$ 104,261	$ 98,665	$ 98,665	$ 88,073	$ 84,668	$ 54,108
Net Investment Income (Loss)	123,461	92,540	(77,320)	123,803	102,240	101,323	(97)	92,045	29,960	35,689
Administrative Costs	(7,860)	(10,440)	(6,695)	(7,380)	(5,767)	(8,625)	(6,023)	(7,115)	(1,206)	(1,230)
Benefit Payments	(235,625)	(249,975)	(139,650)	(141,650)	(145,425)	(142,938)	(95,250)	(107,238)	(106,200)	(88,379)
State Payments	11,095	11,095	11,095	22,190	11,095	-	11,095	18,209	18,209	23,055
Net Change	258,746	158,254	(45,822)	118,023	66,404	48,425	8,390	83,974	25,431	23,243
Plan Fiduciary Net Position - Beginning	1,075,562	917,308	963,130	845,107	778,703	730,278	721,888	637,914	612,483	565,001
Plan Fiduciary Net Position - Ending	$ 1,334,308	$ 1,075,562	$ 917,308	$ 963,130	$ 845,107	$ 778,703	$ 730,278	$ 721,888	$ 637,914	$ 588,244
District Net Pension Liability	1,629,839	1,763,485	$ 697,531	$ 715,472	$ 852,564	$ 947,685	$ 471,155	$ 519,894	$ 616,072	$ 392,332
Percentage of Net Pension Liability	45%	38%	57%	62%	50%	45%	61%	58%	51%	60%

AULT FIRE PROTECTION DISTRICT

SCHEDULE OF EMPLOYER CONTRIBUTIONS - STATEWIDE RETIREMENT PLAN

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2025	$ 64,453	$ 64,453	$ 613,842	10.5%
2024	53,260	53,260	532,600	10.0%
2023	45,007	45,007	475,422	9.5%

Information for employer's contributions for 10 years is not available as the Statewide Retirement Plan was created as of January 1, 2023. Additional years will be reported as they become available.

SCHEDULE OF EMPLOYER CONTRIBUTIONS - STATEWIDE DEFINED BENEFIT PLAN

Year Ended December 31	Statutorily Required Contributions	Contributions Made	Covered Payroll	% of Covered Payroll
2022	52,930	52,930	590,500	9.0%
2021	43,992	43,992	519,975	8.5%
2020	31,099	31,099	388,738	8.0%
2019	26,826	26,826	335,326	8.0%
2018	24,613	24,613	307,659	8.0%
2017	-	-	-	8.0%
2016	-		-	8.0%

Information for employer's contributions for 10 years is not available as the plan was combined with the Statewide Hybrid Plan to form the Statewide Retirement Plan as of January 1, 2023.

AULT FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) - STATEWIDE RETIREMENT PLAN

Measurement period Ended December 31	Cumulative Proportion of Net Pension Asset/Liability	Cumulative Proportionate Share of Liability (Asset)	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Total Pension
2024	0.03%	$ -	$ 532,600	0.0%	100.0%
2023	0.03%	-	475,422	0.0%	100.0%
2022	0.03%	26,628	500,078	5.3%	97.6%

Note - Information for proportionate share of Net Pension Asset/Liability for 10 years is not available as the Statewide Retirement Plan was created as of January 1, 2023. Additional years will be reported as they become

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

Measurement period Ended December 31	Cumulative Proportion of Net Pension Asset/Liability	Cumulative Proportionate Share of Liability (Asset)	Covered Payroll	% of Covered Payroll	Plan Net Position as a % of Total Pension
2021	0.03%	(65,130)	590,500	11.0%	116.2%
2020	0.03%	(16,967)	388,738	4.4%	106.7%
2019	0.02%	19,813	335,326	-5.9%	101.9%
2018	0.00%	-	307,659	0.0%	95.2%
2017	0.00%	-	-	0.0%	106.3%
2016	0.01%	(200)	-	0.0%	98.2%
2015	0.01%	(14,954)	-	0.0%	100.1%

Note - Information for proportionate share of Net Pension Asset/Liability for 10 years is not available as the plan was combined with the Statewide Hybrid Plan to form the Statewide Retirement Plan as of January 1, 2023.