Los Pinos Fire Protection District

Financial Statements

December 31, 2025

Los Pinos Fire Protection District

Financial Statements
For the Year Ended December 31, 2025

Table of Contents

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Los Pinos Fire Protection District
Ignacio, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities and the General Fund of the Los Pinos Fire Protection District (the "District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District, as of December 31, 2025 and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of 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

The District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with U.S. GAAS, we:

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

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

Required Supplementary Information

U.S. GAAP require that the Management's Discussion and Analysis in section B, Schedule of the District's Proportionate Share of the Net Pension Liability (Asset), and the Schedule of District Pension Contributions in Section E, 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 section B in accordance with U.S. GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Required Supplementary Information (continued)

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
June 29, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Los Pinos Fire Protection District

Management's Discussion and Analysis

As management of Los Pinos Fire Protection District (the "District"), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025.

Financial Highlights

- The assets and deferred outflows of the District exceeded its liabilities and deferred inflows of resources by $13,389,015 at the close of the most recent fiscal year end. The unrestricted net position, which represents the amounts available to meet the District's ongoing obligations to citizens and creditors, was $6,968,253.
- For the year ended December 31, 2025, the District's total net position decreased by $62,535.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,817,553 or 128.6% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of two components: Government-wide financial statements and Notes to the Financial Statements.

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

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

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

The governmental activity of the District is fire protection and public safety services. There are currently no business-type activities of the District.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated 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 currently has one fund, the General Fund, which is a governmental 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 spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Overview of the Financial Statements (continued)

Governmental funds (continued)

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions.

The District adopts an annual appropriated budget for all its funds. The basic governmental fund financial statements can be found in Section C of this report.

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 section D of this report.

Other Information: The budgetary schedules found in Sections E and F provide a detailed comparison of the District's actual revenues and expenditures to actual amounts

Government-wide Financial Analysis

Los Pinos Fire Protection District's Net Position

	2025	2024
Assets:		
Current and other assets	9,111,474	9,062,513
Capital assets	6,264,562	6,682,003
Total Assets	15,376,036	15,744,516
Deferred outflows of Resources:		
Pension related deferred outflows	857,729	937,132
Liabilities:		
Current liabilities	153,029	172,986
Long-term liabilities	412,647	227,480
Total Liabilities	565,676	400,466
Deferred Inflows of Resources:		
Unavailable revenue - Property taxes	2,234,692	2,814,434
Pension related deferred inflows	44,382	15,198
Total Deferred Inflows of Resources	2,279,074	2,829,632
Net Position:		
Net investment in capital assets	6,264,562	6,682,003
Restricted	156,200	147,100
Unrestricted	6,968,253	6,622,447
Total Net Position	13,389,015	13,451,550

Capital assets account for 40.74% of the total assets. The District will use these assets to provide services to its citizens. Accordingly, these assets are not an available source for payment of future spending. Of the remaining net position, 3% of the governmental activities annual budget is restricted for use in the event of an emergency.

Government-wide Financial Analysis (continued)

Approximately 46.79% of the District's net position reflects its net investment in capital assets, which includes buildings, equipment, land, and vehicles. The decrease in the District's net investment in capital assets is due to current year depreciation expense exceeding capital asset additions.

Los Pinos Fire Protection District's Change in Net Position

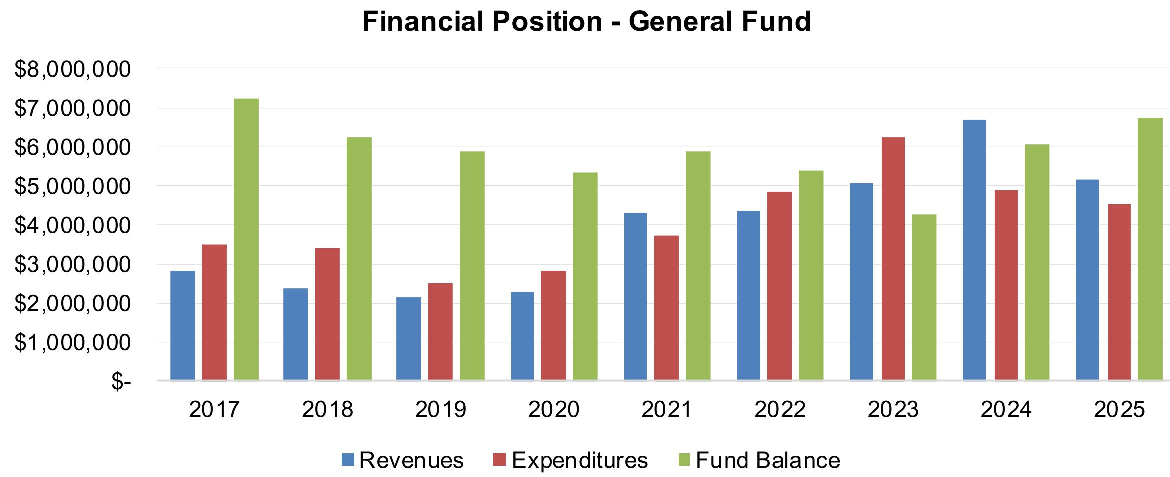
Revenues:	**2025**	**2024**
Program revenues:		
Charges for services	550,929	950,628
Operating grants and contributions	1,322,155	1,216,393
General revenues:		
Property taxes	2,767,359	3,947,882
Delinquent taxes and interest	2,581	27
Specific ownership taxes	264,295	349,082
Earnings on investments	256,528	233,585
Gain on sale of capital assets	-	4,600
Total Revenues	5,163,847	6,702,197
Expenses:		
Public safety	5,226,382	4,947,361
Total Expenses	5,226,382	4,947,361
Change in Net Position	(62,535)	1,754,836
Net Position - Beginning	13,451,550	11,696,714
Net Position - Ending	13,389,015	13,451,550

Property taxes make up the largest source of revenue for the District (53.6% for 2025). Overall, revenue decreased $1,538,350, or 23.0% from 2024. The largest contributor was a $1,163,570 decrease in property tax revenue. The District receives property taxes from both Archuleta and La Plata Counties. The decrease in property tax revenue was largely due to a 27.5% decrease in the assessed valuation of the taxable properties within the District, which was a combination of declining natural resource production, expiring state property tax relief, and shifting assessment formulas mandated by the Colorado State Legislature.

The District relies on reimbursements and grants from other governmental agencies to support wildland and EMS operations. These agreements accounted for 26.2% of the District's 2025 revenue.

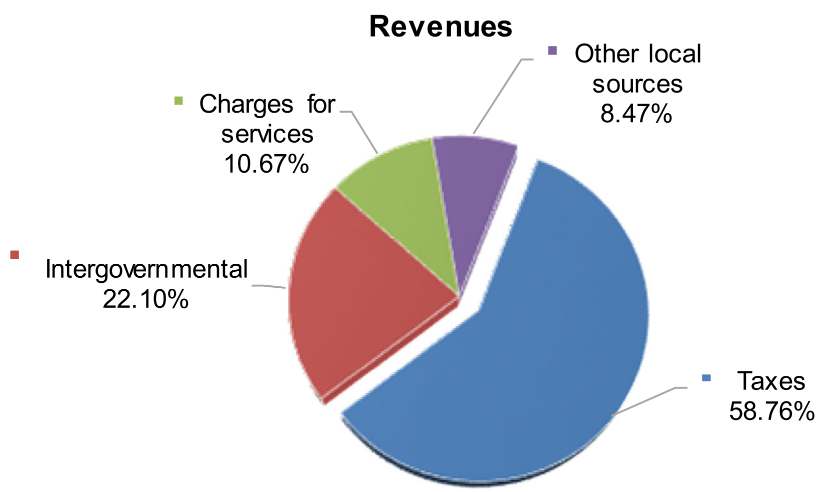
Financial Analysis of the District's Funds

As mentioned earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District had the following changes in its General Fund for the years 2017 through 2025:



The District's General Fund had a change in fund balance of $648,660 during the year, and reported an ending fund balance of $6,723,753.

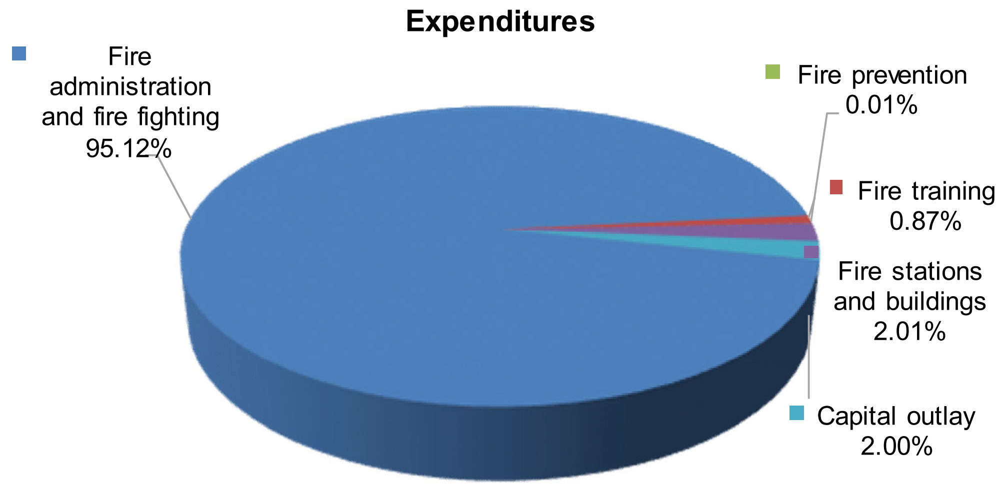
The following chart represents the District's revenues for 2025:



Revenues decreased $1,538,350 from 2024. As mentioned above, this was due to various factors that decreased the District's assessed valuation of taxable properties within the District.

Financial Analysis of the District's Funds

The following chart represents the District's expenditures for 2025:



The largest expenditure the District incurs are personnel costs (salaries, wages, taxes, retirement contributions, and related benefits). These expenditures made up 78.7% of 2025 expenditures, compared to 72.6% in 2024. Personnel costs as a whole increased 8.7% from the prior year, due to more wildland deployments.

Expenditures overall decreased $379,878 from 2024. The District spent approximately $418k less on capital outlay in 2025 than it did in 2024, which was partially due to not completing some projects that were initially planned for in the 2025 budget.

Budget variances in the General Fund: The District reported the following significant budget variances for 2025:

	Final Budget	Actual	Variance From Final Budget	Reason
Revenues:				
Intergovernmental:				
Wildland fire	225,000	1,058,991	833,991	The District budgets this revenue conservatively because wildland seasons are unpredictable.
Charges for services:				
Patient fees	550,000	701,162	151,162	Patient fees are budgeted net of anticipated insurance adjustments.
Insurance adjustments	-	(372,489)	(372,489)	Insurance adjustments are budgeted as part of a net figure in patient fees.
Bad debts	(250,000)	(34,515)	215,485	Conservatively budgeted.
Colorado EMS Supplemental Payment	-	256,771	256,771	Funds are subject to eligibility requirements and are reimbursement based, so the District does not budget.
Other local sources:				
Investment earnings	50,000	256,528	206,528	Conservatively budgeted.

Budget variances in the General Fund (continued)

	Final Budget	Actual	Variance From Final Budget	Reason
Expenditures:				
Fire administration and fire fighting:				
Supplies and repairs	250,000	198,731	(51,269)	Budget is based on anticipated need to remain conservative.
Miscellaneous	182,000	30,835	(151,165)	$100k contingency unused.
Capital outlay	165,000	90,374	(74,626)	Did not purchase/complete all capital originally planned for.

Capital Assets

The District's had a net investment in capital of assets of $6,264,562 at the end of 2025. Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in section D of this report.

Next Year's Budget and Rates

The District reported a General Fund Balance of $6,723,753 at the end of the current fiscal year. The District's 2026 budget anticipates decreasing the ending fund balance to $5,559,190.

Request for Information

The financial report is designed to provide a general overview of the District's finances for all those interested in the government's finances. Questions concerning any of the information provided in the report or additional financial information should be addressed to: Los Pinos Fire Protection District, PO Box 319, Ignacio, CO 81137.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Los Pinos Fire Protection District
Statement of Net Position
December 31, 2025

	Governmental Activities
Assets:	
Cash	3,088,073
Investments	3,018,682
Receivables:	
Due from County Treasurer	18,225
Property taxes receivable	2,234,692
Patient receivables, net	64,075
Intergovernmental	687,727
Capital assets, not being depreciated	501,567
Capital assets, being depreciated, net	5,762,995
Total Assets	15,376,036
Deferred Outflows of Resources:	
Pension related deferred outflows	857,729
Total Deferred Outflows of Resources	857,729
Liabilities:	
Accounts payable	43,529
Accrued payroll	109,500
Long-term liabilities:	
Due within one year:	
Accrued compensated absences	90,782
Due in more than one year:	
Accrued compensated absences	321,865
Total Liabilities	565,676
Deferred Inflows of Resources:	
Unavailable property tax revenues	2,234,692
Pension related deferred inflows	44,382
Total Deferred Inflows of Resources	2,279,074
Net Position	
Net investment in capital assets	6,264,562
Restricted for emergencies	156,200
Unrestricted	6,968,253
Total Net Position	13,389,015

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

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Position
Functions / Program Activities	**Expense**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Governmental activities:					
Administration	5,226,382	550,929	1,322,155	-	(3,353,298)
Total governmental activities	5,226,382	550,929	1,322,155	-	(3,353,298)

General Revenues:	
Property taxes	2,767,359
Delinquent taxes and interest	2,581
Specific ownership taxes	264,295
Earnings on investments	256,528
Total General Revenues	3,290,763
Change in Net Position	(62,535)
Net Position - Beginning	13,451,550
Net Position - Ending	13,389,015

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

FUND FINANCIAL STATEMENTS

Los Pinos Fire Protection District
Balance Sheet - Governmental Funds
December 31, 2025

	General Fund
Assets:	
Cash	3,088,073
Investments	3,018,682
Receivables:	
Due from County Treasurer	18,225
Property taxes receivable	2,234,692
Patient receivables, net	64,075
Intergovernmental	687,727
Total Assets	9,111,474
Liabilities:	
Accounts payable	43,529
Accrued payroll	109,500
Total Liabilities	153,029
Deferred Inflows of Resources:	
Unavailable property tax revenues	2,234,692
Total Deferred Inflows of Resources	2,234,692
Fund Balances	
Restricted for emergencies	156,200
Assigned for operating carryover	750,000
Unassigned	5,817,553
Total Fund Balance	6,723,753
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	9,111,474

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

Los Pinos Fire Protection District
Reconciliation of the Governmental Funds
Balance Sheet with the Government-wide Statement of Net Position
December 31, 2025

Governmental Funds Total Fund Balance		6,723,753
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental fund financial statements.		
Capital assets	13,228,486	
Accumulated depreciation	(6,963,924)	
		6,264,562
Differences between expected and actual experiences, assumption changes and net differences between projected and actual earnings and contributions subsequent to the measurement date for postretirement benefits (pension) are recognized as deferred outflows and inflows of resources on the Statement of Net Position.		
Deferred outflows related to pensions	857,729	
Deferred inflows related to pensions	(44,382)	
		813,347
Long-term liabilities that are not due and payable in the current period, and therefore, are not reported in the funds.		
Compensated absences		(412,647)
Total Net Position - Governmental Activities		13,389,015

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

Los Pinos Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Fiscal Year Ended December 31, 2025

	General Fund
Revenues:	
Taxes	3,034,235
Intergovernmental	1,141,373
Charges for services	550,929
Other local sources	437,310
Total Revenues	5,163,847
Expenditures:	
Current:	
Public safety:	
Fire administration and fire fighting	4,302,555
Fire training	39,198
Fire prevention	579
Fire stations and buildings	90,731
Capital outlay	90,374
Total Expenditures	4,523,437
Excess (Deficiency) of Revenues Over Expenditures	640,410
Other Financing Sources:	
Sale of general capital assets	8,250
Total Other Financing Sources	8,250
Net Change in Fund Balance	648,660
Fund Balance - Beginning	6,075,093
Fund Balance - Ending	6,723,753

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

Los Pinos Fire Protection District
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balance - governmental funds		648,660
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation expense in the current period.		
Capital outlays	89,959	
Depreciation expense	(437,400)	
		(347,441)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to increase net position.		
Sale of capital assets		(70,000)
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 the governmental funds.		
Compensated absences	(185,167)	
Changes in pension liabilities and deferred outflows and inflows of resources	(108,587)	(293,754)
Change in Net Position - Governmental Activities		(62,535)

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The Los Pinos Fire Protection District (the “District”) was formed in 1985 for the purpose of providing fire protection and emergency services for the Town of Ignacio and areas of the Southern Ute Indian Tribe Reservation. The District has an elected governing board and levies taxes on the property within the District for operations and debt service.

The District’s financial statements are prepared in accordance with generally accepted accounting principles (“GAAP”). The Governmental Accounting Standards Board (“GASB”) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

Financial Reporting Entity

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

Based on these criteria, there are no other entities that are considered component units of the District.

Basis of Presentation

The District’s basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District’s major funds). Government-wide financial statements report information on all the activities of the District. Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The District only reports governmental activities as a result of it’s General Fund.

The statement of activities reports both the gross and net cost of each of the District’s governmental. The governmental functions are also supported by general government revenues (property taxes, specific ownership taxes, investment earnings, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants.

Program revenues must be directly associated with the governmental function. Operating grants include operating-specific and discretionary (either operating or capital) grants while the capital grants column reflects capital-specific grants.

The government-wide focus is on the sustainability of the District as an entity and the change in the District’s net position resulting from the current year’s operations.

Fund Financial Statements

The financial transactions of the District are reported in individual fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise assets, liabilities, fund equity, revenues, and expenditures/expenses.

1. Summary of Significant Accounting Policies (continued)

Fund Financial Statements (continued)

The fund focus is on current available resources and budget compliance.

The District reports the following major governmental fund:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred.

The exception to this general rule is that principal and interest on general long-term debt and compensated absences are recorded only when payment is due. Property taxes, intergovernmental revenues, charges for services, other taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Expenditure-driven grants are recognized as revenue when qualified expenditures have been incurred and all other grant requirements have been met. All other revenues items are considered to be measurable and available only when cash is received by the District**.**

Financial Statement Accounts

Cash and cash equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less. Investments are stated at net asset value. The change in fair value of investments is recognized as an increase or decrease in investment assets and investment income.

1. Summary of Significant Accounting Policies (continued)

<u>Financial Statement Accounts (continued)</u>

Cash and cash equivalents (continued)

The District is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial and concentration risk criteria in which local governments may invest, which include (with applicable minimum NRSRO credit rating restrictions):

- Obligations of the United States and certain U.S. agency securities
- General obligation and revenue bonds of U.S. local government entities (AA)
- Bankers' acceptance of certain banks (AA)
- Commercial paper and corporate bonds (A-1)
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds (AAAm)
- Certificates of deposit – non-negotiable
- Local government investment pools (AAAm)

Receivables

All property tax and other receivables are shown net of an allowance for uncollectible accounts.

Capital assets

Capital assets, which include buildings, equipment, and vehicles, are reported in the government-wide financial statements. The District defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets, assets received in a service concession arrangement, and donated works of art and similar items are recorded at acquisition value at the date of donation. Buildings, improvements, vehicles and equipment are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the governmentwide statement of activities.

Capital outlay for projects is capitalized as projects are constructed. Costs related to the construction of assets including engineering, legal, surveying, and landscaping that were incurred from the beginning of construction until the assets were substantially complete are capitalized. Interest is expensed as incurred.

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

Description	Estimated Useful Lives
Fire Stations	40 years
Fire Station Improvements	5 – 20 years
Vehicles	14 years
Fire Equipment (excluding Vehicles)	5 – 10 years
Office Equipment	6 – 25 years

1. Summary of Significant Accounting Policies (continued)

Financial Statement Accounts (continued)

Prepaid Items

Certain payments to vendors reflect costs applicable to future years and are reported as prepaid items, thus utilizing the consumption method.

Accrued Compensated Absences

The District allows its employees to accumulate various forms of paid time off:

- Vacation leave accrues on a biweekly basis at rates ranging from 3.08 hours to 9.23 hours per pay period for District staff. The accrual rate varies based on years of service and whether the employee is classified as full-time, part-time, or reserve. Vacation can be accrued up to a maximum of 480 hours and is paid out upon termination up to the maximum accrual.
- Full-time regular employees accrue vacation at rates ranging from 8.00 hours to 14.92 hours per pay period, with a maximum accrual of 480 hours. Vacation leave is paid out upon termination up to the maximum accrual.

All employees, except 40-hour exempt employees, accrue sick leave at a rate of 0.0334 hours of sick time per hour worked. For 40-hour exempt employees, sick leave accrual is calculated based on a 40-hour workweek using the same accrual rate. Accrued sick leave carries over year-to-year with no maximum accumulation limit. Upon separation from the District, 25% of accrued sick leave is paid out.

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports deferred inflows of resources for pension related amounts, along with property taxes levied for the next fiscal.

***Pension* – Statewide Retirement Plan**

The District contributes to the Statewide Retirement Plan ("SRP"), a cost-sharing multiple-employer defined benefit pension plans administered by the Fire and Police Pension Association of Colorado ("FPPA"). SRP consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SRP plan and additions to/deductions from the SRP plans fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

1. Summary of Significant Accounting Policies (continued)

Significant Accounting Policies

Estimates

The preparation of financial statements in conformity with US 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Credit Risk

Receivables in the District's General Fund are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

Restricted and Unrestricted Resources

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

2. Stewardship, Compliance, and Accountability

Budgetary Information

Budgets are adopted on a basis consistent with U.S. generally accepted accounting principles. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year end. In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

(1) For the 2025 budget, prior to August 25, the County Assessor sent to the District a certified assessed valuation of all taxable property within the District's boundaries.

(2) On or before October 15, 2024, the Director submitted to the District's Board of Trustees a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

(3) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of levy that will derive the necessary property taxes as computed in the proposed budget.

(4) After a required public hearing, the District adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year.

(5) After adoption of the budget resolution, the District may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

2. Stewardship, Compliance, and Accountability (continued)

Budgetary Information (continued)

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

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (“TABOR”), which has several limitations, including raising revenue, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

One of the requirements of TABOR is for emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue (excluding bonded debt service). The District has reserved a portion of its December 31, 2025 year end fund balance in the General Fund for emergencies as required under TABOR in the amount of $156,200, which is the approximate required reserve.

3. Detailed Notes On All the Funds

Deposits and Investments

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. 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 equal to 102% of the aggregate uninsured deposits.

At December 31, 2025, the District had deposits with financial institutions with a carrying amount of $6,045,607. The bank balances with the financial institutions were $6,046,557, of which $250,000 were covered by federal depository insurance.

Local Government Investment Pool – At December 31, 2025, the District had invested $3,018,682 in the Colorado Government Liquid Asset Trust (“COLOTRUST”). COLOTRUST is an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds for investment purposes, and is registered with the State Securities Commissioner. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions of each pooled investment.

The majority of securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian’s internal records identify investments owned by COLOTRUST. COLOTRUST’s investments consist of U.S. Treasury and U.S. agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. agency securities. These investments are not categorized because the underlying securities cannot be determined. Of the investments held in COLOTRUST at December 31, 2025, the District had invested in COLOTRUST EDGE, which operates similarly to money market funds and each share is equal in value to $1.

3. Detailed Notes On All the Funds (continued)

Deposits and Investments (continued)

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

Interest Rate Risk: The District limits its investments to savings accounts and investment pools where each share is equal to one dollar; thus, the District avoids interest rate risk.

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

	Standard & Poors Rating	Carrying Amounts	Investment Maturities: Less than 1 year	Investment Maturities: 1 to 5 Years
Cash and Cash Equivalents:				
Petty cash	Not rated	645	645	-
Bank deposits	Not rated	3,087,428	3,087,428	-
Investments:				
Investment pool	AAAf	3,018,682	3,018,682	-
Total Cash and Investments		**6,106,755**	**6,106,755**	**-**

The District measures and records its investments using fair value measurement guidelines established by GAAP. At December 31, 2025, the District had the following recurring fair value measurements:

Investments Measured at Net Asset Value	Total
Colotrust	3,018,682
Total	**3,018,682**

Accounts Receivable

At December 31, 2025 the District had the following accounts receivable balances:

Receivables:	
Due from County Treasurer	18,225
Property taxes receivable	2,234,692
Patient receivables	75,302
Intergovernmental	687,727
Gross receivables	3,015,946
Less: allowance for uncollectible accounts	(11,227)
Net receivables	3,004,719

3. Detailed Notes On All the Funds (continued)

Capital Assets

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets not being depreciated:				
Land	501,567	-	-	501,567
Construction in progress	438,844	-	(438,844)	-
Total capital assets not being depreciated	940,411	-	(438,844)	501,567
Capital assets being depreciated:				
Building	4,787,860	-	-	4,787,860
Equipment	7,373,322	528,803	(110,000)	7,792,125
Furniture and office equipment	38,159	-	-	38,159
Other improvements	108,775	-	-	108,775
Total capital assets being depreciated	12,308,116	528,803	(110,000)	12,726,919
Less accumulated depreciation for:				
Building	(1,763,939)	(119,852)	-	(1,883,791)
Equipment	(4,670,514)	(315,346)	40,000	(4,945,860)
Furniture and office equipment	(38,160)	-	-	(38,160)
Other improvements	(93,911)	(2,202)	-	(96,113)
Total accumulated depreciation	(6,566,524)	(437,400)	40,000	(6,963,924)
Total capital assets being depreciated, net	5,741,592	91,403	(70,000)	5,762,995
Total capital assets, net	**6,682,003**	**91,403**	**(508,844)**	**6,264,562**

Long-term Liabilities

Long-term liability activity for the year ended December 31, 2025, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Accrued compensated absences*	227,480	185,167		412,647	90,782
Net receivables	227,480	185,167	-	412,647	90,782

**the change in the accrued compensated absences liability is presented as a net change.*

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

Plan Description. The Statewide Retirement Plan (“SRP”) is a cost-sharing multiple-employer defined benefit pension plan. The SRP consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The SRP currently has 229 participating employer fire and police departments.

3. Detailed Notes On All the Funds (continued)

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

Plan Description. The Statewide Retirement Plan ("SRP") is a cost-sharing multiple-employer defined benefit pension plan. The SRP consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The SRP currently has 229 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the SRP, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

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

The SRP assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan ("DROP") assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent.

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

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

Description of Benefits. The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

3. Detailed Notes On All the Funds (continued)

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

Description of Benefits (continued)

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

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

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

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

Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

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

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the SRP beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22.0 percent.

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

3. Detailed Notes On All the Funds (continued)

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

Contributions (continued)

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11.00 percent.

The Hybrid Defined Benefit Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total combined member and employer contribution rate was 17.00 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2024 through June 30, 2025 is 14.56 percent. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 was 14.24 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions form the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer’s contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Net Pension (Asset)/Liability. At December 31, 2025, the District reported $0 for its proportionate share of the net pension (asset) / liability. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2024. The District proportion of the net pension liability was based on District contributions to the Plan for the calendar year 2024 relative to the total contributions of participating employers to the Plan.

At December 31, 2025, the District’s proportion was 0.1744%, as compared to 0.1661% at December 31, 2024.

3. Detailed Notes On All the Funds (continued)

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

Net Pension (Asset)/Liability (continued)

For the year ended December 31, 2025, the District recognized pension (revenues) expense of $292,123. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	419,062	13,108
Changes of assumptions or other inputs	149,979	-
Net difference between projected and actual earnings on pension plan investments	59,532	-
Changes in proportionate share of contributions	22,263	31,274
Contributions subsequent to measurement date	206,893	-
Total	**857,729**	**44,382**

Contributions subsequent to the measurement date of December 31, 2024, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the year ended December 31, 2025.

The following table presents the District's net amount of collected deferred inflows and outflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

Fiscal year ending December 31,	Amounts Recognized in Pension Expense
2026	171,566
2027	253,420
2028	18,083
2029	26,737
Thereafter	136,648
Total	**606,454**

3. Detailed Notes On All the Funds (continued)

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

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

	Total Pension Liability	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry age normal	Entry age normal
Amortization Method	N/A	Level % of payroll, open
Amortization Period	N/A	30 years
Long-term investment rate *	7.0%	7.0%
Projected Salary Increases	4.25% to 11.25%	4.25% to 11.25%
Cost of Living Adjustments	0%	0%
* includes inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used such as purchases of service credit and other benefits where actuarial factors are used.

3. Detailed Notes On All the Funds (continued)

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

Actuarial assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	33.0%	7.0%
Equity Long/Short	6.0%	6.2%
Private Markets	34.0%	8.8%
Fixed Income - Rates	7.0%	5.0%
Fixed Income - Credit	7.0%	6.5%
Absolute Return	9.0%	5.7%
Cash	4.0%	4.2%
Total	**100.0%**	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SRP fiduciary net position was projected to be available to make all the projected future benefit payments of current SRP members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

As of the measurement period ending December 31, 2024, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

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

3. Detailed Notes On All the Funds (continued)

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

Sensitivity of the District's Proportionate Share of the Net Pension Liability/(Asset) to Changes in the Discount Rate (continued)

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00 percent.

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the SRP's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the SRP's net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher*:*

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1% Increase (8.0%)
Proportionate share of the net pension (asset) liability	$ 851,018	$ -	$ -

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial reports found at http://fppaco.org.

3. Other Information

Section 457 Deferred Compensation Plan

The District offers all its employees a deferred compensation plan created in accordance with internal revenue code Section 457. Participants may defer up to the lesser of $23,500 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute a maximum of $31,000 due to a catch-up provision in the plan. The District is neither the trustee nor the administrator and has no liability under the plan. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen non-reimbursed emergency, without penalty. At this time, the District does not make a matching contribution to this plan.

Risk Management

The District is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The Authority has acquired commercial coverage for these risks. Claims, if any, are not expected to exceed the commercial insurance coverage. Settled claims, if any, have not exceeded this coverage in the past three years. There have been no significant reductions in insurance coverage.

REQUIRED SUPPLEMENTARY INFORMATION

Los Pinos Fire Protection District
Schedule of Revenues, Expenditures and Changes in
Fund Balance (Budget and Actual) - General Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget Over (Under)
Revenues:			
Taxes:			
Property taxes	2,814,434	2,767,359	(47,075)
Specific ownership taxes	200,000	264,295	64,295
Delinquent taxes and interest	-	2,581	2,581
Total - Taxes	3,014,434	3,034,235	19,801
Intergovernmental:			
Wildland fire	225,000	1,058,991	833,991
FEMA deployment	70,000	-	(70,000)
Contract services	12,500	12,500	-
Grants	-	69,882	69,882
Total - Intergovernmental	307,500	1,141,373	833,873
Charges for services:			
Patient fees	550,000	701,162	151,162
Insurance adjustments	-	(372,489)	(372,489)
Bad debts	(250,000)	(34,515)	215,485
Colorado EMS Supplemental Payment	-	256,771	256,771
Total - Charges for services	300,000	550,929	250,929
Other local sources:			
Investment earnings	50,000	256,528	206,528
Other income	120,000	180,782	60,782
Total - Other local sources	170,000	437,310	267,310
Total Revenues	3,791,934	5,163,847	1,371,913
Expenditures:			
Current:			
Public safety:			
Fire administration and fire fighting:			
Salaries and benefits	3,544,925	3,560,756	(15,831)
Office (supplies, dues and subscriptions)	83,000	65,374	17,626
Insurance	115,000	178,182	(63,182)
Purchased services	219,000	171,015	47,985
Supplies and repairs	250,000	198,731	51,269
Wildland fire fighting expense	125,000	97,662	27,338
Miscellaneous	182,000	30,835	151,165
Total - Fire administration and fire fighting	4,518,925	4,302,555	216,370
Fire training:			
Purchased services	52,000	39,198	12,802
Fire prevention:			
Purchased services	1,500	579	921
Fire stations and buildings:			
Purchased services	93,000	63,515	29,485
Supplies and repairs	75,000	27,216	47,784
Total - Fire stations and buildings	168,000	90,731	77,269
Capital outlay	165,000	90,374	74,626
Total Expenditures	4,905,425	4,523,437	381,988
Excess (Deficiency) of Revenues Over Expenditures	(1,113,491)	640,410	1,753,901
Other Financing Sources (Uses):			
Sale of general capital assets	-	8,250	8,250
Total Other Financing Sources (Uses)	-	8,250	8,250
Net Change in Fund Balance	(1,113,491)	648,660	1,762,151
Fund Balance - Beginning	4,418,306	6,075,093	1,656,787
Fund Balance - Ending	3,304,815	6,723,753	3,418,938

Los Pinos Fire Protection District
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)
Fire and Police Pension Association Statewide Retirement Plan
Last 10 years

For the measurement year ending December 31,	2024	2023	2022	2021	2020
District's proportionate share of the net pension liability/(asset)	0.1744%	0.1661%	0.1834%	0.2009%	0.1622%
District's proportion net pension liability/(asset)	-	-	162,824	(1,088,637)	(352,230)
District's covered payroll	1,835,360	1,701,947	1,596,278	1,562,529	1,362,363
District's proportionate share of the net pension liability/(asset) as a percentage of the total covered payroll	0.00%	0.00%	10.20%	-69.67%	-25.85%
Plan fiduciary net position as a percentage of the total pension liability	100.00%	100.00%	97.63%	116.16%	106.72%

For the measurement year ending December 31,	2019	2018	2017	2016	2015
District's proportionate share of the net pension liability/(asset)	0.1496%	0.1767%	0.2045%	0.2403%	0.2450%
District's proportion net pension liability/(asset)	(84,589)	223,449	(294,185)	86,832	(4,319)
District's covered payroll	1,062,575	1,176,425	1,244,088	1,229,863	1,140,225
District's proportionate share of the net pension liability/(asset) as a percentage of the total covered payroll	-7.96%	18.99%	-23.65%	7.06%	-0.38%
Plan fiduciary net position as a percentage of the total pension liability	101.94%	95.23%	106.34%	98.21%	100.10%

* The amounts presented for each fiscal year determined as of December 31 of the prior year

Los Pinos Fire Protection District
Schedule of District Pension Contributions
Fire and Police Pension Association Statewide Retirement Plan
Last 10 years

For the fiscal year ending December 31,	2025	2024	2023	2022	2021
Contractually required contribution	206,893	183,536	161,685	143,665	132,815
Contributions in relation to contractually required contribution	(206,893)	(183,536)	(161,685)	(143,665)	(132,815)
Contribution excess (deficiency)	-	-	-	-	-
District's covered payroll	1,970,413	1,835,360	1,701,947	1,596,278	1,562,529
Contributions as a percentage of covered payroll	10.5%	10.0%	9.5%	9.0%	8.5%

For the fiscal year ending December 31,	2020	2019	2018	2017	2016
Contractually required contribution	108,989	85,006	94,114	99,527	98,389
Contributions in relation to contractually required contribution	(108,989)	(85,006)	(94,114)	(99,527)	(98,389)
Contribution excess (deficiency)	-	-	-	-	-
District's covered payroll	1,362,363	1,062,575	1,176,425	1,244,088	1,229,863
Contributions as a percentage of covered payroll	8.0%	8.0%	8.0%	8.0%	8.0%

See the accompanying notes to the Required Supplementary Information.

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

A. Changes of assumptions or other inputs

1. Changes since January 1, 2024 actuarial valuation:

No changes during the years presented.

2. Changes since January 1, 2023 actuarial valuation:

- For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

3. Changes since January 1, 2022 actuarial valuation:

No changes during the years presented.

4. Changes since January 1, 2021 actuarial valuation:

No changes during the years presented.

5. Changes since January 1, 2020 actuarial valuation:

No changes during the years presented.

6. Changes since January 1, 2019 actuarial valuation:

No changes during the years presented.

7. Changes since January 1, 2018, actuarial valuation:

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

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

A. Changes of assumptions or other inputs (continued)

8. Changes since January 1, 2017 actuarial valuation:

No changes during the years presented.

9. Changes since January 1, 2016 actuarial valuation:

No changes during the years presented.

10. Changes since January 1, 2015 actuarial valuation:

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

B. Changes of benefit terms

No changes during the years presented.

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

No changes during the years presented.

II. Schedule of District Pension Contributions – FPPA Statewide Retirement Plan

A. Changes to assumptions or other inputs

No changes during the years presented above.

B. Changes of benefit terms

No changes during the years presented above.

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

No changes during the years presented above.