NEDERLAND FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

December 31, 2025

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FINANCIAL SECTION

JOHN CUTLER & ASSOCIATES

Board of Directors
Nederland Fire Protection District
Boulder County, Colorado

INDEPENDENT AUDITORS' REPORT

Report on the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (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 Nederland Fire Protection District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's 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 GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement 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 of 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required budgetary and pension information on pages 30-34 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 (GASB) 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 not presented the management's discussion and analysis that governmental 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 opinion is not affected by this missing information.

John Cutler & Associates, LLC

September 17, 2026

BASIC FINANCIAL STATEMENTS

NEDERLAND FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION
As of December 31, 2025

	Governmental Activities	
	2025	2024
ASSETS		
Cash	$ 1,211,902	$ 1,126,365
Receivables		
Property Taxes	1,711,163	1,719,443
Accounts	7,350	130,616
Net Pension Asset - Volunteer Pension	45,094	145,683
Capital Assets, not depreciated	7,000	7,000
Capital Assets, depreciated, net of accumulated depreciation	2,849,794	2,897,861
TOTAL ASSETS	5,832,303	6,026,968
DEFERRED OUTFLOWS OF RESOURCES		
Related to Volunteer Pension	68,991	100,987
Related to SRP Pension	278,715	308,199
TOTAL DEFERRED OUTFLOWS OF RESOURCES	347,706	409,186
LIABILITIES		
Accounts Payable	10,259	16,441
Accrued Expenses	6,037	5,320
Compensated Absences	93,303	56,731
Noncurrent Liabilities		
Due within One Year	48,372	391
Due in More Than One Year	821,464	869,836
TOTAL LIABILITIES	979,435	948,719
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	1,711,163	1,719,443
Related to Volunteer Pension	49,747	58,847
Related to SRP Pension	4,264	3,283
TOTAL DEFERRED INFLOWS OF RESOURCES	1,765,174	1,781,573
NET POSITION		
Net Investment in Capital Assets	2,808,422	2,904,470
Restricted for Emergencies	56,100	44,000
Unrestricted	570,878	757,392
TOTAL NET POSITION	$ 3,435,400	$ 3,705,862

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

NEDERLAND FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

FUNCTIONS/PROGRAMS	Expenses	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenues and Changes in Net Assets: Governmental Activities 2025	Governmental Activities 2024
PRIMARY GOVERNMENT					
Governmental Activities					
Fire Administration	$ 2,058,814	$ -	$ -	$ (2,058,814)	$ (1,402,986)
Fire Fighting and Prevention	395,944	255,916	-	(140,028)	(220,743)
Emergency Medical Services	31,498	-	-	(31,498)	(50,713)
Communications	5,078	-	-	(5,078)	(12,326)
Volunteer Support	100,235	-	-	(100,235)	(32,403)
Total Governmental Activities	$ 2,591,569	$ 255,916	$ -	(2,335,653)	(1,719,171)
GENERAL REVENUES					
Property Taxes				1,711,164	1,706,529
Specific Ownership Taxes				71,061	70,597
Interest				51,977	62,640
Wildland Fire Reimbursement				118,828	165,081
Other				112,161	70,498
TOTAL GENERAL REVENUES				2,065,191	2,075,345
CHANGE IN NET POSITION				(270,462)	356,174
NET POSITION, Beginning, as restated				3,705,862	3,349,688
NET POSITION, Ending				$ 3,435,400	$ 3,705,862

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

NEDERLAND FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
As of December 31, 2025

	GENERAL FUND	
	2025	2024
ASSETS		
Cash	$ 1,211,902	$ 1,126,365
Property Taxes Receivable	1,711,163	1,719,443
Accounts Receivable	7,350	130,616
TOTAL ASSETS	$ 2,930,415	$ 2,976,424
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE		
LIABILITIES		
Accounts Payable	$ 10,259	$ 16,441
Accrued Expenses	6,037	5,320
TOTAL LIABILITIES	16,296	21,761
DEFERRED INFLOWS OF RESOURCES		
Deferred Property Tax Revenue	1,711,163	1,719,443
FUND BALANCE		
Fund Balance		
Restricted for Emergencies	56,100	44,000
Unassigned	1,146,856	1,191,220
TOTAL FUND BALANCE	1,202,956	1,235,220
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE		
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	2,856,794	2,904,861
Long-term liabilities and related assets are not due and payable in the current period and are not reported in the funds. These include compensated absences of ($93,303) net pension asset of $45,094 deferred outflows related to pensions of $347,706, deferred inflows related to pensions of ($54,011) and leases payable ($869,836).	(624,350)	(434,219)
Net position of governmental activities	$ 3,435,400	$ 3,705,862

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

NEDERLAND FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
Year Ended December 31, 2025

	GENERAL FUND	
	2025	2024
REVENUES		
Taxes	$ 1,782,225	$ 1,777,126
Intergovernmental	225,916	15,567
Cistern Fees	30,000	2,500
Interest	51,977	62,640
Wildland Fire Reimbursement	118,828	165,081
Miscellaneous	112,161	70,498
TOTAL REVENUES	2,321,107	2,093,412
EXPENDITURES		
Current		
Fire Administration	1,257,667	1,085,324
Fire Fighting and Prevention	379,949	224,669
Emergency Medical Services	18,169	37,757
Communications	5,078	12,326
Volunteer Support	100,235	32,403
Capital Outlay	592,273	1,090,168
TOTAL EXPENDITURES	2,353,371	2,482,647
EXCESS OF REVENUES OVER EXPENDITURES	(32,264)	(389,235)
OTHER FINANCING SOURCES (USES)		
Lease Proceeds	-	870,227
TOTAL FINANCING SOURCES (USES)	-	870,227
NET CHANGE IN FUND BALANCES	(32,264)	480,992
FUND BALANCES, Beginning	1,235,220	754,228
FUND BALANCES, Ending	$ 1,202,956	$ 1,235,220

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

NEDERLAND FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2025

Amounts Reported for Governmental Activities in the Statement of Activities are Different Because:	
Net Changes in Fund Balances - Total Governmental Funds	$ (32,264)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount depreciation expense ($266,579), exceeded capital outlay $218,512 for the period.	(48,067)
Repayment of long-term debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the payment of debt $391 and change in compensated absences ($36,572).	(36,181)
Deferred Charges related to pension are not recognized in the governmental funds. However, for the government-wide statements that amount is capitalized and amortized.	(153,950)
Change in Net Position of Governmental Activities	$ (270,462)

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

The Nederland Fire Protection District was formed to provide fire protection and emergency medical services to the Town of Nederland and surrounding area within its boundaries. The District is governed by a five-member Board of Directors elected by the residents.

The accounting policies of the Nederland Fire Protection District (the "District") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

Reporting Entity

In accordance with governmental accounting standards, the Nederland Fire Protection 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. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of these criteria, the District does not include additional organizations in its reporting entity.

Government-Wide and Fund Financial Statements

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

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

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Government-Wide and Fund Financial Statements (Continued)

Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the current *financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes, specific ownership taxes, grants, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

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

In the fund financial statements, the District reports the following major governmental funds:

The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District, except those required to be accounted for in another fund.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Capital Assets

Capital assets, which include property and equipment, are reported in the governmental activities column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

Buildings	40 years
Machinery and Equipment	10 - 20 years
Vehicles	15 years

Long-Term Obligations

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

The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets includes the District's capital assets (net of accumulated depreciation) reduced by the outstanding balances of bonds that are attributable to the acquisition, construction, or improvement of those assets.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Net Position (Continued)

Restricted Net Position includes assets that have third-party (statutory, bond covenant, or granting agency) limitations on their use. The District typically uses restricted assets first, as appropriate opportunities arise, but reserves the right to selectively defer the use until a future project.

Unrestricted Net Position typically includes unrestricted liquid assets. The Board has the authority to revisit or alter this designation.

Fund Balance Classification

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The District has classified Emergency Reserves as being restricted because their use is restricted by State Statute for declared emergencies.

- Committed – This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The District did not have any committed resources as of December 31, 2025.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

- Unassigned – This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

The District would typically use restricted fund balances first, followed by Committed resources, and then Assigned resources, as appropriate opportunities arise, but reserves the right to selectively spend Unassigned resources.

Compensated Absences

Employees of the District are allowed to accumulate unused vacation and sick time. Upon termination of employment with the District, an employee is compensated for all accrued vacation time at the current rate of pay. Accrued sick time is paid at a rate of 50% upon retirement from the District at the employee's current rate of pay.

These compensated absences are recognized when due in the governmental funds types. A liability has been recorded in the government-wide financial statements for accrued compensated absences.

Deferred Outflows/Inflows of Resources

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

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

Property Taxes

Property taxes are levied on November 1 and attach as an enforceable lien on property on January 1. Taxes are payable in full on April 30 or in two installments on February 28 and June 15. The County Treasurer's office collects property taxes and remits to the District on a monthly basis.

NOTE 1: ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** (Continued)

Property Taxes (Continued)

Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred revenue are recorded at December 31. As the tax is collected in the succeeding year, the deferred revenue is recognized as revenue and the receivable is reduced.

Comparative Data

Comparative total data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented since its inclusion would make the financial statements unduly complex and difficult to read.

Data in these columns do not present financial position or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY***

Budgets and Budgetary Accounting

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

- In September, District Management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- District Management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the District on a basis consistent with generally accepted accounting principles (GAAP).

NOTE 2: ***STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY*** (Continued)

- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

NOTE 3: ***CASH DEPOSITS AND INVESTMENTS***

A summary of deposits and investments as of December 31, 2025 follows:

Cash Deposits	$ 223,681
Investments	988,221
Total	**$ 1,211,902**

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. At December 31, 2025, State regulatory commissioners have indicated that all financial institutions holding deposits for the District are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial credit risk for deposits.

At December 31, 2025, the District had deposits with financial institutions with a carrying amount of $223,681. The bank balances with the financial institutions were $233,239. All of the deposit balances with the financial institutions were covered by federal depository insurance.

NOTE 3: ***CASH DEPOSITS AND INVESTMENTS*** (Continued)

Investments

Interest Rate Risk

The District has a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk

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

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

The above investments are authorized for all funds and fund types used by Colorado local governments.

Fair Value

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant observable inputs. The District had no investments requiring categorization as of December 31, 2025.

Local Government Investment Pools

The District had invested $988,221 in the Colorado Government Liquid Asset Trust (ColoTrust) which has a credit rating of AAAm by Standard and Poor's. ColoTrust is an investment vehicle established for local government entities in Colorado to pool surplus funds and is regulated by the State Securities Commissioner. It operates similarly to a money market fund and each share is equal in value to $1.00. Investments consist of U.S. Treasury and U.S. Agency securities, and repurchase agreements collateralized by U.S. Treasury and U.S. Agency securities. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. Substantially all securities owned 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 entities.

NOTE 3: ***CASH DEPOSITS AND INVESTMENTS*** (Continued)

Local Government Investment Pools (Continued)

ColoTrust is not a 2a7-like external investment pool. The unit of account is each share held, and the value of the position would be the fair value of the pool's share price multiplied by the number of shares held. The government-investor does not "look through" the pool to report a pro rata share of the pool's investments, receivables, and payables.

NOTE 4: ***CAPITAL ASSETS***

Capital assets activity for the year ended December 31, 2025, is summarized below:

	Balances 12/31/24	Additions	Deletions	Balances 12/31/25
Governmental Activities				
Capital Assets, not depreciated				
Land	$ 7,000	$ -	$ -	$ 7,000
Capital Assets, depreciated				
Buildings	2,442,424	-	-	2,442,424
Infrastructure	129,838	-	-	129,838
Machinery and Equipment	893,011	33,230	-	926,241
Vehicles	2,628,970	185,282	105,387	2,708,865
Total Capital Assets, depreciated	6,094,243	218,512	105,387	6,207,368
Less Accumulated Depreciation				
Buildings	1,359,054	60,594	-	1,419,648
Infrastructure	79,667	4,328	-	83,995
Machinery and Equipment	576,004	49,971	-	625,975
Vehicles	1,181,657	151,686	105,387	1,227,956
Total Accumulated Depreciation	3,196,382	266,579	105,387	3,357,574
Total Capital Assets, depreciated, Net	2,897,861	(48,067)	-	2,849,794
Governmental Activities, Capital Assets, Net	**$ 2,904,861**	**$ (48,067)**	**$ -**	**$ 2,856,794**

Depreciation expense was charged to functions/programs of the District as follows:

Governmental Activities	
Fire Administration	$ 237,255
Fire Fighting and Prevention	15,995
Emergency Medical Services	13,329
Total	**$ 266,579**

NOTE 5: *LONG-TERM DEBT*

Following is a summary of long-term debt transactions for the governmental activities for the year ended December 31, 2025.

	Balance 12/31/2024	Additions	Payments	Balance 12/31/2025	Due In One Year
Leases	$ 870,227	$ -	$ 391	$ 869,836	$ 48,372
Compensated Absences	56,731	98,160	61,588	93,303	-
Totals	**$ 926,958**	**$ 98,160**	**$ 61,979**	**$ 963,139**	**$ 48,372**

Compensated Absences are being paid from resources generated by the General Fund.

Lease

On January 5, 2024, the District entered into a lease for the purchase of a Pumper Truck. The lease is secured by the vehicle financed, and, in the event that the District defaults on the lease, the title to the vehicle will transfer back to the Lessor. The lease requires 14 annual payments of $93,925 including principal and interest, at 5.24% through February 10, 2038.

Future Debt Service Requirements

Total annual debt service requirements for the equipment leases at December 31, 2025, are as follows.

Year Ended December 31,	Principal	Interest	Total
2026	$ 48,372	$ 45,553	$ 93,925
2027	50,905	43,020	93,925
2028	53,571	40,354	93,925
2029	56,376	37,549	93,925
2030	59,329	34,596	93,925
2031-2035	346,634	122,991	469,625
2036-2038	254,649	27,126	281,775
Total Debt Service Requirements	**$ 869,836**	**$ 351,189**	**$ 1,221,025**

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 disasters. The District maintains insurance through a commercial carrier for these risks of loss. No claims have exceeded insured amounts in the last three years.

NOTE 7: *COMMITMENTS AND CONTINGENCIES*

Claims and Judgments

The District participates in a number of federal, state, and local programs that are fully or partially funded by grants received from other governmental units. Expenses financed by grants are subject to audit by the appropriate grantor government. If expenses are disallowed due to noncompliance with grant program regulations, the District may be required to reimburse the grantor government. The District believes that disallowed expenses, if any, would not have a material effect on the overall financial position of the District.

TABOR Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the Amendment. The District has established an emergency reserve, representing 3% of fiscal year spending (excluding debt service), as required by the Amendment. At December 31, 2025, the emergency reserve of $56,100 was recorded as a restriction of fund balance in the General Fund.

NOTE 8: DEFINED BENEFIT PENSION PLANS

Volunteer Firefighters' Pension Plan

Summary of Significant Accounting Policies

The District has established the Volunteer Firefighters' Pension Plan (the "Volunteer Plan"), an agent multiple-employer defined benefit pension fund administered by the Colorado Fire & Police Pension Association ("FPPA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Volunteer Plan have been determined using the economic resources measurement focus and the accrual basis of accounting. 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.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

General Information about the Pension Plan

Plan Description. Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a monthly pension. Additionally, any firefighter that has reached the age of fifty with at least ten years of service will receive a pension benefit that is prorated for years of creditable volunteer service between 10 and 20 years. A firefighter who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity and extends beyond one year, shall be compensated in an amount determined by the Pension Board.

The Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute. FPPA issues an annual, publicly-available financial report that includes the assets of the Volunteer Plan. That report may be obtained on FPPA's website at http://www.fppaco.org.

Funding Policy. An actuary is used to determine the annual required contribution ("ARC") necessary to maintain the actuarial soundness of the Plan. Colorado law requires the State to make an annual contribution to the Plan. Because the District's monthly benefit amount is over $400, the State's annual contribution is calculated as the highest State contribution made between 1998 and 2001. The District makes an additional contribution to support the plan.

The actuarial study as of January 1, 2024, indicated that the current levels of contributions to the fund are adequate to support on an actuarially sound basis the prospective benefits for the present Plan.

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

At December 31, 2025 the District reported a net pension asset of $45,094. The net pension asset was measured as of December 31, 2024, and was determined by an actuarial valuation as of January 1, 2024. Standard update procedures were used to roll forward the total pension liability to December 31, 2025.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

For the year ended December 31, 2025 the District recognized pension expense of $128,485. 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
Difference between expected and actual experience	N/A	N/A
Net difference between projected and actual earnings on pension plan investments	$63,991	$49,747
Change in assumptions and other inputs	N/A	N/A
Contributions subsequent to the measurement date	$5,000	N/A
Total	$68,991	$49,747

$5,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2026	$7,345
2027	$22,032
2028	($9,961)
2029	($5,172)

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

Actuarial assumptions: Method, 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 fair value
Inflation	2.50%
Salary Increases:	N/A
Investment Rate of Return:	7.00%
Retirement Age:	50% per year of eligibility until 100% at age 65.
Mortality:	**Pre-retirement**: Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier for off-duty mortality. **Post-retirement**: Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale. **Disabled**: Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with the MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females

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

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.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Volunteer Firefighters' Pension Plan (Continued)

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

Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	4.00%	4.20%
Fixed Income – Rates	7.00%	5.00%
Fixed Income – Credit	7.00%	6.50%
Diversifiers	9.00%	5.70%
Equity Long/Short	6.00%	6.20%
Global Equity	33.00%	7.00%
Private Markets	34.00%	8.80%
Total	100.0%	

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Net pension liability	$59,504	($45,094)	($132,839)

FPPA System Description. The Fire & Police Pension Association administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only.

FPPA issues a publicly available comprehensive annual financial report that can be obtained at http://www.fppaco.org

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Retirement Plan

Plan Description

The Statewide Retirement Plan is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 230 participating employer fire and police departments.

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

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

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

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

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.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Retirement Plan (Continued)

Description of Benefits (Continued)

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

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit for the Defined Benefit Component is 2.0 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.

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

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

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

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

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

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Retirement Plan (Continued)

Contributions

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

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 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 plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

Members of the Social Security Component contribute 6.0 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 and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2024, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2024, the total minimum combined member and employer contribution rate was 17.00 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 January 1, 2024 through June 30, 2024 was 14.24 percent.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Retirement Plan (Continued)

Contributions (Continued)

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

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

At December 31, 2025 the District reported a net pension asset in the amount of $0 for its proportionate share of the SRP Plan net pension asset. The SRP Plan net pension asset was measured as of December 31, 2024, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2025. Standard update procedures were used to roll forward the total pension liability to December 31, 2025. The District's proportion of the SRP Plan net pension asset was based on the District's contributions to the SRP Plan for the calendar year 2024 relative to the total contributions of participating employers to the SRP Plan.

At December 31, 2025, the District's proportion was 0.05674%, which was an increase of 0.0209% from its proportion measured as of December 31, 2024.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Retirement Plan (Continued)

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

For the year ended December 31, 2025 the District recognized SRP pension expense of $95,465. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to SRP pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$136,335	$4,264
Net difference between projected and actual earnings on pension plan investments	19,368	N/A
Changes in proportion and differences between contributions recognized and proportionate share of contributions	8,679	N/A
Change in assumptions and other inputs	48,793	N/A
Contributions subsequent to the measurement date	65,000	N/A
Total	$278,715	$4,264

$65,000 reported as deferred outflows of resources related to SRP pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year December 31, 2025.

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

Year ended December 31	
2026	$59,051
2027	$85,680
2028	$9,118
2029	$11,934
2030	$22,286
Thereafter	$21,382

Actuarial assumptions. The actuarial valuations for the SWBP Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2024.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Retirement Plan (Continued)

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

The valuations used the following actuarial assumptions and other inputs:

Total Pension Liability:

Actuarial Valuation Date	January 1, 2025
Actuarial Method	Entry Age Normal
Amortization Method	N/A
Amortization Period	N/A
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.25 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

Actuarially Determined Contributions:

Actuarial Valuation Date	January 1, 2024
Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years
Long-term investment Rate of Return*	7.00 percent
Projected salary increases*	4.25 – 11.75 percent
Cost of Living Adjustments (COLA)	0.00 percent
*Includes Inflation at 2.5%	

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy 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 the 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.

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 2022 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 & Co., based upon their analysis of past experience and expectations of the future.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Retirement Plan (Continued)

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

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.

The long-term expected rate of return on SRP 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 SRP Plan's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	33.00%	7.00%
Equity Long/Short	6.00%	6.20%
Private Markets	34.00%	8.80%
Fixed Income – Rates	7.00%	5.00%
Fixed Income – Credit	7.00%	6.50%
Absolute Return	9.00%	5.70%
Cash	4.00%	4.20%
Total	100.00%	

The discount rate used to measure the total SRP 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 FPPA Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SRP 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 payment) to determine the total pension liability.

NOTE 8: DEFINED BENEFIT PENSION PLANS (Continued)

Statewide Retirement Plan (Continued)

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

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

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

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. Regarding the sensitivity of the net asset liability/(asset) to changes in the Single Discount Rate, the following presents the SRP Plan's net pension liability, calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability (asset)	$31138	-	-

Pension plan fiduciary net position. Detailed information about the SRP Plan's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at http://www.fppaco.org.

NOTE 9: PAID FIREFIGHTER PENSION PLAN

Statewide Money Purchase Pension Plan

Plan Description - Beginning in 2000, the District contributes to the Statewide Money Purchase Pension Plan (Plan), a cost-sharing multiple-employer defined contribution pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members through the Statewide Death and Disability Plan, which is also administered by FPPA. This is a non-contributory plan.

NOTE 9: PAID FIREFIGHTER PENSION PLAN (Continued)

Statewide Money Purchase Pension Plan (Continued)

All full time, paid firefighters of the District are members of the Plan and the Statewide Death and Disability Plan. The Plan was established by the State Legislature under Title 31, Article 30 of the Colorado Revised Statutes (CRS), as amended.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Plan and the Statewide Death and Disability Plan. That report may be obtained by contacting FPPA.

Funding Policy - The contribution requirements of plan members and the District are established and may be amended by the State legislature. Both the District and the employee contribute 8.0% of the employee's covered salary. The District contributions to the Plan for the year ending December 31, 2025, were $15,914 equal to the required contribution.

NOTE 10: *SUBSEQUENT EVENTS*

The District has evaluated subsequent events through the date which the financial statements were issued. It was determined that no events were required to be disclosed.

REQUIRED SUPPLEMENTAL INFORMATION

NEDERLAND FIRE PROTECTION DISTRICT

GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
Year Ended December 31, 2025

	2025			
	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)	2024 ACTUAL
REVENUES				
Property Taxes	$ 1,732,795	$ 1,711,164	$ (21,631)	$ 1,706,529
Specific Ownership Taxes	65,809	71,061	5,252	70,597
Grants and Donations	500	225,916	225,416	15,567
Cistern Fees	40,000	30,000	(10,000)	2,500
Interest	35,000	51,977	16,977	62,640
Wildland Fire Reimbursement	-	118,828	118,828	165,081
Miscellaneous	38,863	112,161	73,298	70,498
TOTAL REVENUES	1,912,967	2,321,107	408,140	2,093,412
EXPENDITURES				
Fire Administration				
Salaries and Benefits	1,371,732	1,053,927	317,805	751,808
Professional Fees	34,820	35,137	(317)	46,108
Insurance	59,766	53,116	6,650	68,246
Office Supplies and Expense	29,989	9,667	20,322	37,368
Building	32,000	17,797	14,203	10,875
Utlities	26,273	24,157	2,116	39,818
Other	3,000	38,267	(35,267)	107,672
Treasurer's Fees	25,000	25,599	(599)	23,429
Fire Fighting and Prevention				
Vehicle Maintenance and Supplies	38,500	34,339	4,161	43,920
Training	44,749	15,141	29,608	10,535
Equipment	63,140	168,238	(105,098)	53,487
WildfIre Expneses	-	162,231	(162,231)	97,629
Other	1,000	-	1,000	19,098
Emergency Medical Services				
Supplies	11,000	12,745	(1,745)	25,547
Other	14,500	5,424	9,076	12,210
Communications	6,000	5,078	922	12,326
Capital Outlay	654,201	592,273	61,928	1,090,168
Volunteer Support				
Awards and Incentives	31,000	30,779	221	25,170
Volunteers' Pension Contribution	65,000	65,000	-	5,000
Other	38,500	4,456	34,044	2,233
Reserves	12,348	-	12,348	-
TOTAL EXPENDITURES	2,562,518	2,353,371	209,147	2,482,647
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	(649,551)	(32,264)	617,287	(389,235)
OTHER FINANCING SOURCES				
Lease Proceeds	-	-	-	870,227
CHANGE IN FUND BALANCE	$ (649,551)	(32,264)	$ 617,287	480,992
FUND BALANCE, Beginning		1,235,220		754,228
FUND BALANCE, Ending		$ 1,202,956		$ 1,235,220

See the accompanying independent auditors' report.

NEDERLAND FIRE PROTECTION DISTRICT

SCHEDULE OF CONTRIBUTIONS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
December 31,

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2015	26,548	31,048	(4,500)	N/A	N/A
2016	26,540	31,040	(4,500)	N/A	N/A
2017	22,325	31,040	(8,715)	N/A	N/A
2018	8,226	32,621	(24,395)	N/A	N/A
2019	8,226	29,091	(20,865)	N/A	N/A
2020	11,512	37,867	(26,355)	N/A	N/A
2021	11,512	42,072	(30,560)	N/A	N/A
2022	-	9,500	(9,500)	N/A	N/A
2023	-	9,500	(9,500)	N/A	N/A
2024	-	9,500	(9,500)	N/A	N/A

*Includes both employer and State of Colorado Supplementary Discretionary Payment

See the accompanying independent auditors' report.

NEDERLAND FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS
VOLUNTEER FIREFIGHTERS' PENSION PLAN
Year Ended December 31,

Measurement Period Ending December 31,	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Pension Liability										
Service Cost	$ 14,433	$ 14,433	$ 7,648	$ 7,648	$ 7,861	$ 7,861	$ 5,889	$ 5,889	$ 4,119	$ 4,119
Interest on the Total Pension Liability	53,712	56,407	53,264	55,138	55,349	56,707	54,988	55,438	55,790	55,638
Benefit Changes	-	-	-	-	-	-	-	-	-	-
Difference Between Expected and Actual Experiences	-	(92,327)	-	(5,176)	-	(38,785)	-	(4,722)	-	47,636
Assumption Changes	-	16,498	-	36,205	-	-	-	9,053	-	87,745
Benefit Payments	(31,920)	(32,520)	(34,688)	(37,200)	(39,596)	(48,155)	(50,640)	(58,385)	(61,200)	(62,977)
Net Change in Total Pension Liability	36,225	(37,509)	26,224	56,615	23,614	(22,372)	10,237	7,273	(1,291)	132,161
Total Pension Liability - Beginning	724,744	760,969	723,460	749,684	806,299	829,913	807,541	817,778	825,051	823,760
Total Pension Liability - Ending	$ 760,969	$ 723,460	$ 749,684	$ 806,299	$ 829,913	$ 807,541	$ 817,778	$ 825,051	$ 823,760	$ 955,921
Plan Fiduciary Net Position										
Employer Contribution	$ 23,282	$ 26,548	$ 26,540	$ 28,121	$ 29,091	$ 33,367	$ 33,072	$ 5,000	$ 5,000	$ 5,000
Pension Plan Net Investment Income	11,476	34,784	99,496	325	108,661	111,209	139,866	(86,138)	87,780	91,658
Benefit Payments	(31,920)	(32,520)	(34,688)	(37,200)	(39,596)	(48,155)	(50,640)	(58,385)	(61,200)	(62,977)
Pension Plan Administrative Expenses	(2,152)	(1,304)	(4,961)	(5,163)	(5,765)	(4,178)	(5,619)	(5,476)	(7,732)	(6,609)
State of Colorado Supplemental Discretionary Payment	6,768	4,500	4,500	4,500	-	4,500	9,000	4,500	4,500	4,500
Net Change in Plan Fiduciary Net Position	7,454	32,008	90,887	(9,417)	92,391	96,743	125,679	(140,499)	28,348	31,572
Plan Fiduciary Net Position - Beginning	645,849	653,303	685,311	776,198	766,781	859,172	955,915	1,081,594	941,095	969,443
Plan Fiduciary Net Position - Ending	$ 653,303	$ 685,311	$ 776,198	$ 766,781	$ 859,172	$ 955,915	$1,081,594	$ 941,095	$ 969,443	$1,001,015
Net Pension Liability/(Asset)	$ 107,666	$ 38,149	$ (26,514)	$ 39,518	$ (29,259)	$(148,374)	$ (263,816)	$ (116,044)	$ (145,683)	$ (45,094)
Plan Fidiciary Net Position as a Percentage of Total Pension Liability	85.85%	94.73%	103.54%	95.10%	103.53%	118.37%	132.26%	114.07%	117.69%	104.72%
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/(Asset) 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 auditors' report.

NEDERLAND FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportionate share of the Net Pension Liability (Asset)	0.026%	0.027%	0.026%	0.026%	0.029%	0.032%	0.036%	0.057%	0.036%	0.057%
District's proportionate share of the Net Pension Liability (Asset)	$ (465)	$ 9,857	$ 37,855	$ 32,852	$ (16,404)	$ (68,296)	$ (161,787)	$ 50,873	$ -	$ -
District's employee payroll	$ 127,763	$ 140,363	$ 154,793	$ 161,525	$ 213,779	$ 254,825	$ 247,162	$ 560,975	$ 320,079	$ 684,222
District's proportionate share of the Net Pension Liability (Asset) as a percentage of its employee payroll	-0.4%	7.0%	24.5%	20.3%	-7.7%	-26.8%	-65.5%	9.1%	0.0%	0.0%
Plan fiduciary net position as a percentage of the total pension liability	100.1%	98.2%	106.3%	95.2%	101.9%	106.7%	116.2%	97.6%	100.0%	100.0%

Notes:

This schedule is reported as of December 31, as that is the plan year end.

See the accompanying independent auditors' report.

NEDERLAND FIRE PROTECTION DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATEWIDE DEFINED BENEFIT PLAN

Years Ended December 31,

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Statutorily required contributions	$ 11,229	$ 12,383	$ 12,922	$ 17,102	$ 20,386	$ 19,773	$ 44,878	$ 30,408	$ 57,221	$ 65,000
Contributions in relation to the Statutorily required contributions	11,229	12,383	12,922	17,102	20,386	19,773	44,878	30,408	57,221	65,000
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's employee payroll	$ 140,363	$ 154,793	$ 161,525	$ 213,779	$ 254,825	$ 247,162	$ 560,975	$ 320,079	$ 572,210	$ 650,000
Contributions as a percentage of employee payroll	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	9.50%	10.00%	10.00%

See the accompanying independent auditors' report.