



FALCON FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

For The Year Ended December 31, 2025

FALCON FIRE PROTECTION DISTRICT

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Independent Auditors' Report

The Board of Directors
Falcon Fire Protection District
Falcon, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Falcon Fire Protection 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, Schedule of Revenues, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund, the Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) of the Statewide Retirement Plan, the Schedule of the District Contributions to the Statewide Retirement Plan, the Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios Multi-Year, the Schedule of the Net Pension Liability – Volunteer Firefighter Pension Plan, and the Volunteer Schedule of Contributions Multi-Year – Last 10 Years 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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual Capital Projects – Capital Project Fund, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Rural Water System – Special Revenue Fund, Combining Balance Sheet – General Fund – Operational and Ambulance Transport Activities, and the Combining Schedules of Revenues, Expenditures, and Changes in Fund Balance – General Fund – Operational and Ambulance Transport Activities are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

CBIZ CPAs P.C.

Colorado Springs, Colorado
July 31, 2026

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

FALCON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2025

The "Management's Discussion and Analysis" (MD&A) is designed to provide an analysis of the Falcon Fire Protection District's (District) financial condition and operating results. It also informs the reader on the District's financial issues and activities.

The MD&A should be read in conjunction with the District's basic financial statements.

OVERVIEW OF THE FINANCIAL STATEMENTS

Management's discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements presented are comprised of three components:

- 1) Government-wide financial statements,
- 2) Fund financial statements, and
- 3) Notes to the financial statements.

This report also contains other supplemental information in addition to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances as a whole, in a manner similar to a private-sector business and includes two statements:

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

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

Both government-wide financial statements (statement of net position and statement of activities) distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include general and administrative activities and fire and emergency medical services.

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS

- As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$27,336,492 at the close of the year. In comparison, assets and deferred outflows of resources had exceeded liabilities and deferred inflows of resources by \$24,289,582 in the previous year.

FALCON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

GOVERNMENT-WIDE FINANCIAL HIGHLIGHTS (CONTINUED)

- At the end of 2025, the District was able to report positive balances in all three categories of net position.

A large portion of the District's net position, \$17,576,477 (64% at December 31, 2025), is unrestricted and may be used to meet the District's ongoing obligations to its citizens and creditors. Colorado's Taxpayer's Bill of Rights (TABOR) laws require that \$312,000 (1% at December 31, 2025) of the District's fiscal year spending be set aside and restricted for use in emergencies only. The remaining portion of the District's net position, \$9,448,015 (35% at December 31, 2025), reflects the District's current investment in capital assets.

The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending although the District's investment in its capital assets is reported net of related debt.

- The District's net position increased by \$3,046,910 during 2025 to \$27,336,492.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts used to maintain control over resources segregated for specific activities or objectives. The fund financial statements provide more detailed information about the District's operations, focusing on its most significant funds, not the District as a whole. The District has three funds, the General Fund, Rural Water System Special Revenue Fund, and Capital Projects Fund, which are governmental funds.

GOVERNMENTAL FUND

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

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

FALCON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2025

OVERVIEW OF THE FINANCIAL STATEMENTS (CONTINUED)

GOVERNMENTAL FUND (CONTINUED)

The District adopts an annual appropriated budget for its General Fund, Rural Water System Special Revenue Fund, and the Capital Projects Fund. Budgetary comparison schedules have been provided for the General Fund, Rural Water System Special Revenue Fund, and the Capital Projects Fund to demonstrate compliance with their budgets.

GOVERNMENTAL FUND FINANCIAL HIGHLIGHTS

- The governmental fund assets of the District exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$17,002,186, which represents the ending fund balance.
- The ending governmental fund balance increased by \$968,702 from the prior year. Approximately 45% of the total fund balance, \$7,640,412, is available for spending at the District's discretion, as reflected in the unassigned fund balance.
- The District-approved 2025 General Fund budget had estimated total revenues at \$14,107,169. The District completed the year with revenues at \$14,560,676, an unexpected increase in total revenue for the year of \$453,507. Unexpected 2025 revenue increases were due in part to the following:
 - A rise in revenue from interest resulted in an increase of revenue equaling \$107,363.
 - An absence of intergovernmental revenue resulted in a \$411,958 decrease under budget.
 - A rise in revenue from Ambulance transport fees resulted in a \$680,209 increase over budget.
 - Specific Ownership Tax collection resulted in a \$68,370 increase over budget.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents required supplemental information concerning the District. The District adopts an annual appropriated budget for the General Fund. A budgetary comparison schedule has been provided to allow for a direct comparison to each budget line item and to demonstrate compliance with the budget.

SUPPLEMENTARY INFORMATION

The District presents a budget to actual comparison for the capital projects fund and the rural water system fund, and combining schedules for the operational and ambulance fund balance sheets and schedules of revenues, expenditures and changes in fund balance showing budgeted and actual amounts for the capital project and rural water system funds, as well as individual detail of the operational and ambulance fund balances that comprise the general fund balances in the basic financial statements.

FALCON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS

CONDENSED STATEMENT OF NET POSITION - TWO-YEAR COMPARISON

	2025	2024	Change
Assets			
Current and Other Assets	\$ 28,802,879	\$ 27,414,235	\$ 1,388,644
Capital Assets	<u>11,363,999</u>	<u>10,668,620</u>	<u>695,379</u>
Total Assets	40,166,878	38,082,855	2,084,023
Deferred Outflows of Resources	<u>2,323,612</u>	<u>2,643,281</u>	<u>(319,669)</u>
Total Assets and Deferred Outflows	<u>42,490,490</u>	<u>40,726,136</u>	<u>1,764,354</u>
Liabilities			
Current Liabilities	209,701	311,500	(101,799)
Lease Liability - Current	184,812	89,481	95,331
Lease Liability - Non-Current	1,731,172	3,500,959	(1,769,787)
Other Non-Current Liabilities	<u>923,890</u>	<u>817,272</u>	<u>106,618</u>
Total Liabilities	3,049,575	4,719,212	(1,669,637)
Deferred Inflows of Resources	<u>12,104,423</u>	<u>11,717,342</u>	<u>387,081</u>
Total Liabilities and Deferred Inflows	<u>15,153,998</u>	<u>16,436,554</u>	<u>(1,282,556)</u>
Net Position			
Net Investment in Capital Assets	9,448,015	7,078,180	2,369,835
Restricted	312,000	281,000	31,000
Unrestricted	<u>17,576,477</u>	<u>16,930,402</u>	<u>646,075</u>
Total Net Position	<u><u>\$ 27,336,492</u></u>	<u><u>\$ 24,289,582</u></u>	<u><u>\$ 3,046,910</u></u>

COMMENTS – ASSETS

In 2025, the District purchased the following capital assets:

- Completion of Maintenance Building
- Rosenbauer Tactical Tender Cab and Chassis
- Rosenbauer Ladder Cab and Chassis
- 2- Motorola Radios
- Mig Welder
- 4- Holmatro Cutters
- 4- Holmatro Spreaders
- 4- Holmatro Rams
- Shop Scissor lift
- 6- Lucas cardio compression machines
- Mohawk Tire Changer
- Mohawk Tire service and test tool kit
- Shop High pressure washer

FALCON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

COMMENTS – LIABILITIES

At December 31, 2025, the District had a balance of \$1,915,984 for lease liabilities in the form of a lease on the construction of Fire Station #3 and the District's Administration Building.

CONDENSED STATEMENT OF ACTIVITIES - TWO-YEAR COMPARISON

	2025	2024	Change
Expenses			
Public Safety	\$ 11,044,064	\$ 9,771,895	\$ 1,272,169
Capital Outlay	427,825	375,675	52,150
Interest on Lease Liability	102,621	109,679	(7,058)
Volunteer Pension Expense	181,165	46,714	134,451
Total Expenses	<u>11,755,675</u>	<u>10,303,963</u>	<u>1,451,712</u>
Revenues			
Program Revenues			
Fire and Emergency	1,670,209	1,731,698	(61,489)
Grants and Contributions	137,042	38,056	98,986
General Revenues			
Property Taxes	11,154,192	12,020,015	(865,823)
Specific Ownership Tax	1,068,370	1,004,200	64,170
Investment Earnings	756,772	808,056	(51,284)
Gain on Disposal of Assets	2,500	-	2,500
Other Revenue	13,500	12,000	1,500
Total Revenues	<u>14,802,585</u>	<u>15,614,025</u>	<u>(811,440)</u>
Change in Net Position	3,046,910	5,310,062	(2,263,152)
Net Position - Beginning of Year	<u>24,289,582</u>	<u>18,979,520</u>	<u>5,310,062</u>
Net Position - End of Year	<u><u>\$ 27,336,492</u></u>	<u><u>\$ 24,289,582</u></u>	<u><u>\$ 3,046,910</u></u>

COMMENTS – EXPENSES

Public safety expenses vary with the actual need each year. Expenses also vary depending on inflation and other increases in the cost of delivering services. 2025 experienced increased need due to area growth and demand for services. Inflation in 2025 resulted in a large increase in the cost of providing service and resulted in employee cost of living wages and benefit increase.

FALCON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2025

GOVERNMENT-WIDE FINANCIAL ANALYSIS (CONTINUED)

COMMENTS – EXPENSES (CONTINUED)

Capital outlay continues to be necessary at the District during the construction and remodeling of buildings, not all of which are capitalized during the year in accordance with our capitalization policy.

The decrease in interest is a result of a lower principal amount due to principal payments from previous years.

The decrease in volunteer pension expenses is due to the FPPA's actuarially determined adjustments that are made during the year based on several factors that impact the overall estimated pension expense that is due at the end of each year. This is a fluctuating amount that changes annually depending on actuary determinations at the end of each year.

COMMENTS – REVENUES

Tax revenues increased in 2025 from previous years due to assessment value increases, as well as the growth in the District. Specific ownership tax was increased from the previous year due in part to growth in the District, as well. Deposit interest increased due to sustained higher interest rates on account funds.

GENERAL FUND FINANCIAL ANALYSIS

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District accounts for all activity in three funds comprised of the general fund, the special revenue fund, and the capital projects fund.

As discussed earlier, the General Fund is the operating fund of the District. The ending fund balance was \$12,016,160. Of this amount, \$312,000 was TABOR restricted as a required reserve fund.

BUDGETARY HIGHLIGHTS

The District budgeted for 2026 property tax revenue of \$11,672,125 (based on an assessed valuation for the District of \$784,100,840 and a mill levy of 14.886), 2026 Special Ownership Taxes in the amount of \$1,085,000, and Ambulance Transport Fees of \$1,284,000. Overall, the 2026 District budget will result in a decrease in the general fund balance of \$848,727.

FALCON FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

For the Year Ended December 31, 2025

SCHEDULE OF REVENUES, EXPENDITURES, & CHANGE IN FUND BALANCE, BUDGET & ACTUAL - GENERAL FUND

	Final Budget	Actual	Variance with Final Budget Favorable (Unfavorable)
Revenues			
Property Taxes	\$ 11,146,169	\$ 11,154,192	\$ 8,023
Specific Ownership Tax	1,000,000	1,068,370	68,370
Interest	410,000	517,363	107,363
Intergovernmental Revenue	549,000	137,042	(411,958)
Charges for Services	990,000	1,670,209	680,209
Miscellaneous Revenues	<u>12,000</u>	<u>13,500</u>	<u>1,500</u>
Total Revenues	<u>14,107,169</u>	<u>14,560,676</u>	<u>453,507</u>
Expenditures			
General Administrative	588,056	558,597	29,459
Fire	10,500	2,612	7,888
Operations	9,737,064	9,018,518	718,546
Volunteer Pension Payment	76,500	76,500	--
Supplies and Maintenance	268,000	286,473	(18,473)
Training and Association Fees	100,550	89,733	10,817
Capital Outlay	208,000	342,143	(134,143)
Contingency	<u>400,000</u>	<u>--</u>	<u>400,000</u>
Total Expenditures	<u>11,388,670</u>	<u>10,374,576</u>	<u>1,014,094</u>
Other Financing Uses			
Transfers Out	<u>(3,130,000)</u>	<u>(3,130,000)</u>	<u>--</u>
Net Change in Fund Balance	(411,501)	1,056,100	1,467,601
Beginning Fund Balance, January 1	<u>13,092,835</u>	<u>10,960,060</u>	<u>(2,132,775)</u>
Ending Fund Balance, December 31	<u><u>\$ 12,681,334</u></u>	<u><u>\$ 12,016,160</u></u>	<u><u>\$ (665,174)</u></u>

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Trent Harwig, District Fire Chief, Falcon Fire Protection District, 7030 Old Meridian Rd, Falcon, Colorado 80831.

FINANCIAL STATEMENTS

FALCON FIRE PROTECTION DISTRICT**STATEMENT OF NET POSITION**

December 31, 2025

	Governmental Activities
Assets	
Cash	\$ 1,251,859
Investments	15,408,245
Accounts Receivable, Net	453,650
Property Tax Receivable	11,672,125
Lease Receivable - Current	12,000
Non-Current Assets	
Lease Receivable - Non-Current	5,000
Land and Other Capital Assets Not Being Depreciated	1,124,642
Depreciable Capital Assets, Net	<u>10,239,357</u>
Total Assets	<u><u>\$ 40,166,878</u></u>
Deferred Outflows of Resources	
Pension Plan Cost - Plan SRP	\$ 2,292,759
Pension Plan Cost - Volunteer Fire	<u>30,853</u>
Total Deferred Outflows of Resources	<u><u>\$ 2,323,612</u></u>
Liabilities	
Accounts Payable	\$ 8,449
Accrued Wages and Benefits	103,119
Accrued Interest Payable	98,133
Lease Liability - Current	184,812
Non-Current Liabilities	
Lease Liability - Non-Current	1,731,172
Pension Liability Volunteer Fire, Net	605,497
Compensated Absences	<u>318,393</u>
Total Liabilities	<u><u>\$ 3,049,575</u></u>
Deferred Inflows of Resources	
Property Tax	\$ 11,672,125
Pension Plan Cost - SRP	401,304
Pension Plan Cost - Volunteer Fire	13,994
Leases	<u>17,000</u>
Total Deferred Inflows of Resources	<u><u>\$ 12,104,423</u></u>
Net Position	
Net Investment in Capital Assets	\$ 9,448,015
Restricted - TABOR	312,000
Unrestricted	<u>17,576,477</u>
Total Net Position	<u><u>\$ 27,336,492</u></u>

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

FALCON FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

	Program Revenues				Net Program (Expense) Revenue
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Functions/Programs					
Governmental Activities					
Public Safety	\$ 11,044,064	\$ 1,670,209	\$ 137,042	\$ -	\$ (9,236,813)
Capital Outlay	427,825	-	-	-	(427,825)
Debt Service - Lease Liability Interest	102,621	-	-	-	(102,621)
Volunteer Pension Expense	181,165	-	-	-	(181,165)
Total Governmental Activities	<u>\$ 11,755,675</u>	<u>\$ 1,670,209</u>	<u>\$ 137,042</u>	<u>\$ -</u>	<u>(9,948,424)</u>
General Revenues					
Property Taxes					11,154,192
Specific Ownership Tax					1,068,370
Interest and Dividend Revenue					756,772
Gain on Disposal of Assets					2,500
Other Revenue					<u>13,500</u>
Total General Revenues					<u>12,995,334</u>
Change in Net Position					3,046,910
Net Position - Beginning					<u>24,289,582</u>
Net Position - Ending					<u>\$ 27,336,492</u>

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

FALCON FIRE PROTECTION DISTRICT
GOVERNMENT FUNDS BALANCE SHEET

December 31, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
Assets				
Cash	\$ 1,251,859	\$ -	\$ -	\$ 1,251,859
Investments	10,425,922	4,972,187	10,136	15,408,245
Accounts Receivable, Net	453,650	-	-	453,650
Property Tax Receivable	11,672,125	-	-	11,672,125
Due from Other Funds	<u>151,188</u>	<u>3,703</u>	<u>-</u>	<u>154,891</u>
Total Assets	<u><u>\$ 23,954,744</u></u>	<u><u>\$ 4,975,890</u></u>	<u><u>\$ 10,136</u></u>	<u><u>\$ 28,940,770</u></u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 8,449	\$ -	\$ -	\$ 8,449
Accrued Wages and Benefits	103,119	-	-	103,119
Due to Other Funds	<u>154,891</u>	<u>-</u>	<u>-</u>	<u>154,891</u>
Total Liabilities	<u>266,459</u>	<u>-</u>	<u>-</u>	<u>266,459</u>
Deferred Inflow of Resources				
Property Tax	<u>11,672,125</u>	<u>-</u>	<u>-</u>	<u>11,672,125</u>
Total Deferred Inflow of Resources	<u>11,672,125</u>	<u>-</u>	<u>-</u>	<u>11,672,125</u>
Fund Balance				
Restricted - TABOR	312,000	-	-	312,000
Committed				
Code Requirements -				
Fire Flow (Water Supply)	-	-	10,136	10,136
Assigned				
Ambulance	4,063,748	-	-	4,063,748
Capital Outlay	-	4,975,890	-	4,975,890
Unassigned	<u>7,640,412</u>	<u>-</u>	<u>-</u>	<u>7,640,412</u>
Total Fund Balance	<u>12,016,160</u>	<u>4,975,890</u>	<u>10,136</u>	<u>17,002,186</u>
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	<u><u>\$ 23,954,744</u></u>	<u><u>\$ 4,975,890</u></u>	<u><u>\$ 10,136</u></u>	<u><u>\$ 28,940,770</u></u>

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

FALCON FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION

For the Year Ended December 31, 2025

Total Fund Balance - Governmental Fund	\$ 17,002,186
Prepaid expenses are not reported as an asset in the Governmental Funds.	-
Net pension liability, net pension asset, deferred outflows, and deferred inflows related to pensions are not current financial resources and therefore are not reported as assets or liabilities in the Governmental Funds.	
Net Pension Liability - Volunteer	(605,497)
Deferred Outflows of Resources - Pension	2,323,612
Deferred Inflows of Resources - Pension	(415,298)
Fixed assets used in governmental activities are not financial resources, and therefore are not reported as assets in Governmental Funds.	
Fixed Assets	18,862,303
Accumulated Depreciation	(7,498,304)
Accrued interest is not due and payable in the current period and therefore is not reported as a liability in the funds.	
Accrued Interest End of Year	(98,133)
Long-term liability for lease purchase and accrued interest payable are not due and payable in the current period and therefore are not reported in the Governmental Funds.	
	(1,915,984)
Compensated absences are not reported as a liability in the Governmental Funds.	<u>(318,393)</u>
Total Net Position - Governmental Activities	<u>\$ 27,336,492</u>

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

FALCON FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2025

	General Fund	Capital Projects Fund	Nonmajor Governmental Fund	Total Governmental Funds
Revenues				
Taxes	\$ 12,222,562	\$ -	\$ -	\$ 12,222,562
Intergovernmental Revenues	137,042	-	-	137,042
Charges for Services	1,670,209	-	-	1,670,209
Interest	517,363	238,981	428	756,772
Miscellaneous Revenues	<u>13,500</u>	<u>-</u>	<u>-</u>	<u>13,500</u>
Total Revenues	<u>14,560,676</u>	<u>238,981</u>	<u>428</u>	<u>14,800,085</u>
Expenditures				
Current				
General Administrative	558,597	-	-	558,597
Fire	2,612	-	-	2,612
Operations	9,018,518	-	-	9,018,518
Volunteer Pension Payment	76,500	-	-	76,500
Supplies and Maintenance	286,473	-	-	286,473
Training and Association Fee	89,733	-	-	89,733
Debt Service - Principal	-	1,674,456	-	1,674,456
Debt Service - Interest	-	110,406	-	110,406
Capital Outlay	<u>342,143</u>	<u>1,674,445</u>	<u>-</u>	<u>2,016,588</u>
Total Expenditures	<u>10,374,576</u>	<u>3,459,307</u>	<u>-</u>	<u>13,833,883</u>
Revenues Over (Under) Expenditures	4,186,100	(3,220,326)	428	966,202
Other Financing (Uses) Sources				
Transfers (Out) In	(3,130,000)	3,130,000	-	-
Proceeds from Sale of Capital Assets	<u>-</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total Other Financing (Uses) Sources	<u>(3,130,000)</u>	<u>3,132,500</u>	<u>-</u>	<u>2,500</u>
Net Change in Fund Balances	1,056,100	(87,826)	428	968,702
Fund Balances - Beginning	<u>10,960,060</u>	<u>5,063,716</u>	<u>9,708</u>	<u>16,033,484</u>
Fund Balances - Ending	<u>\$ 12,016,160</u>	<u>\$ 4,975,890</u>	<u>\$ 10,136</u>	<u>\$ 17,002,186</u>

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

FALCON FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Total Net Change in Fund Balances - Governmental Funds	\$ 968,702
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the statement of activities, assets with an initial, individual cost of more than \$5,000 are capitalized and the cost is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation Expense	(893,384)
Capital Outlays More Than \$5,000	1,588,763
Governmental funds report debt proceeds as an other financing source, while repayment of debt principal is reported as an expenditure. Interest expense is recognized as it accrued in the statement of activities regardless of when it is due. The net effect of these differences follows:	
Repayment of Debt Principal	1,674,456
Change in Accrued Interest	7,785
Pension income/expense was reported in the governmental funds but is reported based on the changes in net pension assets/liabilities in the entity-wide statements	(299,412)
Change in Net Position - Governmental Activities	<u>\$ 3,046,910</u>

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

NOTES TO FINANCIAL STATEMENTS

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Falcon Fire Protection District (District) have been prepared in conformity with generally accepted accounting principles (GAAP) applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting policies that are described below. The following is a summary of the significant accounting policies.

REPORTING ENTITY

GASB Statement No. 14 (as amended by Statement No. 34, No. 39 and No. 61), *The Financial Reporting Entity* (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) the organization for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This District is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity." As required by GAAP, these basic financial statements present the District (the primary government) and its component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Government-Wide Financial Statements

The statement of net position and the statement of activities report information on all the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

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

Fund Financial Statements

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

Government-Wide Financial Statements

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the District's governmental and business-type activities. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Governmental Fund Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, operating statements present increases and decreases in net current position and unassigned fund balance as a measure of available spendable resources. This means that only current liabilities are generally included on their balance sheets.

Amounts reported as program revenues included 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

All governmental fund types use the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period. Revenues are considered to be available to collect within 60 days after year-end.

Property taxes are reported as receivables and deferred inflows of resources when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements is met. A receivable is established when the related expenditures exceed revenue receipts.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION (CONTINUED)

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and capital lease debt service which is recognized when due and certain accrued sick and personal pay which are accounted for as expenditures when expected to be liquidated with expendable available resources.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources, as they are needed.

FUND ACCOUNTING

The accounts of the District are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major and non-major funds presented in the accompanying basic financial statements are as follows:

MAJOR GOVERNMENTAL FUNDS

General Fund

The General Operating Fund is used to account for all resources that are not required legally or by sound financial management to be accounted for in another fund.

Capital Projects Fund

This fund accounts for the acquisition of capital assets.

This fund provides for the acquisition of sites, buildings, vehicles, and other capital related expenditures.

NON-MAJOR GOVERNMENTAL FUND

Special Revenue Fund - Rural Water System Fund

The Special Revenue Funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

This fund is provided to maintain a separate accounting for expenditures to meet minimum fire flow (water supply) requirements of applicable fire codes.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

BUDGETS

The District has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

- A. Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
- B. Public hearings are conducted to obtain taxpayer comments.
- C. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
- D. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with GAAP.

BUDGET BASIS OF ACCOUNTING

The modified accrual basis of accounting is used for budget purposes as well as financial reporting in the General Fund, except for capital lease refinancing. If the refinance does not generate or use cash proceeds, the refinances are not budgeted.

CASH AND CASH EQUIVALENTS

Cash and invested cash are carried at fair value. 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.

State statutes authorize the District to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

TAXES RECEIVABLE

Taxes receivable include current year property taxes, which become payable January 1 of the following year.

RECEIVABLES

All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2025, management has recorded an allowance of \$535,615 for contractual allowances and uncollectible ambulance service fees. Net receivables are expected to be collected within one year.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed.

Capital assets of the primary government are depreciated using the straight-line method over their estimated useful lives.

PENSIONS

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

COMPENSATED ABSENCES

Accumulated unpaid vacation, sick pay, and other employee benefits amounts should be accrued when incurred in proprietary funds (using the accrual basis of accounting). Such amounts would not be accrued in governmental funds (using the modified accrual basis of accounting). Accrued vacation and sick leave payable has been reflected in the statement of net position for all governmental activities.

PROPERTY TAXES

Property taxes represent ad valorem taxes levied by the District, which are payable to the County Treasurer, and are recognized as revenue by the District in the year for which they are levied.

Property taxes are levied in December for collection in the subsequent year.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

PROPERTY TAXES (CONTINUED)

Property taxes attach as an enforceable lien on property as of January 1. Taxes may be paid without penalty in either of two ways: (a) Full payment by April 30, or (b) First half paid by the last day of February and the second half paid by June 15.

REVENUES – EXCHANGES AND NON-EXCHANGE TRANSACTIONS

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize debt issued as other financing sources.

ENCUMBRANCES

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies, is not used by the Falcon Fire Protection District.

NET POSITION CLASSIFICATIONS

Net position classification in the Government-Wide financial statements are as follows:

Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balance of any bonds, loans, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.

Restricted Net Position - Consists of net position with constraints placed on the use either by external groups, such as creditors, or laws or regulations of other governments.

Unrestricted Net Position - Includes all other assets that do not meet the definition of "restricted" or "net investment in capital assets."

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCES

The governmental fund reports fund balance classifications based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the funds can be spent.

Fund balance descriptions are presented below:

Nonspendable - includes amounts that are (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash such as inventories, prepaid items, and long-term fund advances.

Restricted - includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed - includes amounts that can only be used for the specific purposes determined by the passage of a resolution of the District's board of directors. Commitments may be modified or changed only by the District's board of directors approving a new resolution. Commitments also include contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements.

Assigned - includes amounts intended to be used by the District for specific purposes that are neither restricted nor committed. Intent is expressed by the District's board of directors to which the assigned amounts are to be used for specific purposes. Assigned amounts include appropriations of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget.

Unassigned - is the residual classification for the government's general fund and includes all spendable amounts not contained in the other classifications.

Fund Balance Classification Policies and Procedures are as follows:

Committed Fund Balance Policy – The District's Committed Fund Balance is fund balance reporting required by the District, either because of a District Policy in the District Policy Manual, or because of motions that passed at District meetings.

Assigned Fund Balance Policy – The District's Assigned Fund Balance is fund balance reporting occurring by District Administration authority, under the direction of the Chief Business Officer.

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year by adjusting journal entries.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

FUND BALANCES (CONTINUED)

First, non-spendable fund balances are determined. Then restricted fund balances for specific purposes are determined (not including non-spendable amounts). Then unrestricted fund balances are determined following the order of committed, assigned, and unassigned.

DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of financial position and the balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

In addition to liabilities, the statement of financial position and the balance sheet 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.

USE OF ESTIMATES

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS

DEPOSITS

The District's deposits at year end were covered by Federal depository insurance or secured under the Public Deposit Protection Act (PDPA) of the State of Colorado, whereby the custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

DEPOSITS (CONTINUED)

Total cash and deposits for the year ending December 31, 2025, were as follows:

	<u>Bank Balance</u>	<u>Carrying Amount</u>
Insured	\$ 250,000	\$ 250,000
Uninsured, Collateralized Under the Public Deposit Protections Act of the State of Colorado	<u>1,025,719</u>	<u>916,257</u>
	1,275,719	1,166,257
Cash with County Treasurer	<u>-</u>	<u>85,602</u>
Total Cash and Deposits	<u>\$ 1,275,719</u>	<u>\$ 1,251,859</u>

CUSTODIAL CREDIT RISK

Custodial credit risk is the risk that in the event of bank failure the District's deposits will not be returned to it. The District does not currently have a policy related to custodial credit risk. As presented above, deposits with a bank balance of \$1,025,719 and a carrying balance of \$916,257 as of December 31, 2025, are uninsured but are not exposed to custodial risk because they are collateralized with securities held by the pledging financial institution through PDPA.

CREDIT RISK

The District has not adopted a formal investment policy; however, the District follows State Statutes regarding investments. The ratings by Standard & Poor for each investment are disclosed below.

Colorado Statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest include:

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

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 2 – CASH, CASH EQUIVALENTS, AND INVESTMENTS (CONTINUED)

CREDIT RISK (CONTINUED)

At December 31, 2025, the District had the following investments:

Investment	Maturity	Investments Fair Value	Credit Risk Rating
	Weighted Average		
COLOTRUST PLUS+	under 60 Days	<u>\$ 15,408,245</u>	AAAm

INTEREST RATE RISK

The District does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

CONCENTRATION OF CREDIT RISK

The District has no policy restricting the amount that can be invested in any issuer.

Certain investments are required to be measured at fair value on a recurring basis and categorized within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The District's investments are not categorized within the fair value hierarchy. Instead, the District's investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The District held investments in COLOTRUST at year-end for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios.

Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the Trust to maintain a NAV of \$1 per share, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from \$1 per share. The investment pool financial statements can be obtained at www.colotrust.com.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 3 – CAPITAL ASSETS

Capital assets as of December 31, 2025, consist of:

Type	Cost	Accumulated Depreciation	Net Book Value	Useful Lives
Land	\$ 399,568	\$ -	\$ 399,568	Indeterminate
Construction in Progress	725,074	-	725,074	Indeterminate
Building and Improvements	11,119,247	(2,420,365)	8,698,882	7-30 Years
Equipment	1,928,347	(1,165,611)	762,736	3-10 Years
Vehicles	<u>4,690,067</u>	<u>(3,912,328)</u>	<u>777,739</u>	5-10 Years
	<u>\$ 18,862,303</u>	<u>\$ (7,498,304)</u>	<u>\$ 11,363,999</u>	

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

	Beginning Balance	Additions	Reclass From In Progress	Disposals	Ending Balance
Capital Assets, Not Being Depreciated					
Land	\$ 399,568	\$ -	\$ -	\$ -	\$ 399,568
Construction in Progress	<u>2,148,384</u>	<u>725,074</u>	<u>(2,148,384)</u>	<u>-</u>	<u>725,074</u>
Total Capital Assets, Not Being Depreciated	2,547,952	725,074	(2,148,384)	-	1,124,642
Capital Assets, Being Depreciated					
Building and Improvements	8,573,016	397,847	2,148,384		11,119,247
Equipment	1,514,910	459,557	-	(46,120)	1,928,347
Vehicles	<u>4,785,366</u>	<u>6,285</u>	<u>-</u>	<u>(101,584)</u>	<u>4,690,067</u>
Total Capital Assets, Being Depreciated	14,873,292	863,689	2,148,384	(147,704)	17,737,661
Less: Accumulated Depreciation	<u>(6,752,624)</u>	<u>(893,384)</u>	<u>-</u>	<u>147,704</u>	<u>(7,498,304)</u>
Capital Assets, Being Depreciated, Net	<u>8,120,668</u>	<u>(29,695)</u>	<u>2,148,384</u>	<u>-</u>	<u>10,239,357</u>
Total Capital Assets, Net	<u>\$ 10,668,620</u>	<u>\$ 695,379</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11,363,999</u>

Depreciation expense for the year ended December 31, 2025, was \$893,384, and was allocated to public safety – firefighting and ambulance.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 4 – LEASE RECEIVABLE

Effective July 12, 2021, the District entered into a lease agreement with Fidelity Towers, Inc. (tenant) for the use of 3,600 square feet of land and easement rights to facilitate the installation and maintenance of a communications facility. The lease is effective for a period of five years, and automatically renews for nine successive five-year periods, unless the tenant notifies the District, in writing, of its intent not to renew prior to commencement of the succeeding renewal term. The lease provides for monthly rent payments of \$1,000 and increases by 15% with each renewal term. Rent revenue recognized for this lease totaled \$12,000 in 2025.

Future lease payments due to the District are as follows:

Years Ending December 31:

2026	\$ 12,000
2027	<u>5,000</u>
	<u>\$ 17,000</u>

NOTE 5 – LEASE LIABILITIES

The following is a summary of changes in lease liabilities of the District for the year ended December 31, 2025:

Description	Beginning Balance	Additions	Payments	Ending Balance	Portion Due Within One Year
General Fund					
Fire Station - HQ	<u>\$ 3,590,440</u>	<u>\$ -</u>	<u>\$ (1,674,456)</u>	<u>\$ 1,915,984</u>	<u>\$ 184,812</u>

FIRE STATION #3, HEADQUARTER AND ADMINISTRATIVE BUILDING

In 2020 and 2021, the District entered into lease purchase agreements for the purpose of financing the construction of a new fire station, and the remodel and construction of the headquarter and administrative building. The agreement qualifies as a lease liability for accounting purposes. Lease payments are subject to annual appropriation of funds by the District. The lease purchase payments began October 26, 2022, and include twenty annual payments of \$284,861 with interest at 3.0% compounded monthly.

As of December 31, 2025, the underlying lease assets for Station #3 and the Headquarter and Administration Building totaled \$4,593,237, and accumulated amortization totaled \$621,244.

FALCON FIRE PROTECTION DISTRICT**NOTES TO FINANCIAL STATEMENTS**

December 31, 2025

NOTE 5 – LEASE LIABILITIES (CONTINUED)***FIRE STATION #3, HEADQUARTER AND ADMINISTRATIVE BUILDING (CONTINUED)***

The annual lease purchase payment schedule is as follows:

Years Ending December 31:	Interest	Principal	Annual Payment
2026	\$ 100,049	\$ 184,812	\$ 284,861
2027	94,060	190,801	284,861
2028	46,981	237,880	284,861
2029	39,617	245,244	284,861
2030	32,158	252,703	284,861
2031 - 2033	49,460	804,544	854,004
Total Minimum Lease Payments	\$ 362,325	\$ 1,915,984	\$ 2,278,309
Less Amount Representing Interest			(362,325)
Net Present Value of Future Minimum Payments			\$ 1,915,984

NOTE 6 - LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities of the District reported in the government-wide financial statements for the year ended December 31, 2025:

Description	Beginning Balance	Net Change	Ending Balance	Portion Due Within One Year
Compensated Absences	\$ 318,393	\$ -	\$ 318,393	\$ -

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 7 - NET POSITION AND FUND BALANCES

The District has a net position consisting of three components: 1) net investment in capital assets, 2) restricted, and 3) unrestricted. *Net investment in capital assets* consists of capital assets, net of accumulated depreciation, reduced by outstanding debt that is attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2025, the District had net investment in capital assets as follows:

Net Investment in Capital Assets

Capital Assets, Net of Depreciation	\$ 11,363,999
Capital Lease Obligations	<u>(1,915,984)</u>
	<u>\$ 9,448,015</u>

The *restricted* component of net position includes net assets that are restricted for use either externally imposed by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2025, the District had restricted net position as follows:

Restricted Net Position

TABOR Emergency Reserve (See Note 12)	<u>\$ 312,000</u>
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The *unrestricted* component of net position is the net amount of assets that do not meet the definition of net investment in capital assets or restricted net position. The District's unrestricted net position as of December 31, 2025, totaled \$17,576,477.

As of December 31, 2025, the fund balances were comprised of the following amounts:

	<u>General Fund</u>	<u>Capital Project Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total Governmental Funds</u>
Restricted				
Emergency (TABOR)	\$ 312,000	\$ -	\$ -	\$ 312,000
Committed				
Code Requirements - Fire Flow (Water Supply)	-	-	10,136	10,136
Assigned				
Ambulance	4,063,748	-	-	4,063,748
Capital Outlay	-	4,975,890	-	4,975,890
Unassigned	<u>7,640,412</u>	<u>-</u>	<u>-</u>	<u>7,640,412</u>
	<u>\$12,016,160</u>	<u>\$ 4,975,890</u>	<u>\$ 10,136</u>	<u>\$ 17,002,186</u>

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 - FIRE & POLICE STATEWIDE RETIREMENT PLAN

PLAN DESCRIPTION

The Statewide Retirement Plan (the Plan) is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 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 Plan, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

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

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7 percent.

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

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

BENEFITS PROVIDED

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.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 - FIRE & POLICE STATEWIDE RETIREMENT PLAN (CONTINUED)

BENEFITS PROVIDED (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 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 percent of the average of the member's highest three years base salary for each year of credited service up to then years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

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

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

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

Upon termination, a member may elect to have their member contributions, along with 5 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 - FIRE & POLICE STATEWIDE RETIREMENT PLAN (CONTINUED)

BENEFITS PROVIDED (CONTINUED)

A member may elect to participate in the DROP after reaching eligibility for Normal Retirement, Early Retirement, or Vested Retirement and age 50. A member can continue to work while participating in the DROP but must terminate employment within five years of entry into the DROP. The member's percentage of retirement benefit is determined at the time of entry into the DROP. The monthly payments that begin at entry into the DROP are accumulated in a DROP account until the member terminates service, at which time the DROP accumulated benefits can be paid as periodic installments, a lump sum, or if desired a member may elect to convert the DROP to a lifetime monthly benefit with survivor benefits. While participating in DROP, the member continues to make pension contributions, which are credited to the DROP. Effective January 1, 2003, the member shall self-direct the investments of their DROP funds.

The DROP balance invested with the asset custodian at December 31, 2024, was \$147,574,236. This amount was not included in the Plan Net Position.

CONTRIBUTIONS

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

Members of the Defined Benefit Component contribute 12 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13 percent of base salary. These increases result in a combined contribution rate of 25 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

Members of the Social Security Component contribute 6 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11 percent.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 - FIRE & POLICE STATEWIDE RETIREMENT PLAN (CONTINUED)

CONTRIBUTIONS (Continued)

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 17 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 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.

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.

District contributions to the Plan were \$593,442 for the year ended December 31, 2025.

NET PENSION LIABILITY/ASSET

At December 31, 2025, the District reported a liability/asset of \$0 for its proportionate share of the net pension liability.

The net pension liability/asset was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability/asset was determined by an actuarial valuation as of January 1, 2024. The District's proportion of the net pension liability/asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating departments, actuarially determined. At December 31, 2024, the District's proportion was 0.471461 percent compared to 0.476707 percent measured as of December 31, 2023.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 - FIRE & POLICE STATEWIDE RETIREMENT PLAN (CONTINUED)

NET PENSION LIABILITY/ASSET (CONTINUED)

For the fiscal year ended December 31, 2025, the District recognized pension expense of \$788,189. 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 Inflow of Resources
Differences Between Actual and Expected Experience	\$ 1,132,916	\$ 35,437
Changes in Assumptions	405,460	-
Net Difference Between Actual and Projected Earnings on Pension Plan Investments	160,941	-
Changes in Proportion and Differences Between District Contributions and Proportionate Share of Contributions	-	365,867
District Contributions Subsequent to Measurement Date	<u>593,442</u>	<u>-</u>
Totals	<u>\$ 2,292,759</u>	<u>\$ 401,304</u>

The deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as an adjustment against the net pension liability in the year ended December 31, 2025.

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

Years Ending December 31,	Amortization
2026	\$ 381,281
2027	602,216
2028	(35,558)
2029	(3,462)
2030	124,922
Thereafter	<u>228,614</u>
	<u>\$ 1,298,013</u>

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 - FIRE & POLICE STATEWIDE RETIREMENT PLAN (CONTINUED)

ACTUARIAL ASSUMPTIONS

The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2024. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, Net*	7.00%	7.00%
Projected Salary Increases*	4.25% – 11.75%	4.25% – 11.75%
Cost of Living Adjustment (COLA)	0.00%	0.00%
*Includes Inflation at	2.50%	2.50%

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.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 - FIRE & POLICE 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	33.00%	7.00%
Equity Long/Short	6.00%	6.20%
Private Markets	34.00%	8.80%
Fixed Income - Rates	7.00%	5.00%
Fixed Income - Credit	7.00%	6.50%
Absolute Return	9.00%	5.70%
Cash	4.00%	4.20%
Total	100.00%	

DISCOUNT RATE

The discount rate used to measure the total pension liability was 7 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Statewide Retirement Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The COLA assumption reflects the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the 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 percent, then a COLA assumption of 0 percent will be used and a Net Pension Liability will be reported.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 8 - FIRE & POLICE STATEWIDE RETIREMENT PLAN (CONTINUED)

DISCOUNT RATE (CONTINUED)

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7 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 percent.

SENSITIVITY OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET TO CHANGES IN THE DISCOUNT RATE

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Plan's net pension liability, calculated using a single discount rate of 7.00 percent, 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:

	1% Decrease (6.00%)	Single Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of Net Pension Liability/(Asset)	\$ 2,300,690	\$ -	\$ -
Collective Net Pension Liability/(Asset)	\$ 487,991,030	\$ -	\$ -

SENSITIVITY OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET TO CHANGES IN THE DISCOUNT RATE (CONTINUED)

The collective net pension liability/asset of \$0 reflects a reserve for cost-of-living adjustments and to manage a proportionate share of the adverse experience of \$677,762 (\$143,757,639, collectively) at a 7 percent discount rate and \$3,144,197 (\$666,904,279, collectively) at an 8.00 percent discount rate.

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 - FIRE & POLICE STATEWIDE RETIREMENT PLAN – VOLUNTEERS

PLAN DESCRIPTION

Effective January 1, 2002, the District affiliated with the FPPA to administer its Volunteer Firefighter Pension Plan and to manage the plan's assets and activities. The Volunteer Firefighter Pension Plan is included in an agent multiple employer Public Employee Retirement System (PERS) maintained in trust by FPPA. The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. It operates under rules consistent with the enabling legislation in Title 31, Article 30, Part 11 of the Colorado Revised Statutes. While the District's plan is pooled with other plans by FPPA, it is a separate plan and is administered by a board of trustees composed of District board members and volunteer firefighters, selected in accordance with Colorado state statutes. FPPA issues a publicly available annual comprehensive financial report that can be obtained at <http://www.FPPAco.org>. That report also includes the District's Volunteer Firefighter Pension Plan.

BENEFITS PROVIDED

A volunteer firefighter electing to retire on or after the normal retirement date (the date on which he/she has attained fifty years of age and completed twenty years of active service) is eligible for a monthly pension approved by the board, in accordance with state statute.

The monthly pension benefit for volunteer retirees is \$700. The plan also provides benefits for short- and long-term disability, survivors, and a one-time death benefit.

MEMBERSHIPS AS OF JANUARY 1, 2025

Number of:

Retirees and Beneficiaries	21
Total	21

ACTUARIAL ASSUMPTIONS AND METHODS

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, 2023 determines the contribution amounts for 2024 and 2025.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 - FIRE & POLICE STATEWIDE RETIREMENT PLAN – VOLUNTEERS (CONTINUED)

ACTUARIAL ASSUMPTIONS AND METHODS (CONTINUED)

Methods and assumptions used to determine contribution rates for the Fiscal Year Ended December 31, 2024:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year Smoothed Fair Value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	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.

SINGLE DISCOUNT RATE

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 4.50%; the municipal bond rate is 4.08% (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 4.50%.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 - FIRE & POLICE STATEWIDE RETIREMENT PLAN – VOLUNTEERS (CONTINUED)

SINGLE DISCOUNT RATE (CONTINUED)

Based on plan maturity metrics, the assets of this plan have been moved to FPPA's short-term pool. Effective with the valuation as of January 1, 2025, the long-term expected rate of return was changed to 4.50% to reflect this change.

LONG-TERM RATE OF RETURN

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 nominal 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
Liquidity	30.00%	4.20%
Fixed Income - Rates	45.00%	5.00%
Fixed Income - Credit	15.00%	6.50%
Absolute Return	0.00%	5.70%
Long/Short	0.00%	6.20%
Global Equity	10.00%	7.00%
Private Markets	0.00%	8.80%
Total	100.00%	

SENSITIVITY OF THE FALCON FIRE PROTECTION DISTRICT PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) TO CHANGES IN THE DISCOUNT RATE

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/(asset), calculated using a Single Discount Rate of 4.50%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
\$ 693,603	\$ 605,497	\$ 529,965

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 9 - FIRE & POLICE STATEWIDE RETIREMENT PLAN – VOLUNTEERS (CONTINUED)

PENSION PLAN FIDUCIARY NET POSITION

Detailed information about the fiduciary net position is available in FPPA's annual comprehensive financial report which can be obtained at <http://www.FPPAco.org>.

PENSION LIABILITIES, PENSION EXPENSE, AND DEFERRED OUTFLOWS OF RESOURCES AND DEFERRED INFLOWS OF RESOURCES RELATED TO PENSIONS

At December 31, 2025, the District reported a liability of \$605,497 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, 2024.

For the year ended December 31, 2025, the District recognized pension expense of \$181,165. 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 Actual and Projected Earnings	\$ 30,853	\$ 13,994
Totals	<u>\$ 30,853</u>	<u>\$ 13,994</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years Ending December 31,	Amortization
2026	\$ 5,594
2027	12,523
2028	(1,805)
2029	547
	<u>\$ 16,859</u>

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 10 – SECTION 457 DEFERRED COMPENSATION PLAN

PLAN DESCRIPTION

The District offers its paid responder personnel an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code Section 457 (457 Plan). All compensation deferred under the 457 Plan, together with all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are to be held in trust for exclusive benefit of the participants and their designated beneficiaries. Compensation deferred under the 457 Plan is not available to participants until termination, retirement, death, or unforeseeable emergency. The 457 Plan is administered by FPPA.

CONTRIBUTIONS

Employees may elect to defer any percentage of their annual compensation, provided that the total annual contribution does not exceed limitations established by the Internal Revenue Service. The District does not contribute to the 457 Plan for sworn personnel. For administrative employees, the District contributes 16 percent of the employee's base salary during the second year of full-time service and 8 percent for each subsequent year. For the year ended December 31, 2025, employer and employee contributions were \$8,906 and \$196,887, respectively.

The individual participants determine investment decisions within the 457 Plan and, therefore, the 457 Plan's investment concentration varies between the participants. The District, as trustee of the 457 Plan, has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the 457 Plan. Consequently, the 457 Plan is not part of the District's financial statements.

NOTE 11 - STATEWIDE DEATH & DISABILITY PLAN

PLAN DESCRIPTION

The District contributes to the Statewide Death and Disability Plan (D&D Plan) administered by the FPPA. The D&D Plan 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 D&D Plan may include part-time police and fire employees. Contributions to the D&D Plan are used for the payment of death and disability benefits. Employers who are covered by Social Security may elect supplementary coverage by the D&D Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Statewide Retirement Plan and the Statewide Death & Disability Plan. The D&D Plan was established in 1980 pursuant to Colorado Revised Statutes and currently has 278 participating employer departments. Included in that number are 7 contributing employers as of December 31, 2024, who are covered by Social Security and have elected supplementary coverage by the D&D Plan.

The D&D Plan assets are included in the Fire & Police Members' Benefit Investment Fund Long-Term Pool. The Long-Term Pool is designed primarily for open plans with a longer time horizon, higher risk tolerance, and lower liquidity needs.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 11 - STATEWIDE DEATH & DISABILITY PLAN (CONTINUED)

PLAN DESCRIPTION (CONTINUED)

D&D Plan 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.

In the case of an on-duty death, benefits may be payable to the surviving spouse 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.

The FPPA issues a publicly available financial report that may be obtained at <http://www.FPPAco.org>.

BENEFITS PROVIDED

Benefits are established by Colorado statute.

If a member dies prior to normal retirement eligibility while off-duty, the surviving spouse shall receive a benefit equal to 40 percent of the monthly base salary paid to the member prior to death. An additional 10 percent of base salary is payable if a surviving spouse has two or more dependent children. If there is no surviving spouse, but the member had one or two dependent children, the benefit payable is 40 percent of the member's monthly base salary.

If there is no spouse but three or more dependent children, the benefit equals 50 percent of the member's monthly base salary. As of October 15, 2002, if a member dies prior to retirement while on-duty; the surviving spouse shall receive a benefit equal to 70 percent of the member's monthly base salary regardless of the number of dependent children. If there is no spouse but one or more dependent children living in the member's household the benefit equals 70 percent of the member's monthly base salary. If there are dependent children without a surviving spouse, and they do not live in the household, the benefit is 40 percent for the first child and 15 percent for each additional child, but not greater than 70 percent in total of the member's monthly base salary. Benefits will be paid to the spouse until death and to dependent children until age 23, death, marriage or other termination of dependency. Benefits may be extended for an incapacitated child.

For purposes of this D&D Plan, a spouse includes a partner in a civil union.

The D&D Plan provides the members with two types of disability: occupational and total.

Occupational Disability means a member is unable to perform their assigned duties due to a medical condition that is expected to last at least one year. Assigned duties are those specific tasks or job duties that a member is required to regularly perform. Within the Occupational Disability category, there are two sub-categories: Temporary Occupational Disability and Permanent Occupational Disability.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 11 - STATEWIDE DEATH & DISABILITY PLAN (CONTINUED)

BENEFITS PROVIDED (CONTINUED)

Temporary Occupational Disability is an occupational disability for which there is prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Permanent Occupational Disability is an occupational disability caused by a condition that is permanent or degenerative and for which there is no prognosis for improvement or recovery through surgical treatment, counseling, medication, therapy or other means.

Total Disability means the member is unable to engage in any substantial gainful activity due to a medically determined physical or mental impairment that may be expected to result in death or that has lasted or is expected to last at least 1 year.

A member who becomes disabled prior to normal retirement eligibility shall be eligible for disability benefits.

If the member is totally disabled, the member shall receive 70 percent of their base salary preceding disability.

If the member is occupationally disabled and their disability is determined to be a permanent occupational disability, the member shall receive 50 percent of their base salary preceding disability regardless of their family status. If the member is occupationally disabled and the disability is determined to be a temporary occupational disability, the member shall receive 40 percent of their base salary preceding disability regardless of their family status for up to five years.

Total disability and permanent occupational disability benefits are offset by the Money Purchase, separate retirement account, or DROP balances, converted to annuities. For member's who also participate in Social Security, disability benefits are reduced by Social Security disability benefits derived from employment as a member, if applicable.

Temporary Occupational Disability benefits are payable for a maximum of five years. Permanent Occupational and Total Disability benefits are payable as long as the member remains disabled.

A cost of living adjustment of up to 3 percent may be granted to members and spouses by the FPPA Board of Directors annually. Totally disabled members and their beneficiaries receive an automatic benefit adjustment each year of 3 percent. The cost of living adjustment is effective October 1. A cost of living adjustment may begin after receiving benefits for at least 12 calendar months prior to October 1.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 11 - STATEWIDE DEATH & DISABILITY PLAN (CONTINUED)

CONTRIBUTIONS

Prior to 1997, the D&D 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. During 2022, C.R.S. 31-31-811 was amended to provide additional payments from the State to the D&D Plan on July 1, 2022 and July 1, 2023 of \$6,650,000 each. During 2024, C.R.S. 31-31-811 was amended to provide additional payments from the State to the D&D Plan on July 1, 2025 through July 1, 2029 of \$2,050,000 each year.

Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to this D&D Plan as of January 1, 1997. Effective January 1, 2024, the contribution rate increased to 3.6 percent of base salary and may be increased 0.2 percent annually by the FPPA Board. This 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 as determined at the local level.

District contributions to the D&D Plan were \$208,774 for the year ended December 31, 2025.

NOTE 12 - TAX, SPENDING, REVENUE, AND DEBT LIMITATIONS

In November 1992, the voters of Colorado approved the Taxpayer's Bill of Rights (TABOR), which added Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments. Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures, plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserve funds. The reserve fund must equal at least 3 percent of Fiscal Year Spending (excluding bonded debt service). TABOR allows local governments to impose emergency taxes (other than property taxes) if certain conditions are met. Local governments are not allowed to use emergency reserves or taxes to compensate for economic conditions, revenue shortfalls, or local government salary or benefit increases. The statement of net position indicates that an amount of \$312,000 is reserved for emergencies.

TABOR is complex and subject to interpretation. Some provisions of TABOR are unclear and will require further judicial interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation. No representation can be made as to the overall impact of TABOR on the future activities of the District, including its ability to generate sufficient revenues for its general operations, to undertake additional programs, or to engage in any subsequent financing activities.

The District believes it has complied with all aspects of the TABOR amendment.

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 12 - TAX, SPENDING, REVENUE, AND DEBT LIMITATIONS (CONTINUED)

In November 1996, the voters of the District approved a mill levy increase of 2.931 mills commencing January 1, 1997, and thereafter, and approved increases to the mill levy in future years up to annual inflation plus local growth. The voters also approved that the District shall be entitled to collect and spend the full revenues from such tax increases without any other limitation or condition, and without limiting the collection or spending of any other revenues or funds by the District, under Article X, Section 20 of the Colorado Constitution or any other law.

NOTE 13 - RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The governmental funds balance sheet includes reconciliation between fund balances – total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net change in fund balances - total government funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the government fund statements during the consolidation of governmental activities.

The items which were eliminated are as follows:

Governmental Funds - Interfund Transfers	\$	3,130,000
Governmental Funds - Interfund Receivables/Payables	\$	154,891

FALCON FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2025

NOTE 14 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS

	<u>Due From</u>	<u>Due To</u>	<u>Transfers In</u>	<u>Transfers Out</u>
Governmental Funds:				
General Fund:				
Operational Fund	\$ 151,121	\$ 2,500	\$ -	\$ 4,100,000
Ambulance Fund	67	152,391	970,000	-
Capital Projects Fund	<u>3,703</u>	<u>-</u>	<u>3,130,000</u>	<u>-</u>
Total	<u>\$ 154,891</u>	<u>\$ 154,891</u>	<u>\$ 4,100,000</u>	<u>\$ 4,100,000</u>

Due to and due from accounts are to be repaid within three months after year end. Transfers were for operational purposes.

NOTE 15 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for most risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 16 - SUBSEQUENT EVENTS

Management has evaluated subsequent events through July 31, 2026, the date on which the financial statements were available to be released.

Subsequent to year end, the District purchased land for approximately \$2,000,000, with plans to construct a training center.

**REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

FALCON FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND (UNAUDITED)

For the Year Ended December 31, 2025

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Revenues				
Local Sources				
Property Taxes	\$ 11,146,169	\$ 11,146,169	\$ 11,154,192	\$ 8,023
Specific Ownership Tax	1,000,000	1,000,000	1,068,370	68,370
Interest	410,000	410,000	517,363	107,363
Intergovernmental Revenue	10,000	10,000	137,042	127,042
Charges for Services	1,528,000	1,528,000	1,670,209	142,209
Miscellaneous Revenues	13,000	13,000	13,500	500
Total Revenues	<u>14,107,169</u>	<u>14,107,169</u>	<u>14,560,676</u>	<u>453,507</u>
Expenditures				
General Administrative	588,056	588,056	558,597	29,459
Fire	10,500	10,500	2,612	7,888
Operations	9,737,064	9,737,064	9,018,518	718,546
Volunteer Pension Payment	76,500	76,500	76,500	-
Supplies and Maintenance	268,000	268,000	286,473	(18,473)
Training and Association Fees	100,550	100,550	89,733	10,817
Capital Outlay	208,000	208,000	342,143	(134,143)
Contingency	400,000	400,000	-	400,000
Total Expenditures	<u>11,388,670</u>	<u>11,388,670</u>	<u>10,374,576</u>	<u>1,014,094</u>
Revenues Over Expenditures	<u>2,718,499</u>	<u>2,718,499</u>	<u>4,186,100</u>	<u>1,467,601</u>
Other Financing Uses				
Transfers Out	<u>(3,130,000)</u>	<u>(3,130,000)</u>	<u>(3,130,000)</u>	<u>-</u>
Net Changes in Fund Balances	<u>(411,501)</u>	<u>(411,501)</u>	<u>1,056,100</u>	<u>1,467,601</u>
Beginning Fund Balance, January 1	<u>13,092,835</u>	<u>13,092,835</u>	<u>10,960,060</u>	<u>(2,132,775)</u>
Ending Fund Balance, December 31	<u>\$ 12,681,334</u>	<u>\$ 12,681,334</u>	<u>\$ 12,016,160</u>	<u>\$ (665,174)</u>

See independent auditors' report and accompanying notes to required supplementary information.

FALCON FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET) OF THE STATEWIDE RETIREMENT PLAN – A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN ADMINISTERED BY THE FIRE & POLICE PENSION ASSOCIATION (UNAUDITED)

For the Year Ended December 31, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's Proportion of the Net Pension Liability/(Asset)	0.47%	0.48%	0.47%	0.45%	0.40%	0.28%	0.19%	0.17%	0.19%
District's Proportionate Share of the Net Pension Liability/(Asset)	\$ -	\$ -	\$ 413,708	\$ (2,435,866)	\$ (868,831)	\$ (156,738)	\$ 241,970	\$ (251,079)	\$ (68,369)
District's Covered Payroll	\$ 5,651,829	\$ 5,140,700	\$ 4,531,621	\$ 4,061,322	\$ 3,618,388	\$ 3,214,442	\$ 2,042,571	\$ 1,419,150	\$ 1,020,889
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of its Covered Payroll	0.00%	0.00%	9.13%	59.98%	24.01%	4.88%	11.85%	17.69%	6.70%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	100.00%	100.00%	97.60%	116.20%	106.70%	101.90%	95.20%	106.30%	98.21%

The amounts presented for each fiscal year were determined as of the District's measurement date (the calendar year-end that occurred one year prior to the fiscal year-end). Information is only available beginning in measurement year 2016.

See independent auditors' report and accompanying notes to required supplementary information.

FALCON FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT CONTRIBUTIONS TO THE STATEWIDE RETIREMENT PLAN – A COST SHARING MULTIPLE-EMPLOYER DEFINED BENEFIT PENSION PLAN ADMINISTERED BY THE FIRE & POLICE PENSION ASSOCIATION
(UNAUDITED)**

For the Year Ended December 31, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 593,442	\$ 514,070	\$ 430,504	\$ 365,519	\$ 307,563	\$ 257,154	\$ 163,407	\$ 113,532	\$ 81,671
Contributions in Relation to the Contractually Required Contribution	\$ (593,442)	\$ (514,070)	\$ (430,504)	\$ (365,519)	\$ (307,563)	\$ (257,154)	\$ (163,407)	\$ (113,532)	\$ (81,671)
District's Covered Payroll	\$ 5,651,829	\$ 5,140,700	\$ 4,531,621	\$ 4,061,322	\$ 3,618,388	\$ 3,214,442	\$ 2,042,571	\$ 1,419,150	\$ 1,020,889
Contributions as a Percentage of Covered Payroll	10.50%	10.00%	9.50%	9.00%	8.50%	8.00%	8.00%	8.00%	8.00%

See independent auditors' report and accompanying notes to required supplementary information.

FALCON FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS MULTI-YEAR

(UNAUDITED)

For the Year Ended December 31, 2025

Measurement Period Ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Interest on the Total Pension Liability	\$ 59,851	\$ 62,674	\$ 59,715	\$ 62,834	\$ 57,303	\$ 60,119	\$ 63,839	\$ 66,185	\$ 60,027	\$ 62,377
Benefit Changes	119,065	-	98,984	-	67,776	-	36,182	-	73,990	-
Difference Between Expected and Actual Experience	(141,760)	-	(6,800)	-	57,982	-	(20,088)	-	2,928	-
Assumption Changes	170,247	-	(1,968)	-	-	-	25,907	-	41,661	-
Benefit Payments	(101,659)	(104,306)	(110,880)	(104,040)	(104,040)	(96,780)	(99,436)	(95,550)	(97,425)	(90,122)
Net Change in Total Pension Liability	105,744	(41,632)	39,051	(41,206)	79,021	(36,661)	6,404	(29,365)	81,181	(27,745)
Total Pension Liability - Beginning	904,986	946,618	907,567	948,773	869,752	906,413	900,009	929,374	848,193	875,938
Total Pension Liability - Ending	\$ 1,010,730	\$ 904,986	\$ 946,618	\$ 907,567	\$ 948,773	\$ 869,752	\$ 906,413	\$ 900,009	\$ 929,374	\$ 848,193
Plan Fiduciary Net Position										
Employer Contributions	\$ 72,500	\$ 54,000	\$ 51,000	\$ 40,000	\$ 40,000	\$ 30,000	\$ 30,000	\$ 20,000	\$ 20,000	\$ 20,000
Pension Plan Net Investment Income	24,805	39,225	(37,855)	67,438	56,675	66,045	1,072	75,531	28,929	11,729
Benefit Payments	(101,659)	(104,306)	(110,880)	(104,040)	(104,040)	(96,780)	(99,436)	(95,550)	(97,425)	(90,122)
Pension Plan Administrative Expense	(7,860)	(10,767)	(7,373)	(8,680)	(5,873)	(7,899)	(6,238)	(7,388)	(1,155)	(3,221)
State of Colorado Supplemental Discretionary Payment	11,340	11,340	11,340	22,680	11,340	-	11,340	11,340	11,340	11,340
Net Change in Plan Fiduciary Net Position	(874)	(10,508)	(93,768)	17,398	(1,898)	(8,634)	(63,262)	3,933	(38,311)	(50,274)
Plan Fiduciary Net Position - Beginning	406,107	416,615	510,383	492,985	494,883	503,517	566,779	562,846	601,157	651,431
Plan Fiduciary Net Position - Ending	\$ 405,233	\$ 406,107	\$ 416,615	\$ 510,383	\$ 492,985	\$ 494,883	\$ 503,517	\$ 566,779	\$ 562,846	\$ 601,157
Net Pension Liability/(Asset) - Ending	\$ 605,497	\$ 498,879	\$ 530,003	\$ 397,184	\$ 455,788	\$ 374,869	\$ 402,896	\$ 333,230	\$ 366,528	\$ 247,036
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	40.09%	44.87%	44.01%	56.24%	51.96%	56.90%	55.55%	62.97%	60.56%	70.88%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report and accompanying notes to required supplementary information.

FALCON FIRE PROTECTION DISTRICT
SCHEDULE OF THE NET PENSION LIABILITY
VOLUNTEER FIREFIGHTER PENSION PLAN
(UNAUDITED)

For the Year Ended December 31, 2025

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability	\$ 1,010,730	\$ 904,986	\$ 946,618	\$ 907,567	\$ 948,773	\$ 869,752	\$ 906,413	\$ 900,009	\$ 929,374	\$ 848,193
Plan Fiduciary Net Position	405,233	406,107	416,615	510,383	492,985	494,883	503,517	566,779	562,846	601,157
Net Pension Liability	\$ 605,497	\$ 498,879	\$ 530,003	\$ 397,184	\$ 455,788	\$ 374,869	\$ 402,896	\$ 333,230	\$ 366,528	\$ 247,036
Plan Fiduciary Net Position										
as a % of Total Pension Liability	40.09%	44.87%	44.01%	56.24%	51.96%	56.90%	55.55%	62.97%	60.56%	70.88%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a % of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See independent auditors' report and accompanying notes to required supplementary information.

FALCON FIRE PROTECTION DISTRICT**VOLUNTEER SCHEDULE OF CONTRIBUTIONS MULTI-YEAR - LAST 10 YEARS
(UNAUDITED)**

For the Year Ended December 31, 2025

	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contributions as a % of Covered Payroll
2024	\$ 76,030	\$ 83,840	\$ (7,810)	N/A	N/A
2023	\$ 65,280	\$ 65,340	\$ (60)	N/A	N/A
2022	\$ 65,280	\$ 62,340	\$ 2,940	N/A	N/A
2021	\$ 48,876	\$ 62,680	\$ (13,804)	N/A	N/A
2020	\$ 48,876	\$ 51,340	\$ (2,464)	N/A	N/A
2019	\$ 38,106	\$ 30,000	\$ 8,106	N/A	N/A
2018	\$ 38,106	\$ 41,340	\$ (3,234)	N/A	N/A
2017	\$ 20,985	\$ 31,340	\$ (10,355)	N/A	N/A
2016	\$ 20,985	\$ 31,340	\$ (10,355)	N/A	N/A
2015	\$ 13,358	\$ 31,340	\$ (17,982)	N/A	N/A

See independent auditors' report and accompanying notes to required supplementary information.

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
(UNAUDITED)**

FALCON FIRE PROTECTION DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

For the Year Ended December 31, 2025

BUDGETARY INFORMATION

Falcon Fire Protection District (the District) adheres to the following procedures in establishing the budgetary data reflected in the budgetary comparison schedules.

Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them. The budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the Board of Directors to obtain taxpayer comments. Prior to December 31, the District adopts budgets for all funds. Budgets for the General, Special Revenue, and Capital Project Funds are adopted on a basis consistent with GAAP.

Expenditure estimates in the annual budget are enacted into law by the passage of appropriation resolutions. Budgetary control exists at the total fund level and encumbrance accounting is not employed as a part of the budgetary process.

PENSION INFORMATION

CHANGES IN PLAN PROVISIONS

The plan provisions have not changed since the prior valuation. The member contribution rate increased in 2025 as a result of member election.

CHANGES IN ACTUARIAL ASSUMPTIONS

There have been no changes in actuarial assumptions since the prior evaluation.

BENEFIT ADJUSTMENTS

Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors' discretion and can range from 0% to 3%. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

See independent auditors' report.

SUPPLEMENTARY INFORMATION

FALCON FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL - CAPITAL PROJECTS - CAPITAL PROJECT FUND

For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest and Dividends	\$ 220,000	\$ 220,000	\$ 238,981	\$ 18,981
Total Revenues	<u>220,000</u>	<u>220,000</u>	<u>238,981</u>	<u>18,981</u>
Expenditures				
Lease Liability Principal	1,674,456	1,674,456	1,674,456	-
Lease Liability Interest	110,406	110,406	110,406	-
Capital Outlay	5,540,000	5,540,000	1,674,445	3,865,555
Contingency	<u>200,000</u>	<u>200,000</u>	<u>-</u>	<u>200,000</u>
Total Expenditures	<u>7,524,862</u>	<u>7,524,862</u>	<u>3,459,307</u>	<u>4,065,555</u>
Revenues Under Expenditures	<u>(7,304,862)</u>	<u>(7,304,862)</u>	<u>(3,220,326)</u>	<u>4,084,536</u>
Other Financing Sources				
Proceeds from Sale of Capital Asset	-	-	2,500	(2,500)
Transfers In	<u>3,130,000</u>	<u>3,130,000</u>	<u>3,130,000</u>	<u>-</u>
Total Other Financing Sources	<u>3,130,000</u>	<u>3,130,000</u>	<u>3,132,500</u>	<u>(2,500)</u>
Net Changes in Fund Balance	<u>(4,174,862)</u>	<u>(4,174,862)</u>	<u>(87,826)</u>	<u>4,082,036</u>
Beginning Fund Balance, January 1	<u>5,189,915</u>	<u>5,189,915</u>	<u>5,063,716</u>	<u>(126,199)</u>
Ending Fund Balance, December 31	<u>\$ 1,015,053</u>	<u>\$ 1,015,053</u>	<u>\$ 4,975,890</u>	<u>\$ 3,955,837</u>

See independent auditors' report.

FALCON FIRE PROTECTION DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE – BUDGET AND ACTUAL – RURAL WATER SYSTEM – SPECIAL REVENUE FUND

For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget Favorable (Unfavorable)
	Original	Final		
Revenues				
Interest	\$ 250	\$ 250	\$ 428	\$ 178
Total Revenues	<u>250</u>	<u>250</u>	<u>428</u>	<u>178</u>
Expenditures				
System Maintenance	3,000	3,000	-	3,000
Administrative Expenditures	-	-	-	-
Capital Outlay	4,000	4,000	-	4,000
Contingency	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>2,500</u>
Total Expenditures	<u>9,500</u>	<u>9,500</u>	<u>-</u>	<u>9,500</u>
Revenues (Under)/Over Expenditures	<u>(9,250)</u>	<u>(9,250)</u>	<u>428</u>	<u>9,678</u>
Net Changes in Fund Balance	<u>(9,250)</u>	<u>(9,250)</u>	<u>428</u>	<u>9,678</u>
Beginning Fund Balance, January 1	<u>9,708</u>	<u>9,708</u>	<u>9,708</u>	<u>-</u>
Ending Fund Balance, December 31	<u>\$ 458</u>	<u>\$ 458</u>	<u>\$ 10,136</u>	<u>\$ 9,678</u>

See independent auditors' report.

FALCON FIRE PROTECTION DISTRICT

COMBINING BALANCE SHEET - GENERAL FUND –
OPERATIONAL AND AMBULANCE TRANSPORT ACTIVITIES

For the Year Ended December 31, 2025

	Operational	Ambulance Transport	General Fund
Assets			
Cash	\$ 871,948	\$ 379,911	\$ 1,251,859
Investments	7,013,677	3,412,245	10,425,922
Accounts Receivable, Net	709	452,941	453,650
Property Tax Receivable	11,672,125	-	11,672,125
Interfund	151,121	67	151,188
Total Assets	\$ 19,709,580	\$ 4,245,164	\$ 23,954,744
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 8,449	\$ -	\$ 8,449
Accrued Wages and Benefits	74,094	29,025	103,119
Interfund	2,500	152,391	154,891
Total Liabilities	85,043	181,416	266,459
Deferred Inflow of Resources			
Property Tax	11,672,125	-	11,672,125
Total Deferred Inflow of Resources	11,672,125	-	11,672,125
Fund Balances			
Restricted - TABOR	312,000	-	312,000
Assigned			
Ambulance	-	4,063,748	4,063,748
Unassigned	7,640,412	-	7,640,412
Total Fund Balance	7,952,412	4,063,748	12,016,160
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	\$ 19,709,580	\$ 4,245,164	\$ 23,954,744

See independent auditors' report.

FALCON FIRE PROTECTION DISTRICT

COMBINING SCHEDULES OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GENERAL FUND – OPERATIONAL AND AMBULANCE TRANSPORT ACTIVITIES

For the Year Ended December 31, 2025

	Operational	Ambulance Transport	General Fund
Revenues			
Taxes	\$ 12,222,562	\$ -	\$ 12,222,562
Intergovernmental Revenues	137,042	-	137,042
Charges for Services	-	1,670,209	1,670,209
Interest and Dividends	355,082	162,281	517,363
Miscellaneous Revenues	13,500	-	13,500
Total Revenues	<u>12,728,186</u>	<u>1,832,490</u>	<u>14,560,676</u>
Expenditures			
Current			
General Administrative	488,654	69,943	558,597
Fire	2,612	-	2,612
Operations	6,737,477	2,281,041	9,018,518
Volunteer Pension Payment	76,500	-	76,500
Supplies and Maintenance	231,693	54,780	286,473
Training and Association Fee	85,134	4,599	89,733
Capital Outlay	318,634	23,509	342,143
Total Expenditures	<u>7,940,704</u>	<u>2,433,872</u>	<u>10,374,576</u>
Revenues Over (Under) Expenditures	4,787,482	(601,382)	4,186,100
Other Financing (Uses) Sources			
Transfers (Out) In	<u>(4,100,000)</u>	<u>970,000</u>	<u>(3,130,000)</u>
Net Change in Fund Balances	687,482	368,618	1,056,100
Fund Balances - Beginning	<u>7,264,930</u>	<u>3,695,130</u>	<u>10,960,060</u>
Fund Balances - Ending	<u><u>\$ 7,952,412</u></u>	<u><u>\$ 4,063,748</u></u>	<u><u>\$ 12,016,160</u></u>

See independent auditors' report.