Northeast Teller County Fire Protection District

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2025

Northeast Teller County Fire Protection District

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FISCAL FOCUS PARTNERS LLC
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Northeast Teller County Fire Protection District
Teller County, Colorado

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2025, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions.

Fiscal Focus Partners, LLC
P.O. Box 740339, Arvada, CO 80006
303.202.1800 Office www.ffpcpa.com

Auditor's Responsibility for the Audit of the Financial Statements (continued)

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgement and maintain professional skepticism throughout the audit.
- Identify and assess the risk 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 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 to 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 Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through vi and the pension liability (asset) information on pages 28 through 30 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 supplemental 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 assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Fiscal Focus Partners, LLC

Arvada, Colorado
June 17, 2026

Northeast Teller County Fire Protection District

MANAGEMENT'S DISCUSSION AND ANALYSIS

This discussion and analysis of Northeast Teller County Fire Protection District (the District) financial statements for the year ended December 31, 2025 provides a narrative overview of the District's financial activities. Please consider the information here in conjunction with the accompanying financial statements and notes to the financial statements.

Financial Highlights

- The District's assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $6,516,731 (net position) for the year reported. This compares to the previous year when assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $6,311,512.

- Total net position at December 31, 2025 was comprised of the following:

    1. Net investment in capital assets of $1,187,453 includes property and equipment, net of accumulated depreciation and reduced by outstanding balances of leases attributable to the acquisition of those assets.
    2. Net position of $144,000 restricted for emergencies as required by Article X, Section 20 of the Constitution of the State of Colorado.
    3. Unrestricted net position of $5,185,278 representing the portion available to maintain the District's continuing obligations to citizens and creditors.

- The District's governmental activities reported a total ending fund balance of $4,663,372 this year. This compares to the prior year ending fund balance of $4,564,935 showing an increase of $98,437 during the current year.

- Effective January 1, 2015, the District and all other state and local governments throughout the nation that provide their employees with pension benefits, are required to apply GASB Statement No. 68 to their financial statements. The objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. The District provides its employees with pension benefits through a multiple employer cost-sharing defined benefit pension plan and a volunteer pension plan that is an agent multiple-employer defined benefit plan. Both plans are administered by the Colorado Fire and Police Pension Association (FPPA). The District has a direct liability limited to the annually required contributions established by the State Legislature. In addition, the District does not have any control over the investment policies associated with FPPA investments. These responsibilities lie solely with the FPPA board and administration. Decisions regarding the plan benefit design and the funding policies lie solely with the State Legislature. Please refer to Note 7 within the Notes to Financial Statements section of this report.

Overview of the Financial Statements

Management's Discussion and Analysis introduces the District's basic financial statements. The District's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to financial statements. The District also includes in this report additional information to supplement the basic financial statements.

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 S*tatement of Net Position* presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources, and 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 as a whole is improving or deteriorating. Evaluation of the overall economic health of the District would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the District's capital assets in addition to the financial information provided in this report.

The *Statement of Activities* presents information showing how the District's net position changed during the current 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. An important purpose of the design of the statement of activities is to show the financial reliance of the District's distinct activities or functions on revenues provided by the District's taxpayers.

Both government-wide financial statements distinctively report governmental activities of the District that are principally supported by property taxes. Governmental activities of the District include general government, fire suppression, fire prevention and training, communications and vehicles & equipment operations.

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 special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The basic financial statements of the District are presented as a special purpose government engaged in governmental type activities providing fire protection services to District residents.

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. In particular, *unassigned fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

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

A budgetary comparison statement is included in the basic financial statements for the general fund. This statement demonstrates compliance with the District's adopted and final revised budget.

Notes to the Financial Statements. The accompanying notes to the financial statements provide additional information essential to a full understanding of the government-wide and fund financial statements.

Financial Analysis of the District as a Whole

The following table provides a summary of the District's net position at December 31:

	Net Position		
	Governmental Activities		
	2025	2024	2023
Current assets	$ 8,324,926	$ 7,955,478	$ 7,111,038
Capital assets, net	1,187,453	1,108,671	1,270,300
Net pension asset	115,737	50,998	-
Total assets	9,628,116	9,115,147	8,381,338
Deferred outflows of resources	828,452	909,323	1,003,982
Current liabilities	152,557	70,909	55,527
Non-current liabilities	181,636	149,389	233,953
Total liabilities	334,193	220,298	289,480
Deferred inflows of resources	3,605,644	3,492,660	3,459,556
Net position:			
Net investment in capital assets	1,187,453	1,108,671	1,270,300
Restricted	144,000	144,000	106,000
Unrestricted	5,185,278	5,058,841	4,259,984
Net position	$ 6,516,731	$ 6,311,512	$ 5,636,284

The District has 18.22% of its net position invested in capital assets (e.g. property and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, this net position is not available for future spending.

An additional portion of the District's net position (2.21%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of $5,185,278 (79.57%) may be used to meet the District's ongoing obligations to citizens and creditors.

The following table provides a summary of the District's changes in net position for the year ended December 31:

Change in Net Position

	Governmental Activities For the Years Ended December 31,		
	2025	**2024**	**2023**
Revenues			
Program revenues			
Operating grants and contributions	$ 4,140	$ 189,572	$ 41,951
Capital grants and contributions	-	120,000	-
Charges for services	772,578	49,569	69,631
General revenues			
Property taxes	3,474,219	3,427,022	3,056,255
State reimbursement	8,406	427,357	-
Specific ownership taxes	326,966	347,936	327,561
Interest and other	116,182	223,466	78,514
Total revenues	4,702,491	4,784,922	3,573,912
Expenses			
General government	674,072	605,767	477,494
Public safety	3,823,200	3,503,927	2,741,020
Total expenses	4,497,272	4,109,694	3,218,514
Change in net position	205,219	675,228	355,398
Net position - beginning	6,311,512	5,636,284	5,280,886
Net position - ending	$ 6,516,731	$ 6,311,512	$ 5,636,284

Property tax and specific ownership tax revenues make up 81% of government-wide revenue and increased $26,227 in 2025 over 2024. The increase was a result of increased net assessed valuation of the District.

The major expenses of the District's government-wide activities include general government (15%) and public safety (85%). Total expenses increased $387,578 in 2025 from 2024.

Financial Analysis of the District's Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

As of December 31, 2025, the District's general fund reported an ending fund balance of $4,663,372, an increase of $98,437 in comparison with the prior year.

Budgetary Highlights

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The Board of Directors can only amend appropriation resolutions upon completion of notification and publication requirements. The original approved budget for 2025 was not amended.

Capital Asset and Debt Administration

Capital Assets. The District's net investment in capital assets, net of accumulated depreciation, for governmental activities as of December 31, 2025, was $1,187,453.

Capital assets, net of Depreciation

	December 31,		
	2025	**2024**	**2023**
Building and improvements	$ 812,046	$ 723,833	$ 707,093
Equipment	375,407	384,838	563,207
Total	$ 1,187,453	$ 1,108,671	$ 1,270,300

Long Term Liabilities. The following table summarizes the District's long-term obligations.

Long-Term Liabilities

	December 31,		
	2025	**2024**	**2023**
Compensated absences	$ 181,636	$ 149,389	$ 115,130

Economic Environment and Next Year's Budgets and Rates

Growth is expected to continue throughout the District during 2026. The District's assessed valuations increased from 2025 to 2026, resulting in an expected increase in overall tax revenue of approximately $9,000 from 2025 to 2026. The District's operating budget, excluding capital outlay, is expected to increase from 2025 to 2026 primarily as a result of increased salaries and related employee benefits.

Requests for Information

This report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Chief Tyler Lambert
Northeast Teller County Fire Protection District
1010 Evergreen Heights Drive
Woodland Park, CO 80863

BASIC FINANCIAL STATEMENTS

Northeast Teller County Fire Protection District

STATEMENT OF NET POSITION

December 31, 2025

	Governmental Activities
Assets	
Cash and investments	$ 4,213,577
Cash and investments - restricted	144,000
Receivable - County Treasurer	26,901
Accounts receivable	422,398
Prepaid expense	34,683
Property taxes receivable	3,483,367
Capital assets being depreciated, net	1,187,453
Net pension asset- FPPA volunteer pension fund	115,737
Total assets	9,628,116
Deferred outflows of resources	
Pension related amounts - FPPA volunteer pension fund	45,510
Pension related amounts - FPPA statewide defined benefit plan	782,942
Total deferred outflows of resources	828,452
Liabilities	
Accounts payable	48,847
Accrued liabilities	103,710
Noncurrent liabilities	
Due in more than one year	181,636
Total liabilities	334,193
Deferred inflows of resources	
Property tax revenue	3,483,367
Pension related amounts - FPPA statewide defined benefit plan	122,277
Total deferred inflows of resources	3,605,644
Net position	
Net investment in capital assets	1,187,453
Restricted	
Emergency reserve	144,000
Unrestricted	5,185,278
Total net position	$ 6,516,731

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Change in Net Position: Governmental Activities
Primary government					
General government	$ (674,072)	$ 77,408	$ -	$ -	$ (596,664)
Public safety	(3,823,200)	695,170	4,140	-	(3,123,890)
Total primary government	$ (4,497,272)	$ 772,578	$ 4,140	$ -	$ (3,720,554)
General Revenues:					
Property taxes					3,474,219
Specific ownership tax					326,966
State reimbursement					8,406
Net investment income					90,504
Other income					25,678
Total general revenues					3,925,773
Change in net position					205,219
Net position - beginning					6,311,512
Net position - ending					$ 6,516,731

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2025

	General Fund
Assets	
Cash and investments	$ 4,213,577
Cash and investments - restricted	144,000
Receivable - County Treasurer	26,901
Accounts receivable	396,768
Prepaid expense	34,683
Property taxes receivable	3,483,367
Total assets	$ 8,299,296
Liabilities, deferred inflows of resources and fund balances	
Liabilities	
Accounts payable	$ 48,847
Accrued liabilities	103,710
Total liabilities	152,557
Deferred inflows of resources	
Property tax revenue	3,483,367
Total deferred inflows of resources	3,483,367
Fund balance	
Nonspendable - prepaid amounts	34,683
Restricted for emergencies	144,000
Unassigned	4,484,689
Total fund balances	4,663,372
Total liabilities, deferred inflows of resources, and fund balances	$ 8,299,296
Total fund balance	$ 4,663,372
Amounts reported for governmental activities in the statement of net position are different because:	
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:	
Capital assets, net of accumulated depreciation	1,187,453
Net pension asset - FPPA volunteer pension fund	115,737
Accounts receivable - wildland reimbursements	25,630
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds	
Deferred outflows - FPPA volunteer pension fund	45,510
Deferred outflows - FPPA statewide defined benefit plan	782,942
Deferred inflows - FPPA statewide defined benefit plan	(122,277)
Long-term liabilities, including leases payable and compensated absences, are not due and payable in the current period and therefore are not reported in the funds:	
Compensated absences	(181,636)
Net position of governmental activities	$ 6,516,731

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2025

	General Fund
Revenues	
Property taxes	$ 3,474,219
Specific ownership tax	326,966
State reimbursement	8,406
Interest income	90,504
Wildland reimbursements	669,540
Emergency vehicle technician revenue	77,408
Donations	4,140
Other income	25,678
Total revenues	4,676,861
Expenditures	
Treasurer's fees	95,686
Administration	578,386
Salaries and benefits	3,427,252
Fire operations	216,465
Capital outlay	260,635
Total expenditures	4,578,424
Net change in fund balance	98,437
Fund balances - beginning	4,564,935
Fund balances - ending	$ 4,663,372

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County 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 - total governmental funds	$	98,437
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset additions		260,635
Depreciation expense		(181,854)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund.		
Wildland reimbursements		25,630
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense		34,618
Change in compensated absences		(32,247)
Change in net position of governmental activities	$	205,219

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended December 31, 2025

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Taxes	$ 3,720,121	$ 3,801,185	$ 81,064
Sources other than taxes	1,023,308	875,676	(147,632)
Total revenues	4,743,429	4,676,861	(66,568)
EXPENDITURES			
Treasurer's fees	108,272	95,686	12,586
Administration	480,783	578,386	(97,603)
Salaries and benefits	2,989,275	3,427,252	(437,977)
Fire operations	266,099	216,465	49,634
Capital outlay	899,000	260,635	638,365
Total expenditures	4,743,429	4,578,424	165,005
Net change in fund balance	-	98,437	98,437
Fund balance - beginning	4,650,519	4,564,935	(85,584)
Fund balance - ending	$ 4,650,519	$ 4,663,372	$ 12,853

The accompanying Notes to Financial Statements are an integral part of these statements.

Northeast Teller County Fire Protection District

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2025

Note 1 – Reporting entity

Northeast Teller County Fire Protection District (the District), a quasi-municipal corporation and political sub-division of the State of Colorado, is governed pursuant to the provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Teller County, Colorado.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

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 activities of the District. The Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the District. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the District is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment is 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.

Separate financial statements are provided for governmental funds.

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 a liability is incurred, regardless of the timing of related cash flows.

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

Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has 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, other than interest on long-term obligations, generally are recorded when a liability is incurred or the long-term obligation is due.

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 general government.

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.

Property taxes

Property taxes are levied based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Capital assets

Capital assets, which include property, equipment, and infrastructure assets, are reported in the applicable governmental activities column of the government-wide financial statements. Capital assets are defined by the District as those assets with a cost of $5,000 or greater and a life of 5 years or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and improvements	40 years
Equipment	5-10 years

Compensated absences

The District has a policy that allows fire suppression employees to accumulate unused vacation benefits up to 360 hours and all other employees to accumulate 320 hours. Compensated absences are accrued when incurred in the government-wide financial statements. The District's general fund is used to liquidate compensated absences of the governmental activities.

Long-term obligations

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

In the fund financial statements, the face amount of debt issued is reported as other financing sources.

Deferred outflows/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, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District's deferred outflows related to pensions is reflected in the statement of net position and will be recognized as outflows of resources in the period that the amount is incurred.

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, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. Accordingly, the items, deferred property tax revenue and pension related items, are deferred and recognized as an inflow of resources in the period that the amounts become available.

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid items) or is legally or contractually required to be maintained intact.

Restricted fund balance – The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Committed fund balance – The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when expenditure is incurred, it is the District's policy to use the most restrictive classification first.

At December 31, 2025, the District had $34,683 in non-spendable fund balances.

At December 31, 2025, the District had $144,000 restricted by legislation (for emergencies).

The remaining fund balance is considered by the District to be unassigned. At December 31, 2025, the District had an unassigned fund balance in the general fund of $4,484,689.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fire Protection Postemployment Benefits Plan

The Governmental Accounting Standards Board (GASB) released Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions that is effective for the District for fiscal year ending December 31, 2020. This statement details the reporting requirements for employers regarding other post-employment benefit (OPEB) plans.

FPPA administers the Statewide Death & Disability Plan discussed in Note 7, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the District, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any Net OPEB liability (asset) is $-0-.

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2025 statement of net position as follows:

Cash	$	4,213,577
Cash - restricted		144,000
	$	4,357,577

Deposits with financial institutions

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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. As of December 31, 2025, the federal insurance limit was $250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2025, the District's cash deposits had bank balances of $4,405,231 and carrying balances of $4,357,577.

Custodial credit risk - deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District follows state statute for its custodial credit risk deposit policy. None of the District's deposits at December 31, 2025 were exposed to credit risk.

As of December 31, 2025, the District's bank balances and carrying balances were insured or collateralized as follows:

Bank balances:	
Federally insured	$ 250,000
Collateralized	4,155,231
	$ 4,405,231
Carrying balances:	
Federally insured	$ 250,000
Collateralized	4,107,577
	$ 4,357,577

Investments

The District follows state statutes regarding investments.

The District primarily limits its investments to money market funds, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

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

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

The District had no investments at December 31, 2025.

Cash and investments - restricted

Article X, Section 20 of the Constitution of the State of Colorado requires the District to establish emergency reserves (see Note 9). At December 31, 2025, $144,000 of cash and investments were restricted in compliance with this requirement.

Note 4 – Capital assets

An analysis of the changes in capital assets for the year ended December 31, 2025 are as follows:

	Balance at December 31, 2024	Increases	Decreases	Balance at December 31, 2025
Capital assets being depreciated				
Building and improvements	$ 2,228,353	$ 139,825	$ -	$ 2,368,178
Equipment	3,315,769	120,810	-	3,436,579
Total capital assets being depreciated	5,544,122	260,635	-	5,804,757
Less accumulated depreciation for				
Building and improvements	1,504,519	51,613	-	1,556,132
Equipment	2,930,931	130,241	-	3,061,172
Total accumulated depreciation	4,435,450	181,854	-	4,617,304
Total capital assets being depreciated, net	$ 1,108,672	$ 78,781	$ -	$ 1,187,453

Depreciation expense of $181,854 for the year ended December 31, 2025 was charged to the Public Safety function.

Note 5 – Long-term obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025
Compensated absences	$ 149,389	$ 177,202	$ (144,955)	$ 181,636

Debt authorization

At December 31, 2025 the District had no authorized but unissued indebtedness.

Note 6 – Net position

The District reports net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of leases, bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

As of December 31, 2025 the District had net investment in capital assets of $1,187,453.

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2025 the District has restricted net position of $144,000.

The District had unrestricted net position of $5,185,278 as of December 31, 2025.

Note 7 – Retirement Plans

State of Colorado Fire and Police Pension Association – Statewide Retirement Plan (FPPA)

The District contributes to the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component, and Money Purchase Component. 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. As of August 5, 2003, the SRP may include clerical and other personnel from fire districts whose services are auxiliary to fire protection. Most full-time, paid firefighters of the District are members of the SRP, and all newly hired firefighters have to be enrolled in the SRP.

The SRP assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan ("DROP") assets and Separate Retirement Account assets from eligible retired members). The SRP is administered by 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

SRP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the Normal Retirement Age. 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, with the Normal Retirement Age being not less than age 55 and not more than age 60. A member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

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 normal retirement benefit for the Defined Benefit Component is 2 percent of the average of the member’s highest three years’ base salary for each year of credited service up to ten years, plus 2.5 percent of the average 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 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 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 2025, the total combined member and employer contribution rate was 22.5 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 2025, the total minimum required member and employer contribution rate was 22.7 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 2025, the total combined member and employer contribution rate was 11.25 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, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2025, the total minimum combined member and employer contribution rate was 16.75 percent.

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.

Employer contributions are recognized by SRP in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to SRP. Contributions to the Defined Benefit Component of the SRP from the District were $191,908 for the year ended December 31, 2025.

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 liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the collective total pension liability used to calculate the net pension liability was determined by an actuarial valuation as January 1, 2025. The District's proportion of the net pension liability was based on the District's contributions to the SRP relative to the total contributions of participating employers to the SRP based upon the January 1, 2025 actuarial valuation. At December 31, 2024, the District's proportion was 0.15048 percent, which was an increase of 0.01912 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized pension expense (income) of ($205,478). 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	$ 361,607	$ 11,311
Changes of Assumptions or other Inputs	129,416	–
Net Difference between Projected and Actual Earnings on Pension Plan Investments	51,370	–
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	48,641	110,966
Contributions Subsequent to the Measurement Date	191,908	–
Total	$ 782,942	$ 122,277

$191,908 in total reported as deferred outflows of resources related to pension resulting from District contributions subsequent to measurement date will be recognized as an addition to the net pension asset in the year ended December 31, 2026. 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,	Amount
2026	$ 140,895
2027	213,998
2028	7,250
2029	11,511
2030	38,906
Thereafter	56,197

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	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25 – 11.75%	4.25 – 11.75%
Cost of Living Adjustments (COLA)	0.0%	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 & Co., 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.

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 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	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the 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 plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 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.

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

The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability (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%)
Proportionate Share of Net Pension Liability (Asset)	$ 734,339	$ -	$ -

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

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report, which can be obtained at http://www.fppaco.org.

Volunteer Pension Fund

Plan Descriptions and Provisions

The District, on behalf of its volunteer firefighters, contributes to an agent multiple-employer defined benefit pension plan (the Plan) administered by the Fire and Police Pension

Association of Colorado ("FPPA"). The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the Pension Fund Board of Trustees. Colorado Revised Statues (CRS), as amended, establishes basic benefit provisions for such plans. The Plan is included as a Pension Trust fund of the District and the Pension Trust does not issue separate statements.

Volunteers Covered by Benefit Terms

As of January 1, 2025, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	18
Inactive, Non-retired Members	2
Active Members	1
Total	21

Benefits provided

The Plan provides retirement, survivor, death and funeral benefits. Retirement benefit for a member is $400 a month for 20 or more years of service. Those members with a minimum of 10 years of service receive $20 per month for every year of service. Survivor's death benefits is a $225 monthly benefit payment. Funeral benefit to the family members is a one-time payment of $800.

Funding policy

The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The Actuarial study as of January 1, 2025, indicated that the current level of contributions to the fund are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Contributions

For the year ended December 31, 2025, the District contributed $35,962 to the plan.

Net Pension Liability

At December 31, 2025, the District reported a net pension liability (asset) of $(115,737). The net pension liability (asset) was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025 and a measurement date of December 31, 2024. This measurement date is within one year of the plan sponsor's fiscal year-end of December 31, 2025 and may be used for December 31, 2025 reporting purposes.

Actuarial Assumptions. The total pension liability in the January 1, 2025 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

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	6.00%
Retirement Age	50% per year of eligibility until 100% at age 65

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

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.

Post-retirement: Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the ultimate values of the MP-2020 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.

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). Being that the plan's fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 6.00% was used as the discount rate.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 6.00%; the municipal bond rate is 4.08% (based on the weekly rate closet 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 6.00%.

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

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Liquidity	4.00%	4.2%
Fixed Income - Rates	7.00%	5.0%
Fixed Income - Credit	7.00%	6.5%
Diversifiers	9.00%	5.7%
Long Short	6.00%	6.2%
Global Public Equity	33.00%	7.0%
Private Markets	34.00%	8.8%
Total	100.00%	

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2023	$ 684,603	$ 735,601	$ (50,998)
Service Cost	313	-	313
Interest	45,992	-	45,992
Changes in benefit terms	-	-	-
Difference Between Expected and Actual Experience	(61,648)	-	(61,648)
Changes in assumptions	58,976	-	58,976
Contributions - Employer	-	35,962	(35,962)
State of Colorado Supplemental Discretionary Payment	-	10,400	(10,400)
Net Investment Income	-	69,870	(69,870)
Benefit Payments, Including Refunds of Employee Contributions	(56,420)	(56,420)	-
Administrative Expenses	-	(7,860)	7,860
Net Changes	(12,787)	51,952	(64,739)
Balance at December 31, 2024	$ 671,816	$ 787,553	$ (115,737)

Sensitivity of the net pension liability to the changes in the discount rate. The following table presents the net pension liability of the District, calculated using the discount rate of 6.00% as well as what the District's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.00%) or one percentage point higher (7.00%) than the current rate.

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
District's Net Pension Liability	$ (45,640)	$ (115,737)	$ (174,713)

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 (income) of $(12,226) for the Volunteer Pension Plan. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ –	$ –
Changes of assumptions	–	–
Net Difference between Projected and Actual Earnings on Pension Plan Investments	9,548	–
Contributions Subsequent to the Measurement Date	35,962	–
Total	$ 45,510	$ –

$35,962 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a decrease in the pension liability in the year ended December 31, 2026. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	Deferred Amounts
2026	$ 5,215
2027	15,731
2028	(7,600)
2029	(3,798)
Total	$ 9,548

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

Note 8 – Risk management

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

Note 9 – Tax, spending and debt limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

On May 5, 1998, the District voters authorized the District to collect, retain and spend the full amount of the revenues generated from the present property tax levy and all other sources, without regard to limitation under Article X, Section 20 of the Colorado Constitution, during 1997 and each subsequent year. The ballot issue prohibited increases in the District's mill levy without approval of the electors of the District.

In November 2020, the District voters authorized the District to set the mill levy at a rate sufficient to generate the tax revenues levied in 2020, adjusted annually for local growth, for general operating and other expenses necessary to maintain current staffing levels and high quality service.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTAL INFORMATION

NORTHEAST TELLER COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	$ 313	$ 313	$ 307	$ 307	$ 307	$ 307	$ 283	$ 283	$ 1,474	$ 1,474
Interest	45,992	46,724	46,209	47,107	48,657	49,458	50,841	51,636	53,315	53,676
Differences Between Expected and Actual Experience	(61,648)	-	15,085	-	(10,868)	-	11,882	-	(37,322)	-
Changes of Assumptions	58,976	-	5,158	-	-	-	28,329	-	21,569	-
Benefit Payments, Including Refunds of Employee Contributions	(56,420)	(58,540)	(60,240)	(60,240)	(60,240)	(62,160)	(63,120)	(61,920)	(59,810)	(60,111)
Net Change in Total Pension Liability	(12,787)	(11,503)	6,519	(12,826)	(22,144)	(12,395)	28,215	(10,001)	(20,774)	(4,961)
Total Pension Liability - Beginning of Year	684,603	696,106	689,587	702,413	724,557	736,952	708,737	718,738	739,512	744,473
Total Pension Liability - End of Year	$ 671,816	$ 684,603	$ 696,106	$ 689,587	$ 702,413	$ 724,557	$ 736,952	$ 708,737	$ 718,738	$ 739,512
Plan Fiduciary Net Position										
Contributions - Employer	$ 35,962	$ 35,962	$ 35,962	$ 35,962	$ 35,962	$ 35,962	$ 35,962	$ 35,962	$ 35,962	$ 35,762
Net Investment Income	69,870	66,749	(62,520)	101,597	83,234	83,395	684	80,402	28,801	10,232
Benefit Payments, Including Refunds of Employee Contributions	(56,420)	(58,540)	(60,240)	(60,240)	(60,240)	(62,160)	(63,120)	(61,920)	(59,810)	(60,111)
Administrative Expenses	(7,860)	(8,713)	(6,831)	(6,793)	(5,450)	(6,599)	(6,023)	(5,900)	(1,139)	(1,949)
State of Colorado supplemental discretionary payment	10,400	5,200	-	5,200	5,200	-	10,400	-	5,200	5,200
Net Change in Plan Fiduciary Net Position	51,952	40,658	(93,629)	75,726	58,706	50,598	(22,097)	48,544	9,014	(10,866)
Plan Fiduciary Net Position - Beginning of Year	735,601	694,943	788,572	712,846	654,140	603,542	625,639	577,095	568,081	578,947
Plan Fiduciary Net Position - End of Year	$ 787,553	$ 735,601	$ 694,943	$ 788,572	$ 712,846	$ 654,140	$ 603,542	$ 625,639	$ 577,095	$ 568,081
Net Pension Liability - End of Year	$ (115,737)	$ (50,998)	$ 1,163	$ (98,985)	$ (10,433)	$ 70,417	$ 133,410	$ 83,098	$ 141,643	$ 171,431
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	117.23%	107.45%	99.83%	114.35%	101.49%	90.28%	81.90%	88.28%	80.29%	76.82%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

NORTHEAST TELLER COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially Determined Contribution	$ 700	$ 5,970	$ 700	$ 5,970	$ 5,970	$ 9,165	$ 9,165	$ 35,962	$ 35,962	$ 35,962
Contributions in Relation to the Actuarially Determined Contribution	46,362	41,162	35,962	41,162	41,162	35,962	46,632	35,962	41,162	41,162
Contribution Deficiency (Excess)	$ (45,662)	$ (35,192)	$ (35,262)	$ (35,192)	$ (35,192)	$ (26,797)	$ (37,467)	$ -	$ (5,200)	$ (5,200)
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions 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

Notes to Schedules

Valuation Date:
Actuarially determined contribution rates are calculated as of January 1 of odd numbered years and used for two fiscal years

NORTHEAST TELLER COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
STATE FIRE AND POLICE PENSION PLAN (FPPA) - STATEWIDE DEFINED BENEFIT PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Measurement Date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
District's Proportion of the Net Pension Liability/(Asset)	0.150482121%	0.131363252%	0.132558565%	0.138973125%	0.123658691%	0.114065486%	0.128753174%	0.140093785%	0.176273604%	0.177851480%
District's Proportionate Share of the Net Pension Liability/(Asset)	$ -	$ -	$ 117,660	$ (753,142)	$ (268,464)	$ (64,511)	$ 162,779	$ (201,547)	$ 63,694	$ (3,135)
District's Covered Payroll	$ 1,556,220	$ 1,362,958	$ 1,145,989	$ 1,121,176	$ 993,253	$ 783,527	$ 862,464	$ 819,442	$ 902,133	$ 894,973
District's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of Covered Payroll	0.0%	0.0%	10.3%	-67.2%	-27.0%	-8.2%	18.9%	-24.6%	7.1%	-0.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability/(Asset)	100.0%	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%

NORTHEAST TELLER COUNTY FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - STATEWIDE DEFINED BENEFIT PLAN

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 191,908	$ 155,622	$ 129,481	$ 103,139	$ 95,095	$ 79,459	$ 62,682	$ 68,997	$ 65,556	$ 72,171
Contributions in Relation to the Contractually Required Contribution	191,908	155,622	129,481	103,139	95,095	79,459	62,682	68,997	65,556	72,171
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's Covered Payroll	$ 1,830,665	$ 1,556,220	$ 1,362,958	$ 1,145,989	$ 1,121,176	$ 993,253	$ 783,527	$ 862,464	$ 819,442	$ 902,133
Contributions as a Percentage of Covered Payroll	10.5%	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%