

**GALETON FIRE PROTECTION DISTRICT
Eaton, Colorado**

**BASIC FINANCIAL STATEMENTS
and
INDEPENDENT AUDITORS' REPORT**

DECEMBER 31, 2025

GALETON FIRE PROTECTION DISTRICT

TABLE OF CONTENTS

Independent Auditors' Report	1
Management's Discussion and Analysis	2-5
Statement of Net Position and Governmental Funds Balance Sheet	6
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	7
Statement of Activities and Governmental Funds Revenue, Expenditures and Changes in Fund Balance	8
Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds to the Statement of Activities	9
Notes to Financial Statements	10-27
Required Supplemental Information:	
General Fund - Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	28
Volunteer Pension Fund -Historical Data	29-30
FPPA Defined Benefit Pension Plan - Historical Data	31

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Galeton Fire Protection
District Eaton, Colorado**

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Galeton 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 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 Galeton Fire Protection 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, statements of revenues, expenditures, and changes in fund balances – budget to actual, and required pension schedules, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other

knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statements of revenues, expenditures, and changes in fund balances – budget to actual, the statement of fiduciary net position, and the statement of changes in fiduciary net position – budget to actual, 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with Generally Accepted Auditing Standards, we:

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The statements of revenues, expenditures, and changes in fund balances – budget to actual, the statement of fiduciary net position, and the statement of changes in fiduciary net position – budget to actual, 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 auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Kaylee M Helzer, CPA
CERTIFIED PUBLIC ACCOUNTANTS
Roggen, CO

June 5, 2026

GALETON FIRE PROTECTION DISTRICT

**REPORT TO GOVERNING BOARD
AND
MANAGEMENT**

**Resulting from the 2025
Financial Statement Audit**

Kaylee M. Helzer, CPA
CERTIFIED PUBLIC ACCOUNTANTS
48951 e. 144th Ave
Bennet, Colorado 80102
(303) 834-0628

June 5, 2026

Board of Directors
Galeton Fire Protection District
Eaton, Colorado

Members of the Governing Board:

We have completed our audit of the Galeton Fire Protection District for the year ended December 31, 2025. As part of our audit process, we evaluated the internal control structure and various policies and procedures currently being utilized by the District. Our observations and evaluations provide us the opportunity to provide commentary on specific areas where positive changes have occurred and areas that may require additional attention. In addition, we also evaluate the overall financial performance of the District and provide such information in this letter.

Our evaluation is not designed to detect all control weaknesses or irregularities that may exist, and accordingly, we do not express an opinion on the internal controls of the District.

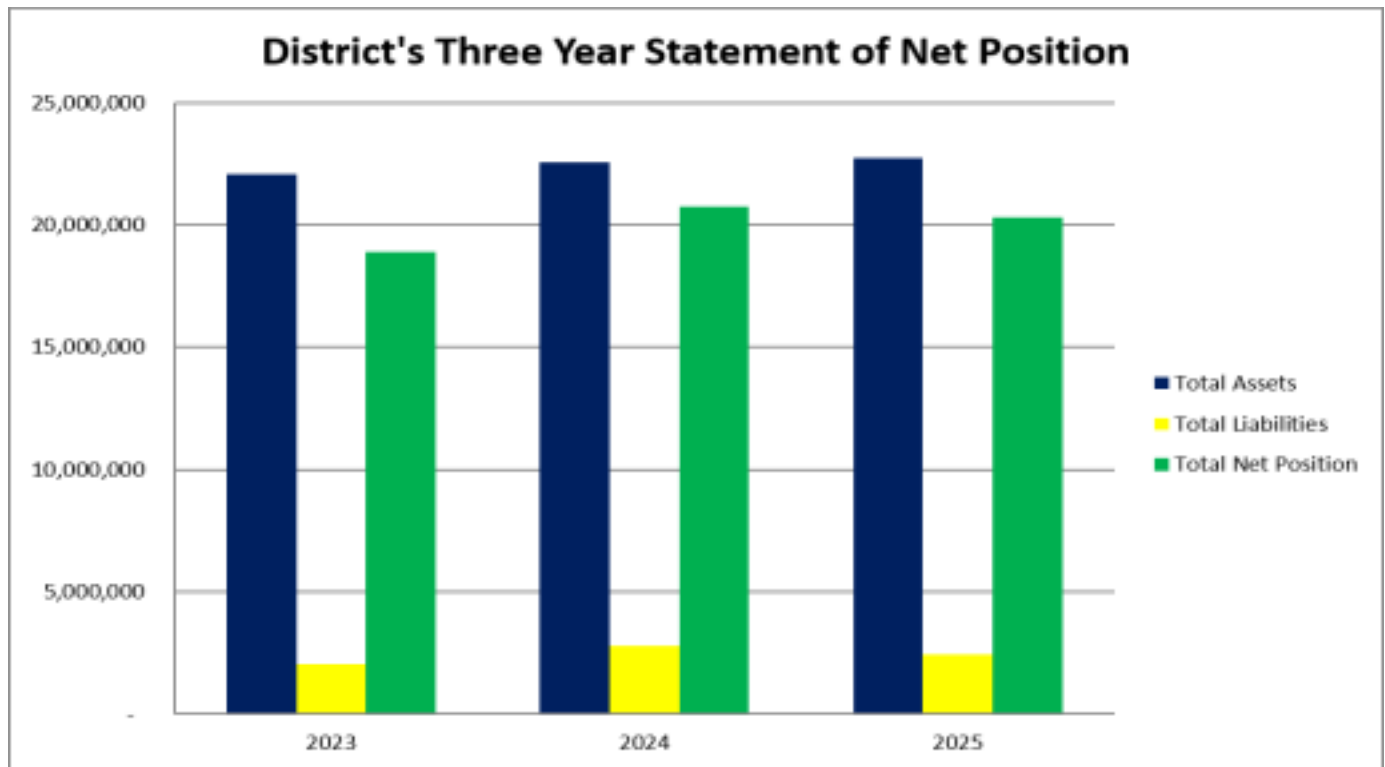
FINANCIAL ANALYSES

The following financial information is provided in graphical form in order to illustrate several aspects of the District's financial operations and trends. We believe these illustrations will assist the District in evaluating your financial status and selected areas of the District's overall financial position.

STATEMENT OF NET ASSETS ANALYSES

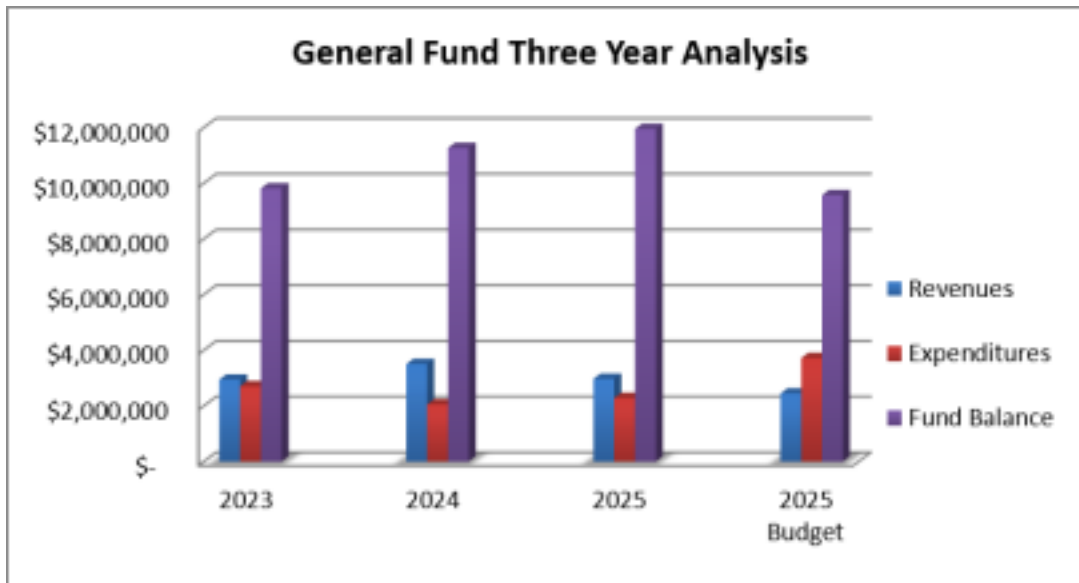
The following table and graph show the District's statement of net position for 2023, 2024 and 2025.

Assets:	2023	2024	2025
Current and Other Assets	12,852,930	13,845,143	14,334,375
Capital Assets	9,227,293	8,726,563	8,411,446
Total Assets	22,080,223	22,571,706	22,745,821
Liabilities:			
Long-term Liabilities Outstanding	-	-	-
Other Liabilities	3,037,043	2,767,778	2,441,715
Total Liabilities	2,041,395	2,767,778	2,441,715
Net Position:			
Invested in Capital Assets	9,442,626	8,941,896	8,411,446
Unrestricted	10,014,186	11,820,830	11,898,681
Total Net Position	18,889,024	20,762,726	20,310,127



GENERAL FUND THREE YEAR ANALYSIS

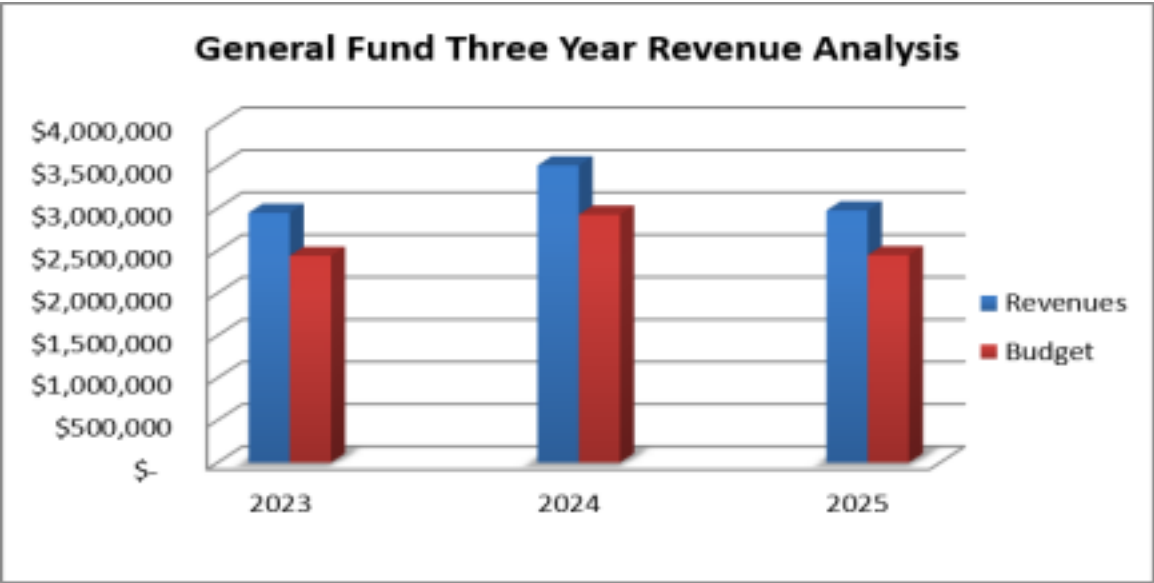
The following graph shows the District's trend analysis of the fund balance in the General Fund in relation to the annual revenues and expenditures for the fund. The 2025 General Fund annual budget for expenditures is \$3,723,024. Therefore, the December 31, 2025 fund balance of \$9,575,667 represents approximately two hundred and twenty-four (157) percent of the 2025 General Fund annual expenditure budget.



	2023	2024	2025	2025 Budget
Revenues	\$ 2,948,322	\$ 3,507,134	\$ 2,975,793	\$ 2,448,701
Expenditures	2,707,852	2,054,790	2,287,879	3,723,024
Fund Balance	9,817,193	11,269,537	11,957,451	9,575,667

GENERAL FUND THREE YEAR REVENUE ANALYSIS

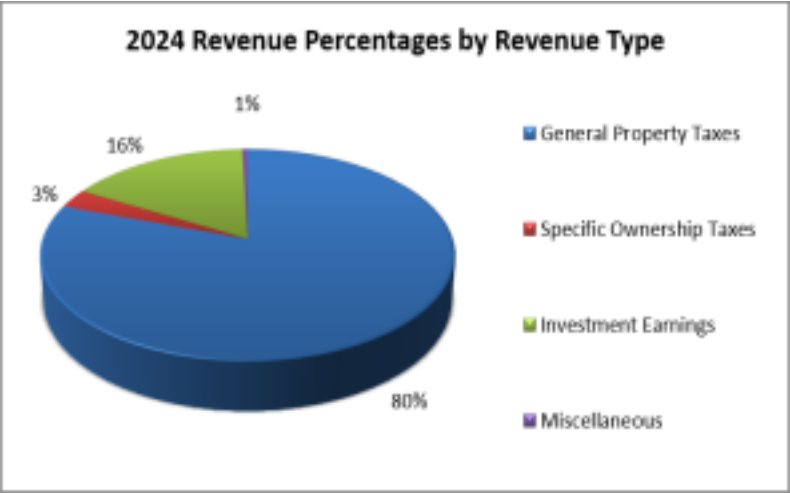
The following graphs provide trend analyses of the District’s General Fund revenue, actual and budget, and the related General Fund mill levy and assessed valuations. The 2025 General Fund budget for total revenues is \$2,975,793, which includes general property tax revenues of \$2,302,881 (based on an assessed valuation of approximately \$561,717,360).



	2023	2024	2025
Revenues	\$ 2,948,322	\$ 3,507,134	\$ 2,975,793
Budget	\$ 2,440,893	\$ 2,926,023	\$ 2,448,701
Gen. Fund Mill Levy	4.000	4.000	4.000

In addition, we have provided an analysis of revenues by category for the general fund for the 2023 and 2025 fiscal years.

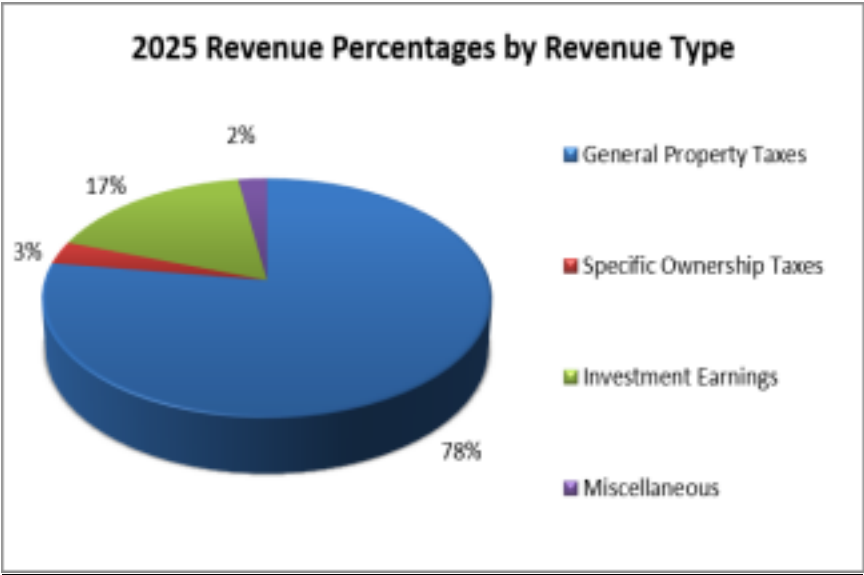
2024



Type	Amount
General Property Taxes	\$ 2,819,029
Specific Ownership Taxes	101,441
Investment Earnings	569,212
Other	17,452

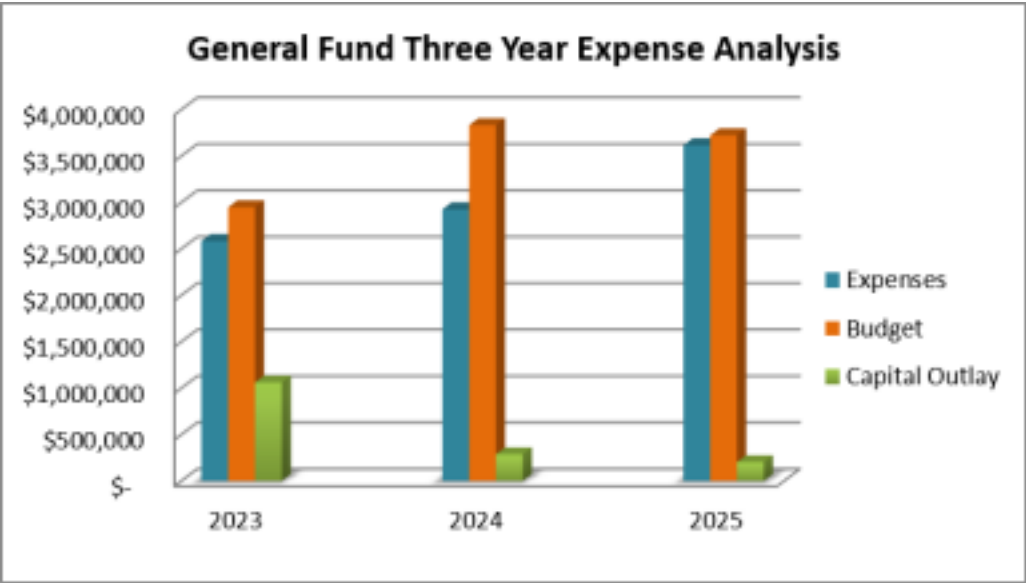
2025

Type	Amount
General Property Taxes	\$ 2,302,881
Specific Ownership Taxes	92,162
Investment Earnings	509,735
Other	71,015



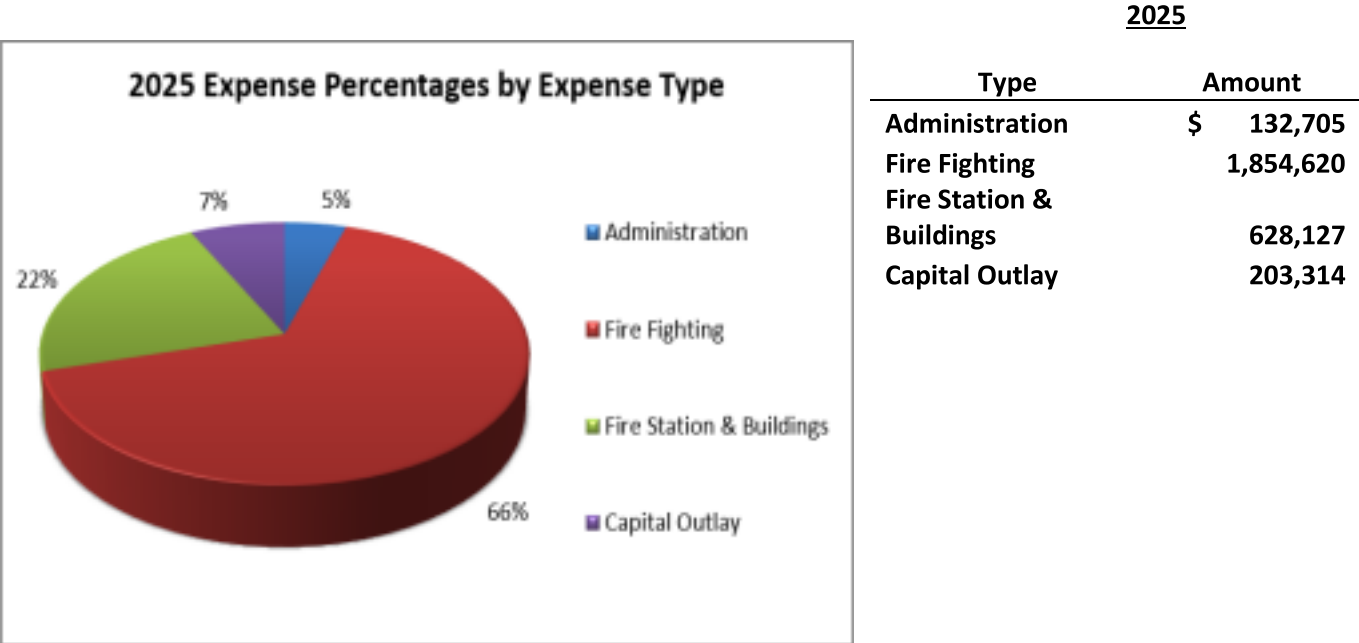
GENERAL FUND THREE YEAR EXPENSE ANALYSIS

The following graphs provide trend analyses of the District’s General Fund expenditures, actual and budget, and the actual amount of capital expenditures included in the total General Fund expenditures. As you can see, capital expenditures for the 2025, 2024 and 2023 fiscal years were significant in total and in proportion to the total expenditures.



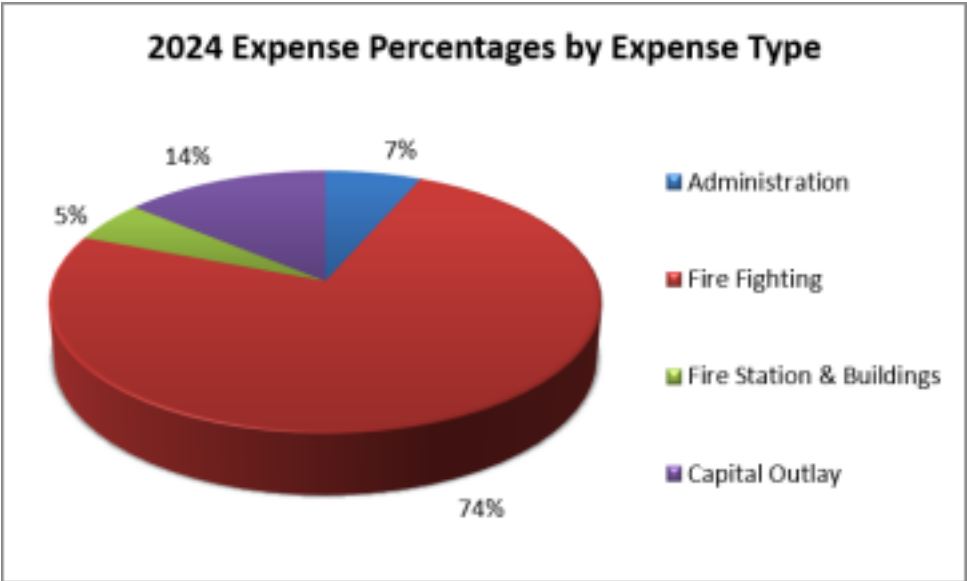
	2023	2024	2025
Expenses	\$ 2,583,971	\$ 2,926,023	\$ 3,615,452
Budget	\$ 2,948,322	\$ 3,833,025	\$ 3,723,024
Capital Outlay	\$ 1,060,383	\$ 287,230	\$ 203,314

In addition, we have provided an analysis of expenditures by category for the general fund for the 2025 and 2024 fiscal years.



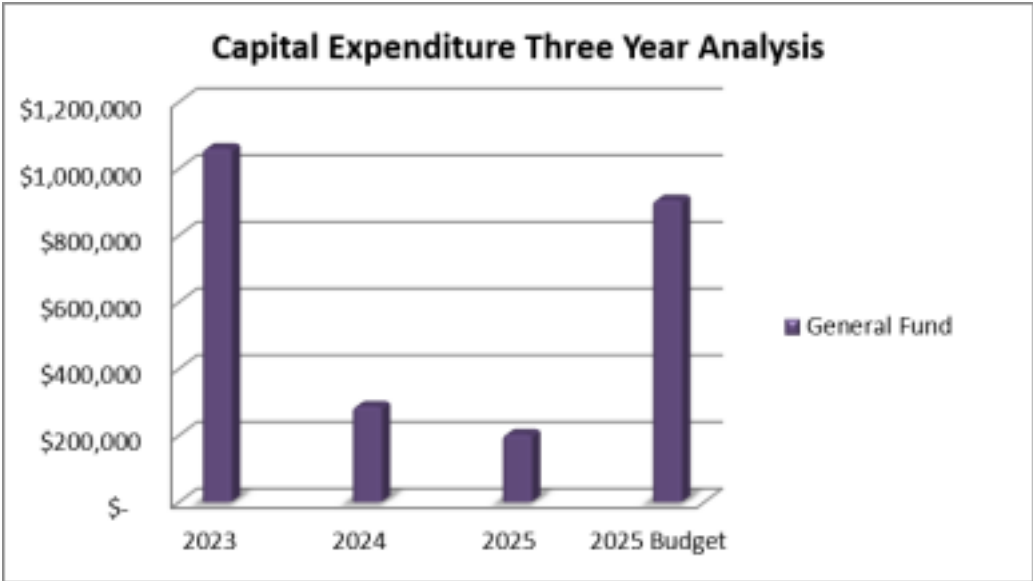
2024

Type	Amount
Administration	\$ 134,227
Fire Fighting	1,522,835
Fire Station & Buildings	105,575
Capital Outlay	287,230



CAPITAL EXPENDITURES

As you can see in the following graph analysis, the capital expenditures for the District for the last three fiscal years have been substantial, on average. This is primarily due to recent fire apparatus and equipment purchases, and the construction on the new station.



	2023	2024	2025	2025 Budget
General Fund	\$ 1,060,383	\$ 287,230	\$ 203,314	\$ 906,025

ADDITIONAL COMMENTS

We would like to commend the accounting and administrative staff for their assistance during our audit. Throughout the audit, it was evident that they had worked very hard in preparing and providing the financial documentation needed to complete our audit. We are grateful for their hard work and dedication.

We would like to thank the District Board, Management and staff for allowing us to assist you with your financial audit needs and appreciate the opportunity with the District. Please contact us immediately should you have any questions or if we can be of further assistance.

Kaylee M. Helzer, CPA
Certified Public Accountants

MANAGEMENT'S DISCUSSION AND ANALYSIS

This report is for the Galeton Fire Protection District for the year ending December 31, 2025. The Management Discussion and Analysis (MD&A) is designed to provide an overview of the financial activities of the District during 2025 and the integration of those activities within the long-term financial programs and planning of the District. The MD&A should be read in conjunction with the District's financial statements.

Overview of Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised three components: 1) government-wide financial statements, 2) fund financial statements, 3) notes to the financial statements.

Government-Wide and Fund Financial Statements

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

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

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

Both of the government-wide financial statements are combined with the fund financial statements and can be found in this report.

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

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as the 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 government funds with similar information presented for governmental activities in the government-wide financial statements. The readers will have a better understanding of 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.

The District adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

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

Government-Wide Financial Analysis.

The net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$22,592,962 at the close of the year. The largest portion of the District's net position reflects its investment in capital assets.

Financial Efforts of 2025

This section contains a condensed comparison of revenues and expenses and explanations for significant differences.

District Assets	<u>2025</u>	<u>2024</u>	<u>2023</u>	Dollar Change
Cash	\$13,044	\$30,463	\$197,826	(\$17,419)
Investments	11,923,061	11,242,383	9,643,483	680,678
Accrued Property Taxes	2,316,893	2,316,893	2,786,023	-
Accounts Receivables	(497)	37,442	7,139	(37,939)
Inventory	3,126	2,629	3,126	491
Land	215,333	215,333	215,333	-
Capital Assets	8,196,113	8,726,563	9,227,293	(530,450)
Net Pension Asset	-	-	-	-
Deferred Outflows-Pension	158,880	914,526	730,535	(755,646)
Total Assets & Deferred Outflows	\$22,904,701	\$22,571,706	\$22,810,758	\$332,995
District Liabilities				
Accounts Payable	\$94,421	\$43,380	\$34,381	51,041
Net Pension Liability	36,474	87,407	206,199	(50,933)
Accrued absences	21,964	30,254	76,323	(8,290)
Deferred Inflow-Prop Tax	2,316,893	2,316,893	2,786,023	-
Deferred Inflow-Pension	124,822	144,922	251,020	-
Total Liabilities & Deferred Inflows	\$2,594,574	\$2,622,856	\$3,353,946	\$(28,282)
Net Position				
Invested in Capital Assets	\$8,411,446	\$8,941,896	\$9,442,626	(\$530,450)
Restricted	-	-	-	-
Unrestricted	11,898,681	11,006,954	10,014,186	891,727
Total Net Position	\$20,310,127	\$19,948,850	\$19,456,812	\$361,227
Total Liabilities & Net Positions	\$22,904,701	\$22,571,706	\$22,810,758	\$332,995
General Revenue:				
General Property Taxes	\$2,302,881	\$2,819,029	\$2,317,126	(\$516,148)
Specific Ownership Taxes	92,162	101,441	98,532	(9,279)
Investment Earnings	509,735	569,212	512,256	(59,477)
Sale of Fixed Assets	-	-	-	-
Other Revenue	71,015	17,452	20,408	53,563
Total	2,975,793	3,507,134	\$2,948,322	(\$531,341)

General Expenses:				
Fire Protection	\$1,854,620	\$1,785,019	\$2,192,701	\$69,601
Depreciation	530,887	416,201	391,270	114,686
Capital Outlay	-	-	-	-
Total	\$2,385,507	\$2,201,220	\$2,583,971	\$184,287
Changes in Net Position:	\$360,341	\$1,305,914	\$364,351	(\$945,573)

Material Changes:

Due to the decreased production in the oil and gas industry, the Fire District realized a decrease in general property tax revenue from 2024 to 2025 of, (\$516,148).

As a result, the Fire District realized a slight increase in specific ownership taxes from 2024 to 2025 of (\$9,279).

Due to the federal reserve lowering the interest rates on government bonds, the Fire District capitalized on investments from 2024 to 2025 in interest revenues of (\$59,477).

District realized an increase in fire protection expenses from 2024 to 2025, in the amount of \$69,601.

The District's location has been fruitful for oil and gas production revenues but also realizes this is determined by many factors and is not guaranteed from year to year.

General Fund

The general fund was established and continually funded to provide for the daily activities, salaries, expenses and operating costs of the District. This fund provides for functional areas of the organization – administration, firefighting, fire station and buildings. The general fund also provides for such other items as insurance, utilities, and other costs the District incurs. The primary funding source for the general fund is taxation of real property. Other sources of income for the general fund include interest income on reserved funds and specific ownership taxes. The primary projects or program efforts for establishing funding during 2025 were:

1. Normal operational costs of the District.
2. Paid staff for continued turnout times of under 2 minutes 24/7 for 2 stations.

General Fund Budgetary Highlights.

It should be noted that the 2025 budget continues to be monitored to align expenses more closely with the areas of responsibility.

There was a difference from the original budgeted revenues and the actual revenues were due to the federal reserve increasing interest rates on government bond investments and donations from oil and gas companies for training.

Capital Assets and Debt Administration

The District's investment in capital assets for its governmental type activities as of December 31, 2025, totals \$8,411,446. This investment in capital assets includes land, buildings, improvements, equipment, vehicles and firefighting/SCBA equipment.

Capital assets are classified as follows as of December 31, 2025:

Land	\$215,333
Buildings/Improvements - all stations	8,138,136
Equipment & Vehicles	3,200,396
Construction in Progress	-
Depreciation (Buildings/Improvements)	(1,178,927)
Depreciation (Equipment/Vehicles)	(1,962,761)
TOTAL ASSETS	\$8,411,446

Long-term Debt

As of December 31, 2025, the District had no long-term debt funded from General Fund taxes.

Fiduciary Fund Activities

Pension Fund(s)

Originally the Pension Fund was established and continually funded to provide for the provision of retirement pension benefits for volunteer firefighters of the District. This was expanded to include Full Time and Part time employees as they were hired as explained below. The funds provide for the payment of benefits and the expenses of providing those benefits.

1. Full-time Chief, Captain, Lieutenants, and Administrator pension contributions. This is through the Fire & Police Pension Association (FFPA) of Colorado's Statewide Defined Benefit Plan employee and District contributions.
2. Part Time Firefighters were converted from a Social Security contribution to an FPPA Portable Money Program.
3. Volunteer Firefighters-a locally affiliated pension plan administered by the Fire & Police Pension Association of Colorado. The primary funding source for the pension fund is the transfer of amounts from the General Fund as designated by the Fire District Board of Directors. Additional funding is derived from the interest from previously invested assets of the fund and from a State of Colorado funding mechanism specifically developed for these benefit efforts.

Economic Factors and Next Year's Budgets and Rates

To be competitive with surrounding districts and an increase in tractor and implements as the district has needs for equipment for unloading shipments, and other district duties. The District continues to fund the new and ongoing needs and to honor the commitments of providing the level and quality of service of the District's mission statement which includes a planned improvement in the Districts' Public Protection Classification through the Insurance Services Office each year.

The District's budget for 2025 anticipated general property tax revenue of \$2,246,869 (based on an assessed valuation for the District, as certified by the Assessors of Weld County, of \$561,717,360 and a mil levy of 4.0 mils).

Summary

The Galeton Fire Protection District successfully placed into operation or completed many projects and program efforts funded with the 2025 annual budget. Those not completed have been carried over to the 2025 Budget year. Though funding for some specific line items may have been estimated at an amount greater than the actual expensed amount at the end of the year, the year was completed with very few excess expenses in any funding line-item area. In totality, the budget was underspent by 27.8% as has been the trend for the last six years due to proper management and control of finances.

GALETON FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUNDS BALANCE SHEET
DECEMBER 31, 2025

	General Fund	Adjustments (Page 3)	Statement of Net Position
<u>Assets and deferred outflows of resources</u>			
Assets:			
Cash (Note 2)	\$ 13,044	\$ -	\$ 13,044
Investments (Note 2)	12,001,809	-	12,001,809
Accounts Receivables	7,520	-	7,520
Accrued Property Taxes	2,316,893	-	2,316,893
Inventory	3,126	-	3,126
Land	-	215,333	215,333
Other Capital Assets, net of accumulated depreciation	-	8,196,113	8,196,113
Total Assets	14,342,392	8,411,446	22,753,838
Deferred Outflows of resources			
Deferred Outflow-Pensions	-	158,880	158,880
Total Deferred outflows of Resources	-	158,880	158,880
Total Assets and Deferred outflows of resources	\$ 14,342,392	\$ 8,570,326	\$ 22,912,718
<u>Liabilities and deferred inflows of resources</u>			
Liabilities:			
Accounts payable	\$ 94,421	\$ -	\$ 94,421
Net pension liability	-	36,474	36,474
Accrued absences	-	21,964	21,964
Total liabilities	94,421	58,438	152,859
Deferred Inflow of resources:			
Deferred Inflow-Pensions	-	617,796	617,796
Deferred property taxes	2,316,893	-	2,316,893
Total deferred inflows of resources	2,316,893	617,796	2,934,689
Total liabilities and deferred inflows of resources	2,411,314	676,234	3,087,548
Fund Balances/Net Position			
Fund Balances:			
Nonspendable	-	-	-
Restricted	-	-	-
Committed	89,514	(89,514)	-
Assigned	11,841,564	(11,841,564)	-
Unassigned	-	-	-
Total fund balance/ net position	11,931,078	(11,931,078)	-
Total liabilities, deferred inflows of resources, and fund balance	\$ 14,342,392		
Net position:			
Invested in capital assets, net of related debt		8,411,446	8,411,446
Unrestricted		11,413,724	11,413,724
Total net position		\$ 19,825,170	\$ 19,825,170

See independent auditors' report.
The accompanying notes on pages 10 to 27 are an
integral part of the financial statements.

**GALETON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025**

Fund balance per Statement of Net Position	\$ 11,931,078
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet	8,411,446
Net pension asset or liability and related deferred inflows and outflows are not due and payable in the current period and therefore are not reported in the balance sheet	(495,390)
Some liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the balance sheet	<u>(58,438)</u>
Net position per Statement of Net Position	\$ <u>19,788,696</u>

See independent auditors' report.
The accompanying notes on pages 10 to 27 are an
integral part of the financial statements.

GALETON FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUNDS REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE
FOR THE YEAR ENDED DECEMBER 31, 2025

	General Fund	Adjustments (Page 5)	Statement of Activities
Revenues:			
General property taxes	\$ 2,302,881	\$ -	\$ 2,302,881
Specific ownership taxes	100,179	-	100,179
Investment earnings	509,735	-	509,735
Other	71,015	-	71,015
Total revenues	<u>2,983,810</u>	<u>-</u>	<u>2,983,810</u>
 Expenditures/expenses:			
Fire protection:			
Administration	132,705	-	132,705
Fire fighting	1,854,620	-	1,854,620
Fire station and buildings	89,655	-	89,655
Community risk reduction	7,585	-	7,585
Depreciation	-	530,887	530,887
Capital outlay	203,314	(203,314)	-
Total expenditures/ expenses	<u>2,287,879</u>	<u>327,573</u>	<u>2,615,452</u>
 Excess (deficiency) of revenues over expenditures	<u>695,931</u>	<u>(327,573)</u>	<u>368,358</u>
 Other financing sources/uses:			
Disposition of assets	-	-	-
Transfers-internal activities	-	-	-
Total other financing sources/ uses	<u>-</u>	<u>-</u>	<u>-</u>
 Excess (deficiency) of revenues and transfers in over expenditures and transfers out	695,931	(695,931)	-
 Change in net position	-	368,358	368,358
 Fund balance/net position, beginning of year	<u>11,269,537</u>	<u>8,187,275</u>	<u>19,456,812</u>
Fund balance/net position, end of year	<u>\$ 11,965,468</u>	<u>\$ 7,859,702</u>	<u>\$ 19,825,170</u>

See independent auditors' report.
The accompanying notes on pages 10 to 27 are an
integral part of the financial statements.

**GALETON FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE,
EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025**

Excess of revenues and transfers in over expenditures and transfers out - governmental funds	\$ 695,931
---	-------------------

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	-
Depreciation	(530,887)
Disposition of assets	-

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds:

Adjustment for increase in compensated absences	13,154
Adjustment for changes in pension assets and liabilities	<u>(546,556)</u>

Change in Net Position	\$ <u><u>(368,358)</u></u>
-------------------------------	-----------------------------------

**See independent auditors' report.
The accompanying notes on pages 10 to 27 are an
integral part of the financial statements.**

**GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

1. Summary of Significant Accounting Policies

The Galeton Fire Protection District was originally established in 1954 as a special district to provide fire suppression, education and basic life medical support services to property owners within the town of Galeton, Colorado.

The District operates under a governing Board of Directors and is considered a separate political subdivision of the State of Colorado providing fire protection services in portions of Weld County.

The District's basic financial statements include the accounts and funds of all District operations. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

A. Principles Determining Scope of Reporting Entity

The financial statements of the District consist only of the funds and account groups of the District. The District has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the District. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and election of the respective governing board.

B. Government-Wide and Fund Financial Statements

The Government-Wide financial statements (i.e. the statement of activities) report information on all of the non-fiduciary activities of the government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

The Government-Wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. **Summary of Significant Accounting Policies (continued)**

B. **Government-Wide and Fund Financial Statements (continued)**

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund equity, revenues and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary and fiduciary.

The following fund was used by the District during 2025:

GOVERNMENTAL FUNDS

General Fund - To account for all financial resources of the District.

C. **Measurement Focus and Basis of Accounting**

Measurement Focus

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when the payment is due. The major source of revenue susceptible to accrual is property tax. All revenue items are considered to be measurable and available only when cash is received by the District.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

1. **Summary of Significant Accounting Policies (continued)**

C. **Measurement Focus and Basis of Accounting (continued)**

Basis of Accounting

The modified accrual basis of accounting is used for all governmental fund types. The following are modifications of the accrual basis method:

1. Expenditures other than accrued interest on general long-term debt are recognized at the same time the liabilities are incurred. Interest on long-term debt is recorded only when due.
2. Revenue is recorded when received in cash except for revenue that is not received but is measurable and available and therefore susceptible to accrual.

D. **Budgets and Budgetary Accounting**

The District follows these procedures in establishing the budgeting data reflected in the financial statements:

1. Prior to October 15, management submits to the Board of Directors a proposed operating budget for each fund for the fiscal year commencing the following January 1. The operating budget for each fund includes proposed expenditures and the means of financing them.
2. Public hearings are conducted by the District Board of Directors to obtain taxpayer comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution for each fund. The resolutions can be adjusted by the Board for unforeseen circumstances. Equal line item adjustments must be approved by the Board.
4. Formal budgetary integration is employed as a management control device during the year.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. **Summary of Significant Accounting Policies (continued)**

D. **Budgets and Budgetary Accounting (continued)**

5. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. The District Board of Directors approves all expenditures, including any revisions that alter the total expenditures.
7. All appropriations lapse at year-end.
8. Budgeted line items for the different expenditures are for management use only.

E. **Encumbrances**

Encumbrance accounting is not used.

F. **Fund Equity**

The District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

- Nonspendable fund balance-amounts that are in nonspendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. **Summary of Significant Accounting Policies (continued)**

F. **Fund Equity (continued)**

- Committed fund balance--amounts constrained to specific purposes by the District itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the District takes the same highest level action to remove or change the constraint.
- Assigned fund balance--amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of directors or by an official or body to which the Board delegates the authority.
- Unassigned fund balance--amounts that are available for any purpose. Positive amounts are reported only in the general fund.

District's Board establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. A fund balance commitment is further indicated in the budget document as a designation or commitment of the fund. Assigned fund balance is established by District's Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

The District considers funds as expended from restricted funds before unrestricted funds are reduced, when an expenditure can come from either category. Within unrestricted funds, the District reduces committed amounts first, followed by assigned, and unassigned last, when an expenditure can come from any of those categories.

The committed fund balance of \$89,274 represents the District's 3% reserve for TABOR. The assigned fund balance of \$11,833,787 is assigned by the Board of Directors for future expenditures of the District.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

1. **Summary of Significant Accounting Policies (continued)**

G. **Use of Estimates**

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

2. **Cash Deposits and Investments**

A. **Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral determined by the PDPA. The institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits would not be returned to it. The District does not have a deposit policy for custodial credit risk. As of year-end the District's bank balance was either insured or collateralized with securities held by the pledging financial institution through PDPA.

At December 31, 2025, the District had cash balances with maturities less than one year stated at cost as follows:

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. **Cash Deposits and Investments (continued)**

A. **Cash Deposits (continued)**

Insured	\$ <u>13,044</u>
Deposits Collateralized in single institution pool(s)	
Uninsured: Required to be collateralized	<u> </u>
 Total Cash Deposits	 13,044
 Cash on hand	 <u> </u>
 Total Cash	 \$ <u>13,044</u>

The bank balance of the deposits listed above are classified in three categories of credit risk as follows: a) Uncollateralized; b) Collateralized with securities held by the pledging financial institution's trust department or agent in the entity's name; c) Collateralized with securities held by the pledging financial institution's trust department or agent but not in the depositor-government's name.

B. **Investments**

The District's investments are categorized as either (1) insured or registered, or for which the securities are held by the District or its agent in the District's name, (2) uninsured and unregistered for which the securities are held by the counterpart's trust department or agent in the District's name or (3) uninsured and unregistered for which the securities are held by the counterpart or by its trust department or agent but not in the District's name. As of December 31, 2025, all investments are considered category 1.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. **Cash Deposits and Investments (continued)**

B. **Investments (continued)**

As of December 31, 2025, the District has \$10,501,585 invested in Colorado Local Government Liquid Asset Trust (COLOTRUST). COLOTRUST is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes. COLOTRUST is routinely monitored by the Colorado Division of Securities with regard to its operations and investments, which are also subject to provisions of C.R.S Title 24, Article 75, Section 6. The fair value of the investments in COLOTRUST is the same as the value of the pool shares. None of these types of investments are categorized because they are not evidenced by securities that exist in physical or book entry form. COLOTRUST is rated AAA from Standard and Poor's Corporation.

<u>Investments</u>	<u>Maturity Year</u>	<u>Fair Value</u>	<u>Credit Ratings</u>
COLOTRUST	Variable	<u>\$10,501,585</u>	AAA
Total Investments		<u>\$10,501,585</u>	

Colorado statutes specify in which instruments the units of local government may invest, which include:

Repurchase agreements, obligations of the United States or obligations unconditionally guaranteed by the United States, federally insured mortgages and student loans. Participation with other local governments in pooled investment funds (trusts), these trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. **Cash Deposits and Investments (continued)**

B. **Investments (continued)**

Credit Risk - State law limits investments for fire districts to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more nationally recognized rating agency.

Interest Rate Risk - The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

2. **Cash Deposits and Investments (continued)**

C. **Reconciliation of Cash, Cash Equivalents, and Investments**

The following is a reconciliation between the cash and investments recorded in the financial statements and the amounts reported in this footnote:

Financial Statements	
Total Cash and Short-term	
Investments - Governmental Funds	<u>\$12,014,853</u>
 Total Cash Deposits and Investments	
(Book Balance)	<u>\$11,272,846</u>
 Footnote	
Cash	\$ 13,044
Investments	<u>12,001,809</u>
 Total Cash Deposits and Investments	
(Footnote)	<u>\$12,014,853</u>

3. **Property Taxes**

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on January 1 and are due and payable at that time. All unpaid taxes levied January 1 become delinquent April 30 or June 15 of the current year. The District is permitted to levy taxes for general governmental services, bond retirement and pension payments for volunteer firefighters. The combined tax rate to finance these services for the year ended December 31, 2025 was \$4.00 per \$1,000 of assessed valuation. This raised \$2,220,244 on an assessed valuation of \$561,717,360. The District has applied a temporary 2.000 mill levy reduction for the last several years. Tax revenues for the District are recognized as they become available and are collected the following month.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

4. **Capital Assets**

Capital assets of \$1,000 or more are recorded at cost. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which are as follows:

Building/Improvements	40
Firefighting Equipment	5-10
Firefighting Vehicles	20

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

	Balance 12/31/2024	Additions	Deletions & Adjustments	Balance 12/31/2025
Governmental activities:				
Land and improvements	\$ 215,333	\$ -	\$ -	\$ 215,333
Buildings/Improvements	8,160,887	-	(22,751)	8,138,136
Equipment & vehicles	3,177,645	-	22,751	3,200,396
Construction in progress	-	-	-	-
Totals at Historical Cost	11,553,865	-	-	11,553,865
Less Accumulated Depreciation for:				
Buildings/Improvements	(971,260)	(208,398)	-	(1,179,658)
Equipment & vehicles	(1,640,272)	(322,489)	-	(1,962,761)
Total Accumulated Depreciation	(2,611,532)	(530,887)	-	(3,142,440)
Governmental Activities				
Capital Assets, Net of				
Accum. Depreciation	\$ 8,942,333	\$ (530,887)	\$ -	\$ 8,411,446

Depreciation expense for the year ended December 31, 2025 was \$530,887.

5. **Risk Management**

The District is exposed to various risks of loss related to various torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2024

6. **Retirement Plans and Commitments**

The District currently maintains two (2) separate pension and retirement plans. The plans cover paid personnel and all volunteer firefighters. The District's local volunteer pension plan is affiliated with the Fire and Police Pension Associations' (FPPA) Fire and Police Members' Benefit Fund under the Colorado Revised Statutes, 31-30-00S(l)(k), as amended. Under the FPPA affiliation agreement, the District is responsible for the collection and transmission of all contributions to the local Pension Fund. The FPPA is responsible for the physical safekeeping and investing of such contributions as well as for making the appropriate and legally authorized payments of pension benefits and other expenses of the plan. The District began contributing in 2018 to the FPPA's State-Wide Defined Benefit Pension Plan for its paid personnel.

As of December 31, 2025, the assets and liabilities from pension plans are as follows:

	<u>Net Pension Liability/(Asset)</u>	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Volunteer Plan	\$ 4,587	\$ 312,511	\$ 81,867
FPPA Plan	<u>31,778</u>	<u>418,024</u>	<u>42,955</u>
Total	<u>\$ 36,474</u>	<u>\$ 158,880</u>	<u>\$ 124,822</u>

As of December 31, 2025, the deferred inflows and outflows of resources resulting from all pension plans are comprised as follows:

Deferred outflows of resources:

Difference between actual and projected investment earnings	\$ -0-
Difference between actual and expected experience	-0-
Changes in assumptions	39,708
Change in allocation percentage	-0-
Contributions received after measurement date	<u>119,172</u>
Total deferred outflows of resources	<u>\$ 158,880</u>

Deferred inflows of resources:

Difference between actual and expected experience	\$ 34,657
Changes in allocation percentage	-0-
Difference between actual and projected investment earnings	<u>90,165</u>
Total deferred inflows of resources	<u>\$ 124,822</u>

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. **Retirement Plans and Commitments (continued)**

Net deferred outflows/inflows that will be recognized as a reduction of the net pension liability is \$39,069. Deferred inflows and outflows of resources will be recognized in pension expense in future years as follows:

December 31, 2026	\$ 17,888
2027	50,847
2028	8,741
2029	-0-
2030	-0-
Thereafter	<u>-0-</u>
Total	\$ 39,069

Volunteer Plan - The District's active volunteer firefighters participate in a non- contributing pension plan administered by a Board of Trustees, which includes District Board members and volunteer firefighters.

The benefit provisions and plan requirements were established by Colorado Revised Statutes, and the Board of Trustees has adopted the following schedule of monthly benefits which was in effect at December 31, 2025:

Age and service retirement after age 50 with 20 years of service.	\$1,300
Surviving spouse death benefit:	
After age and service retirement (maximum)	\$650
Lump-sum death benefit	\$2,600

Total covered payroll for this plan for 2025 was \$0. In 2025, the District contributions were \$63,000. In addition, the State contribution was \$0.

An actuarial valuation is performed every two years to determine the pension benefit obligation. The latest available actuarial valuation was performed as of January 1, 2025. The measurement date was December 31, 2024. The following assumptions were used in computing the pension benefit obligation for this plan:

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. **Retirement Plans and Commitments (continued)**

- (1) Rate of return on investments and discount rate at 6.0%
- (2) Actuarial Method - Entry Age Normal.
- (3) Amortization Method - Level Dollar, Open.
Remaining period: 20 years.
- (4) Mortality: RP-2014 Mortality Tables for Blue Collar Employees.
- (5) Projected earnings increase for all ages due to inflation: 2.5% Plan

membership as of December 31, 2025, was as follows:

Retirees and Beneficiaries	14
Inactive Nonretired Members	0
Active Members	7

The pension plan expense for the year ended December 31, 2025 was \$17,078. The money-weighted rate of return on pension plan investments, net of pension plan investment expense, was approximately 9.15% for the measurement period ended December 31, 2024.

The net pension liability was calculated using a discount rate of 6.00%. The plan fiduciary net position was 98.11% of the total pension liability at the measurement date. The following presents the District's net pension liability calculated using the current discount rate, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease <u>(5.00%)</u>	Current Rate <u>(6.00%)</u>	1% Increase <u>(7.00%)</u>
Net pension liability	\$247,787	\$36,474	(\$138,836)

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. **Retirement Plans and Commitments (continued)**

Changes in Net Pension Liability for the year ended December 31, 2025:

Total Pension Liability:

Service cost	\$ 9,767
Interest	128,504
Change in benefit terms	-
Difference between actual and expected experience	(116,656)
Changes in assumptions	161,484
Benefit payments	<u>(167,310)</u>
Net change in total pension liability	15,789
Total pension liability - beginning	<u>1,913,211</u>
Total pension liability- ending (a)	\$ <u>1,929,000</u>

Plan Fiduciary Net Position: Contributions -

employer	\$ 63,000
Net investment income	170,118
Benefit payments	(167,310)
Administrative expense	(5,827)
State of Colorado supplemental discretionary payment	<u>6,741</u>
Net change in plan fiduciary net position	66,722
Plan fiduciary net position - beginning	<u>1,825,804</u>
Plan fiduciary net position - ending (b)	\$ 1,892,526
Net pension liability - ending (a)-(b)	\$ 36,474
Plan fiduciary net position as a percentage of total pension liability	98.11%

Paid Personnel Plan - The District contributes to the Statewide Defined Benefit Plan, A cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan provides retirement benefits for members and beneficiaries. Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the Plan, which is available, by directly contacting the FPPA.

See independent auditors' report.

**GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025**

6. Retirement Plans and Commitments (continued)

The financial statements of the Statewide Defined Benefit Plan are prepared using the accrual basis of accounting. Plan member contributions are recognized in the period in which the contributions are due. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Plan investments are presented at fair value except for short-term investments, which are recorded at cost, which approximates fair value.

Disability and survivor benefits with respect to death and disability are funded by the State and are disbursed by FPPA according to State statute. Participants' contributions are fully refundable with simple interest of 5% upon request or termination of employment. Employer contributions remain with the plan to help provide benefits to remaining participants.

Covered employees are required by State statute to contribute 11.5% of their salary (excluding paid overtime and comp time) to the plan. The District is required to contribute an additional 8.5% of covered salary to the Statewide Retirement Plan. For the year ended December 31, 2025, covered employees contributed approximately \$62,909 on covered payroll of approximately \$547,035. The District contributed \$46,498 on behalf of participating employees. Total salaries paid by the District during the year ended December 31, 2025, were approximately \$1,062,084.

The following is based on an actuarial study completed as of January 1, 2025. The measurement date is December 31, 2024. The following assumptions were used in computing the pension benefit obligation for this plan:

- (1) Rate of return on investments and discount rate 6.0%
- (2) Actuarial Method - Entry Age Normal.
- (3) Amortization Method - Level % of payroll, Open.
Remaining period: 30 years.
- (4) Mortality: RP-2014 Mortality Tables for Blue Collar Employees.
- (5) Projected earnings increases for all ages due to inflation
and merit or seniority: 4.25%-11.25%

The employer share of net pension liability/(asset) as of December 31, 2025, was \$31,778. The employer portion was 0.035% based on Employer Contributions, which is unchanged from the prior year. The pension income for 2025 was \$37,191.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

6. **Retirement Plans and Commitments (continued)**

The net pension liability (asset) is impacted by a change in the discount rate as follows:

	1% Decrease <u>(6.00%)</u>	Current Rate <u>(7.00%)</u>	1% Increase <u>(8.00%)</u>
Net pension liability	\$ 487,991,030	\$ 0 *	\$ 0 *

**The net pension liability of \$0 reflects a reserve for cost-of-living adjustments and to manage adverse experience of \$143,757,639 at a 7.00 percent discount rate and \$666,904,279 at a 8.00 percent discount rate.*

7. **Tax, Spending and Debt Limitations**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The District's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. In effect, it has been generally interpreted that fiscal year spending approximates nonexempt revenue or receipts.

Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves. The District considers \$89,274 as committed fund balance for the TABOR three percent Reserved for Emergency for 2025.

The Amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations in the amendment's language in order to determine its compliance.

See independent auditors' report.

GALETON FIRE PROTECTION DISTRICT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

8. **Accrued Absences**

The personnel policies of the District provide for the accrual of sick leave and unused vacation time. As of December 31, 2025, the total liability for accrued absences is \$21,964.

9. **Subsequent Events**

In accordance with the provisions of Statement of Financial Accounting Standards Codification 855, Subsequent Events, management is required to evaluate, through the date the financial statements are issued or are available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. Galeton Fire Protection District financial statements were available to be issued on the date of the attached independent auditors' report, and this is the date through which subsequent events were evaluated. Galeton Fire Protection District has not identified any subsequent events requiring disclosure.

See independent auditors' report.

REQUIRED SUPPLEMENTAL INFORMATION

**GALETON FIRE PROTECTION
DISTRICT GENERAL FUND
STATEMENT OF REVENUES,
EXPENDITURES
AND CHANGES IN FUND BALANCE - BUDGET
AND ACTUAL FOR THE YEAR ENDED
DECEMBER 31, 2025**

	Total Liability Pension	Plan Net Position	Net Pension Liability/(Asset)	Net Position of Total Liability	Money-weighted Rate of Return
2014	\$ 877,413	\$ 977,523	\$ (100,110)	111.41%	5.78%
2015	882,770	1,184,293	(301,523)	134.16%	1.37%
2016	906,083	1,286,412	(380,329)	141.98%	5.09%
2017	916,638	1,621,902	(705,264)	176.94%	12.90%
2018	1,333,776	1,539,115	(205,339)	115.40%	0.07%
2019	1,337,856	1,641,770	(303,914)	122.72%	13.46%
2020	1,412,728	1,798,405	(385,677)	127.30%	11.79%
2021	1,424,384	2,005,426	(581,042)	140.79%	13.64%
2022	1,934,652	1,760,231	174,421	90.98%	11.21%
2023	1,913,211	1,825,804	87,407	95.43%	9.15%
2024	1,929,000	1,892,526	36,474	98.11%	

	Actually Determined Contribution	Actual Contribution	Contribution Shortfall/(Excess)
2015	\$ 16,723	\$ 102,201	\$ (85,478)
2016		106,741	(106,741)
2017		222,893	(222,893)
2018		34,849	(34,849)
2019	34,849		34,849
2020	34,849	50,000	(15,151)
2021	34,849	50,000	(15,151)
2022	34,849	50,000	(28,151)
2023	63,501	63,000	501
2024	20,244	69,741	(49,497)
2025	28,608	71,741	(43,133)

See independent auditors' report.
The accompanying notes on pages 10 to 27 are an
integral part of the financial statements.

**GALETON FIRE PROTECTION DISTRICT
HISTORICAL INFORMATION
VOLUNTEER FIREFIGHTERS PENSION PLAN
DECEMBER 31, 2025**

* These schedules are to be built prospectively until they contain ten years of data.

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Change in Net Pension Liability:										
Total Pension Liability:										
Service Cost	\$ 9,767	\$ 9,767	\$ 18,537	\$ 18,356	\$ 18,356	\$ 18,356	\$ 12,175	\$ 12,175	\$ 9,848	\$ 9,848
Interest	128,504	130,208	95,232	90,742	90,742	90,394	64,764	65,918	64,162	63,659
Change in Benefit Terms	-	-	627,849	-	-	-	727,723	-	-	-
Difference Between Actual and Expected Experience	(116,656)	-	(96,560)	68,644	68,644	-	(317,684)	-	(14,074)	-
Change in Assumptions	161,484	-	13,800	-	-	-	50,535	-	28,777	-
Benefit Payments	(167,310)	(161,416)	(148,590)	(102,870)	(102,870)	(104,670)	(120,375)	(67,538)	(65,400)	(68,150)
Net Change in Total Pension Liability	15,789	(21,441)	510,268	74,872	74,872	4,080	417,138	10,555	23,313	5,357
Total Pension Liability - Beginning	1,913,211	1,934,652	1,424,384	1,412,728	1,337,856	1,333,776	916,638	906,083	882,770	877,413
Total Pension Liability - Ending	\$ 1,929,000	\$ 1,913,211	\$ 1,934,652	\$ 1,424,384	\$ 1,412,728	\$ 1,337,856	\$ 1,333,776	\$ 916,638	\$ 906,083	\$ 882,770
Plan Fiduciary Net Position:										
Contributions - Employer	\$ 63,000	\$ 63,000	\$ 63,000	\$ 63,000	\$ 50,000	\$ -	\$ 34,849	\$ 216,152	\$ 100,000	\$ 257,147
Net Investment Income	170,118	163,546	(160,463)	260,304	207,366	214,133	1,161	187,523	62,914	14,857
Benefit Payments	(167,310)	(161,416)	(148,590)	(102,870)	(102,870)	(104,670)	(120,375)	(67,538)	(65,400)	(68,150)
Administrative Expenses	(5,827)	(6,298)	(5,883)	(7,154)	(4,602)	(6,808)	(5,163)	(7,388)	(2,136)	(3,825)
State of Colorado supplemental discretionary payment	6,741	6,741	6,741	6,741	6,741	-	6,741	6,741	6,741	6,741
Net Change in Plan Fiduciary Net Position	66,722	65,573	(245,195)	220,021	156,635	102,655	(82,787)	335,490	102,119	206,770
Plan Fiduciary Net Position - Beginning	1,838,804	1,773,231	2,018,426	1,798,405	1,641,770	1,539,115	1,621,902	1,286,412	1,184,293	977,523
Plan Fiduciary Net Position - Ending	1,892,526	1,838,804	1,773,231	2,018,426	1,798,405	1,641,770	1,539,115	1,621,902	1,286,412	1,184,293
Net Pension Liability/(Asset) - Ending	\$ 36,474	\$ 74,407	\$ 161,421	\$ (594,042)	\$ (385,677)	\$ (303,914)	\$ (205,339)	\$ (705,264)	\$ (380,329)	\$ (301,523)
Plan Fiduciary Net Position as a % of Total Pension Liability	98.11%	96.11%	91.66%	141.71%	127.30%	122.72%	115.40%	176.94%	141.98%	134.16%

See independent auditors' report.

The accompanying notes on pages 10 to 27 are an integral part of the financial statements.

**GALETON FIRE PROTECTION
DISTRICT HISTORICAL
INFORMATION
FPPA DEFINED BENEFIT PENSION
PLAN DECEMBER 31, 2025**

Year	Employers Portion of Net Pension Liability (Asset)	Proportion of Share of Net Pension Liability (Asset)	Employer's Covered Payroll	Net Pension Liability as a % of Covered Payroll	Plan Fiduciary as a % of Pension Liability
2019	0.02%	\$ 22,934	\$ 152,997	14.99%	95.20%
2020	0.02%	(12,204)	234,525	-5.20%	101.90%
2021	0.03%	(62,643)	277,867	-22.54%	106.70%
2022	0.03%	(185,262)	312,812	-59.22%	116.20%
2024	0.04%	(194,020)	334,793	-57.95%	97.60%
2025	0.04%	(196,329)	382,112	-51.38%	94.35%

Year	Required Employer Contributions	Contributions in relation to required	Contribution shortfall/excess	Employer's Covered Payroll	Contributions as a % of Covered Payroll
2019	\$ 12,240	\$ 12,240	\$	\$ 152,997	8.00%
2020	18,762	18,762		234,525	8.00%
2021	23,619	23,619		277,867	8.50%
2022	26,589	26,589		312,812	8.50%
2024	28,457	28,457		334,793	8.50%
2025	29,457	37,191		382,112	8.50%

* These schedules are to be built prospectively until they contain ten years of data.

See independent auditors' report.
The accompanying notes on pages 10 to 27
are an integral part of the financial
statements.