HYGIENE FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2025

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Hygiene Fire Protection District

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Hygiene 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Hygiene Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter
As discussed in Note 8 to the financial statements, the 2024 financial statements have been restated to correct a material misstatement. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements
Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Hygiene Fire Protection 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 Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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, including omissions, 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 of 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 Hygiene Fire Protection 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 Hygiene Fire Protection 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 Schedule of Revenues, Expenditures and Changes in Fund balances – Budget and Actual, Schedule of Contributions – Multiyear, Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear, as listed in the table of contents, 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinions on the basic financial statements are not affected by this missing information.

Grimm + Associates LLC

August 19, 2026
Fort Collins, Colorado

Basic Financial Statements

Hygiene Fire Protection District
Statement of Net Position
December 31, 2025

Assets	
Current Assets	
Cash and cash equivalents - unrestricted	$ 1,290,690
Due from County Treasurer	5,629
Accounts receivable	87,994
Prepaid expenses	51,600
Property taxes receivable	2,094,344
Total Current Assets	3,530,257
Noncurrent Assets	
Net pension asset - Volunteer	437,392
Capital assets	
Nondepreciable	396,557
Depreciable	3,322,984
Less: Accumulated depreciation	(1,785,498)
Net Capital Assets	1,934,043
Total Noncurrent Assets	2,371,435
Total Assets	5,901,692
Deferred Outflows of Resources	
FPPA Volunteer Pension	69,402
Total Deferred Outflows of Resources	69,402
Liabilities	
Current Liabilities	
Accounts payable	23,131
Accrued wages	64,934
Other accrued liabilities	14
Accrued interest payable	7,125
Lease purchase payable - current portion	153,885
Total Current Liabilities	249,089
Long Term Liabilities	
Lease purchase payable	157,609
Total Long Term Liabilities	157,609
Total Liabilities	406,698
Deferred Inflows of Resources	
Deferred property taxes	2,094,344
FPPA Volunteer Pension	43,724
Total Deferred Inflows of Resources	2,138,068
Net Position	
Net investments in capital assets	1,622,549
Restricted for emergencies	47,120
Unrestricted	1,756,659
Total Net Position	$ 3,426,328

The accompanying notes are an integral part of these financial statements

Hygiene Fire Protection District
Statement of Activities
For the Year Ended December 31, 2025

		Program Revenues		Net (Expenses) Revenue and Changes in Net Position
Governmental Activities	Expenses	Charges for Service	Operating Grants and Contributions	Governmental Activities
Firefighting and rescue operations	$ 1,505,335	49,965	$ 92,870	$ (1,362,500)
Administration	118,462	-	-	(118,462)
Buildings and grounds	69,577	-	-	(69,577)
Total Governmental Activities	$ 1,693,374	$ 49,965	$ 92,870	(1,550,539)
	General Revenues			
	Property taxes			1,502,965
	Specific ownership taxes			67,715
	Earnings on investments			33,431
	Other			31,900
	Total Revenues			1,636,011
	Change in Net Position			85,472
	Net Position - Beginning of Year - Restated			3,340,856
	Net Position - End of Year			$ 3,426,328

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

Hygiene Fire Protection District
Balance Sheet
December 31, 2025

Assets		
Current Assets		
Cash and cash equivalents - unrestricted	$	1,290,690
Due from County Treasurer		5,629
Prepaid expenses		51,600
Accounts receivable		87,994
Property taxes receivable		2,094,344
Total Assets	$	3,530,257
Liabilities		
Current Liabilities		
Accounts payable	$	23,131
Accrued wages		64,934
Other accrued liabilities		14
Total Liabilities		88,079
Deferred Inflows of Resources		
Deferred property tax revenue		2,094,344
Total Deferred Inflows of Resources		2,094,344
Equity		
Fund Balance		
Restricted		47,120
Nonspendable		51,600
Unassigned		1,249,114
Total Fund Balance		1,347,834
Total Liabilities, Fund Balance and Deferred Inflows	$	3,530,257

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Amounts reported for governmental funds in the Statement of Net Position are different because:		
Total fund balance		1,347,834
Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the funds.		1,934,043
Accrued interest is recorded as a liability on the Statement of Net Position but is not reflected on the governmental fund Balance Sheet.		(7,125)
Lease purchase liabilities are not due and payable in the current period and therefore are not reported as liabilities on the fund financial statements.		(311,494)
Net pension liability, asset, and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements.		463,070
Total Net Position	$	3,426,328

Hygiene Fire Protection District
Statement of Revenue, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2025

Revenues	
Property taxes	$ 1,502,965
Specific ownership taxes	67,715
Earnings on investments	33,431
Charges for services	49,965
Contributions and grants	92,870
Other	31,900
Total Revenue	1,778,846
Expenditures	
Operations	
Firefighting and prevention	1,077,301
Administration	95,935
Buildings and grounds	58,399
County treasurer fees	22,527
Debt Service	
Principal	150,249
Interest	11,174
Capital outlay	246,557
Total Expenditures	1,662,142
Net Change in Fund Balance	116,704
Fund Balance, beginning of year - Restated	1,231,130
Fund Balance, end of year	$ 1,347,834
Total Change in Fund Balance Governmental Fund	$ 116,704
Depreciation expense reported in the Statement of Activities does not require the use of current financial resources therefore is excluded from the fund statements.	(189,620)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction has any effect on net position.	150,249
Accrued interest does not require the use of current financial resources and therefore is not reported in the fund financial statements.	(7,125)
Changes arising from the change in Net pension liability and the related deferred inflows and outflows	(231,293)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund statements.	-
Capital outlay to purchase or build capital assets is reported in governmental funds as an expenditure. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their useful lives.	246,557
Change in Net Position of Governmental Activities	$ 85,472

The accompanying notes are an integral part of these financial statements

Hygiene Fire Protection District
Notes to Financial Statements
December 31, 2025

<u>Note 1 Summary of Significant Accounting Policies</u>

Financial Reporting Entity

The Hygiene Fire Protection District was formed in 1960 to provide fire protection within its boundaries. In conformance with Governmental Accounting and Financial Reporting Standards, Hygiene Fire Protection District, (the "District"), is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District within the geographical area organized as the Hygiene Fire Protection District in Boulder County, CO. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent.

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. No other entities have been included in the District's financial statements.

Basis of Presentation

The District's basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements which provide a more detailed level of information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government and exclude the activity of funds that are fiduciary in nature.

The Statement of Net Position presents the financial position of the governmental activities at the end of the year. The Statement of Activities presents a comparison between program expenses and the program revenue for each program or function of the District's governmental activities. Program expenses are those that are specifically associated with a service, program or department; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

Fund Financial Statements

During the year the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting

The accounts of the District are organized on the basis of funds which are considered a separate accounting entity. Funds used by the District are described below.

General Fund –is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the District are included in the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet and only revenues that are available within 60 days are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance. The Statement of Revenues, Expenditures, and Changes in Fund Balance reports on the sources and uses of current financial resources. This approach differs from the manner in which the activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures, which is typically within sixty days of realization. The transactions are classified as operating revenues.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. These transactions are classified as non-operating revenues.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Note 1 Summary of Significant Accounting Policies (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Cash and cash equivalents- The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for doubtful accounts has been established since the District has the right to place a lien on the property to collect the balance due.

Assets and Liabilities

Capital assets –Capital assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is $5,000. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Estimated useful lives are as follows:

Description	Estimated Lives
Land	N/A
Buildings	50 years
Vehicles	8-25 years
Equipment	10-20 years

These assets are reported in the government-wide Statement of Net Position but are not reported in the fund financial statements.

Accrued Liabilities and Long-Term Obligation

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term debt obligations are not recognized as a liability on the governmental fund financial statements but instead are recorded when paid.

Compensated absences – The District does not have a paid time off policy and therefore does not have an accrual for compensated absences.

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63 Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65 Items Previously Reported as Assets and Liabilities (GASB 65). As a result in addition to assets, liabilities and net position, the statement of net position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Net Position

Equity is classified as net position and displayed in three components:

a. Net investments in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted Net Position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

c. Unrestricted Net Position – all other net position that do not meet the definition of "restricted" or "net investment in capital assets." These net position are available for future operations or distributions.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was $51,600 related to prepaid insurance and software costs as of December 31, 2025.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 5). A reservation of $47,120 of the General Fund balance has been made in compliance with this requirement.

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of $0 as of December 31, 2025.

Assigned – Includes all amounts that are constrained by the District's intent to be used for a specific purpose but are neither committed nor restricted. The assignment of these balances must occur through a formal action of the Board of Directors. As of December 31, 2025 District did not have an assigned fund balance.

Note 1 Summary of Significant Accounting Policies (Continued)

Unassigned- consists of the residual classification for the General Fund. This represents amounts that have not been assigned to other funds and that has not been restricted, committed, or assigned for specific purposes. 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.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year-end.
- Prior to January 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2025, the District's cash deposits had a carrying balance of $591,197 with corresponding bank balance of $661,875 of which $266,513 is federally insured. 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. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all uninsured public deposits as a group is to be uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District had $395,362 collateralized under PDPA as of December 31, 2025.

Note 2 Cash and Investments (Continued)

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

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

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

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy is in accordance with State statute. As of December 31, 2025, none of the District's bank deposits were exposed to custodial credit risk.

Interest Rate Risk

Colorado statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The District's investment portfolio does not contain investments that exceed that limitation of five years. The Board has adopted an investment policy that conforms to State statutes.

The District invests in the Colorado Surplus Asset Fund Trust (CSAFE), established for Colorado local governments surplus fund pooling. The pool is regulated by the Colorado Securities Commissioner. Pool investments consist of U.S. Treasury bills, notes and note strips, commercial paper allowed by state statute and repurchase agreements collateralized by U.S. Treasury securities and or instrumentalities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the specific pool. C-SAFE is a 2a7-like investment pool and is rated by Standard and Poor's, and Moody's with current ratings of AAA and Aaa. CSAFE is valued at amortized cost. There are no limitations on withdrawals. The redemption frequency is daily and there is no redemption notice period for. At December 31, 2025 the District had $699,493 invested in CSAFE.

Note 2 Cash and Investments (Continued)

A summary of cash and cash equivalents at December 31, 2025, is as follows:

Cash deposits	$ 591,197
CSAFE	699,493
Total cash and cash equivalents	$ 1,290,690

Note 3 Capital Assets

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Land	$ 150,000	$ -	$ -	$ 150,000
Construction in progress	-	246,557	-	246,557
Total Nondepreciable	150,000	246,557	-	396,557
Depreciable				
Buildings and improvements	473,426	-	-	473,426
Equipment	2,985,412	(135,854)	-	2,849,558
Total Depreciable	3,458,838	(135,854)	-	3,322,984
TOTAL	3,608,838	110,703	-	3,719,541
Less Accumulated Depreciation				
Buildings and improvements	(214,864)	(11,178)	-	(226,042)
Equipment	(1,516,868)	(178,442)	135,854	(1,559,456)
Total Accumulated Depreciation	(1,731,732)	(189,620)	135,854	(1,785,498)
Net Capital Assets	$ 1,877,106	$ (78,917)	$ 135,854	$ 1,934,043

Depreciation expense has been allocated to the various activities as follows:

Building and grounds	$ 11,178
Firefighting and rescue operations	178,442
Total depreciation charged to expense	$ 189,620

Note 4 Financed Purchase Agreement

On January 20, 2023 the District entered into a financed purchase agreement with Tax-Exempt Leasing Corp. in the amount of $751,677 at an interest rate of 2.42% and an expiration date of January 20, 2027. The terms of the agreement require annual payments of $161,423 due on January 20th of each year. The agreement is secured by a Pierce Enforcer fire engine with a net book value of $601,342. At the termination of the agreement the District will retain ownership to the apparatus. Future minimum payments are as follows:

Year	Principal	Interest	Total
2026	$ 153,885	$ 7,538	$ 161,423
2027	157,609	3,814	161,423
Total	$ 311,494	$ 11,352	$ 322,846

Note 4 Financed Purchase Agreement (Continued)

	Balance 12/31/2024	Additions	Payments	Balance 12/31/2025	Amount due within one year
2023 Financed Purchase	$ 461,743	$ -	$ (150,249)	$ 311,494	$ 153,885
Total	$ 461,743	$ -	$ (150,249)	$ 311,494	$ 153,885

Note 5 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. 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 reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. This District had an emergency reserve of $ 47,120 as of December 31, 2025.

Note 6 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District maintains commercial insurance to mitigate their risks of loss. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Note 7 Pension Plans

Volunteer Fireman's Pension Plan

The District has established an agent multiple-employer defined benefit pension plan for volunteer firefighters (the "Plan") as authorized by the State of Colorado statute. The Plan is administered by the FPPA. A lesser pension is available after 10 years of active service. Full retirement benefits for a member that has obtained 50 years of age and completed 20 years of service is $500 per month. Members that have between 10 and 20 years of service and obtained 50 years of age may obtain benefits of $25 per month per year of service. The plan provides retirement benefits for members and beneficiaries according to the plan documents. The annual financial report of FPPA may be obtained by contacting FPPA at 5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721. The plan consists of 29 retirees, 21 active members and 3 inactive non-retired member

The Plan receives contributions from the District in an amount not to exceed one-half of one mill property tax revenue. As established by the legislature, the State of Colorado contributes 90% of the District's contribution. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. For the year

Note 7 Pension Plans (Continued)

ended December 31, 2025, the District contributed $43,000. For the year ended December 31, 2024 the District contributed $42,874 and the State contributed $0, which was $31,863 more than the required contributions to the Plan.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2025, the Department reported an asset of $437,392 for its net pension liability (asset). The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. For the year ended December 31, 2024, the Department recognized pension expense of $231,293. At December 31, 2025, the Department 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**
Differences between actual and expected experience	$0	$43,724
Changes in assumptions	1,172	0
Net difference between actual and projected earnings on pension plan investments	25,230	0
Department contributions subsequent to the measurement date	43,000	0
Total	$ 69,402	$43,724

$43,000 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Deferred outflows / inflows of resources to be amortized are as follows:

Year Ending	Net Deferred Outflows / (Inflows) of Resources
2026	$ (2,518)
2027	24,765
2028	(30,282)
2029	(9,287)
2030	-
Thereafter	-
Total	$ (17,322)

Actuarial assumptions. The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	N/A
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

Note 7 Pension Plans (Continued)

On-duty related mortality is assumed to be 0.00020 per year for all members. The actuarial assumptions used in the January 1, 2024 valuation were based on the results of an actuarial experience study for the period ending December 31, 2024. As a result of the 2024 actuarial experience study, the main actuarial factor changes were:

- Increased the withdrawal rates by 10%
- Reduced the normal investment return assumption from 7.5 percent to 7.0 percent.
- Removing the blue collar adjustment from the mortality tables being used and update the mortality projection scale from Scale BB to the ultimate rates of the MP-2018 projection scale.

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

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2024, are summarized in the above table.

Discount rate. The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

Sensitivity of the Department's proportionate share of the net pension liability to changes in the discount rate. The following presents the Department's net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the Department's net pension liability/(Asset) would be if it were calculated using a discount rate that is 1-percentagepoint lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

Note 7 Pension Plans (Continued)

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department's net pension liability/(asset)	$(286,724)	$(437,392)	$(563,349)

* *The long-term rate of return used was 7.00 percent. The municipal bond rate used was 4.08 percent. The single discount rate for the plans was 7.00 percent.*

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. *State of Colorado Fire and Police Pension Association – Defined Contribution Plan.* There were no contributions from plan members in any of the last three years.

Note 8 Restatement of Prior Year Financial Statements

The District has restated its net position to properly reflect accumulated depreciation and to reflect prepaid expenses and a bank account that is associated with the support of the volunteer members. Previously the District had overstated accumulated depreciation and had omitted the prepaid expense and the bank account from the statements. Had the information been properly presented assets would have been increased by $403,983 on the Statement of Net Position and $47,736 on the Balance Sheet and expenses would have been reduced by $47,736 on the Statement of Revenues and Expenditures and Changes in fund balance and $57,369 on the Statement of Activities for the year ended December 31, 2024. Additionally, expenses would have been reduced by $346,614 in years prior to December 31, 2024.

Statement of Net Position

	As Originally stated	Restated	Change
Assets and Deferred Outflows of Resources	$ 4,973,659	$ 5,377,642	$ 403,983
Liabilities and Deferred Inflows of Resources	2,036,786	2,036,786	-
Net Position	$ 2,936,873	$ 3,340,856	$ (403,983)

Balance Sheet

	As Originally stated	Restated	Change
Assets	$ 2,645,359	$ 2,693,095	$ 47,736
Liabilities and Deferred Inflows of Resources	1,461,965	1,461,965	-
Fund Balance	$ 1,183,394	$ 1,231,130	$ (47,736)

Required Supplementary Information

Hygiene Fire Protection District
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with final budget favorable (unfavorable)
Revenues			
Property taxes	$ 1,434,607	$ 1,502,965	$ 68,358
Specific ownership taxes	-	67,715	67,715
Earnings on investments	500	33,431	32,931
Charges for services	190,750	49,965	(140,785)
Contributions and grants	1,500,000	92,870	(1,407,130)
Other	31,900	31,900	-
Total Revenue	3,157,757	1,778,846	(1,378,911)
Expenditures			
Operations:			
Firefighting and prevention	1,325,780	1,077,301	248,479
Administration	440,906	95,935	344,971
Buildings and grounds	40,800	58,399	(17,599)
County treasurer fees	-	22,527	(22,527)
Debt Service			
Principal	150,249	150,249	-
Interest	11,174	11,174	-
Capital outlay	1,500,000	246,557	1,253,443
Total Expenditures	3,468,909	1,662,142	1,806,767
Change in Fund Balance - Budgetary Basis	$ (311,152)	116,704	$ 427,856
Fund Balance, beginning of year		1,231,130	
Fund Balance, end of year		$ 1,347,834	

The accompanying notes are an integral part of these financial statements

Hygiene Fire Protection District
Schedule of Contributions Multiyear
Last 10 Fiscal Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2015	$ -	$ 65,617	$ (65,617)	N/A	N/A
2016	$ -	$ 68,466	$ (68,466)	N/A	N/A
2017	$ -	$ 68,651	$ (68,651)	N/A	N/A
2018	$ -	$ 70,688	$ (70,688)	N/A	N/A
2019	$ -	$ 37,627	$ (37,627)	N/A	N/A
2020	$ -	$ 74,012	$ (74,012)	N/A	N/A
2021	$ -	$ 79,135	$ (79,135)	N/A	N/A
2022	$ -	$ 47,269	$ (47,269)	N/A	N/A
2023	$ -	$ 47,194	$ (47,194)	N/A	N/A
2024	$ 11,011	$ 42,874	$ (31,863)	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of Contributions

Valuation Date

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 2023 and 2024.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method		Entry Age Normal
Amortization Method		Level Dollar, Open*
Remaining Amortization Period		20 Years*
Asset Valuation Method		5-Year smoothed market
Inflation		2.50%
Salary Increases		N/A
Rate of Return		7.00%
Retirement Age		50% per year of eligibility until 100% at age 65
Mortality	**Pre-retirement**	2006 central rates from the RP- 2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality
	Post-retirement	2006 central rates from the RP- 2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales and then projected prospectively using the ultimate rates of the scale for all years.
	Disabled	2006 central rates from the RP- 2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales and then projected prospectively using the ultimate rates of the scale for all years.

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

Hygiene Fire Protection District
Required Supplementary Information
Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear
Last 10 Fiscal Years

Measurement date December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 21,979	$ 21,979	$ 17,248	$ 17,248	$ 13,604	$ 13,604	$ 14,648	$ 14,648	$ 11,988	$ 11,988
Interest	80,994	81,643	82,122	82,361	59,251	59,574	64,397	63,242	61,198	60,458
Changes of benefit terms	301,544	-	-	-	291,632	-	-	-	-	-
Differences between expected and actual experience	(56,740)	-	(17,299)	-	62,644	-	(60,043)	-	(7,922)	-
Changes of assumptions	-	-	11,351	-	-	-	34,851	-	23,316	-
Benefit payments, including refunds of employee contributions	(123,050)	(103,080)	(102,093)	(103,946)	(93,766)	(62,363)	(59,441)	(65,430)	(59,940)	(65,132)
Net Change in Total Pension Liability	224,727	542	(8,671)	(4,337)	333,365	10,815	(5,588)	12,460	28,640	7,314
Total Pension Liability -Beginning	1,206,741	1,206,199	1,214,870	1,219,207	885,842	875,027	880,615	868,155	839,515	832,201
Total Pension Liability - Ending	1,431,468	1,206,741	1,206,199	1,214,870	1,219,207	885,842	875,027	880,615	868,155	839,515
Plan Fiduciary Net Position										
Contributions - Employer	42,874	42,874	42,949	40,951	40,951	37,627	36,734	35,463	36,670	32,163
Net investment income	168,794	160,317	(154,730)	252,147	197,891	196,031	329	175,459	61,312	20,351
Benefit payments, including refunds of employee contributions	(123,050)	(103,080)	(102,093)	(103,946)	(93,766)	(62,363)	(59,441)	(65,430)	(59,940)	(65,132)
Administrative expense	(13,957)	(18,549)	(13,470)	(10,416)	(8,735)	(13,837)	(13,336)	(11,061)	(2,093)	(2,854)
State of Colorado supplemental discretionary payments	-	4,320	4,320	38,184	33,061	-	31,917	33,003	28,947	28,959
Net Change in Plan Fiduciary Net Positions	74,661	85,882	(223,024)	216,920	169,402	157,458	(3,797)	167,434	64,896	13,487
Plan Fiduciary Net Position - Beginning	1,794,199	1,708,317	1,931,341	1,714,421	1,545,019	1,387,561	1,391,358	1,223,924	1,159,028	1,145,541
Plan Fiduciary Net Position - Ending	1,868,860	1,794,199	1,708,317	1,931,341	1,714,421	1,545,019	1,387,561	1,391,358	1,223,924	1,159,028
Net Pension liability - Ending	(437,392)	(587,458)	(502,118)	(716,471)	(495,214)	(659,177)	(512,534)	(510,743)	(355,769)	(319,513)
Plan fiduciary net position as a percentage of the total pension liability	130.56%	148.68%	141.63%	158.98%	140.62%	174.41%	158.57%	158.00%	140.98%	138.06%
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 the accompanying Independent Auditor's Report