



**Financial Statements
December 31, 2025**

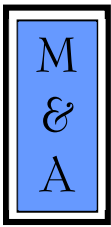
**Carbondale and Rural Fire Protection District
Carbondale, Colorado
Financial Report**

December 31, 2025

**Carbondale and Rural Fire Protection District
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Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Basic Financial Statements:	
Fund/Government-wide Financial Statements:	
Governmental Funds Balance Sheet/Statement of Net Position	B1
Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances/Statement of Activities	B2
Notes to the Financial Statements	C1 – C32
Required Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
General Fund	D1 – D2
Schedule of District's Proportionate Share of Net Pension Liability/Asset and Related Ratios:	
Volunteer Pension Fund	D3
Statewide Retirement	D4
Schedule of District Contributions:	
Volunteer Pension Fund	D5
Statewide Retirement	D6
Notes to the Required Supplementary Information	D7 – D10
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Debt Service Fund	E1
Capital Projects Fund	E2
Volunteer Firefighters Pension Fund	E3
Schedule of Assessed Valuation and Mill Levy	E4



MCMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Carbondale and Rural Fire Protection District
Carbondale, Colorado**

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Carbondale and Rural Fire Protection District (the "District"), as of and for the year ended December 31, 2025, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Carbondale and Rural Fire Protection District, as of December 31, 2025 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Carbondale and Rural Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Carbondale and Rural Fire Protection District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Carbondale and Rural Fire Protection District
Carbondale, Colorado

Auditor's Responsibilities for the Audit of the Financial Statements

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

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, 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. Our opinion on the basic financial statements is not affected by this missing information.

U.S. GAAP requires that the Schedules of District's Proportionate Share of the Net Pension Asset / Liability and the Schedules of District Contributions in section D, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by 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 U.S. GAAS, 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.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
Carbondale and Rural Fire Protection District
Carbondale, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section D is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with U.S. GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Carbondale and Rural Fire Protection District's basic financial statements. The individual fund budgetary comparisons in Section E are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparisons and Schedule of Assessed Valuation and Mily Levy are 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 U.S. GAAS. In our opinion, the information in Section E is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
April 24, 2026

FINANCIAL STATEMENTS

Carbondale and Rural Fire Protection District
Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2025

Governmental Funds Balance Sheet

	General Fund	Debt Service	Capital Projects	Total	Adjustments	Statement of Net Position
Assets:						
Cash and cash equivalents - Unrestricted	1,178,201	-	153,924	1,332,125	-	1,332,125
Investments - Unrestricted	-	173,285	444,115	617,400	-	617,400
Due from County Treasurer	48,036	-	-	48,036	-	48,036
Assessed taxes receivable	7,670,724	2,712,222	-	10,382,946	-	10,382,946
Accounts receivable, net of allowance of \$131,157	110,409	-	-	110,409	-	110,409
Prepaid expenses	48,058	-	843	48,901	-	48,901
Due to/from other fund	(402,566)	421,305	(18,739)	-	-	-
Capital assets, net of accumulated depreciation	-	-	-	-	15,032,770	15,032,770
Total Assets	8,652,862	3,306,812	580,143	12,539,817	15,032,770	27,572,587
Deferred Outflows of Resources:						
Pension related deferred outflows	-	-	-	-	1,905,480	1,905,480
Total Deferred Outflows of Resources	-	-	-	-	1,905,480	1,905,480
Liabilities:						
Accounts payable and accrued liabilities	183,982	-	79,902	263,884	-	263,884
Accrued interest payable	-	-	-	-	34,119	34,119
Noncurrent liabilities:						
Due within one year: Bonds and Certificates of Participation payable	-	-	-	-	380,518	380,518
Due in more than one year:						
Net pension liability - Volunteer plan	-	-	-	-	1,215,447	1,215,447
Bonds, Certificates of Participation payable, and compensated absences	-	-	-	-	10,112,982	10,112,982
Total Liabilities	183,982	-	79,902	263,884	11,743,066	12,006,950
Deferred Inflows of Resources:						
Unavailable property tax revenues	7,670,724	2,712,222	-	10,382,946	-	10,382,946
Pension related deferred inflows	-	-	-	-	515,114	515,114
Total Deferred Inflows of Resources	7,670,724	2,712,222	-	10,382,946	515,114	10,898,060
Fund Balances / Net Position:						
Fund Balances:						
Non-spendable	48,058	-	843	48,901	(48,901)	-
Restricted for emergencies	221,304	-	-	221,304	(221,304)	-
Restricted for debt service	-	594,590	-	594,590	(594,590)	-
Restricted for capital projects	-	-	499,398	499,398	(499,398)	-
Unassigned	528,794	-	-	528,794	(528,794)	-
Total Fund Balances	798,156	594,590	500,241	1,892,987	(1,892,987)	-
Total Liabilities, Deferred Inflows and Fund Balances	8,652,862	3,306,812	580,143	12,539,817		
Net Position:						
Net investment in capital assets					5,341,631	5,341,631
Restricted for emergencies					221,304	221,304
Restricted for debt service					594,590	594,590
Restricted for capital projects					499,398	499,398
Unrestricted					(83,866)	(83,866)
Total Net Position					6,573,057	6,573,057

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

Carbondale and Rural Fire Protection District
Governmental Funds Statement of Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2025

Governmental Funds Statement of Revenues,
Expenditures and Changes in Fund Balances

	General Fund	Debt Service	Capital Projects	Total	Adjustments	Statement of Activities
Revenues:						
Property taxes	6,766,652	608,592	-	7,375,244	-	7,375,244
Abated taxes	22,580	3,144	-	25,724	-	25,724
Specific ownership taxes	482,387	-	-	482,387	-	482,387
Interest on delinquent taxes	12,592	-	-	12,592	-	12,592
Charges for services:						
Emergency medical services	461,584	-	-	461,584	-	461,584
Investment income	83,598	23,959	39,377	146,934	-	146,934
Grants and contributions	181,886	-	37,613	219,499	-	219,499
Wildfire contracts	529,027	-	-	529,027	-	529,027
Mitigation contracts	2,957	-	-	2,957	-	2,957
Impact fees	-	-	53,042	53,042	-	53,042
Miscellaneous:						
Building rentals	45,310	-	-	45,310	-	45,310
Special event contracts	20,516	-	-	20,516	-	20,516
Other	30,870	-	15,000	45,870	-	45,870
Total Revenues	<u>8,639,959</u>	<u>635,695</u>	<u>145,032</u>	<u>9,420,686</u>	<u>-</u>	<u>9,420,686</u>
Expenditures/Expenses:						
Personnel services	6,911,757	-	-	6,911,757	833,909	7,745,666
General and administrative	655,716	14,368	-	670,084	117,996	788,080
Firefighting	261,065	-	-	261,065	472,965	734,030
Emergency medical services	128,339	-	-	128,339	107,192	235,531
Communications	89,360	-	-	89,360	22,996	112,356
Training	92,757	-	-	92,757	-	92,757
Equipment	195,113	-	-	195,113	(12,617)	182,496
Other	26	-	-	26	82,248	82,274
Station	219,855	-	-	219,855	349,725	569,580
Capital outlay	-	-	1,330,600	1,330,600	(1,330,600)	-
Debt service:						
Principal	-	270,000	95,053	365,053	(365,053)	-
Interest	-	312,825	112,864	425,689	(29,879)	395,810
Total Expenditures/Expenses	<u>8,553,988</u>	<u>597,193</u>	<u>1,538,517</u>	<u>10,689,698</u>	<u>248,882</u>	<u>10,938,580</u>
Excess (Deficiency) of Revenues Over Expenditures / Change in Net Position	85,971	38,502	(1,393,485)	(1,269,012)	(248,882)	(1,517,894)
Other Financing Sources (Uses):						
Transfers in (out)	(975,000)	-	975,000	-	-	-
Net Change in Fund Balances/Net Position	(889,029)	38,502	(418,485)	(1,269,012)	(248,882)	(1,517,894)
Fund Balances/Net Position:						
Beginning of Year	1,687,185	556,088	918,726	3,161,999		8,090,951
End of Year	<u>798,156</u>	<u>594,590</u>	<u>500,241</u>	<u>1,892,987</u>		<u>6,573,057</u>

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

NOTES TO THE FINANCIAL STATEMENTS

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025

I. Summary of Significant Accounting Policies

The Carbondale and Rural Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide fire protection within Carbondale and the surrounding area.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

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

The District has no component units, and it is not a component unit of any other entity.

B. Government-wide and Fund Financial Statements

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

1. Government-wide Financial Statements

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

Since the fiduciary fund accounts for pension funds and therefore is not available to support City programs, the fund is not incorporated into the government-wide financial statements.

The government-wide focus is on the sustainability of the District as an entity and the change in the District's net position resulting from the current year's activities. The effect of interfund activity has been eliminated from the government-wide financial statements.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The District reports the following governmental funds:

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

The *Debt Service Fund* accounts for property taxes levied for debt payment on general obligation bonds.

The *Capital Projects Fund* is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less.

Certain deposits held by the District are classified as restricted assets on the balance sheet because their use is limited to the District's debt requirements.

2. Investments

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

The District follows state statute, which permits investments in the following types of obligations:

- U.S. Treasury Obligations (maximum maturity of 60 months)
- Federal Instrumentality Securities (maximum maturity of 60 months)
- FDIC-insured Certificates of Deposit (maximum maturity of 18 months)
- Corporate Bonds (maximum maturity of 36 months)
- Prime Commercial Paper (maximum maturity of 9 months)
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

3. Accounts Receivable

Receivables are reported net of an allowance for uncollectible accounts. The District's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds" in the fund financial statements and are eliminated in the government-wide financial statements.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred outflow of resources.

5. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

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

Description	Estimated Lives
Buildings	15 - 40
Equipment	5 - 20

7. Pensions

The District participates in the Statewide Retirement Plan (“SRP”), administered by the Fire and Police Pension Association of Colorado (“FPPA”). For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the District’s defined benefit pension plan and additions to/deductions from the fiduciary net position of the District’s defined benefit pension 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.

8. Compensated Absences

The District allows its employees to accumulate earned but unused vacation time, based on the employee’s length of service and type of employee. Earned but unused vacation time can be accrued up to a maximum of the following hours, based on employee-type and eligible years of service, as reflected below:

Years of Service	40-Hr Workweek Max	24-Hr Shift Max
0 - 5	204	286
6 - 10	254	356
11 - 15	320	448
each year thereafter	16	22

Personal days off are paid out upon termination up to the maximum accrual.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Compensated Absences (continued)

The District provides for non-exempt line-employees, compensation or comp time, for overtime worked in accordance with the FLSA at the rate of 1 ½ times their regular hourly rate of pay. Comp time can accumulate up to 32 hours for 40-hour workweek employees and up to 48 hours for 24-hour shift employees. Comp time is paid out upon termination.

The District also allows employees to accumulate sick leave. Sick leave is accrued based on the type of employee. Sick leave can accumulate up to 500 hours for 40-hour workweek employees, 665 hours for full-time permanent 24-hour shift employees, and 48 hours for all part-time/casual employees.

The District estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences. At December 31, 2025, the estimated value of accumulated earned but unused vacation, compensatory and sick leave is \$882,272.

9. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the Statement of Net Position column.

10. Deferred Inflows and Outflows 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, which is the pension-related deferred outflows 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 an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for this type of reporting in this category, which are the unavailable revenues from property taxes and pension-related deferred inflows reported in the government-wide statement of net position.

Deferred items related to the District's pension plans, adjusted for changes in pension related actuarial assumptions, proportion of collective pension amounts, differences between actual and expected experience and investment earnings, and differences between actual and annualized contributions to the pension plan, are amortized over the average remaining service life of active and inactive plan participants.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The General Fund has \$221,304 restricted by law for emergencies.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund balance may be assigned by the Board of Directors or its management designee. The Capital Project Fund's balance is restricted for future capital project and equipment acquisition to the extent of all unspent bond proceeds, with the remainder classified as committed. The Debt Service Fund's entire balance is restricted for future debt covenants.

Unassigned - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

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

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

12. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the Governmental Funds Balance Sheet and the government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Total fund balances - governmental funds	1,892,987
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Capital assets used in governmental activities are not considered current financial resources and, therefore, are not reported in the funds.

Capital assets	24,377,059	
Accumulated depreciation	<u>(9,344,289)</u>	
		15,032,770

Long-term liabilities, including bonds payables, are not due and payable in the current period and, therefore are not reported in the funds.

Certificates of participation payable	(1,867,803)	
Bonds payable	(7,230,000)	
Unamortized bond issuance premium	(513,425)	
Accrued interest payable	(34,119)	
Compensated absences	<u>(882,272)</u>	
		(10,527,619)

Net pension assets/(liabilities) and related deferrals are not available for resources/(expenditures) and, therefore, are not reported in the funds.

Net pension asset/(liability) - volunteer fund	(1,215,447)	
Pension related deferred outflows	1,905,480	
Pension related deferred inflows	<u>(515,114)</u>	
		174,919

Net position of governmental activities	<u><u>6,573,057</u></u>
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Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities includes a reconciling column. Explanation of the adjustments included in the reconciling column is as follows:

Net change in fund balances - total governmental funds		(1,269,012)
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

Capital outlay	1,128,322		
Depreciation expense	<u>(923,349)</u>		204,973

Some expenses reported in the Statement of Activities, including the change in accrued compensated absences, do not require the use of current financial resources and therefore are not recorded as expenditures in governmental funds.

Volunteer pension contributions	49,186		
Pension expense/(income)	(953,219)		
Net change in compensated absences	<u>70,124</u>		(833,909)

The issuance of long-term debt (e.g., loans and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Principal paid on bonds and notes	365,053		
Amortization of premium on bonds payable	<u>28,524</u>		393,577

Some expenses reported in the Statement of Activities do not required the use of current financial resources and, therefore, are not reported as governmental funds.

Accrued interest on long-term debt		1,354
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The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net position.		(14,877)
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Change in net position of governmental activities		<u><u>(1,517,894)</u></u>
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Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

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

- (1) For the 2025 budget, prior to August 25, 2024, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries. The County Assessor may change the assessed valuation on or before December 10, 2024, only once by a single notification to the District.
- (2) On or before October 15, 2024, the District's budget officer submitted to the District's Board of Directors a recommended budget which detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.
- (3) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.
- (4) After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopted the proposed budget and an appropriating resolution, which legally appropriated expenditures for the upcoming year
- (5) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimate in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.
- (6) All appropriations lapse at a year-end.

Changes enacted by the Colorado Legislature delayed the Certification of County tax rolls. In November 2023, a short-term property tax solution was passed during a special session, allowing Counties an extension to December 29, 2023 to provide final assessed valuations. The deadlines for the mill levy certifications was extended from December 15, 2023, to January 5, 2024.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (no later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

For the fiscal year ended December 31, 2025, the District adopted a General Fund budget and Capital Projects Fund budget in which appropriations and other financing uses exceeded estimated revenues and available fund balance by \$110,738 and \$105,204, respectively, resulting in projected deficit ending fund balances. This may be a violation of state statute.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

The District's voters approved the following ballot question on May 7, 1996:

Shall Carbondale and Rural Fire Protection District's taxes be increased \$169,782 annually (maximum first full fiscal year dollar increase) beginning January 1, 1997, and by whatever additional amounts are raised annually thereafter by an ad valorem property tax levy of one and sixty-nine hundredths (1.69) mill, to be in excess of property tax revenues that would be provided by the District's operating mill levy otherwise permitted under state law without such increase (making the District's total maximum operating mill levy six and two hundred fifty-nine thousandths (6.259) mills, to constitute a voter-approved revenue and spending change?

The District's voters approved the following ballot question on November 5, 2002:

Shall the Carbondale and Rural Fire Protection District be authorized to collect, retain and expend the full revenues generated each year subsequent to 2002, to receive and expend state grants, and to receive and expend all property tax revenues for capital projects and general obligations without limiting in any year the amount of other revenue that may be collected and spent by the Carbondale and Rural Fire Protection District?

Nothing herein shall permit any increase in the property tax mill levy imposed by the Carbondale and Rural Fire Protection District without the express approval of the voters within the District's boundaries.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

The District's voters approved the following ballot questions on May 4, 2004:

Shall Carbondale and Rural Fire Protection District taxes be increased up to \$415,000 annually (for collection in calendar year 2005) and by such additional amounts raised annually, thereafter by an ad valorem property tax mill levy imposed for District operations, training, and maintenance at a rate of 1.5 mills, which increase shall be in addition to the mill levy currently imposed by the District; and shall the revenue from such taxes constitute permanent voter-approved revenue changes within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes?

Shall Carbondale and Rural Fire Protection District Debt be increased up to \$6,750,000, with a maximum repayment cost of up to \$11,500,000, and shall District taxes be increased up to \$625,000 annually for the purpose of financing the costs of providing fire protection and services, such debt to consist of the issuance and payment of general obligation bonds, which bonds shall bear interest at a maximum net effective interest rate not to exceed 5.5% per annum and be issued, dated and sold at such time or times, at such prices and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine; shall ad valorem property taxes be levied in any year, without limitation as to rate or amount, to pay the principal of, premium if any, and interest on such bonds as the same become due; and shall any earnings on the investment of the revenues from such taxes and on the proceeds of such bonds (regardless of amount) constitute a voter-approved revenue change within the meaning of Article X, Section 20 of the Colorado Constitution?

The District's voters approved the following ballot questions on November 6, 2018:

Shall the Carbondale and Rural Fire Protection District taxes be increased up to \$1.7 million annually (for collection in calendar year 2019) and by such additional amounts raised annually thereafter by an ad valorem property tax imposed at a rate of 4.569 mills (which rate includes the extended mill levy approved by the electors in 2017) in order to meet the operational costs of providing fire protection, medical, rescue and other emergency services; and shall the revenue from the operating mill levy constitute a voter-approved revenue change within the meaning of Article X, Section 20 of the Colorado Constitution and an exception to the limitations set forth in Section 29-1-301 of the Colorado Revised Statutes?

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

The District's voters approved the following ballot questions on November 6, 2018 (continued):

Shall the Carbondale and Rural Fire Protection District debt be increased up to \$7.5 million, with a maximum repayment cost of up to \$15.1 million, and shall district taxes be increased up to \$720,000 annually for the purpose of financing the costs of,

- purchasing and upgrading ten firefighting apparatus and three ambulances to replace an aging fleet,*
- constructing a multifunction training facility to improve response capability and enhance responder safety,*
- expanding two fire stations by the addition of apparatus bays to properly house and position apparatus, and*
- constructing a maintenance facility to enable the district to perform comprehensive maintenance and repair of apparatus and equipment,*

and to the extent funds are available, equipping, improving and acquiring fire protection apparatus and facilities, such debt to consist of the issuance and payment of general obligation bonds, which bonds shall bear interest at a maximum net effective interest rate not to exceed 5.5% per annum and be issued at such times and prices (at, above or below par) and in such manner and containing such terms, not inconsistent herewith, as the Board of Directors may determine; shall ad valorem property taxes be levied without limit as to the mill rate to generate an amount sufficient in each year to pay the principal of, premium if any, and interest on such debt and to fund any reserves for the payment thereof; and shall any earnings from the investment of the proceeds of such taxes and bonds constitute a voter-approved revenue change?

The District's voters approved the following ballot question on November 3, 2020:

Shall Carbondale and Rural Fire Protection District be authorized to increase or decrease its current and all future mill levies if, on or after November 3, 2020, there are changes in the method of calculating assessed valuation of one or more property class, including but not limited to a change in the percentage of actual valuation used to determine residential assessed valuation due to Article X Section 3 of the Colorado Constitution (commonly known as the Gallagher Amendment) or for any other reason such as action by the Legislature, so that, to the extent possible, the actual tax revenues generated by such voter-approved mill levies are the same as the actual tax revenues that would have been generated had such changes not occurred?

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

The District's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the District's deposits at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. Any remaining deposit are collateralized as required by PDPA. The carrying amount of the District's demand deposits was \$2,143,485 versus the bank balance of \$1,962,045.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer and type of issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years (less in some cases) from the purchase date. As a result of the limited length of maturities the District has limited its interest rate risk

Credit Risk. The District's investment policy limits investments to those authorized by State statutes. The District's general investment policy is to apply the prudent-person rule: investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Financial institutions holding District funds must provide the District a statement of collateral in a form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

At December 31, 2025, the District had the following deposits and investments with the following maturities:

<u>Type</u>	<u>Standard & Poor's Rating</u>	<u>Carrying Amounts</u>	<u>Maturities</u>	
			<u>Less than one year</u>	<u>Less than five years</u>
<i>Deposits:</i>				
Petty cash	Not rated	236	236	-
Checking and savings	Not rated	1,331,889	1,331,889	-
<i>Investments:</i>				
Investment pools	AAAm	617,400	617,400	-
		<u>1,949,525</u>	<u>1,949,525</u>	<u>-</u>

Fair Value of Investments. The District measures and records its investments using fair value guidelines established by generally accepted accounting principles. There were no investments requiring disclosure in the fair value hierarchy.

The Investment Pool represents investments in CSAFE measured at net asset value. The District has no regulatory oversight for the pool. At December 31, 2025, the District's investments in CSAFE were 100% of the District's investment portfolio.

At December 31, 2025, the District had the following recurring measurements:

<u>Investments Measured at Amortized Cost</u>	<u>Total</u>
CSafe	617,400

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of December 31, 2025 for the District's funds, including applicable allowances for doubtful accounts, were as follows:

	General Fund	Debt Service Fund	Total
Receivables			
County treasurer	48,036	-	48,036
Property taxes	7,670,724	2,712,222	10,382,946
Ambulance billings	227,196	-	227,196
Other	14,370	-	14,370
Gross receivables	<u>7,960,326</u>	<u>2,712,222</u>	<u>10,672,548</u>
Less: allowance for doubtful accounts	<u>(131,157)</u>	<u>-</u>	<u>(131,157)</u>
Net receivables	<u><u>7,829,169</u></u>	<u><u>2,712,222</u></u>	<u><u>10,541,391</u></u>

C. Interfund Balances and Transfers

The composition of interfund transfers for the year ended December 31, 2025 is as follows:

Transferred to:	Transferred from:	Amount	Purpose
Capital Projects	General Fund	725,000	Annual transfer/wildlife revenue
Capital Replacement	General Fund	250,000	Annual transfer

Interfund balances at December 31, 2025 were as follows:

Due to:	Due from:	Amount
Debt Service Fund	General Fund	421,305
General Fund	Capital Projects Fund	18,739

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2025, was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Construction in progress	1,889,539	894,372	(2,447,565)	336,346
Land	934,887	-	-	934,887
Total capital assets, not being depreciated	<u>2,824,426</u>	<u>894,372</u>	<u>(2,447,565)</u>	<u>1,271,233</u>
Capital assets, being depreciated:				
Fire stations and improvements	12,894,252	2,519,257	-	15,413,509
Vehicles and equipment	7,845,611	162,258	(315,552)	7,692,317
Total capital assets being depreciated	<u>20,739,863</u>	<u>2,681,515</u>	<u>(315,552)</u>	<u>23,105,826</u>
Less accumulated depreciation:				
Fire stations and improvements	(4,018,293)	(441,646)	-	(4,459,939)
Vehicles and equipment	(4,703,321)	(481,703)	300,674	(4,884,350)
Total accumulated depreciation	<u>(8,721,614)</u>	<u>(923,349)</u>	<u>300,674</u>	<u>(9,344,289)</u>
Total capital assets, being depreciated, net	<u>12,018,249</u>	<u>1,758,166</u>	<u>(14,878)</u>	<u>13,761,537</u>
Total Capital Assets, Net	<u>14,842,675</u>	<u>1,758,166</u>	<u>(14,878)</u>	<u>15,032,770</u>

Depreciation expense was charged to functions of the District as follows:

General and administrative	106,518
Firefighting	350,863
Emergency medical services	106,973
Communications	15,027
Station	343,968
Total depreciation expense	<u>923,349</u>

E. Long-term Obligations

At December 31, 2025, the District had the following long-term obligations outstanding:

1. General Obligation Bonds, Series 2019

On January 24, 2019 the District issued General Obligation Bonds, Series 2019 in the amount of \$7,500,000 to finance the costs of various capital projects set forth in the ballot question of November 6, 2018. The Bonds were issued at a premium of \$713,091 and bear interest at nominal rates ranging from 4% to 4.5%, with yields ranging from 2.26% to 3.36%.

The bonds maturing on or after December 1, 2029 are subject to redemption prior to maturity at the option of the District, in whole but not in part, on December 1, 2028, and on any date thereafter, at a redemption price of 100% of principal, plus accrued interest to the redemption date.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Obligations (continued)

1. General Obligation Bonds, Series 2019 (continued)

The bonds maturing on December 1, 2043 are subject to mandatory sinking fund redemption by on December 1, 2039 and December 1 of each year thereafter and in specified principal amounts, at a redemption price equal to the specified principal amount, with no redemption premium, plus accrued interest to the redemption date.

The bonds have bi-annual payment dates of June 1 and December 1. The bonds mature on December 1, 2043. The bonds will be serviced by the Debt Service Fund and Capital Projects Fund.

Future principal and interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	280,000	302,025	582,025
2027	290,000	290,825	580,825
2028	305,000	279,225	584,225
2029	315,000	267,025	582,025
2030	330,000	254,425	584,425
2031 - 2035	1,850,000	1,064,125	2,914,125
2036 - 2040	2,255,000	660,975	2,915,975
2041 - 2043	1,605,000	146,700	1,751,700
	<u>7,230,000</u>	<u>3,265,325</u>	<u>10,495,325</u>

2. Certificates of Participation 2024

On April 30, 2024, the District issued the Certificates of Participation, Series 2024 in the amount of \$2,100,000 to finance the costs of the Station 81 expansion remodel project. The Certificates bear interest at a rate of 5.7%.

The Certificates have an annual payment date of both principal and interest on December 1. The Certificates mature on December 1, 2038. The Certificates will be serviced by the Capital Projects Fund.

Future principal and interest payments are as follows:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	100,518	107,399	207,917
2027	106,298	101,619	207,917
2028	112,410	95,507	207,917
2029	118,874	89,043	207,917
2030	125,709	82,208	207,917
2031 - 2035	745,649	293,936	1,039,585
2036 - 2038	558,345	65,406	623,751
	<u>1,867,803</u>	<u>835,118</u>	<u>2,702,921</u>

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

E. Long-term Obligations (continued)

3. Annual Debt Service Requirements

The District's annual debt service requirements are as follows:

Fiscal Year Ending:	Total
2026	789,942
2027	788,742
2028	792,142
2029	789,942
2030	792,342
2031 - 2035	3,953,710
2036 - 2040	3,539,726
2041 - 2043	1,751,700
Total	13,198,246
Less: Interest	(4,100,443)
Debt Outstanding	9,097,803

4. Changes in Long-term Debt

Changes in the District's long-term obligations for the year ended December 31, 2025 are as follows:

	Beginning Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds payable					
G.O. Bonds, Series 2019	7,500,000	-	(270,000)	7,230,000	280,000
Premium on 2019 bonds	541,949	-	(28,524)	513,425	-
Total bonds payable	8,041,949	-	(298,524)	7,743,425	280,000
Certificates of Participation payable	1,962,856	-	(95,053)	1,867,803	100,518
Compensated absences*	952,396	-	(70,124)	882,272	220,568
Net pension liabilities/(assets):					
Volunteer plan	564,660	650,787	-	1,215,447	-
Total Governmental Activities	11,521,861	650,787	(463,701)	11,708,947	601,086

*The change in compensated absence liability is presented as a net change.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

1. FPPA Statewide Retirement Plan

Plan Description. The Fire & Police Pension Association Statewide Retirement Plan (SRP) is a cost-sharing multiple-employer defined benefit pension plan. The SRP consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The SRP currently has 229 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 SRP, 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 SRP. As of August 5, 2003, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the SRP. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the SRP.

The SRP 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 SRP 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>.

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.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Benefits (continued) 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 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 SRP 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.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Contributions (continued) 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 SRP 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 SRPs 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 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 11.00 percent.

The Hybrid Defined Benefit 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 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 combined member and employer contribution rate was 17.00 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, 2024 through June 30, 2025 is 14.56 percent. The Hybrid Defined Benefit Component contribution rate from July 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.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Contributions (continued) 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.

Net Pension Liability. At December 31, 2025, the District reported \$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 liability was determined by an actuarial valuation as of January 1, 2025. The District's proportionate share of the net pension liability was based on the District's contributions to the SRP for the calendar year 2024 relative to the total contributions of participating employers to the SRP.

At December 31, 2025, the District's proportionate share was 0.345932%, as compared to 0.285542% at December 31, 2024.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Net Pension Liability (continued). For the year ended December 31, 2025, the District recognized pension expense of \$169,055. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	831,271	26,002
Changes in actuarial assumptions	297,504	-
Net difference between projected and actual earnings on pension plan investments	118,090	-
Difference between actual and reported contributions recognized	-	757
Changes in proportionate share of contributions	38,745	372,641
Contributions subsequent to the measurement date	414,502	-
	<u>1,700,112</u>	<u>399,400</u>

Contributions subsequent to the measurement date of December 31, 2024, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended 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:

For the Fiscal Year Ended December 31,	Amounts Recognized in Pension Expense
2026	291,238
2027	452,622
2028	(15,274)
2029	2,698
2030	72,098
Thereafter	82,828
	<u>886,210</u>

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs:

	Total Pension Liability	Actuarially 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 *	7.0%	7.0%
Projected Salary Increases	4.25% to 11.75%	4.25% to 11.75%
Cost of Living Adjustments	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 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.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Actuarial Assumptions (continued). 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 Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income	7%	5.00%
Absolute Return	7%	6.50%
Managed Futures	9%	5.70%
Cash	4%	4.20%
	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 SRP fiduciary net position was projected to be available to make all the projected future benefit payments of current SRP 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.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Sensitivity of the District's proportionate share of the net pension liability/(asset) to changes in the 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 SRP'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 SRP's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 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 SRP's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the SRP'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 (6.0%)	Single Discount Rate Assumption (7.0%)	1% Increase (8.0%)
Proportionate share of net pension liability (asset)	1,688,118	-	-

2. Volunteer Pension Fund

Plan Description. The District has established the Volunteer Firefighters' Pension Plan (the "Plan"), an agent multiple-employer defined benefit pension plan administered by FPPA. 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 on the web page and you will find the 'Annual Report' link.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Pension Fund (continued)

The plan provides normal retirement benefits, disability retirement and survivor benefits. The following benefit provisions were used to determine the District's pension liability at the measurement date of December 31, 2024:

1. Normal Retirement Benefit at Age 50 with 20 years of Service (monthly):	
a. Regular	700
b. Extended Service Amount Per Year of Service	0
2. Vested Retirement Benefit (monthly):	
a. With 10 to 20 Years of Service Amount Per Year of Service per Minimum Vesting Years	35
b. Minimum Vesting Years	10
3. Disability Retirement Benefit (monthly):	
a. Short Term Disability for line of duty injury amount payable for not more than 1 year	350
b. Long Term Disability for line of duty injury Lifetime Benefit	700
4. Survivor Benefits (monthly):	
a. Following Death before Retirement Eligible; due to death in line of duty as a volunteer firefighter	350
b. Following Death after Normal Retirement	350
c. Following Death after Normal Retirement with Extended Service Amount Per Year of Service	0
d. Following Death after Vested Retirement with 10 to 20 Years of Service Amount per Year of Service per Minimum Vesting Years	17.50
e. Following Death after Disability Retirement	350
f. Optional Survivor Benefit Following Death before or after Retirement Eligible; due to death on or off duty as a volunteer firefighter (Purchase of Life Insurance Required)	0
5. Funeral Benefits (Required Benefit):	
a. Funeral Benefit Lump Sum, one time only	1,400

As of December 31, 2024, the latest actuarial valuation date, there were 3 active members, 50 service retirees and beneficiaries, and inactive, nonretired members.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Pension Fund (continued)

Funding Policy. The funding of the plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State") toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of District contributions, whichever is less. Since the District currently offers maximum retirement benefits in excess of \$300 per month, the State will match at the level determined above but no greater than the maximum of: (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

Net Pension Liability. At December 31, 2025, the volunteer pension fund reported a net pension liability of \$1,215,447. The net pension liability was measured as of December 31, 2024, and the total pension liability 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, the District recognized pension expense of \$784,164. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	156,182	115,714
Contributions subsequent to the measurement date	49,186	-
	205,368	115,714

Contributions subsequent to the measurement date of December 31, 2024, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2026.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Pension Fund (continued)

Net Pension Liability (continued). 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 Fiscal Year Ended December 31,	Amounts Recognized in Pension Expense
2026	18,566
2027	55,556
2028	(22,535)
2029	(11,119)
	<u>40,468</u>

Actuarial Assumptions: 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, 2013 determines the contribution amounts for 2024 and 2025. The methods and assumptions used to determine contribution rates for the fiscal year ending December 31, 2025 were:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open *
Remaining Amortization Period	20 years *
Asset Valuation Method	5-smoothed fair value
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.0%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier for off-duty mortality. Post-retirement: Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount weighted, projected with the MP-2020 Ultimate projection scale. Disabled: Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount weighted, set forward five years projected with the MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females.

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

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Pension Fund (continued)

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 allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Liquidity	4%	4.20%
Fixed Income - Rates	7%	5.00%
Fixed Income - Credit	7%	6.50%
Diversifiers	9%	5.70%
Long Short	6%	6.20%
Global Public Equity	33%	7.00%
Private Markets	34%	8.80%
	100%	

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 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 obligation bonds with an average AA credit rating as of the measurement date (to the extent the plan's fiduciary net position is projected to be sufficient to pay benefits). For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (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%.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Pension Fund (continued)

Sensitivity of the net pension (asset)/liability to changes in the Single Discount Rate: The following presents the proportionate share of the net pension liability calculated using a single discount rate of 6.00%, as well as what the proportionate share of the net pension liability/(asset) would be if it were calculated using a single discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current rate:

	1% Decrease (5.0%)	Single Discount Rate Assumption (6.0%)	1% Increase (7.0%)
Proportionate share of net pension liability (asset)	1,543,359	1,215,447	934,758

Pension Plan Fiduciary net position. Detailed information about the plan's fiduciary net position is available in separately issued Fire & Police Pension Association of Colorado financial reports which can be obtained at <https://www.fppaco.org>

3. FPPA Statewide Death and Disability Plan

Plan Description. Firefighters of the District contribute to the Statewide Death and Disability Plan ("SWDD"). The SWDD is a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fire and police departments in Colorado. As of August 5, 2003, the Plan may include part-time police and fire employees. Contributions to the SWDD are used for payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the SWDD. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Defined Benefit System and Statewide Death & Disability Plan. The SWDD was established in 1980 pursuant to Colorado Revised Statutes. The SWDD assets are included in the Fire & Police Members' Benefit Investment Fund Long-Term Pool.

SWDD benefits provide 24-hour coverage, both on- and off-duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase plan.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

IV. Detailed Notes on All Funds (continued)

F. Pension (Asset) Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

3. FPPA Statewide Death and Disability Plan

Plan description (continued).

In the case of an on-duty death, benefits may be payable to the surviving spouse and/or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

Contributions. Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado statute. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. In 2022 and 2023, the State made additional one-time contributions of \$6,650,000 to fund past and future service costs for the same members based on updated actuarial calculation of liabilities.

Members hired on or after January 1, 1997, and members covered by Social Security contribute to this plan. The contribution rate may be increased to 0.2 percent annually by the FPPA Board. Effective January 1, 2024, the contribution rate is 3.6 percent of Base Salary. This contribution percentage can vary depending on actuarial experience. All contributions are made by members or on behalf of members. The contribution may be paid entirely by the employer or member, or may be split between the employer and the member. The District paid \$113,734 on-behalf of members to the SWDD during the current year ended December 31, 2025.

FPPA classifies all contributions to the Plan as member contributions. The District has no requirements to make contributions to the Plan, there is no payable to the Plan, and the Plan does not receive support from a nonemployer contributing entity. As such, the District does not have an OPEB liability, expense or related deferred outflows of resources or deferred inflows of resources related to the plan.

Benefits. Benefits are established by Colorado Statute.

FPPA issues a publicly available annual comprehensive financial report that includes financial statements and the required supplementary information for the SWDD plan. The report may be obtained on FPPA's website at <http://www.fppaco.org>.

Carbondale and Rural Fire Protection District
Notes to the Financial Statements
December 31, 2025
(continued)

V. Other Information

A. Risk Management

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

Effective January 1, 2022, the District joined Public Sector Health Care Group (“the Authority”), an association of Colorado political subdivisions operating under the Colorado Joint Powers Authority Statute, for employee health and accident coverage. The Authority currently has over 3,500 members.

B. Section 457 Deferred Compensation Plan

On December 21, 2005, the District adopted an IRC Section 457 deferred compensation plan administered by the Fire and Police Pension Association of Colorado (“FPPA”). Participants may defer up to the lesser of \$19,500 or 100% of the participant’s includable compensation. Participants over age 50 are eligible to contribute more than the \$19,500 limit due to a catch-up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan. Employee contributions to the regular 457 plan and contributions to the Roth 457 plan were \$256,800 and \$25,555, respectively, for the year ended December 31, 2025. Employer contributions totaled \$37,137 for the year then ended.

C. Subsequent Events

1. 2026 Sales Tax Revenue

During the November 4, 2025 election, voters of the District approved the implementation of a 1.5% local option sales tax to provide additional funding for District operations and capital improvements. The tax will become effective January 1, 2026.

2. 2026 General Obligation Bonds

In January 2026, the District issued \$30 million of general obligation bonds to finance the construction of workforce housing and the construction/improvement of fire stations. The bonds will be payable from an annual ad valorem property tax levy, without limitation as to rate or amount, sufficient to pay principal and interest as they become due. Proceeds from the bonds will be used to fund capital projects as approved by voters and to pay costs of issuance.

REQUIRED SUPPLEMENTARY INFORMATION

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024

	2025			2024	
	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:					
Property taxes	6,771,927	6,771,927	6,766,652	(5,275)	6,947,697
Abated taxes	22,580	22,580	22,580	-	12,321
Specific ownership taxes	390,000	390,000	482,387	92,387	404,565
Interest on delinquent taxes	2,000	2,000	12,592	10,592	18,774
Charges for services:					
Emergency medical services	500,000	500,000	461,584	(38,416)	547,777
Investment income	25,000	25,000	83,598	58,598	110,177
Grants and contributions	1,000	1,000	181,886	180,886	54,392
Wildfire contracts	10,000	10,000	529,027	519,027	268,402
Mitigation contracts	-	-	2,957	2,957	-
Miscellaneous:					
Building rentals	21,000	21,000	45,310	24,310	21,000
Special event contracts	-	-	20,516	20,516	-
Other	90,000	90,000	30,870	(59,130)	67,269
Total Revenues	7,833,507	7,833,507	8,639,959	806,452	8,452,374
Expenditures:					
Personnel Services:					
Salaries and wages	4,313,361	4,860,961	4,971,543	(110,582)	4,364,489
Health benefits	824,551	845,551	843,319	2,232	749,091
Health and wellness	135,000	158,000	163,660	(5,660)	106,279
Pension benefits	431,168	431,168	414,502	16,666	373,142
Section 457 contributions	35,826	35,826	37,137	(1,311)	35,245
Workmen's compensation	121,644	121,644	132,868	(11,224)	124,934
Volunteer incentive	26,000	41,000	54,452	(13,452)	33,654
Volunteer dinner program	5,000	5,000	3,938	1,062	3,845
LOSAP program	6,000	6,000	6,000	-	3,000
Uniforms	55,000	55,000	39,347	15,653	31,645
Payroll taxes	72,132	99,132	98,082	1,050	79,788
Board members	12,000	12,000	5,900	6,100	6,100
Death and disability	157,497	157,497	133,289	24,208	134,501
Unemployment insurance	8,366	8,366	7,720	646	7,190
Total Personnel Services	6,203,545	6,837,145	6,911,757	(74,612)	6,052,903
General and Administrative:					
Insurance	97,000	97,000	100,016	(3,016)	87,542
Abated taxes	1,000	1,000	12,304	(11,304)	3,113
Treasurer's fees	167,061	167,061	150,693	16,368	158,019
Legal	20,000	20,000	35,173	(15,173)	26,584
Accounting	22,000	22,000	20,900	1,100	19,900
Ambulance billing services	30,000	30,000	34,195	(4,195)	24,197
Dues and subscriptions	23,000	23,000	30,478	(7,478)	99,938
Freight and postage	1,500	1,500	1,236	264	1,597
Computer supplies and expenses	64,300	64,300	77,102	(12,802)	11,854
Board meetings	15,000	15,000	10,521	4,479	11,828
Election	25,000	55,000	27,842	27,158	-
Supplies and expenses	9,000	9,000	17,606	(8,606)	34,297
Fuel	20,000	20,000	17,735	2,265	21,331
Fire prevention	9,000	9,000	994	8,006	-
Fire mitigation	-	-	-	-	10,191
Emergency management	1,000	1,000	-	1,000	-
Master plan	10,000	10,000	-	10,000	3,161
Consulting	50,000	50,000	42,969	7,031	-
Public outreach	50,000	63,000	69,150	(6,150)	70,993
Website and marketing	15,000	15,000	5,500	9,500	12,325
Vending machine	-	2,000	1,302	698	836
Total General and Administrative	629,861	674,861	655,716	19,145	597,706
Firefighting:					
Supplies and expenses	73,000	73,000	16,637	56,363	39,089
Dues and subscriptions	30,000	30,000	18,534	11,466	-
Personal protective equipment	18,000	18,000	33,556	(15,556)	14,902
Fuel	12,000	12,000	14,497	(2,497)	12,522
Incident resources	2,500	2,500	7,569	(5,069)	7,076
Wildfire expenses	-	-	-	-	52,565
Wildland expenses	157,000	213,000	170,272	42,728	-
Total Firefighting	292,500	348,500	261,065	87,435	126,154

(continued)

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - General Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024
(Continued)

	2025			Final Budget Variance Positive (Negative)	2024
	Original Budget	Final Budget	Actual		Actual
Expenditures (continued):					
Emergency Medical Services:					
Supplies and expenses	57,000	57,000	53,317	3,683	48,840
Dues and subscriptions	41,700	41,700	33,791	7,909	-
Equipment and PPE	3,000	3,000	-	3,000	-
Rescue equipment	2,000	2,000	8,550	(6,550)	1,259
Infection control	1,000	1,000	-	1,000	-
Physician advisor	21,000	21,000	21,600	(600)	12,000
Fuel	14,000	14,000	11,081	2,919	12,613
Total Emergency Medical Services	<u>139,700</u>	<u>139,700</u>	<u>128,339</u>	<u>11,361</u>	<u>74,712</u>
Communications:					
Telephone	23,000	23,000	19,917	3,083	20,826
Communications center	50,000	50,000	19,690	30,310	32,241
Supplies and expenses	46,000	46,000	35,434	10,566	41,505
Cell phones	17,000	17,000	14,319	2,681	18,229
Total Communications	<u>136,000</u>	<u>136,000</u>	<u>89,360</u>	<u>46,640</u>	<u>112,801</u>
Training:					
Medical	10,000	10,000	12,448	(2,448)	16,718
Firefighting	34,000	34,000	25,811	8,189	27,553
Rescue	5,000	5,000	-	5,000	7,926
Paramedic program	10,000	10,000	3,824	6,176	38,085
EMT tuitions	2,500	2,500	4,599	(2,099)	215
Supplies and expenses	5,000	5,000	4,141	859	5,720
Dues and subscriptions	9,000	9,000	7,011	1,989	-
Administration	50,000	50,000	34,923	15,077	69,134
Total Training	<u>125,500</u>	<u>125,500</u>	<u>92,757</u>	<u>32,743</u>	<u>165,351</u>
Equipment:					
Vehicle repairs	20,000	60,000	61,861	(1,861)	41,261
Equipment testing	35,000	35,000	39,513	(4,513)	24,024
Vehicles supplies, parts, and tires	54,000	69,000	90,498	(21,498)	58,773
Maintenance contracts	7,000	7,000	3,241	3,759	5,656
Communications equipment	1,000	1,000	-	1,000	145
Computers	1,000	1,000	-	1,000	10,051
Office equipment	1,000	1,000	-	1,000	12,328
Portable equipment	500	500	-	500	90
Total Equipment	<u>119,500</u>	<u>174,500</u>	<u>195,113</u>	<u>(20,613)</u>	<u>152,328</u>
Other:					
Miscellaneous	237,448	237,448	26	237,422	64,557
Total Other	<u>237,448</u>	<u>237,448</u>	<u>26</u>	<u>237,422</u>	<u>64,557</u>
Station:					
Maintenance	50,000	62,400	71,281	(8,881)	57,636
Supplies	40,000	40,000	32,808	7,192	39,830
Utilities	137,000	137,000	115,766	21,234	104,397
Total Station	<u>227,000</u>	<u>239,400</u>	<u>219,855</u>	<u>19,545</u>	<u>201,863</u>
Total Expenditures	<u>8,111,054</u>	<u>8,913,054</u>	<u>8,553,988</u>	<u>359,066</u>	<u>7,548,375</u>
Excess (Deficiency) of Revenues Over Expenditures	(277,547)	(1,079,547)	85,971	1,165,518	903,999
Other Financing Sources (Uses):					
Transfer to Capital Projects Fund	(750,000)	(750,000)	(975,000)	(225,000)	(850,000)
Net Change in Fund Balance	(1,027,547)	(1,829,547)	(889,029)	940,518	53,999
Fund Balance - Beginning	<u>1,718,809</u>	<u>1,718,809</u>	<u>1,687,185</u>	<u>(31,624)</u>	<u>1,633,186</u>
Fund Balance - Ending	<u>691,262</u>	<u>(110,738)</u>	<u>798,156</u>	<u>908,894</u>	<u>1,687,185</u>

Carbondale and Rural Fire Protection District
Schedule of District's Proportionate Share of Net Pension Liability/(Asset)
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years

Volunteer Plan:

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total Pension Liability					
Service Cost	8,257	8,257	8,899	8,899	9,981
Interest on the Total Pension Liability	189,820	194,227	192,640	195,600	181,845
Benefit Changes	481,698	-	-	-	247,037
Difference between Expected and Actual Experience	1,721	-	49,292	-	(4,351)
Assumption Changes	280,689	-	22,508	-	-
Benefit Payments	<u>(288,330)</u>	<u>(243,313)</u>	<u>(257,160)</u>	<u>(236,750)</u>	<u>(238,188)</u>
Net Change in Total Pension Liability	<u>673,855</u>	<u>(40,829)</u>	<u>16,179</u>	<u>(32,251)</u>	<u>196,324</u>
Total Pension Liability - Beginning	<u>2,849,386</u>	<u>2,890,215</u>	<u>2,874,036</u>	<u>2,906,287</u>	<u>2,709,963</u>
Total Pension Liability - Ending (a)	<u>3,523,241</u>	<u>2,849,386</u>	<u>2,890,215</u>	<u>2,874,036</u>	<u>2,906,287</u>
Plan Fiduciary Net Position					
Employer Contributions	83,979	45,309	43,868	45,469	56,370
Pension Plan Net Investment Income	209,137	208,913	(210,690)	350,582	280,782
Benefit Payments	(288,330)	(243,313)	(257,160)	(236,750)	(238,188)
Pension Plan Administrative Expense	(22,496)	(25,252)	(20,085)	(19,312)	(23,550)
State of Colorado supplemental discretionary payment	40,778	39,481	40,922	104,718	-
Net Change in Plan Fiduciary Net Position	<u>23,068</u>	<u>25,138</u>	<u>(403,145)</u>	<u>244,707</u>	<u>75,414</u>
Plan Fiduciary Net Position - Beginning	<u>2,284,726</u>	<u>2,259,588</u>	<u>2,662,733</u>	<u>2,418,026</u>	<u>2,342,612</u>
Plan Fiduciary Net Position - Ending (b)	<u>2,307,794</u>	<u>2,284,726</u>	<u>2,259,588</u>	<u>2,662,733</u>	<u>2,418,026</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>1,215,447</u>	<u>564,660</u>	<u>630,627</u>	<u>211,303</u>	<u>488,261</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	65.50%	80.18%	78.18%	92.65%	83.20%

Volunteer Plan:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Total Pension Liability					
Service Cost	9,981	45,336	45,336	64,271	64,271
Interest on the Total Pension Liability	184,551	188,280	186,462	190,290	185,598
Benefit Changes	-	207,678	-	-	-
Difference between Expected and Actual Experience	-	(179,842)	-	(175,552)	-
Assumption Changes	-	109,013	-	69,462	-
Benefit Payments	<u>(228,359)</u>	<u>(225,552)</u>	<u>(190,200)</u>	<u>(190,225)</u>	<u>(184,500)</u>
Net Change in Total Pension Liability	<u>(33,827)</u>	<u>144,913</u>	<u>41,598</u>	<u>(41,754)</u>	<u>65,369</u>
Total Pension Liability - Beginning	<u>2,743,790</u>	<u>2,598,877</u>	<u>2,557,279</u>	<u>2,599,033</u>	<u>2,533,664</u>
Total Pension Liability - Ending (a)	<u>2,709,963</u>	<u>2,743,790</u>	<u>2,598,877</u>	<u>2,557,279</u>	<u>2,599,033</u>
Plan Fiduciary Net Position					
Employer Contributions	59,983	33,780	63,229	55,031	64,140
Pension Plan Net Investment Income	301,518	3,460	305,131	110,503	39,150
Benefit Payments	(228,359)	(225,552)	(190,200)	(190,225)	(184,500)
Pension Plan Administrative Expense	(19,335)	(44,952)	(36,130)	(21,229)	(23,480)
State of Colorado supplemental discretionary payment	87,308	-	49,528	57,726	64,636
Net Change in Plan Fiduciary Net Position	<u>201,115</u>	<u>(233,264)</u>	<u>191,558</u>	<u>11,806</u>	<u>(40,054)</u>
Plan Fiduciary Net Position - Beginning	<u>2,141,497</u>	<u>2,374,761</u>	<u>2,183,203</u>	<u>2,171,397</u>	<u>2,211,451</u>
Plan Fiduciary Net Position - Ending (b)	<u>2,342,612</u>	<u>2,141,497</u>	<u>2,374,761</u>	<u>2,183,203</u>	<u>2,171,397</u>
Net Pension Liability/(Asset) - Ending (a) - (b)	<u>367,351</u>	<u>602,293</u>	<u>224,116</u>	<u>374,076</u>	<u>427,636</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	86.44%	78.05%	91.38%	85.37%	83.55%

See the accompanying notes to the Required Supplementary Information.

Carbondale and Rural Fire Protection District
Schedule of District's Proportionate Share of Net Pension Liability/(Asset)
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years *

Statewide Retirement Plan: **	2024	2023	2022	2021	2020
District's portion of the net pension liability/(asset)	0.345932%	0.285542%	0.259820%	0.259513%	0.265759%
District's proportionate share of the net pension liability/(asset)	-	-	230,619	(1,406,390)	(576,963)
District's covered payroll	4,389,906	3,359,682	2,503,765	2,198,153	2,134,600
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	0.0%	0.0%	9.2%	-64.0%	-27.0%
Plan fiduciary net position as a percentage of the total pension liability	0.0%	0.0%	97.6%	116.2%	106.7%
Hybrid Plan:					
			2022**	2021	2020
District's portion of the net pension liability/(asset)			0.572828%	0.604707%	0.585236%
District's proportionate share of the net pension liability/(asset)			(8,354)	(229,302)	(160,969)
District's covered payroll			105,450	102,380	99,400
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll			-8%	-224%	-162%
Plan fiduciary net position as a percentage of the total pension liability			101.4%	149.0%	138.0%
Statewide Retirement Plan: **					
	2019	2018	2017	2016	2015
District's portion of the net pension liability/(asset)	0.269647%	0.226796%	0.240240%	0.233713%	0.252046%
District's proportionate share of the net pension liability/(asset)	(152,503)	286,734	(345,624)	84,449	(4,443)
District's covered payroll	1,987,388	1,519,213	1,405,238	1,196,100	1,221,850
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-7.7%	19%	-25%	7%	0%
Plan fiduciary net position as a percentage of the total pension liability	101.9%	95.2%	106.3%	98.2%	100.1%
Hybrid Plan:					
	2019	2018	2017	2016	2015
District's portion of the net pension liability/(asset)	0.604639%	0.577621%	0.584554%	0.672288%	0.690260%
District's proportionate share of the net pension liability/(asset)	(152,502)	(79,731)	(114,296)	(73,180)	(72,704)
District's covered payroll	96,490	115,075	111,725	108,675	113,625
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	-158%	-69%	-102%	-67%	-64%
Plan fiduciary net position as a percentage of the total pension liability	130.1%	123.5%	138.9%	125.8%	129.4%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior.

** Effective January 1, 2024, the Hybrid Plan and Defined Benefit Plan combined in the Statewide Retirement Plan

**Carbondale and Rural Fire Protection District
Schedule of District Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years ***

Volunteer Plan:	2025	2024	2023	2022	2021
Actuarially determined contribution	124,767	84,790	84,790	120,901	96,202
Actual contribution, including State of Colorado discretionary payment	<u>(124,757)</u>	<u>(84,790)</u>	<u>(84,790)</u>	<u>(150,187)</u>	<u>(45,469)</u>
Contribution deficiency (excess)	<u>10</u>	<u>-</u>	<u>-</u>	<u>(29,286)</u>	<u>50,733</u>
Volunteer Plan:	2020	2019	2018	2017	2016
Actuarially determined contribution	95,355	147,291	90,385	112,757	112,757
Actual contribution, including State of Colorado discretionary payment	<u>(56,370)</u>	<u>(147,291)</u>	<u>(33,780)</u>	<u>(112,757)</u>	<u>(112,757)</u>
Contribution deficiency (excess)	<u>38,985</u>	<u>-</u>	<u>56,605</u>	<u>-</u>	<u>-</u>

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior.

**Carbondale and Rural Fire Protection District
Schedule of District Contributions
Fire and Police Pension Association of Colorado
Last 10 Fiscal Years ***

Statewide Retirement Plan: **	2025	2024	2023	2022	2021
Statutorily required contribution	414,502	373,142	274,420	212,820	186,843
Contributions in relation to the statutorily required contribution	<u>(414,502)</u>	<u>(373,142)</u>	<u>(274,420)</u>	<u>(212,820)</u>	<u>(186,843)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	4,145,020	3,731,420	2,888,632	2,364,667	2,198,153
Contributions as a percentage of covered payroll	10.0%	10.0%	9.5%	9.0%	8.5%
Hybrid Plan:					
			2023 **	2022	2021
Statutorily required contribution			11,153	10,545	10,238
Contributions in relation to the statutorily required contribution			<u>(11,153)</u>	<u>(10,545)</u>	<u>(10,238)</u>
Contribution deficiency (excess)			<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll			111,533	105,450	102,380
Contributions as a percentage of covered payroll			10.0%	10.0%	10.0%
Statewide Retirement Plan: **					
	2020	2019	2018	2017	2016
Statutorily required contribution	170,768	158,991	121,537	112,419	95,688
Contributions in relation to the statutorily required contribution	<u>(170,768)</u>	<u>(158,991)</u>	<u>(121,537)</u>	<u>(112,419)</u>	<u>(95,688)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	2,134,600	1,987,388	1,519,213	1,405,238	1,196,100
Contributions as a percentage of covered payroll	8.0%	8.0%	8.0%	8.0%	8.0%
Hybrid Plan:					
	2020	2019	2018	2017	2016
Statutorily required contribution	9,940	7,719	9,206	8,938	8,694
Contributions in relation to the statutorily required contribution	<u>(9,940)</u>	<u>(7,719)</u>	<u>(9,206)</u>	<u>(8,938)</u>	<u>(8,694)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
District's covered payroll	99,400	96,490	115,075	111,725	108,675
Contributions as a percentage of covered payroll	10.0%	8.0%	8.0%	8.0%	8.0%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior.

** Effective January 1, 2024, the Hybrid Plan and Defined Benefit Plan combined in the Statewide Retirement Plan

**Carbondale and Rural Fire Protection District
Notes to the Required Supplementary Information
December 31, 2025**

I. Schedule of District's Proportionate Share of the Net Pension Liability/(Asset) – Volunteer Pension Fund

A. Changes of assumptions or other inputs

- 1. Changes Since January 1, 2024 Actuarial Valuation are as Follows:**
 - No changes.
- 2. Changes Since January 1, 2023 Actuarial Valuation are as Follows:**
 - No changes.
- 3. Changes Since January 1, 2022 Actuarial Valuation are as Follows:**
 - No changes.
- 4. Changes Since January 1, 2021 Actuarial Valuation are as Follows:**
 - The global assumption set for plans administered by FPPA was changed in the 2022 Experience Study and effective as of January 1, 2023. Significant changes affecting this valuation include:
 - Update base mortality tables and project scales to use the Pub-2010 Public Safety Mortality tables projected with the ultimate rates of the MP-2020 projection scale
- 5. Changes Since January 1, 2020 Actuarial Valuation are as Follows:**
 - No changes
- 6. Changes Since January 1, 2019 Actuarial Valuation are as Follows:**
 - No changes.
- 7. Changes Since January 1, 2018 Actuarial Valuation are as Follows:**
 - No changes.
- 8. Changes Since January 1, 2017 Actuarial Valuation are as Follows:**
 - The global assumption set for plans administered by FPPA was changed in the 2018 Experience Study and effective as of January 1, 2019. Significant changes affecting this valuation include:
 - Reduce investment return from 7.5% to 7.0%.
 - Update base mortality tables and projection scales.
 - Increase withdrawal rates by 10%.
- 9. Changes Since January 1, 2016 Actuarial Valuation are as Follows:**
 - No changes.
- 10. Changes Since January 1, 2015 Actuarial Valuation are as Follows:**
 - No changes.

Carbondale and Rural Fire Protection District
Notes to the Required Supplementary Information
December 31, 2025
(continued)

I. Schedule of District's Proportionate Share of the Net Pension Liability/(Asset) – Volunteer Pension Fund

A. Changes of assumptions or other inputs (continued)

11. Changes Since January 1, 2014 Actuarial Valuation are as Follows:

- No changes.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

II. Schedule of District's Proportionate Share of the Net Pension Liability/(Asset) – Statewide Retirement Plan *

A. Changes of assumptions or other inputs

1. Changes Since January 1, 2024 Actuarial Valuation are as Follows:

- No changes.

2. Changes Since January 1, 2023 Actuarial Valuation are as Follows:

- No changes.

3. Changes Since January 1, 2022 Actuarial Valuation are as Follows:

- No changes.

4. Changes Since January 1, 2021 Actuarial Valuation are as Follows:

- The global assumption set for plans administered by FPPA was changed in the 2022 Experience Study and effective as of January 1, 2023. Significant changes affecting this valuation include:
 - Update base mortality tables and projection scales.

5. Changes Since January 1, 2020 Actuarial Valuation are as Follows:

- No changes.

6. Changes Since January 1, 2019 Actuarial Valuation are as Follows:

- No changes.

Carbondale and Rural Fire Protection District
Notes to the Required Supplementary Information
December 31, 2025
(continued)

II. Schedule of District's Proportionate Share of the Net Pension Liability/(Asset) – Statewide Retirement Plan (continued) *

A. Changes of assumptions or other inputs (continued)

7. Changes Since January 1, 2018 Actuarial Valuation are as Follows:

- For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rate from the RP-2014 annuitant mortality tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.
- For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

8. Changes Since January 1, 2017 Actuarial Valuation are as Follows:

- No changes.

9. Changes Since January 1, 2016 Actuarial Valuation are as Follows:

- No changes.

10. Changes Since January 1, 2015 Actuarial Valuation are as Follows:

- Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

Carbondale and Rural Fire Protection District
Notes to the Required Supplementary Information
December 31, 2025
(continued)

II. Schedule of District's Proportionate Share of the Net Pension Liability/(Asset) – Statewide Retirement Plan (continued) *

A. Changes of assumptions or other inputs (continued)

11. Changes Since January 1, 2014 Actuarial Valuation are as Follows:

- For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

III. Notes to the Schedule of District Contributions – Volunteer Pension Fund

A. Changes of assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

IV. Notes to the Schedule of District Contributions – Statewide Retirement Plan *

A. Changes of assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

* Effective January 1, 2024, the Statewide Defined Benefit Plan and Statewide Hybrid Plan combined to form the Statewide Retirement Plan.

SUPPLEMENTARY INFORMATION

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Debt Service Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024

	2025			Final Budget Variance Positive (Negative)	2024
	Original Budget	Original and Final Budget	Actual		Actual
Revenues:					
Property tax	608,617	608,617	608,592	(25)	930,783
Abated property tax	3,144	3,144	3,144	-	2,336
Investment income	10,000	10,000	23,959	13,959	30,376
Total Revenues	621,761	621,761	635,695	13,934	963,495
Expenditures:					
Principal	270,000	270,000	270,000	-	565,000
Interest	312,825	312,825	312,825	-	324,125
Paying agent fees	1,000	1,000	400	600	800
County Treasurer's fees	13,968	13,968	13,968	-	21,392
Total Expenditures	597,793	597,793	597,193	600	911,317
Excess (Deficiency) of Revenues Over Expenditures	23,968	23,968	38,502	14,534	52,178
Fund Balance - Beginning	556,105	556,105	556,088	(17)	503,910
Fund Balance - Ending	580,073	580,073	594,590	14,517	556,088

Carbondale and Rural Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual - Capital Projects Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024

	2025			Final Budget Variance Positive (Negative)	2024
	Original Budget	Final Budget	Actual		Actual
Revenues:					
Impact fees	10,000	10,000	53,042	43,042	-
Grants	18,000	18,000	39,377	21,377	150,287
Net investment income	30,000	30,000	37,613	7,613	101,131
Miscellaneous income	10,000	10,000	15,000	5,000	3,818
Total Revenues	68,000	68,000	145,032	77,032	255,236
Expenditures:					
Fire equipment	64,000	84,000	128,963	(44,963)	185,623
Station projects	64,000	64,000	5,300	58,700	3,249
Building Projects	415,000	980,000	881,008	98,992	1,874,251
Training building improvements	12,000	12,000	-	12,000	14,553
Communication equipment	50,000	65,000	76,326	(11,326)	14,804
Training equipment	-	-	-	-	19,171
Medical equipment	15,000	15,000	219	14,781	39,728
Rescue equipment	-	-	2,383	(2,383)	2,924
Office equipment	10,000	10,000	19,347	(9,347)	48,080
Station equipment	-	200,000	119,417	80,583	12,193
Vehicles and apparatus	102,000	112,000	97,601	14,399	363,888
Miscellaneous	-	-	36	(36)	748
Debt service:					
Principal	-	-	95,053	(95,053)	137,144
Interest	-	-	112,864	(112,864)	70,773
Total Expenditures	732,000	1,542,000	1,538,517	3,483	2,787,129
Excess (Deficiency) of Revenues Over Expenditures	(664,000)	(1,474,000)	(1,393,485)	80,515	(2,531,893)
Other Financing Sources (Uses):					
Debt proceeds	-	-	-	-	2,100,000
Issuance costs	(207,917)	(207,917)	-	207,917	(71,239)
Operating transfers in	750,000	750,000	975,000	225,000	850,000
Total Other Financing Sources (Uses)	542,083	542,083	975,000	432,917	2,878,761
Net Change in Fund Balance	(121,917)	(931,917)	(418,485)	513,432	346,868
Fund Balance - Beginning	826,713	826,713	918,726	92,013	571,858
Fund Balance - Ending	704,796	(105,204)	500,241	605,445	918,726

Carbondale and Rural Fire Protection District
Schedule of Additions and Deductions
Budget and Actual - Volunteer Firefighters Pension Fund
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024

	2025		Final Budget Variance Positive (Negative)	2024
	Original and Final Budget	Actual		Actual
Additions:				
Property taxes	49,413	49,413	-	84,961
State grant	76,465	75,581	(884)	40,778
Net investment income (loss)	50,000	297,946	247,946	226,165
Total Additions	175,878	422,940	247,062	351,904
Deductions:				
Benefits	325,000	290,920	34,080	288,330
Disability insurance	8,500	-	8,500	5,412
Treasurer's fees	1,111	1,111	-	1,910
Administration	40,000	40,315	(315)	34,111
Total Deductions	374,611	332,346	42,265	329,763
Change in Net Position	(198,733)	90,594	289,327	22,141

**Carbondale and Rural Fire Protection District
Schedule of Assessed Valuation and Mill Levy
(Unaudited)**

District's Assessed Valuation					
Levy/Collection Year	Garfield County	Gunnison County	Pitkin County	Total Assessed Valuation	Percent Change
2024/2025	590,347,240	24,273,450	41,806,930	656,427,620	1.29%

District's Mill Levy					
Levy/Collection Year	General Fund	Bond Fund	Bond Contractual	Abatements/ Other	Total
2024/2025	9.712	0.926	0.000	0.708	11.346