HOTCHKISS FIRE DISTRICT

FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITORS' REPORT

FOR THE YEAR ENDED DECEMBER 31, 2025

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Soronen • Donley • Patterson
Certified Public Accountants

Independent Auditors' Report

To the Board of Directors
Hotchkiss Fire District
Hotchkiss, Colorado

Opinions
We have audited the accompanying financial statements of the governmental activities and the major fund of the Hotchkiss Fire District (the District), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Hotchkiss Fire District as of December 31, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions
We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Hotchkiss Fire 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.

Emphasis of Matter – Restatement of Beginning Balances
As discussed in Note K to the financial statements, the beginning net position/fund balance and related prior period amounts have been restated to correct the prior period financial statement presentation of pension-related investments and the total pension liability reported under GASB Statement No. 73. Our opinion is not modified with respect to this matter.

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

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Hotchkiss Fire 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 Hotchkiss Fire District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison and pension information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Soronen, Donley, Patterson CPA's PC
August 19, 2026

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MANAGEMENT’S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of Hotchkiss Fire District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the year ended December 31, 2025. Please read it in conjunction with the accompanying basic financial statements.

FINANCIAL HIGHLIGHTS

GOVERNMENT-WIDE

- The District ended its fiscal year with a net position of $1,276,229 compared to a restated $1,300,211 as of December 31, 2024.
- The total Program Expenses were $1,388,221 compared to a restated $1,254,572 for the year ended December 31, 2024.
- The total Program Revenues were $2,554 compared to $30,355 for the year ended December 31, 2024.
- The total General Revenues were $1,359,131 compared to a restated $1,269,063 for the year ended December 31, 2024.
- The change in Net Position represents a decrease of $23,982 compared to a restated increase of $44,846 for the year ended December 31, 2024.

GENERAL FUND

- The General Fund expenditures exceeded revenues and other financing sources by $9,013 compared to revenues exceeding expenditures by a restated $94,978 for the year ended December 31, 2024.
- The actual resources received in the General Fund exceeded the final budget by $42,859, while actual expenditures exceeded the final budget by $28,514. The actual amounts exceeding the budgeted amounts for both resources received and expenditures was due to CERF amounts being earned in 2025 and not being paid until 2026. On the budget, these amounts were accounted for in 2026, but were recognized on the financial statements in 2025. In 2024, the actual resources received in the General Fund exceeded the final budget by $106,401, while actual expenditures exceeded the final budget by $74,250.
- At the end of the year, the unassigned fund balance for the General Fund was $24,107 or 1% of General Fund expenditures. As of December 31, 2024, the unassigned fund balance for the General Fund was $85,996 or 7% of General Fund expenditures.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements provide the reader with a longer term view of the District's finances as a whole and include the Statement of Net Position and Statement of Activities. The manner of presentation is similar to a private sector business.

The Statement of Net Position presents information about the financial position of the District as a whole, including all its capital assets and long-term liabilities on a fully accrual basis. Over time, increases or decreases in net position is one indicator in monitoring the financial health of the District.

The Statement of Activities provides information about all the District's revenues and expenses on a fully accrual basis, with the emphasis on measuring net revenues or expenses of each specific program. This statement explains in detail the change in Net Position for the year.

All of the activities in the government-wide financial statements are principally supported by property taxes, grants, and CERF payments. The government activities of the District include public safety and interest on long-term debt.

The government-wide financial statements use the full accrual basis of accounting method which records revenues when earned and expenses at the time the liability is incurred, regardless of when the related cash flows take place.

The government-wide financial statements can be found on pages 8 to 9 of this report.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

The governmental fund financial statements provide more detailed information about the District's Governmental Fund, focusing primarily on the short-term activities of the organization. The Governmental Fund financial statements measure only current revenues and expenditures and fund balances, excluding capital assets, long-term debt, and other long-term obligations.

All of the District's basic services are considered to be governmental activities. The District's services are supported by general District revenues such as property taxes and intergovernmental revenues (primarily state reimbursements for out of county incident responses and emergency medical transport).

Government funds focus on how money flows into and out of the fund and the balance left at year-end available for spending. These funds are reported using an accounting method called the modified accrual method, which measures cash and all other financial assets that can readily be converted to cash. Governmental fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is itemized in a reconciliation following the fund financial statements on pages 11 and 13.

Notes to the Basic Financial Statements: The notes provide additional information that is essential to the reader for a full understanding of the data provided in the Government-wide and Fund Financial Statements.

FINANCIAL ACTIVITIES OF THE DISTRICT AS A WHOLE

Net position may serve over time as a useful indicator of the District's financial position. The District's combined assets plus deferred outflows exceeded liabilities plus deferred inflows by $1,276,229 as of December 31, 2025, as shown in the following condensed statement of net position. Of this amount, $211,142 is unrestricted and available to meet the District's ongoing financial obligations.

By far, the largest portion of net position is the net investment in capital assets of $1,023,440 (93% of total net position). This amount reflects the investment in all capital assets (e.g., infrastructure, land, buildings, and equipment) less any related debt used to acquire those assets that are still outstanding. These capital assets are used to provide services to citizens; consequently, these assets are not available for future spending. Although the investment in capital assets is reported net of debt, it should be noted that the resources needed to repay this debt must be provided from other sources since capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Condensed Statement of Net Position
As of December 31, 2025, and 2024

	Governmental Activities	
	12/31/2025	12/31/2024 (Restated)
Current Assets	$1,377,170	$1,314,790
Net Capital Assets	1,685,900	1,691,489
Total Assets	3,063,070	3,006,279
Current Liabilities	181,990	157,989
Non-Current Liabilities	1,286,939	1,331,932
Total Liabilities	1,468,929	1,489,921
Deferred Inflows	317,912	216,147
Net Position:		
Net Investment in Capital Assets	1,023,440	1,030,594
Restricted	41,647	37,447
Unrestricted	211,142	232,170
Total Net Position	$1,276,229	$1,300,211

The cost of all Governmental activities this year was $1,388,221 as shown in the Statement of Activities statement below. Of this cost, $2,554 was paid for operating and capital grants and contributions. The revenue from property taxes and intergovernmental revenues totals $1,237,436 or 90% of total District revenues.

Table 2
Condensed Statement of Activities
For the Year Ended December 31, 2025, and 2024

	Governmental Activities	
	12/31/2025	12/31/2024 (Restated)
Revenues:		
Program Revenues:		
Operating Grants and Contributions	$ 2,554	$ 20,355
Capital Grants and Contributions	0	10,000
General Revenues:		
Property Taxes	215,058	246,897
Specific Ownership Taxes	32,760	32,116
CERF Payments	1,022,378	945,411
State Matching Funds	15,300	15,300
Interest and Dividends	709	792
Investment Income	52,916	20,321
Other Income	22,564	8,226
Total Revenues	1,361,685	1,299,418
Expenses:		
Public Safety	1,353,478	1,213,869
Interest on Long-Term Debt	34,743	40,703
Total Expenses	1,388,221	1,254,572
Increase (decrease) in Net Position		
Before Transfers	(23,982)	44,846
Transfers	0	0
Net Position - Beginning of Year	1,300,211	1,255,365
Net Position - End of Year	$ 1,276,229	$ 1,300,211

FUND FINANCIAL STATEMENTS

The fund financial statements provide detailed information about the District's operations. They are reported using an accounting basis called modified accrual which reports cash and other short-term assets and liabilities (receivables and payables) that will soon be converted to cash or will soon be paid with cash.

As shown on page 12, the government fund balance decreased by $9,013. The decrease was primarily due to the purchase of a new brush truck.

On page 13, there is a reconciliation from the modified-accrual net change in fund balance reported in the Statement of Revenue, Expenditures, and Changes in Fund Balance for the governmental fund to the full-accrual change in net position of the Statement of Activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During the year, there was an increase in General Fund appropriations of approximately $253,038 or 22%, between the original and final budget. The increase was principally due to an increase in CERF services and the purchase of a brush truck. The $42,859 favorable variance in revenues and $28,514 unfavorable variance in expenditure is primarily due to accrued CERF payment revenue and CERF wages and expenses. On the budget, these amounts were accounted for in 2026 but were recognized on the financial statements in 2025.

Variances between the final amended budget and actual are shown on page 24.

CAPITAL ASSETS

As of December 31, 2025, the District had approximately $1,685,900 in net capital assets.

Table 3
Capital Assets
As of December 31, 2025, and 2024

	Governmental Activities	
	12/31/2025	12/31/2024
Non-depreciable Capital Assets:		
Land	$421,785	$421,785
Total Non-depreciable Capital Assets	421,785	421,785
Depreciable Capital Assets:		
Vehicles and Equipment	1,629,817	1,531,523
Buildings and Improvements	1,290,817	1,290,817
Total Depreciable Capital Assets	2,920,634	2,822,340
Less Accumulated Depreciation	(1,656,519)	(1,552,636)
Net Capital Assets	$1,685,900	$1,691,489

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are reported at fair market value as of the date contributed. Depreciation is a systematic approach to allocate the costs of capital assets over their estimated useful lives. The District had adopted a 40 year life for its buildings, 15 years for fire apparatus, 10 years for other motor vehicles, and 5-10 year life for its furniture, fixtures, and equipment. Additional details about capital assets are shown in Note E in the financial statements.

DEBT ADMINISTRATION

As of December 31, 2025, the District had approximately $662,460 in outstanding non-pension debt, an increase of $1,565 from December 31, 2024.

Additional details about long-term debt are disclosed in Note F.

REQUESTS FOR INFORMATION

This financial report is designed to provide our citizens, taxpayers, customers, investors, and creditors with a general overview of the District’s finances and to show the District’s accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Management.

HOTCHKISS FIRE DISTRICT

STATEMENT OF NET POSITION

DECEMBER 31, 2025

ASSETS

	Governmental Activities
ASSETS	
Current Assets	
Cash and Cash Equivalents	$31,340
Investments - Restricted	865,887
Receivables	216,404
Property Tax Receivable	263,539
Total Current Assets	1,377,170
Capital Assets (net of depreciation)	
Land	421,785
Vehicles and Equipment	530,122
Buildings and Improvements	733,993
Net Capital Assets	1,685,900
TOTAL ASSETS	$3,063,070

LIABILITIES, DEFERRED INFLOWS OF RESOURCES & NET POSITION

LIABILITIES	
Accounts Payable and Other Current Liabilities	$181,990
Long-Term Liabilities	
Portion Due Within One Year	52,591
Portion Due After One Year	
Total Pension Liability	624,479
Debt - Due in More Than One Year	609,869
TOTAL LIABILITIES	1,468,929
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Property Taxes	263,539
Pension Related Amounts	54,373
TOTAL DEFERRED INFLOWS OF RESOURCES	317,912
NET POSITION	
Net Investment in Capital Assets	1,023,440
Restricted for:	
Emergency Reserve	41,647
Unrestricted	211,142
TOTAL NET POSITION	1,276,229
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION	$3,063,070

The accompanying notes are an integral part of these statements

HOTCHKISS FIRE DISTRICT

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED DECEMBER 31, 2025

		Program Revenues			Net (Expense) Revenue and Change in Net Position
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Public Safety	$1,353,478	$0	$2,554	$0	($1,350,924)
Interest on Long-Term Debt	34,743	0	0	0	(34,743)
Total District	$1,388,221	$0	$2,554	$0	($1,385,667)

General Revenues	
CERF Payments	1,022,378
Property Taxes	215,058
Investment Income	52,916
Specific Ownership Taxes	32,760
Other Income	22,564
State Matching Funds	15,300
Interest and Dividends	709
Total General Revenues	1,361,685
Change in Net Position	(23,982)
Net Position - Beginning of the Year, as Previously Reported	1,154,037
Prior Period Adjustment - Correction of Pension Investment	146,174
Net Position - Beginning of the Year, as Restated	1,300,211
Net Position - End of the Year	$1,276,229

The accompanying notes are an integral part of these statements.

HOTCHKISS FIRE DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund
ASSETS	
Cash and Cash Equivalents	$31,340
Investments - Restricted	865,887
Receivables	216,404
Property Tax Receivable	263,539
TOTAL ASSETS	$1,377,170
LIABILITIES:	
Accounts Payable and Other Current Liabilities	$181,990
TOTAL LIABILITIES	181,990
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflows of Resources - Property Taxes	263,539
FUND BALANCES	
Restricted for:	
Emergency Reserve	41,647
Committed for:	
Pension Fund	865,887
Unassigned	24,107
TOTAL FUND BALANCE	931,641
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$1,377,170

The accompanying notes are an integral part of these statements

HOTCHKISS FIRE DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

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

Total Fund Balances - Governmental Funds		$ 931,641
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds		
Governmental Capital Assets	$ 3,342,419	
Accumulated Depreciation	(1,656,519)	
		1,685,900
Deferred Inflows Related to Pensions		(54,373)
Net Pension Liability		(624,479)
Long-term liabilities are not due and payable in the current period and therefore not reported in the governmental funds.		
Installment Loans Payable		(662,460)
Total Net Position - Governmental Activities		$ 1,276,229

The accompanying notes are an integral part of these statements

HOTCHKISS FIRE DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund
REVENUES	
CERF Payments	$1,022,378
Property Taxes	215,058
Investment Income	52,916
Specific Ownership Taxes	32,760
Other Income	22,564
State Matching Funds	15,300
Grants and Contributions	2,554
Interest and Dividends	709
TOTAL REVENUES	1,364,239
EXPENDITURES	
Current:	
General Government	16,061
Public Safety	1,189,179
Pension Contributions	36,540
Capital Outlay	98,294
Debt Service:	
Principal	43,435
Interest	34,743
TOTAL EXPENDITURES	1,418,252
Excess (Deficiency) of Revenues Over (Under) Expenditures	(54,013)
Other Financing Sources (Uses):	
Loan Proceeds	45,000
Transfers out	0
Total Other Financing Sources (Uses)	45,000
Net Change in Fund Balances	(9,013)
Fund Balance - Beginning of the Year, as Previously Reported	123,443
Prior Period Adjustment - Correction of Pension Investment	817,211
Fund Balance - Beginning of the Year, as Restated	940,654
Fund Balance - End of Year	$ 931,641

The accompanying notes are an integral part of these statements.

HOTCHKISS FIRE DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2025

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

Net Change in Fund Balances - Total Governmental Funds		$ (9,013)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.		
Capital Outlay	$ 98,294	
Deprecation Expense	(103,883)	
		(5,589)
Governmental funds report pension benefit payments as expenditures when paid while the statement of activities reports pension expense under GASB 73.		
Employer Pension Contributions		36,540
Pension Expense		(44,355)
Installment loan proceeds provide current financial resources in the period issued, whereas issuing installment loan borrowing increases long-term liabilities in the statement of net position. Repayment of debt principal is an expenditure in the funds, but not in the statement of activities.		
Installment Loan Principal Payments		43,435
Loan proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position and does not affect the statement of activities.		(45,000)
Change in Net Position of Governmental Activities		$ (23,982)

The accompanying notes are an integral part of these statements

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial Reporting Entity

The Hotchkiss Fire District (the District) is a separate governmental unit established January 1, 1952, as a special district of the State of Colorado. The District operates under an elected board form of government and provides the following services as authorized by State Statutes to the City of Hotchkiss and the surrounding area: fire protection and emergency medical and related services. On June 17, 2025, the district officially changed its legal name to the Hotchkiss Fire District.

The reporting entity consists of (a) the primary government, i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to impose its will on that organization or there is 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 from the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity. Based on the criteria above, the District is not financially accountable for any other entity, nor is the District a component unit of any other government.

Government-wide Financial Statements

The government-wide financial statements include the statement of net position and statement of activities which illustrate the District's financial position as a whole to demonstrate operational accountability and sustainability of the District as an entity and the change in the aggregate financial position resulting from activities of the period. In the statement of net position, financial information is reflected on an accrual basis of accounting and the economic resource measurement focus. The statement of activities demonstrates the degree to which the direct expenses of a function are offset by program revenues. This balance identifies the extent to which a government function or business segment is self-funded and the extent to which it draws from general District revenues.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectively within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year-end). All other revenue items are considered to be measurable and available only when cash is received by the government.

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Fund Financial Statements
The fund financial statements provide information about the government's funds. Separate statements for each fund category, governmental and fiduciary, are presented. The emphasis of fund financial statements is on major governmental and fiduciary funds. All remaining governmental and fiduciary funds are aggregated and reported as non-major funds. Major individual government and fiduciary funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental funds:

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

Cash and Investments
The District's cash and cash equivalents are considered to be cash-on-hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Fair Value Measurements
Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Use of Estimates
The preparation of financial statements in accordance with U.S. GAAP required the District's management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, and expenditures (expenses). Actual results could differ from the estimates and assumptions used.

Capital Assets
The District's property, equipment, and infrastructure with useful lives of more than one year are stated at historical cost and comprehensively reported in the government-wide financial statements. The District maintains infrastructure asset records consistent with all other capital assets. Proprietary capital assets are also reported in their respective fund's financial statements. Donated assets are stated at fair value on the date donated. The District generally capitalized assets with costs of $5,000 or more as purchase and construction outlays occur. The costs of normal maintenance and repairs that do not add to the asset value or materially extended useful lives are not capitalized. Capital assets including those of component units are depreciated using the straight-line method. When capital assets are disposed, the cost and applicable accumulated depreciation are removed from the respective accounts, and the resulting gain or loss is recorded in operations.

Estimated useful lives in years, for depreciation assets are as follows:

Buildings	40
Fire Apparatus	15
Other Vehicle	10
Furniture, Fixtures, and Equipment	5 - 10

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Deferred Outflows/Inflows of Resources
In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position
Net position represents the difference between assets and liabilities. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments. Net investment in capital assets describes the portion of net position which is represented by the current net book value of the District's capital assets, less the outstanding balance of any debt issued to finance these assets.

Fund Balance
The District reports fund equity in accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. The objective of this statement is to enhance the value of fund balance information by providing fund balance classifications which can be more consistently applied and by clarifying the existing governmental fund type definitions. The following classifications describe these categories:

- Nonexpendable – This classification includes resources which cannot be spent because they are non-spendable by form or contractually required to be maintained intact.
- Restricted – This classification includes resources subject to externally enforceable limitations.
- Committed – This classification includes resources constrained by limitations the government imposed upon itself.
- Assigned – This classification included resources that reflect a government's intended uses.
- Unassigned – This classification includes resources which reflect the residual fund balance of the General Fund.

The District's policy is that committed and assigned fund balances are considered to have been spent first before unassigned fund balances are spent.

Property Taxes
Property taxes are established by Delta County. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and are due and payable February 28 and June 15, or in full on April 30. All unpaid taxes become delinquent on August 1. Property tax revenues are recognized when they become available. Available includes those property tax receivables expected to be collected within sixty days after year-end. Property taxes levied on December 31, are shown as receivable with an offsetting deferred revenue on December 31. The District's property taxes are collected by the Delta County Treasurer who remits monthly receipts to the District.

Implementation of GASB Statement No. 73:
As of December 31, 2025, the District adopted GASB Statement No. 73*, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement No. 68*. The implementation of this standard requires governments to calculate and report the costs and obligations associated with pensions in their basic financial statements. Employers are required to recognize pension amounts for all benefits provided through the plan which include the net pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense. The additional disclosures required by this standard are included in Note G.

NOTE B – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental fund balance sheet includes a reconciliation between total governmental fund balances and net position of governmental activities as reported in the government-wide statement of net position. These differences primarily result from the long-term economic focus of the statement of net position versus the current financial resources focus of the governmental fund balance sheets. The details of these differences are reported in the reconciliation.

The governmental fund statement of revenues, expenditures, and changes in fund balance includes a reconciliation between net changes in fund balances-total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. These differences are the result of converting from the current resources measurement focus and modified accrual basis for governmental fund statements to the economic resources measurement focus and full accrual basis used for government-wide statements. The details of these differences are reported in the reconciliation.

NOTE C – BUDGET COMPLIANCE

State law requires a budget for the District. The budget must be balanced; expenditures cannot exceed total available revenues and fund balance. No spending agency may expend, or contract to expend, any monies in excess of the amounts appropriated in the appropriations.

The annual budget serves as the foundation for the District's financial planning and control. The budget is prepared in compliance with state statute. The budget may be amended during the year through supplemental appropriations.

Expenditures may not legally exceed appropriations. Detailed line-item records provide management with the capability to monitor the budget.

NOTE D – CASH AND INVESTMENTS

Deposits

Federal Deposit Insurance Corporation (FDIC) covers up to $250,000 in balances per depositor, per insured bank, for each account ownership category. Deposit balances above amounts covered by FDIC are collateralized in accordance with provisions of the Colorado Public Deposit Protection Act (PDPA). The collateral is pooled and held in trust for all uninsured deposits as a group. The total balance of the District's cash deposits as of December 31, 2025, was $31,340, all of which was covered by FDIC.

Investments

Credit Risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including: obligation of the United States and certain United States government agency securities; certain international agency securities; general obligation and revenue bonds of local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements; certain money market funds; guaranteed investment contracts; and corporate or bank debt subject to certain limitations. The District has no investment policy that would further limit its investment choices. The District has $64,653 in mutual funds. The District has $140,765 invested in ETF funds on December 31, 2025. There are no quoted market ratings for the individual funds. The underlying assets in the funds are rated from B to AAA.

The District also had $595,263 invested in corporate and municipal notes with credit qualify ratings as follows:

S&P/Moody Credit Rating	Market Value
AAA	$ 21,653
AA	197,270
A	133,672
Not Rated	242,668
	$ 595,263

NOTE D – CASH AND INVESTMENTS – continued

Interest Rate Risk
Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District's investments in corporate notes have an average weighted maturity of 12 years.

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable inputs for an asset or liability. There were no significant transfers between Levels 1, 2, and 3 of the fair value hierarchy in the current year.

The following table presents the District's investments within the hierarchical framework.

	Fair Market Value December 31, 2025	Quoted Prices in Active Market for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Cash and Cash Alternates	$ 65,206	$ 65,206	$ 0	$ 0
Mutual Funds	64,653	64,653		
US Corporate/Municipal bonds ETF	140,765	0	140,765	0
Corporate/Municipal notes	595,263	0	595,263	0
Total	$ 865,887	$ 129,859	$ 736,028	$ 0

NOTE E – CAPITAL ASSETS

Capital assets activities for the year ended December 31, 2025, were as follows:

Governmental Activities

	12/31/2024	Additions	Deletions	12/31/2025
Capital Assets, Not Being Depreciated				
Land	$421,785	$0	$0	$421,785
Total Capital Assets, Not Being Depreciated	421,785	0	0	421,785
Capital Assets, Being Depreciated:				
Vehicles and Equipment	1,531,523	98,294	0	1,629,817
Buildings and Improvements	1,290,817	0	0	1,290,817
Total Capital Assets, Being Depreciated	2,822,340	98,294	0	2,920,634
Less Accumulated Depreciation For:				
Vehicles and Equipment	(1,027,935)	(71,760)	0	(1,099,695)
Buildings and Improvements	(524,701)	(32,123)	0	(556,824)
Total Accumulated Depreciation	(1,552,636)	(103,883)	0	(1,656,519)
Total Capital Assets, Being Depreciated, Net	1,269,704	(5,589)	0	1,264,115
Governmental Activities, Capital Assets, Net	$1,691,489	($5,589)	$0	$1,685,900

NOTE F – NOTES AND LOANS PAYABLE

Fire Station Mortgage:
Commercial mortgage loan was renegotiated with Bank of Colorado on June 15, 2018, with the initial principal amount of $656,032. There will be 60 monthly consecutive principal and interest payments in the initial amount of $3,702, beginning July 15, 2018, with the interest rate of 2.8%. Beginning July 15, 2023, there will be 169 monthly consecutive principal and interest payments in the initial amount of $4,471, with interest calculated to be at 6.63%, and one principal and interest payment of $4,470 on August 15, 2037.

2015 KME Pumper Truck:
On May 9, 2019, the district entered into a Business Loan Agreement with First State Bank of Colorado (which in November 2019 was purchased by United Business Bank). The initial principal amount was $251,500. There will be 30 semi-annual principal and interest payments of $11,287, at the interest rate of 4.00%, on the 19th of May and November, with the first payment due November 19, 2019.

2017 Dodge BFX T6 Fire Engine
On October 29, 2025, the District entered into a Business Loan Agreement with United Business Bank. The initial principal amount was $45,000. There will be 60 monthly principal and interest payments of $840 at the interest rate of 4.5% with the first payment due November 30, 2025.

The following is a summary of the District's future annual obligations:

Year Ending December 31	Principal	Interest	Total
2026	$52,591	$33,716	$86,307
2027	55,306	31,001	86,307
2028	58,084	28,223	86,307
2029	61,169	25,138	86,307
2030	62,306	22,201	84,507
Thereafter	373,004	68,008	441,012
Total Obligation	662,460	208,287	870,747
Less Amount Due Within 1 Year	(52,591)	(33,716)	(86,307)
Amount Due After 1 Year	$609,869	$174,571	$784,440

CHANGES IN NOTE AND LOAN PAYABLE

The following is a schedule of changes in note and loan payable during the year:

Balance as of December 31, 2024	$660,895
New Loans	45,000
Repayments	(43,435)
Balance as of December 31, 2025	662,460
Less Amount Due Within 1 Year	(52,591)
Amount Due After 1 Year	$609,869

NOTE G – RETIREMENT PLAN

Defined Benefit Plan

Administration
All District fire fighters participate in the defined benefit Pension Plan administered by the Pension Board of Trustees, composed of members of the Board of Directors and firemen selected in accordance with state statute. For the year ended December 31, 2025, the District recognized pension expense of $44,355.

District Contributions
The District can contribute to the Fund an annual amount, with a tax levy not to exceed one mill on the assessed valuation of the District. The District is currently contributing to the fund a level annual dollar amount of $17,000.

NOTE G – RETIREMENT PLAN - continued

State Contributions
The contribution by the State of Colorado toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rate 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 ½ mill on the assessed valuation or 90% of District contributions, whichever is less. For the year ended December 31, 2025, the State contributed $15,300.

Summary of Population
As of December 31, 2025, membership was as follows:

Inactive Plan Members or Beneficiaries Currently Receiving Benefits	11
Inactive Plan Members Entitled to But Not Yet Receiving Benefits	0
Active Plan Members	30
Total Plan Members	41

Retirement Benefits
The Board may pension any firefighter having 20 years of active service and being above the age of 50 years, such pension not to exceed $450 per month, unless an actuarial review indicates a higher payment can be supported by the contributions. No volunteer firefighter shall receive a pension for service in a fire department while an active member of that department. Firefighters shall maintain a minimum training participation of 36 hours each year to qualify for retirement benefits.

The Board may pay a retirement pension to a volunteer firefighter who has less than twenty years of active service if the district's Fund is determined to be, actuarially sound, pursuant to statute. The Board shall determine the period of active service necessary to qualify for this retirement pension, but in no event shall such a period be less than ten years of active service. The Board shall not pay this retirement pension until the volunteer firefighter is fifty years of age. The amount of this retirement pension shall be determined by prorating the amount of the retirement pension based on the volunteer firefighter's years of service.

Disability Benefits
Temporary
In the event of an injury to a member of the department while, in the line of duty as a fireman, the Board shall pay a monthly annuity to said fireman in the amount that is proper and equitable, the financial condition of the Fund considered, but not to exceed $150 per month for a period of time up to but not to exceed one year.

Permanent
Disabilities of such character and magnitude as to deprive the fireman of his earning capacity and which extend beyond one year shall be compensated for by the Board in monthly annuities in such an amount as the Board determines proper and necessary.

Death Benefits
Duty Death
If a fire department member dies from injuries received while in the line of duty as a volunteer firefighter and leaves a surviving spouse, the Board shall pay the surviving spouse a monthly annuity either in an amount the Board deems proper and necessary, but not more than one-half the amount paid by the Board pursuant to section 31-30-1122 (1) or two hundred twenty-five dollars, whichever is greater, or within limits prescribed by municipal ordinance or by rules of the Board of the affected municipality or district. The annuity shall cease if the surviving spouse remarries.

If there is no surviving spouse but there is a surviving child of the deceased volunteer firefighter under eighteen years of age, the Board shall pay a monthly annuity either in an amount the Board deems proper or necessary, but not more than one-half the amount paid by the Board pursuant to section 31-30-1122 (1) or two hundred twenty-five dollars, whichever is greater, or within limits prescribed by municipal ordinance or by rules of the Board of the affected municipality or district. The Board shall pay this annuity to the guardian of the child on behalf of the child. The annuity shall cease when the child is eighteen years of age.

NOTE G – RETIREMENT PLAN - continued

If there is no surviving spouse or child but there is a surviving dependent parent of the deceased volunteer firefighter, the Board shall pay the dependent parent a monthly annuity either in an amount the Board deems proper and necessary, but not more than one-half the amount paid by the Board pursuant to section 31-30-1122 (1) or two hundred twenty-five dollars, whichever is greater, or within limits prescribed by municipal ordinance or by rules of the Board of the affected municipality or district. The annuity shall cease if the dependent parent remarries.

When any active or retired member of the department dies, the Board shall pay from the Fund the sum of $100 as a death benefit, to be paid to the surviving spouse or family of the deceased, but if there is no surviving spouse or family, said sums should be paid to such other person as the Board designates.

Non-Duty Death
Upon the death of a retired fire department member or a volunteer firefighter who, regardless of age, has served the requisite number of years for retirement under section 31-30-1122 and who leaves a surviving spouse, the Board may pay an annuity of not more than fifty percent of the current pension payment for a fully vested retired fire department member if the Fund is actuarially sound. If the volunteer firefighter had less than twenty years of active service, the annuity to the surviving spouse shall be prorated based upon the number of years of service. This annuity to the surviving spouse shall cease if the surviving spouse remarries.

Actuarial Assumptions
The total pension liability in the January 1, 2026, actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price Inflation	2.75 percent
Retirement Age	Age 50 and 20 years of service. 100% probability at age 50
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	4.83 percent

Pre-retirement mortality were based on Pub-2010 Public Safety Healthy Mortality Tables for males and females, amount weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier.

Post-retirement mortality were based on Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the ultimate values of the MP-2020 projection scale.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 4.83 percent as the investments are primarily bonds.

Single Discount Rate
A Single Discount Rate of 4.83% was used to measure the total pension liability. This Single Discount Rate was based on the yield or index rate for 20-year tax-exempt general obligation municipal bonds, per GASB Statement No. 73.

Regarding the sensitivity of the net pension liability to changes in the Single Discount Rate, the following presents the plan's net pension liability, calculated using a Single Discount Rate of 4.83%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

Sensitivity of Net Pension Liability to the Single Discount Rate Assumption

1% Decrease 3.83%	Current Single Discount Rate Assumption 4.83%	1% Increase 5.83%
$715,808	$624,479	$551,577

NOTE G – RETIREMENT PLAN - continued

Changes to Total Pension Liability

Total Pension Liability	
Service Cost	$29,226
Interest on the Total Pension Liability	27,231
Benefit Changes	0
Difference Between Expected and Actual Experience	0
Assumption Changes	(66,475)
Benefit Payments	(36,540)
Refunds	0
Net Change in Total Pension Liability	(46,558)
Total Pension Liability - Beginning	671,037
Total Pension Liability - Ending	$624,479
Covered Employee Payroll	N/A
Net Pension Liability as a Percentage Of Covered Employee Payroll	N/A

NOTE H – TAX, SPENDING, AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation.

The Amendment requires that an emergency reserve be maintained at three percent of fiscal year spending (excluding bonded debt service). A portion of the General Fund’s fund balance is classified as restricted for emergencies as required by the Amendment. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

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

NOTE I – LEASE AGREEMENTS

The District has a 99 year land lease through December 31, 2080. Each year, the District agrees to pay rent of $1.

NOTE J – SUBSEQUENT EVENTS

Management has evaluated subsequent events through August 19, 2026, the date the financial statements were available to be issued.

NOTE K – PRIOR PERIOD RESTATEMENT

During the year ended December 31, 2025, the District identified an error in the prior period presentation of pension-related activity and balances. The error related to (1) the classification and reporting of pension-related investments/fund assets and (2) the omission of the pension liability required to be reported by the District for financial reporting purposes.

Accordingly, the District corrected the error and restated the affected beginning balances as of January 1, 2025, as described below. This restatement has been recorded as a prior period adjustment and is not included in the change in net position for the year ended December 31, 2025.

Nature of the error and correction

Pension-related investments/fund assets

In previously issued financial statements, the District reported pension-related investments/fund assets of $817,211 in a fiduciary fund. Based on the District's evaluation of the pension arrangement and related governing documents, the pension plan is not administered through a qualifying trust for financial reporting purposes. As a result, these pension-related investments/fund assets are reported as assets of the District, rather than as fiduciary fund assets.

Pension liability

In previously issued financial statements, the District did not report the beginning pension liability related to the volunteer firefighter pension arrangement. The District is required to recognize a liability for the total pension liability for pensions that are not administered through a qualifying trust. The beginning total pension liability recognized as of January 1, 2025, was $671,037.

The following table presents the effect of the restatement on beginning net position of governmental activities as of January 1, 2025:

Governmental Activities – Net Position	Amount
Beginning net position, as previously reported	$ 1,154,037
Increase to recognize pension-related investments/fund assets previously reported in a fiduciary fund	817,211
Decrease to recognize beginning total pension liability	(671,037)
Net restatement of beginning net position	146,174
Beginning net position, as restated	$ 1,300,211

Governmental Fund – General Fund Balance	Amount
Beginning fund balance, as previously reported	$ 123,443
Increase to recognize pension-related investments/fund assets previously reported in a fiduciary fund	817,211
Beginning net position, as restated	$ 940,654

REQUIRED SUPPLEMENTARY INFORMATION

HOTCHKISS FIRE DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
WITH BUDGETARY COMPARISON
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Budgeted Amounts		General Fund	Budget to GAAP	Actual	Variance with Final Budget
	Original	Final	Budgetary Basis	Differences Over (Under)	Amounts GAAP Basis	Favorable (Unfavorable)
REVENUES						
CERF Payments	$ 800,000	$ 979,448	$ 979,448 (1)	$ 42,930	$ 1,022,378	$ 42,930
Property Taxes	228,247	218,016	215,058	0	215,058	(2,958)
Investment Income	31,000	52,916	52,916	0	52,916	0
Specific Ownership Taxes	31,000	29,817	32,760	0	32,760	2,943
Other Income	21,500	22,846	22,564	0	22,564	(282)
State Matching Funds	15,300	15,300	15,300	0	15,300	0
Grants and Contributions	37,000	2,344	2,554	0	2,554	210
Interest and Dividends	700	693	709	0	709	16
TOTAL REVENUES	1,164,747	1,321,380	1,321,309	42,930	1,364,239	42,859
EXPENDITURES						
General Government						
Current:						
General Government	35,500	33,284	16,061	0	16,061	17,223
Public Safety	990,900	1,155,977	1,159,537 (2)	29,642	1,189,179	(33,202)
Pension Contributions	32,300	32,300	36,540	0	36,540	(4,240)
Capital Outlay	-	90,000	98,294	0	98,294	(8,294)
Debt Service:						
Principal	37,000	36,852	43,435	0	43,435	(6,583)
Interest	41,000	41,325	34,743	0	34,743	6,582
TOTAL EXPENDITURES	1,136,700	1,389,738	1,388,610	29,642	1,418,252	(28,514)
Excess (Deficiency) of Revenues Over (Under) Expenditures	28,047	(68,358)	(67,301)	13,288	(54,013)	14,345
Other Financing Sources (Uses)						
Loan Proceeds	0	44,728	45,000	0	45,000	272
Total Other Financing Sources (Uses)	0	44,728	45,000	0	45,000	272
Net Change in Fund Balances	28,047	(23,630)	(22,301)	13,288	(9,013)	$ 14,617
Fund Balance - Beginning of Year	123,443	123,443	123,443	0	123,443	
Prior Period Adjustment - Correction of Pension Investment	817,211	817,211	817,211	0	817,211	
Fund Balance - End of Year	$ 968,701	$ 917,024	$ 918,353	$ 13,288	$ 931,641	

Explanation of Differences:

(1) The District budgets for CERF payment revenue only to the extent expected to be received, rather than on the modified accrual basis	$ 42,930
(2) The District budgets for CERF wages and expenses only to the extent expected to be paid, rather than on the modified accrual basis	29,642
Net increase in fund balance - budget to GAAP	$ 13,288

The accompanying notes are an integral part of these statements.

HOTCHKISS FIRE DISTRICT

REQUIRED INFORMATION
SCHEDULE OF DISTRICT CONTRIBUTIONS
FOR THE YEAR ENDED DECEMBER 31, 2025

Year	Contribution
2025	$32,300
2024	$32,300
2023	$32,300
2022	$32,300
2021	$32,300
2020	$32,965
2019	$32,300
2018	$32,300
2017	$32,300
2016	$32,301

The accompanying notes are an integral part of these statements.

HOTCHKISS FIRE DISTRICT

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
FOR THE YEAR ENDED DECEMBER 31, 2025

Total Pension Liability	
Service Cost	$29,226
Interest on the Total Pension Liability	27,231
Benefit Changes	0
Difference Between Expected and Actual Experience	0
Assumption Changes	(66,475)
Benefit Payments	(36,540)
Refunds	0
Net Change in Total Pension Liability	(46,558)
Total Pension Liability - Beginning	671,037
Total Pension Liability - Ending	$624,479
Covered Employee Payroll	N/A
Net Pension Liability as a Percentage Of Covered Employee Payroll	N/A

Notes to Schedule:
The information presented in the required supplementary information was determined as of the measurement date of December 31, 2025. No assets are accumulated in a trust that meets the criteria in GASB Statement No. 73 to pay related benefits. The beginning total pension liability for 2025 was estimated using the prior single discount rate of 4.08%; the total pension liability at December 31, 2025 was measured using a single discount rate of 4.83%.

The accompanying notes are an integral part of these statements.