# PAGOSA FIRE PROTECTION DISTRICT

**Financial Statements**
**with**
**Independent Auditors' Report**

**For the Year Ended**
**December 31, 2025**

**Pagosa Fire Protection District**

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# FINANCIAL SECTION

**PAGOSA FIRE PROTECTION DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**
**Required Supplementary Information (RSI)**
**December 31, 2025**

This management's discussion and analysis of the Pagosa Fire Protection District financial performance provide an overall review of the District's financial activities for the year ended December 31, 2025. The intent of this management's discussion and analysis is to look at the District's financial performance as a whole. Readers should also review the financial statements and the notes to the financial statements to broaden their understanding of the District's financial performance.

**Financial Highlights**

The District offers fire protection services to over 327 square miles within Archuleta County, however the actual response area covers over 1000 square miles to include Wolf Creek Pass and portions of Hinsdale and Mineral Counties. The District's assets exceeded its liabilities at the close of 2025 by $8,278,235 *(net position)*, which is an increase of $1,785,794 from the prior year. Of this amount, $3,704,115 *(unrestricted net position)* may be used to meet the District's ongoing obligations to citizens and creditors.

The District imposes a mill levy of 8.368 mills upon each dollar of the total valuation for assessment of all taxable property with the District. The property taxes received from this mill levy for the 2025 year was $4,211,845. The District's net position is used for on-going operations and upcoming capital projects, repairs, maintenance and replacement of existing equipment.

The District had total revenues of $5,932,700 in 2025 versus $5,609,615 in 2024, a decrease of $323,085.

**Using the Basic Financial Statements**

The Basic Financial Statements consists of management's discussion and analysis (this section) and a series of financial statements and notes to those statements. The statements are organized so that the reader can understand the District as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The first statement, The Statement of Net Position, provides long and short-term information about the District's overall financial status.

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

The remaining statements are fund financial statements that focus on individual parts of the District's operations in more detail.

The financial statements also include notes that explain some of the information in the financial statements and provide more detailed data.

## Government-Wide Financial Statements

Governmental Type Activities:
The District's governmental-type activity consists of the fire protection district operations. The District's fire protection district operations are supported primarily by property taxes received and charges for services.

## Financial Analysis of the District as a Whole

Net position increased in 2025 by $1,785,794 to $8,278,235, compared to the increase in 2024 by $1,914,430 to $6,492,441.

Cash and investments of the District on December 31, 2025, totaled $9,156,110 and at December 31, 2024 totaled $7,647,265, not including amounts held for pension benefits, which were $4,094,334 in 2025 and $3,630,958 for 2024.

Capital assets, net of accumulated depreciation, of the District on December 31, 2025 totaled $4,151,185 a net change of $581,741.

## Net position

A summary of the District's net position at December 31, 2025 is as follows:

**Condensed Statement of Net Position**

| | 2025 | 2024 |
|---|---|---|
| Current Assets | $ 9,156,110 | $ 7,647,265 |
| Non Current Assets | | |
| Capital Assets - Net | 4,151,185 | 3,569,444 |
| Total Assets | 13,307,295 | 11,216,709 |
| Deferred Outflows of Financial Resources | 560,266 | 674,251 |
| Current Liabilities | 91,705 | 127,107 |
| Non Current Liabilities | 484,066 | 980,921 |
| Total Liabilities | 575,771 | 1,108,028 |
| Deferred Inflows of Financial Resources | 5,019,555 | 70,973 |
| Net Position | | |
| Net Investment in Capital Assets | 4,151,185 | 3,569,444 |
| Restricted Net Position | 422,935 | 169,000 |
| Unrestricted Net Position | 3,704,115 | 2,753,997 |
| **Total Net Position** | **$ 8,278,235** | **$ 6,492,441** |

**Condensed Statement of Activities**

| Condensed Statement of Activities | 2025 | 2024 |
|---|---|---|
| PROGRAM REVENUES | | |
| Charges for Services | $ 879,973 | $ 483,866 |
| Operating Grants & Contributions | 7,776 | 12,724 |
| Capital Grants & Contributions | 250,399 | 33,596 |
| Total Program Revenues | 1,138,148 | 530,186 |
| GENERAL REVENUES | | |
| Property Taxes | 4,224,179 | 4,601,146 |
| Other Taxes | 358,287 | 347,165 |
| Investment Earnings | 193,450 | 153,564 |
| Other Revenues | 18,636 | 8,150 |
| Total General Revenues | 4,794,552 | 5,110,025 |
| Total Revenues | 5,932,700 | 5,640,211 |
| PROGRAM EXPENSES | | |
| Public Safety | 4,152,906 | 3,574,918 |
| Change in Net Position | 1,779,794 | 2,065,293 |
| Net Position, Beginning | 6,492,441 | 4,427,148 |
| **Net Position, Ending** | **$ 8,272,235** | **$ 6,492,441** |

## Budget and Actual Comparisons

Actual revenues were more than expenditures by $1,021,782 in 2025. Total General Fund budget revenues were less than actual by $1,286,957 while the actual expenditures were $339,480 more than budgeted for 2025. The most significant difference between budget and actual expenses was related to personnel costs.

## Capital Assets

The total accumulated depreciation for 2025 was $357,872, with the total net increase of $420,182, leaving a balance of $4,151,185 in net capital assets.

The following is a summary of capital asset activity:

| | Balance 12/31/24 | Additions | Deletions | Balance 12/31/25 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 177,266 | $ 126,090 | $ - | $ 303,356 |
| Collection | 45,000 | - | - | 45,000 |
| Construction in Progress | - | 35,469 | - | 35,469 |
| Total capital assets not being depreciated | 222,266 | 161,559 | - | 383,825 |
| Capital assets being depreciated | | | | |
| Buildings | 2,833,868 | 178,862 | - | 3,012,730 |
| Land improvements | 169,319 | 73,100 | - | 242,419 |
| Equipment | 443,862 | 15,167 | - | 459,029 |
| Vehicles and accessories | 4,721,270 | 510,925 | 24,844 | 5,207,351 |
| Total capital assets being depreciated | 8,168,319 | 778,054 | 24,844 | 8,921,529 |
| Total capital assets | 8,390,585 | 939,613 | 24,844 | 9,305,354 |
| Accumulated depreciation | | | | |
| Buildings | (1,199,705) | (75,780) | - | (1,275,485) |
| Land improvements | (77,886) | (9,106) | - | (86,992) |
| Equipment | (262,564) | (28,638) | - | (291,202) |
| Vehicles and accessories | (3,280,986) | (244,348) | (24,844) | (3,500,490) |
| Total accumulated depreciation | (4,821,141) | (357,872) | (24,844) | (5,154,169) |
| Net capital assets being depreciated | 3,347,178 | 420,182 | - | 3,767,360 |
| **Net capital assets** | **$ 3,569,444** | **$ 581,741** | **$ -** | **$ 4,151,185** |

## Long Term Obligations

The District also posted a total of $307,589 in accrued compensated absences.

The following is a summary of long-term obligations:

| | Balance 12/31/24 | Additions | Repayments | Net Change | Balance 12/31/25 |
|---|---|---|---|---|---|
| Accrued Compensated Absences | $ 297,049 | $ 10,541 | $ - | $ - | $ 307,589 |

## The Future of the District

The Pagosa Fire Protection District continues to evaluate long-term operational and capital needs in order to maintain effective emergency response services throughout the District's growing community. District leadership is actively engaged in strategic planning efforts related to apparatus replacement, staffing, training, facilities, and infrastructure improvements.

To support continued growth and infrastructure demands within the community, the District implemented Impact Fees in February 2025. These fees apply to new construction and significant development projects occurring within District boundaries and are intended to help offset the costs associated with expanded emergency service demands and future capital improvements.

Management believes the District remains in a strong financial position and is well prepared to address future operational challenges, capital improvement needs, and continued community growth.

## Request for Information

The financial report is designed to provide information for regulatory reporting to federal and state agencies and those with an interest in the District's finances. Questions concerning this or any additional information should be addressed to Pagosa Fire Protection District, 165 N. Pagosa Blvd., Pagosa Springs, CO 81147.

Mayberry & Company, LLC
Certified Public Accountants

Member of the American Institute of Certified Public Accountants
Governmental Audit Quality Center
and Private Company Practice Section

Board of Directors
Pagosa Fire Protection District
Pagosa Springs, Colorado

## Independent Auditors' Report

### *Opinion*

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

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

### *Basis for Opinion*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Financial Statements section of our report. We are required to be independent of the Pagosa Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Responsibilities of Management for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the 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 Pagosa Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### *Auditors' Responsibility for the Audit of the Financial Statements*

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on 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 Pagosa Fire Protection District internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt Pagosa Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

***Report on Summarized Comparative Information***
We have previously audited the Pagosa Fire Protection District 2024 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated June 25, 2025. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2024 is consistent, in all material respects, with the audited financial statements from which it has been derived.

***Required Supplementary Information***
Accounting principles generally accepted in the United States of America require that a management's discussion and analysis, budgetary comparison information, and historical pension information listed in the tables of contents be presented to supplement the basic financial statements. Such 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pagosa Fire Protection District's basic financial statements. The individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Mayberry & Company, LLC

Castle Rock, Colorado
April 1, 2026

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# Basic Financial Statements

**PAGOSA FIRE PROTECTION DISTRICT**
**Statement of Net Position**
**December 31, 2025**

| | Governmental Activities |
|---|---|
| **ASSETS AND DEFERRED OUTFLOWS** | |
| **ASSETS** | |
| **Current Assets** | |
| Cash and Equivalents | $ 346,937 |
| Investments | 3,730,795 |
| Restricted Cash and Investments | 244,935 |
| Receivables: | |
| Cash with Fiscal Agent | 27,869 |
| Accounts Receivable | 293,440 |
| Property Tax Receivable | 4,741,983 |
| Prepaid Expenses and Deposits | 56,936 |
| Internal Balances | (286,785) |
| Total Current Assets | 9,156,110 |
| **Noncurrent Assets** | |
| Capital Assets Not Being Depreciated | 383,825 |
| Capital Assets Being Depreciated, net | 3,767,360 |
| Total Noncurrent Assets | 4,151,185 |
| Total Assets | 13,307,295 |
| **DEFERRED OUTFLOWS OF FINANCIAL RESOURCES** | |
| Deferred Outflows - Pensions (net) | 560,266 |
| TOTAL ASSETS AND DEFERRED OUTFLOWS | $ 13,867,561 |
| **LIABILITIES, DEFERRED INFLOWS AND NET POSITION** | |
| **LIABILITIES** | |
| **Current Liabilities** | |
| Accounts Payable | $ 22,752 |
| Accrued Payroll | 68,953 |
| Total Current Liabilities | 91,705 |
| **Noncurrent Liabilities** | |
| Due in Excess of One Year | 484,066 |
| Total Noncurrent Liabilities | 484,066 |
| Total Liabilities | 575,771 |
| **DEFERRED INFLOWS OF FINANCIAL RESOURCES** | |
| Deferred Property Taxes | 4,741,983 |
| Deferred Inflows - Pensions (net) | 271,572 |
| Total Deferred Inflows | 5,013,555 |
| **NET POSITION** | |
| Net Investment in Capital Assets | 4,151,185 |
| Restricted Net Position | 422,935 |
| Unrestricted Net Position | 3,704,115 |
| Total Net Position | 8,278,235 |
| TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION | $ 13,867,561 |

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

**PAGOSA FIRE PROTECTION DISTRICT**
**Statement of Activities**
**Year Ended December 31, 2025**

| | | Program Revenues | | | Net (Expense) Revenue and Change in Net Position |
|---|---|---|---|---|---|
| **Function/Program** | **Expenses** | **Charges for Services** | **Operating Grants and Contributions** | **Capital Grants and Contributions** | **Governmental Activities** |
| Governmental Activities: | | | | | |
| Public Safety | $ 4,146,906 | $ 879,973 | $ 7,776 | $ 250,399 | $ (3,008,758) |
| General Revenues: | | | | | |
| Property Taxes, levied for general purposes | | | | | 4,224,179 |
| Specific Ownership Taxes | | | | | 358,287 |
| Investment Earnings | | | | | 193,450 |
| Other Revenues | | | | | 18,636 |
| Total General Revenues | | | | | 4,794,552 |
| Change in Net Position | | | | | 1,785,794 |
| Net Position, Beginning | | | | | 6,492,441 |
| Net Position, Ending | | | | | $ 8,278,235 |

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

**PAGOSA FIRE PROTECTION DISTRICT**
**Balance Sheet - Governmental Fund**
**December 31, 2025**
**(With Comparative Totals for December 31, 2024)**

| | General Fund | |
|---|---|---|
| | **2025** | **2024** |
| **ASSETS** | | |
| Cash and Equivalents | $ 346,937 | $ 140,957 |
| Investments | 3,730,795 | 3,256,923 |
| Restricted Cash and Investments | 244,935 | - |
| Receivables: | | |
| Cash with Fiscal Agent | 27,869 | 25,587 |
| Accounts Receivable | 293,440 | 244,652 |
| Property Tax Receivable | 4,741,983 | 4,219,518 |
| Prepaid Expenses and Deposits | 56,936 | 50,198 |
| Internal Balances | (286,785) | (290,570) |
| Total Assets | $ 9,156,110 | $ 7,647,265 |
| **LIABILITIES DEFERRED INFLOWS AND FUND BALANCE** | | |
| **LIABILITIES** | | |
| Accounts Payable | $ 22,752 | $ 38,259 |
| Accrued Payroll | 68,953 | 88,848 |
| Total Liabilities | 91,705 | 127,107 |
| **DEFERRED INFLOWS OF FINANCIAL RESOURCES** | | |
| Deferred Property Taxes | 4,741,983 | 4,219,518 |
| **FUND BALANCE** | | |
| Nonspendable | 56,936 | 50,198 |
| Restricted: | | |
| TABOR Emergency | 178,000 | 169,000 |
| Capital Impact Fees | 244,935 | - |
| Committed for Subsequent Years' Expenditures | 240,325 | - |
| Unassigned | 3,602,226 | 3,081,442 |
| Total Fund Balance | 4,322,422 | 3,300,640 |
| Total Liabilities, Deferred Inflows and Fund Balance | $ 9,156,110 | $ 7,647,265 |

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

**PAGOSA FIRE PROTECTION DISTRICT**
**Reconciliation of Governmental Fund Balance to Governmental Activities Net Position**
**December 31, 2025**

| | | |
|---|---|---|
| Fund Balance - Governmental Funds | | $ 4,322,422 |
| Amounts reported for governmental activities in the statement of net position because: | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds: | | |
| Capital Assets | $ 9,305,354 | |
| Accumulated Depreciation | (5,154,169) | 4,151,185 |
| Long-term liabilities, including capital leases and notes payable are not due and payable in the current period and therefore are not reported in the funds: | | |
| Accrued Compensated Absences | | (307,589) |
| Certain long-term pension related costs and adjustments are not available to pay or are payable currently and are therefore not reported in the funds | | |
| **FPPA Statewide Defined Benefit Plan** | | |
| Net pension asset (liability) | - | |
| Deferred outflows - pensions (net) | 560,266 | |
| Deferred inflows - pensions (net) | (84,292) | 475,974 |
| **Volunteer Firefighter Pension Fund** | | |
| Net pension asset (liability) | (176,477) | |
| Deferred outflows - pensions (net) | - | |
| Deferred inflows - pensions (net) | (187,280) | (363,757) |
| Net Position - Governmental Activities | | $ 8,278,235 |

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

**PAGOSA FIRE PROTECTION DISTRICT**
**Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund**
**Year Ended December 31, 2025**
**(With Comparative Totals for the Year Ended December 31, 2024)**

| | General Fund | |
|---|---|---|
| | **2025** | **2024** |
| **REVENUES** | | |
| Taxes | $ 4,582,466 | $ 4,948,311 |
| Intergovernmental | 250,399 | 3,000 |
| Charges for Services | 879,973 | 483,866 |
| Investment Earnings | 193,450 | 153,564 |
| Other Revenues | 26,412 | 20,874 |
| Total Revenues | 5,932,700 | 5,609,615 |
| **EXPENDITURES** | | |
| Current: | | |
| Public Safety | 4,025,405 | 3,394,594 |
| Capital Outlay | 885,513 | 230,116 |
| Total Expenditures | 4,910,918 | 3,624,710 |
| Change in Fund Balance | 1,021,782 | 1,984,905 |
| Fund Balance, Beginning | 3,300,640 | 1,315,735 |
| Fund Balance, Ending | $ 4,322,422 | $ 3,300,640 |

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

**PAGOSA FIRE PROTECTION DISTRICT**
**Reconciliation of Governmental Fund Change in Fund Balance to**
**Governmental Activities Change in Net Position**
**Year Ended December 31, 2025**

| | | |
|---|---|---|
| Change in Fund Balance - Governmental Funds | | $ 1,021,782 |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Purchases of capital assets are expensed in the funds and depreciated for the statement of activities while capital asset deletions are not reported in the funds: | | |
| Capital Outlay | $ 939,613 | |
| Depreciation Expense | (357,872) | 581,741 |
| Pension expense at the fund level represents cash contributions to the defined benefit plan. For the activity level presentation, the amount represents the actuarial cost of the benefits for the fiscal year. | | |
| Change in deferred outflows - pensions (net) | (113,985) | |
| Change in net pension asset/liability | 507,395 | |
| Change in deferred inflows - pensions (net) | (200,599) | 192,811 |
| Accrued compensated absences are expensed when paid in the funds and are recorded as long-term obligations for the statement of net position | | |
| Change in Accrued Compensated Absences | | (10,540) |
| Change in Net Position - Governmental Activities | | $ 1,785,794 |

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

**PAGOSA FIRE PROTECTION DISTRICT**
**Statement of Fiduciary Net Position -**
**Pension Trust Fund**
**December 31, 2025**
**(With Comparative Totals for December 31, 2024)**

| | Total | |
|---|---|---|
| | **2025** | **2024** |
| **ASSETS** | | |
| Restricted Cash and Investments | $ 3,811,352 | $ 3,344,198 |
| Internal Balances | 286,785 | 290,570 |
| Total Assets | 4,098,137 | 3,634,768 |
| **LIABILITIES** | | |
| Accounts Payable | 3,803 | 3,810 |
| **NET POSITION** | | |
| Restricted for Retirement Benefits | $ 4,094,334 | $ 3,630,958 |

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

**PAGOSA FIRE PROTECTION DISTRICT**
**Statement of Changes in Fiduciary Net Position -**
**Pension Trust Fund**
**Year Ended December 31, 2025**
**(With Comparative Totals for the Year Ended December 31, 2024)**

| | Total | |
|---|---|---|
| | **2025** | **2024** |
| **ADDITIONS:** | | |
| Contributions | | |
| District | $ 264,689 | $ 261,974 |
| State | 30,596 | 30,596 |
| Investment Earnings | 549,875 | 250,224 |
| Total Additions | 845,160 | 542,794 |
| **DEDUCTIONS:** | | |
| Pension Benefit Payments | 337,120 | 342,090 |
| Actuarial Fees | 11,000 | 4,500 |
| Investment Fees | 33,664 | 36,647 |
| Total Deductions | 381,784 | 383,237 |
| Change in Fiduciary Net Position | 463,376 | 159,557 |
| Net Position, Beginning | 3,630,958 | 3,471,401 |
| Net Position, Ending | $ 4,094,334 | $ 3,630,958 |

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

## NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>

The financial statements of Pagosa Fire Protection District have been prepared in conformity with Generally Accepted Accounting Principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

### ORGANIZATION

The Pagosa Fire Protection District (the District) was established on July 9, 1975 as a special district as defined by the 1973 Colorado Revised Statutes (C.R.S.). The District was formed to provide fire protection to its inhabitants. The statutes provide that the Board of Directors shall be the policy-making authority.

### REPORTING ENTITY

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements that 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 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 accompanying financial statements, nor is the District a component unit of another entity.

### BASIS OF PRESENTATION

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

The statement of activities demonstrates the degree to which the direct 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. The District does not allocate indirect expenses to functions in the statement of activities.

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

**BASIS OF PRESENTATION** (Continued)

Separate financial statements are provided for the governmental fund and the fiduciary fund, even though the latter is excluded from the government-wide financial statements.

**FUND ACCOUNTING**

The accounting policies of the District conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The District uses funds to maintain its financial records during the year. Fund financial statements consist of a series of statements focusing on information about the District's major governmental funds.

The following is the District's major governmental fund:

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

Additionally, the District reports the following fiduciary fund type:

Pension Trust Fund - The Pension Trust Fund accounts for transactions relating to assets held by the District in its capacity of trustee for the Volunteer Firefighter Pension Fund.

**MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The government-wide financial statements and the fiduciary fund are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when a 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 revenues 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. Only current assets and liabilities are included on the balance sheet, and the fund balance includes only spendable resources. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of certain deferred outflows of resources and in the presentation of expenses versus expenditures. Under the modified accrual basis of accounting, revenues are recognized as soon as they are both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means 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. Expenditures are recorded when a liability is incurred as under accrual accounting. However, debt service expenditures are reported only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of long-term debt are reported as other financing sources.

**USE OF ESTIMATES**

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

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

**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 appropriation can only be modified upon completion of notification and publication requirements.

**DEPOSITS AND INVESTMENTS**

The District's deposits include amounts that are readily convertible to known amounts of cash, are not subject to significant risk from changes in interest rates and have a maturity of three months or less from the date of acquisition. For deposits, the fair value approximates the carrying value. Deposits include cash in checking accounts and certificates of deposits. Investments are measured at fair value in accordance with GASB Statement No. 72, Fair Value Measurement and Application.

**RECEIVABLES**

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. The District has not recorded an allowance against outstanding receivables.

**SHORT-TERM INTERFUND RECEIVABLES/PAYABLES**

All outstanding balances between funds are reported as "interfund balances" in the governmental fund balance sheet. These balances are eliminated in the statement of net position on the government-wide financial statements.

**PREPAID ITEMS**

Payments made for services that will benefit periods beyond the end of the current year are recorded as prepaid items.

**PROPERTY TAXES**

In the government fund financial statements, property tax revenue is accounted for using the modified accrual basis of accounting. Property tax receivable is recognized on the levy or lien date. This receivable represents taxes certified by Archuleta County (the County) to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. Although the succeeding year property tax receivable has been recorded, the related revenue is unavailable and will not be recognized as revenue until the year for which it is levied in the governmental fund statements. In the government-wide financial statements, property tax revenues are also recognized as revenues in the year for which they are levied.

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

**PROPERTY TAXES** (Continued)

The District's property taxes, levied by December 15, are due and payable in the subsequent calendar year. Assessed values are established by the County Assessor. Property taxes attach as an enforceable lien on property as of January 1 of the year in which they are payable. The taxes are payable under 2 methods: a) in full on or before April 30 or b) one-half on or before February 28, and the remaining one-half on or before June 15. Property tax receipts collected by the County are remitted to the District in the subsequent month. Property taxes receivable not collected within 60 days of year end have been recorded as a deferred inflow of resources in the fund financial statements. Since property taxes are normally levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources in the government-wide financial statements.

**CAPITAL ASSETS**

Capital assets, which include land, land improvements, buildings, equipment and vehicles, are reported in the government-wide financial statements. Capital outlays are recorded as expenditures in the General Fund at the time of purchase. Capital assets are defined by the District as assets with an initial individual cost of $5,000 or more and an estimated useful life of more than one year. Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are valued at acquisition value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable. Land is not depreciated. Buildings, equipment and vehicles of the District are depreciated using the straight-line method over 5 to 40 years.

**Compensated Absences**

The District allows its employees to accumulate vacation time. The District's accrued vacation is based on completed years of service for full-time non-exempt administrative (non-shift) employees:

0 - 5 years of service 2 weeks
6 - 10 years of service 3 weeks
11 - 15 years of service 4 weeks
16 - 20 years of service 5 weeks
21+ years of service 6 weeks

The District's accrued vacation is based on completed years of service for non-exempt, shift employees:

0 - 5 years of service 4 shifts
6 - 10 years of service 6 shifts
11 - 15 years of service 8 shifts
16 - 20 years of service 10 shifts

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

The District also allows employees to carry over compensatory time of a maximum of 80 hours at year end. Upon separation from service, the total amount of accumulated but unused vacation and compensatory time is paid out. Sick leave is accumulated monthly at a rate of 3.69 hours per pay period for non-exempt administrative (non-shift) employees and at a rate of 5.53 hours per pay period for full-time shift employees. Full-time, non-exempt shift employees with tenure between 10 and 20 years who leave the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 240 hours, and tenure over 20 years not to exceed 480 hours. Non-exempt, shift employees with tenure between 10 and 20 years who leave the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 360 hours, and tenure over 20 years not to exceed 720 hours. The Chief Officer with tenure over 5 years and leaves the District in good standing will be eligible to receive a lump sum payment for their accrued sick time, not to exceed 720 hours. All compensated absences are accrued when earned in the government-wide financial statements. A liability for these amounts is reported in Governmental Funds only if they have matured, for example, as a result of employee resignations and retirements.

**DEFERRED OUTFLOWS AND INFLOWS OF FINANCIAL RESOURCES**

In addition to assets, the statement of net position reports a separate section for deferred outflows of resources. This separate financial statement element represents a use of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until that time. The government has pension related items, which arises only under the full accrual basis of accounting that qualifies for reporting in this category. Accordingly, the items, contributions subsequent to measurement date and the difference between projected and actual investment returns, the difference between projected and actual pension experience, changes in plan assumptions and changes in the District's proportionate share of the underlying pension asset or liability, are reported in the governmental activities statement of net position. These amounts are deferred and recognized as an outflow of resources in the period that the amounts become due.

In addition to liabilities, the statement of net position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items, property taxes, which arises both under the full accrual and modified accrual basis of accounting, and pension related items that only are reported under full accrual, that qualify for reporting in this category. The property tax item, unavailable revenue, is reported in both the governmental activities statement of net position and in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Since property tax revenues are collected in arrears during the succeeding year, a receivable and corresponding deferred inflow is recorded at December 31. As the tax is collected in the succeeding year, the deferred inflow is recognized as revenue and the receivable is reduced. The pension items are the difference between projected and actual pension experience, pension earnings, changes in assumptions and changes in the District's proportionate share of the underlying pension asset or liability. The pension differences and changes are amortized based on the requirements of GASB Statement 68.

**NOTE 1: <u>SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES</u>** (Continued)

### LONG-TERM OBLIGATIONS

Long-term debt is reported at face value, net of applicable discounts and deferred gains or charges on refunding. Costs related to the issuance of debt are expensed when incurred. Long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statements of net position.

### NET POSITION/FUND BALANCE

In the government-wide financial statements, net position is either shown as net investment in capital assets, with these assets essentially being nonexpendable; restricted when constraints placed on the net position are externally imposed; or unrestricted.

For the governmental fund presentation, fund balances that are classified as “nonspendable” include amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts. The District currently does not have this category of fund balance.

Fund balance is reported as “restricted” when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or (b) imposed by law through constitutional provisions or enabling legislation. The District’s restricted fund balance represents the funds set aside to satisfy the TABOR emergency reserve requirement discussed in Note 6.

Amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors, are reported as “committed” fund balance. Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of action (for example, legislation, resolution, ordinance) it employed to previously commit those amounts. The District currently has no committed funds.

Amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed, are reported as “assigned” fund balance. Intent should be expressed by (a) the governing body itself or (b) a body (a budget or finance committee, for example) or official to which the governing body has delegated the authority to assign amounts to be used for specific purposes. The District currently has committed fund balances for specific uses as well as through the adoption of the 2026 budget.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

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

### PENSIONS

The District participates in two defined benefit pension plans. For purposes of measuring the net pension (assets) liabilities, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense/benefit, information about the fiduciary net position of pension plans and additions to/deductions from the plan's fiduciary net position have been determined on the same basis as they are reported by the plans. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

### LEASES

For long-term leasing arrangements where the District is a lessee, a lease liability and a right-to-use (RTU) intangible asset are recognized at the commencement of the lease term. RTU assets represent the District's right to use an underlying asset for the lease term and lease liabilities represent the District's obligation to make lease payments arising from the lease. RTU assets and liabilities are recognized at the lease commencement date based on the estimated present value of lease payments over the lease term. For the year ended December 31, 2025, the District did not have any material long-term leasing arrangements.

For short-term leasing arrangements where the District is a lessee, payments are recognized as outflows of resources.

### COMPARATIVE DATA

Comparative total data for the prior year has been presented in the accompanying basic financial statements in order to provide an understanding of changes in the District's financial position and operations. However, comparative data has not been presented in each of the statements since their inclusion would make the statements unduly complex and difficult to understand.

## NOTE 2: CASH AND INVESTMENTS

The District's cash and investment balances are comprised of the following:

| | |
|---|---|
| Cash and equivalents | $ 346,937 |
| Restricted pension bank deposits | (273,759) |
| Total bank deposits | 73,178 |
| | |
| Investments (cash equivalent) | 3,730,795 |
| Restricted impact fees | 244,935 |
| Restricted pension investments | 4,085,111 |
| Total investments | 8,060,841 |
| Total cash and investments | $ 8,134,019 |

The cash and investments are presented in the financial statements as follows:

| | |
|---|---|
| Cash and equivalents | $ 346,937 |
| Investments | 3,730,795 |
| Restricted impact fees | 244,935 |
| Restricted pension cash and investments | 3,811,352 |
| Total cash and investments | $ 8,134,019 |

**NOTE 2: CASH AND INVESTMENTS** (Continued)

### Deposits

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. The District's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels ($250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized.

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and December 31, 2025, all of the District's deposits as shown below were either insured by federal depository insurance or collateralized under PDPA and are therefore not deemed to be exposed to custodial credit risk.

The District's deposits are categorized as follows:

| | Bank Balance | Book Balance |
|---|---|---|
| FDIC insured deposits | $ 101,893 | $ 73,178 |

### INVESTMENTS

**Fair Value**

The District/Pension categorizes its fair value measurements within the fair value hierarchy established by GAAP. 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 and Level 3 inputs are significant unobservable inputs. The District's investments held in trust for the pension plan have a Level 1 and 2 fair value measurement as of December 31, 2025

The following is a description of the valuation methodologies used for assets measured at fair value. US Instrumentalities - Treasury Bills, Treasury Notes, Treasury Bonds and Treasury Strips with a final maturity not exceeding five years from the date of purchase and have a rating of Aaa by Moody's. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

Money Market Funds - These are public investment vehicles, registered under the Investment Company Act of 1940 which are "no-load" (no commission fee charged on purchases or sales of shares); have a constant net asset value of $1.00; have a maximum stated maturity and weighted average maturity in accordance with Federal Securities Regulation 2a-7; and have a rating of AAAm by Standard & Poor's, Aaa by Moody's or AAA/V1+ by Fitch. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

**NOTE 2: CASH AND INVESTMENTS** (Continued)

**INVESTMENTS** (Continued)

Mutual Funds - These are public investment vehicles, valued using the fair value per share (unit) provided by the administrator of the fund. The fair value per unit is based on the value of the underlying assets owned by the fund, minus the liabilities, and then divided by the number of shares outstanding. The fair value per unit is the quoted price in an active market and classified within Level 1 of the valuation hierarchy.

| | Level 1 | Uncategorized | Total | Weighted Avg Mat |
|---|---|---|---|---|
| Investment Pools | $ - | $ 3,730,795 | $ 3,730,795 | - |
| Pension Money Market Funds | 566,207 | - | 566,207 | |
| Pension Mutual Funds | 3,526,137 | - | 3,526,137 | - |
| Total Investments | $ 4,092,344 | $ 3,730,795 | $ 7,823,139 | - |

The District's local government pool investment, further described below, is not subject to categorization or the fair value disclosures.

The District recognizes transfers between levels in the fair value hierarchy at the end of the reporting period. During 2025, there were no changes in the methods or assumptions utilized to derive the fair value of the District's assets and liabilities.

Credit Risk - Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The District does not hold any investments, and therefore, credit risk is not applicable. The pension trust may be invested only in investment-grade bonds rated BBB (or equivalent) or better, commercial paper rated A1 (or equivalent) or better. Money market funds within the pension trust shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor's and/or Moody's. The mutual funds held by the pension trust are unrated.

The District and pension trust are required to comply with state statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Noninsured trust pension plans with a bank or trust company authorized to exercise trust powers in this state as a trustee.

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**INVESTMENTS** (Continued)

The District's investment policy limits its investments to those allowed by Colorado Revised Statute 31-30-1113 as described above, and as otherwise indicated in the statute.

Pursuant to the pension trust's investment policy, it may also invest in:

- Short-term investment funds
- Certificates of deposit insured by the FDIC and collateralized in
- accordance with PDPA
- Fixed income securities
- Equity securities
- Mutual funds Exchange traded funds
- Other assets
- Derivative investments upon permission from the pension board

The District has invested $3,975,730 in the Colorado Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Trust operates similarly to a money market fund and each share is equal in value to $1.00. The investment is valued at net asset value. Investments of the Trusts consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. Colotrust is rated AAAm by Standard and Poor's.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned to it. The District's policy requires all deposits to be held in PDPA-approved financial institutions to mitigate this risk.

Concentration Of Credit Risk - It is the policy of the District to diversify its use of investment instruments to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so. In order to achieve a prudent level of portfolio diversification, the securities of any one company or government agency should not exceed 10% of total plan assets, and no more than 30% of total plan assets should be invested in any one industry. Individual treasury securities may represent 40% of the plan assets, while the total allocation to treasury bonds and notes may represent up to 100% of the plan's aggregate bond position.

Interest Rate Risk - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Fixed income maturities within the pension trust are limited to a maximum maturity for any single security of 30 years and a weighted average portfolio maturity not to exceed 15 years.

Foreign Currency Risk - Foreign currency risk is the risk that changes in exchange rates will adversely affect the fair value of an investment or a deposit. The District is not exposed to foreign currency risk at year end.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2025, the District's pension investments were held by Comerica Bank and Trust, N.A.

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**PENSION INVESTMENTS**

At December 31, 2025, the District's pension investments consisted of the following:

| Investment Type | Fair Value | Weighted Avg Mat. | % of Total |
|---|---|---|---|
| Money Market Funds | $ 566,207 | - | 13.84% |
| Mutual Funds | 3,526,137 | - | 86.16% |
| Total | $ 4,092,344 | - | 100.00% |

**INVESTMENTS**

The mutual funds do not have maturities or credit ratings. The U.S. instrumentalities and money market funds have a maturity of one year or less. The following investments exceeded 5% of the total investment balance:

| Investment | Fair Value | % of Total |
|---|---|---|
| PGIM ETF TR Ultra Short | $ 137,563 | 3.36% |
| Ishares TR TR-S&P 500 Index | 397,950 | 9.72% |
| Pacer Funds TR Lunt Lrg Cap Alter Cash Cows | 292,727 | 7.15% |
| GS FSQ Govt Inst | 260,231 | 6.36% |
| Fidelity Inst Prime Treasury | 216,954 | 5.30% |
| Ishares TR S&P SM Cap 600 Index | 180,390 | 4.41% |
| Total | $ 1,485,815 | 36.31% |

## NOTE 3: CAPITAL ASSETS

Capital Asset Activity for the year ended December 31, 2025 was as follows:

| | Balance 12/31/24 | Additions | Deletions | Balance 12/31/25 |
|---|---|---|---|---|
| Capital assets not being depreciated | | | | |
| Land | $ 177,266 | $ 126,090 | $ - | $ 303,356 |
| Collection | 45,000 | - | - | 45,000 |
| Construction in Progress | - | 35,469 | - | 35,469 |
| Total capital assets not being depreciated | 222,266 | 161,559 | - | 383,825 |
| Capital assets being depreciated | | | | |
| Buildings | 2,833,868 | 178,862 | - | 3,012,730 |
| Land improvements | 169,319 | 73,100 | - | 242,419 |
| Equipment | 443,862 | 15,167 | - | 459,029 |
| Vehicles and accessories | 4,721,270 | 510,925 | 24,844 | 5,207,351 |
| Total capital assets being depreciated | 8,168,319 | 778,054 | 24,844 | 8,921,529 |
| Total capital assets | 8,390,585 | 939,613 | 24,844 | 9,305,354 |
| Accumulated depreciation | | | | |
| Buildings | (1,199,705) | (75,780) | - | (1,275,485) |
| Land improvements | (77,886) | (9,106) | - | (86,992) |
| Equipment | (262,564) | (28,638) | - | (291,202) |
| Vehicles and accessories | (3,280,986) | (244,348) | (24,844) | (3,500,490) |
| Total accumulated depreciation | (4,821,141) | (357,872) | (24,844) | (5,154,169) |
| Net capital assets being depreciated | 3,347,178 | 420,182 | - | 3,767,360 |
| **Net capital assets** | **$ 3,569,444** | **$ 581,741** | **$ -** | **$ 4,151,185** |

## NOTE 4: LONG-TERM OBLIGATIONS

### Changes in Long-Term Obligations

The following is a summary of changes in long term obligations of the District for December 31, 2025:

| | Balance 12/31/24 | Additions | Repayments | Net Change | Balance 12/31/25 |
|---|---|---|---|---|---|
| Accrued Compensated Absences | $ 297,049 | $ 10,541 | $ - | $ - | $ 307,589 |

**NOTE 5: <u>PENSION PLANS</u>**

**<u>VOLUNTEER FIREFIGHTER PENSION FUND</u>**

**General Information About The Pension Plan**
Effective January 2, 2003, the District elected to affiliate with Wells Fargo Bank West (Wells Fargo) for the purpose of having Wells Fargo administer its Volunteer Firefighter Pension Plan (the Volunteer Fund), a single-employer defined benefit plan, and manage the Volunteer Fund investments. The Volunteer Fund is administered by reference to the Rules and Bylaws of the Firefighter Pension Fund of the District as adopted on July 12, 1982 and amended on August 8, 1988, and applicable Colorado statutes. The District Board of Directors has the authority to establish and amend benefit provisions. The Pension Board of Trustees consists of the members of the Board of Directors of the District and two elected retired or active volunteers of the fire department.

Since the District retains fiduciary responsibility for the Volunteer Fund, it has been determined that the activities of this pension should be reported in the District's financial statements as a fiduciary fund type - pension trust fund. The financial statements of the Volunteer Fund are prepared using the accrual basis of accounting. Benefits, expenses and refunds are recognized when due and payable in accordance with the terms of the plan. All administrative expenses are borne by the Volunteer Fund. Stand-alone financial statements for the Volunteer Fund are not issued.

**Contribution And Benefit Information**
Funding of accrued pension expense is accomplished through contributions from the State of Colorado in accordance with 1973 C.R.S. 31-30-1014(3)(a)(1), and through an annual mill levy of 0.500 (not to exceed one) on the current valuation for assessment. The assessed valuation for 2025 was $504,244,560. One mill was $504,245. Taxes collected in 2025 and remitted for pension funding were $264,689, representing 6.37% of the total District mill..

The Volunteer Fund is open to any firefighter who renders service to the District and who does not receive compensation under an employment contract as a firefighter. The Volunteer Fund covers substantially all volunteer firefighters within the fire department of the District. The benefits provided under the plan are as follows:

a) The Volunteer Firefighter Pension Fund currently pays a pension benefit of $700 per month to a qualified retired volunteer firefighter to whom the Pension Fund's Board of Trustees has granted a pension based on their having provided at least 20 year of volunteer service and being at least 50 years of age. As permitted by state statute, the Pension Fund, also pays a prorated monthly pension benefit to a qualified retired volunteer firefighter who has provided at least 10 years, but less than 20 years, of volunteer service and who is at least 50 years of age. The amount of the monthly pension benefit is calculated at $35 per year pf qualifying volunteer service. For example, a volunteer firefighter who earns 12 years of pensionable service would receive a monthly pension benefit of $420 ($35 x 12 years = $420).

**NOTE 5: PENSION PLANS**

**VOLUNTEER FIREFIGHTER PENSION FUND** (Continued)

b) Survivor Benefit - monthly benefits Following death before retirement, not more than $350.

c) Funeral Benefit - lump sum benefit Following death of any active or retired member of the Pension Fund, $1,000

d) Disability Retirement Benefit - monthly benefits Short-term disability - $150 for one year

Census information for the Volunteer Fund as of December 31, 2025 is as follows:

| | |
|---|---|
| Inactive plan members or beneficiaries currently receiving benefits | 71 |
| Inactive plan members entitled to but not yet receiving benefits | 2 |
| Active plan members | 26 |
| Total Members | 99 |

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

At December 31, 2024, the District reported net pension assets (fiduciary net position) of $4,094,334 and a total pension liability of $4,270,811, for a net pension liability of $176,477. The net pension liability was measured as December 31, 2025, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2025.

For the year ended December 31, 2025, the District recognized pension expense of $40,946. 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 | Deferred Inflows |
|---|---|---|
| Difference between expected and actual experience | $ - | $ (2,090) |
| Net difference between projected and actual earnings on pension plan investments | $ - | $ (185,190) |
| **Total** | **$ -** | **$ (187,280)** |

**NOTE 5: <u>PENSION PLANS</u>** (Continued)

**<u>VOLUNTEER FIREMEN'S PENSION FUND</u>** (Continued)

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

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:** | **Amortization Amount** |
|---|---|
| 2024 | $ 51,719 |
| 2025 | (96,245) |
| 2026 | (75,839) |
| 2027 | (66,915) |
| **Total** | **$ (187,280)** |

*Actuarial assumptions.* The total pension liability as of December 31, 2025 was determined using the following actuarial assumptions and other inputs:

| **Actuarial method** | **Entry Age Normal Cost** |
|---|---|
| Long-term investment rate of return, net of pension plan investment expenses, including inflation | 6.00% |
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Open |
| Remaining Amortization Period | 20 years |
| Asset Valuation Method | Market Value |
| Inflation | Implicit |
| Salary increase, including wage inflation | N/A |
| Retirement Age | 50% rate assumed until age 65 at which 100% retirement is assumed |
| Mortality | For annuitants, Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and Females, amount weighted, projected with the ultimate values of the MP-2020 projection scale. For active members, Pub-2010 Public Safety Healthy Employee Mortality Tables for males and females, amount weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier. |

**NOTE 5: PENSION PLANS** (Continued)

**VOLUNTEER FIREMEN'S PENSION FUND** (Continued)

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

The actuarial assumptions used in the January 1, 2025 valuation were based on the results of an actuarial experience study for the period January 1, 2022 through December 31, 2022. The mortality and withdrawal assumptions have been updated since the prior valuation. The assumptions are similar to the assumption set used to value volunteer fire districts in Colorado that are associated with FPPA. The investment rate of return has been updated to be net of investment expenses only, and an explicit administrative expense assumption has been added to the actuarially determined contribution.

The investment objective of the Volunteer Fund is to emphasize long-term growth of principle while avoiding excessive risk. Short-term volatility is tolerated in as much as the comparable market index fluctuates. Total return to exceed the performance of a policy index based on the strategic allocation of the Volunteer Fund assets to various broad asset classes. The asset classes included in the pension plan's target asset allocation as of December 31, 2025 are summarized in the following table:

| Asset Class | Target Allocation |
|---|---|
| Domestic Large Cap Equities | 18.00% |
| Domestic Mid Cap Equities | 5.00% |
| Domestic Small Cap Equities | 5.00% |
| International Stocks | 10.00% |
| Fixed Income | 60.00% |
| Cash and Equivalents | 2.00% |
| **Total** | **100.00%** |

*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 (which is published by the Federal Reserve) as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met).

For the purpose of this valuation, the expected rate of return on pension plan investments is 6.0%; the municipal bond rate is 4.83% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"); and the resulting Single Discount Rate is 6.0%.

*Sensitivity of the proportionate share of the net pension asset (liability) to changes in the discount rate*. The following presents the plan's net pension liability, calculated using a Single Discount Rate of 6.0%, as well as what the plan's net pension liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

| | 1% Decrease (5%) | Current Discount Rate (6%) | 1% Increase (7%) |
|---|---|---|---|
| Proportionate share of the net pension asset (liability) | $ (616,367) | $ (176,477) | $ 193,198 |

**NOTE 5: PENSION PLANS** (Continued)

**VOLUNTEER FIREMEN'S PENSION FUND** (Continued)

**Schedule of Changes in the Volunteer Net Pension Liability**

The following is a schedule of the changes in both the total pension liability and the net pension liability for the year ended December 31, 2025:

**Schedule of Changes in District's Net Pension Liability and Related Ratios**

| Total Pension Liability | | 2025 |
|---|---|---|
| Service cost | $ | 42,909 |
| Interest | | 250,192 |
| Differences between expected and actual experience | | - |
| Changes of assumptions | | - |
| Benefit payments | | (337,120) |
| Net changes in total pension liability | | (44,019) |
| Total Pension Liability - beginning | | 4,314,830 |
| Total Pension Liability - ending (a) | $ | 4,270,811 |
| | | |
| Plan Fiduciary Net Position | | |
| Contributions - employer | $ | 264,689 |
| Contributions - state | | 30,596 |
| Net investment Income | | 549,875 |
| Benefit payments, including refunds of employee contributions | | (337,120) |
| Administrative expense | | (44,664) |
| State of Colorado Supplemental Discretionary Payment | | - |
| Net change in plan fiduciary net position | | 463,376 |
| Plan fiduciary net position - beginning | | 3,630,958 |
| Plan fiduciary net position - ending(b) | $ | 4,094,334 |
| | | |
| District's net pension liability (asset) - ending (a)-(b) | $ | 176,477 |
| | | |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | | 95.87% |

**NOTE 5: <u>PENSION PLANS</u>** (Continued)

**<u>Schedule of Changes in the Volunteer Net Pension Liability</u>** (Continued)

*Changes in Actuarial Assumptions* - Mortality tables, withdrawal rates, and disability rates have all been updated since the prior valuation. The assumptions are similar to the assumption set used to value volunteer fire districts in Colorado that are associated with Fire and Police Pension Association of Colorado. Additionally, administrative expenses are now assumed to be equal to an average of the actual expenses for the two prior years. There were no benefit changes during the fiscal year, and no changes to actuarial assumptions from the January 1, 2025 valuation.

**STATEWIDE RETIREMENT PLAN – DEFINED BENEFIT SYSTEM (FPPA)**

**General Information about the Pension Plan/Summary of Significant Accounting Policies**

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 229 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the 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.

The District participates in the Defined Benefit Component.

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.

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

**NOTE 5: PENSION PLANS (Continued)**

**STATEWIDE RETIREMENT PLAN – DEFINED BENEFIT SYSTEM (FPPA)** (Continued)

**General Information about the Pension Plan** (Continued)

*Plan description*. Eligible employees of the District are provided with pensions through the Defined Benefit Component of the SRP Plan. Plan benefits are specified in Title 31, Articles 30, 30.5 and 31 of the Colorado Revised Statutes (C.R.S.), rules and regulations codified by the Fire and Police Pension Association, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. FPPA issues a publicly available comprehensive annual financial report, that can be obtained at htttp://www.FPPAco.org.

The net pension asset or 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 SRP have been determined using the accrual basis of accounting as required by the accounting principles and reporting guidelines as set forth by the Governmental Accounting Standards Board. 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.

*Members Included.* Members included are active, full-time salaried employees of a participating municipality, fire protection district, fire authority, or county improvement district normally serving at least 1,600 hours in a calendar year and whose duties are directly involved with the provision of police or fire protection. As of August 5, 2003, the Plan may also include clerical and other personnel employed by a fire protection district, fire authority, or a county improvement district.

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

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

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.

**NOTE 5: <u>PENSION PLANS</u>** (Continued)

**STATEWIDE RETIREMENT PLAN – DEFINED BENEFIT SYSTEM (FPPA)** (Continued)

**General Information about the Pension Plan** (Continued)

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 O 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 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.

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

Employer contributions are recognized by FPPA in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to FPPA. Employer contributions recognized by the FPPA from the District were $122,379 for the plan year ended December 31, 2024 and $155,728 for the fiscal year ended December 31, 2025. The current year contributions will be expensed in 2025 for FPPA purposes and are a timing difference at year end. The District has 25 contributing members to the plan during 2025.

**NOTE 5: PENSION PLANS** (Continued)

**STATEWIDE RETIREMENT PLAN – DEFINED BENEFIT SYSTEM (FPPA)** (Continued)

**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 liability of $0 for its proportionate share of the SRP's net pension liability. The net pension asset or liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The District's proportion of the net pension liability was based on District's contributions to the SRP for the calendar year 2024 relative to the total contributions of participating employers to the SRP.

At December 31, 2025, the District's proportion was 0.1122%, which was a decrease of 0.02% from its proportion measured as of December 31, 2024.

For the year ended December 31, 2025, the District recognized pension expense of $186,659. 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 | Deferred Inflows |
|---|---|---|
| Difference between expected and actual experience | $ 269,701 | $ 8,436 |
| Changes of assumptions or other inputs | $ 96,523 | $ - |
| Net difference between projected and actual earnings on pension plan investments | $ 38,314 | $ - |
| Changes in proportion and differences between contributions recognized and proportionate share of contributions - Plan Basis | $ - | $ 75,856 |
| Contributions subsequent to the measurement date | $ 155,728 | $ - |
| **Total** | **$ 560,266** | **$ 84,292** |

**NOTE 5: PENSION PLANS** (Continued)

**STATEWIDE RETIREMENT PLAN – DEFINED BENEFIT SYSTEM (FPPA)** (Continued)

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

$155,728 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an adjustment of the net pension asset 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:** | **Fiscal year Total** |
|---|---|
| 2025 | $ 98,604 |
| 2026 | 146,724 |
| 2027 | (5,351) |
| 2028 | 3,843 |
| 2029 | 30,314 |
| 2030-2032 | 46,113 |
| **Total** | **$ 320,247** |

*Actuarial assumptions*. The actuarial valuations for the Defined Benefit Component 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, net* | 7.0% | 7.0% |
| Projected Salary Increases* | 4.25% - 11.75% | 4.25% - 11.75% |
| Cost of Living Adjustments (COLA) | 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.

## NOTE 5: PENSION PLANS (Continued)

### STATEWIDE RETIREMENT PLAN – DEFINED BENEFIT SYSTEM (FPPA)
(Continued)

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

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

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% | 7.00% |
| Equity Long/Short | 6% | 6.20% |
| Private Markets | 34% | 8.80% |
| Fixed Income - Rates | 7% | 5.00% |
| Fixed Income - Credit | 7% | 6.50% |
| Absolute Return | 9% | 5.70% |
| Cash | 4% | 4.20% |
| **Total** | **100%** | |

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 Statewide Retirement Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**NOTE 5: PENSION PLANS (Continued)**

**STATEWIDE RETIREMENT PLAN – DEFINED BENEFIT SYSTEM (FPPA)** (Continued)

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

The COLA assumption reflects the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with 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.

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

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability 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 SRP net pension asset (liability) (1) | $ 547,700 | $ - | $ - |

(1) The Statewide Retirement Plan Net Pension Liability of $0 reflects a reserve for cost of living adjustments and to manage adverse experience of $161,347 at a 7.00 percent discount rate and $748,504 and an 8.00 percent discount rate.

## NOTE 6: STATEWIDE DEATH AND DISABILTY PLAN

The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer defined benefit death and disability plan covering full-time employees of substantially all fine and police departments in Colorado. As of August 5, 2003, the Plan may include part-time police and fire employees. Contributions to the Plan are used for the payment of death and disability benefits. The Plan was established in 1980 pursuant to Colorado Revised Statutes. The Plan assets are included in the Fire & Police Members' Benefit Investment Fund Long-Term Pool

Plan benefits provide 24-hour coverage, both on- and off-duty and are available for members not eligible for normal retirement under a defined benefit plan, or members who have not met 25 years of accumulated service and age 55 under a money purchase pension plan.

In the case of an on-duty death, benefits may be payable to the surviving spouse and/or dependent children of active members who were eligible to retire but were still working. Death and disability benefits are free from state and federal taxes in the event that a member's disability is determined to be the result of an on-duty injury or an occupational disease.

All full-time firefighters are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by state statute and generally allow for benefits upon the death or disability of a plan member prior to retirement.

FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for SWD&DP. That report may be obtained at www.fppaco.org.

**Contributions**
Prior to 1997, the Plan was primarily funded by the State of Colorado, whose contributions were established by Colorado Statute. In 1997, the State made a one time contribution to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. In 2022 and 2023, the State made additional one time contributions to fund past and future service costs for the same members based on updated actuarial calculation of liabilities.

Members hired on or after January 1, 1997, and members covered by Social Security contribute to this plan. The contribution rate may be increased 0.2 percent annually by the FPPA Board. This contribution percentage can vary depending on actuarial experience. All contributions are made by or on behalf of members. The contribution may be paid entirely by the employer or member, or may be split between the employer and member.

The District contributed 3.8% of base salaries on behalf of the members during the year ended December 31, 2025. Contributions to the plan for the year ended December 31, 2025 were $50,513, equal to the required contributions. The District had twenty five employees contributing to the Statewide Retirement Plan, not all of which were eligible to contribute to the SWD&DP.

**Other Postemployment Benefits (OPEB) Liabilities, OPEB Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To OPEB**
The District has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity. Therefore, the District does not report a net OPEB liability or deferred outflows of resources and deferred inflows of resources related to OPEB.

## NOTE 7: DEFERRED COMPENSATION PLAN

The District participates in a deferred compensation plan (the 457 Plan) as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of earned compensation to the 457 Plan.

The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the plan trustee. The District does not match employee contributions to the 457 Plan. For the year ended December 31, 2025, participating employees contributed $23,437 to the 457 Plan.

## NOTE 8: FUND BALANCE RESERVATIONS/APPROPRIATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, otherwise known as the Taxpayers' Bill of Rights (TABOR), which has several limitations, including revenue raising, spending abilities and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation.

The amendment requires emergency reserves to be at least 3% of fiscal year spending. The amendment allows for an increase of revenues under formulas using inflation and local growth. Voter approval is required for tax increases and spending above the inflation and growth factor. Revenue collected, kept or spent illegally shall be refunded with interest. The District believes it is in compliance with TABOR requirements; however, the District has made certain interpretations of the amendment's language in order to determine its compliance.

On May 5, 1998, an election was held that authorized the District to retain and spend all revenues and other funds collected from any source, effective January 1, 1998 and thereafter. On May 2, 2000, an election was held that authorized a permanent waiver of the 5.5% limitation under Section 29-1-301, C.R.S.

The District has made the following fund balance reservation as a result of Article X, Section 20 (TABOR) of the Colorado Constitution:

Emergency Reserve

The Article requires an emergency reserve be set aside for 2025 in the amount of 3% or more of its fiscal year spending. At December 31, 2025, the District restricted $178,000 in the General Fund for emergencies.

The District has also restricted amounts collected and unspent as of the end of the year related to the District's Capital Impact Fees in the amount of $244,935.

## NOTE 9: 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 carries commercial insurance for the risks of loss, including worker's compensation and employee accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. Limits of insurance coverage remain unchanged in the past three years.

The District is a participant in the Colorado Special Districts Property and Liability Pool (the Pool), a public entity risk pool currently operating as a common risk management and insurance program for member special districts in Colorado. The Pool provides property and general liability, automobile physical damage and liability, public officials' liability, inland marine, money and security and boiler and machinery coverages to its members. The District does not know its percentage share of the Pool surplus or deficit. The District pays annual premiums to the Pool for coverage.

The Pool agreement also gives the Board of Directors of the Pool the power to establish additional contributions at such times and in such amounts as the Pool's Board of Directors determines are needed for the purposes of the Pool. The Pool's Board of Directors may decide to distribute surplus funds among members; however, the District did not receive any such distribution for the year ended December 31, 2025.

**Required Supplementary Information**
**(Pension Schedules – Unaudited)**

**PAGOSA FIRE PROTECTION DISTRICT**

**FPPA STATEWIDE RETIREMENT PENSION PLAN**
**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY)**
**Last 10 Fiscal Years**

| Fiscal Year | District's proportion of the net pension asset (liability) | District's proportionate share of the net pension asset (liability) | District's covered payroll | District's proportionate share of the net pension asset (liability) as a proportion of covered payroll | Plan fiduciary net position as a percentage of the total pension liability |
|---|---|---|---|---|---|
| 12/31/2025 | 0.1122357% | $ - | $ 1,225,968 | 0.00% | 100.00% |
| 12/31/2024 | 0.0922593% | $ - | $ 1,037,020 | 0.00% | 100.00% |
| 12/31/2023 | 0.1024288% | $ (90,917) | $ 844,242 | -10.77% | 97.63% |
| 12/31/2022 | 0.1033219% | $ 559,936 | $ 781,511 | 71.65% | 116.16% |
| 12/31/2021 | 0.0949691% | $ 206,178 | $ 720,494 | 28.62% | 106.70% |
| 12/31/2020 | 0.0920007% | $ 52,032 | $ 678,075 | 7.67% | 101.90% |
| 12/31/2019 | 0.0583408% | $ (73,759) | $ 584,438 | -12.62% | 95.23% |
| 12/31/2018 | 0.0589451% | $ 84,802 | $ 391,788 | 21.64% | 106.34% |
| 12/31/2017 | 0.0665394% | $ (32,868) | $ 444,850 | -7.39% | 98.21% |
| 12/31/2016 | 0.1095230% | $ 1,930 | $ 465,538 | 0.41% | 100.10% |

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

See the accompanying Independent Auditors' Report.

**PAGOSA FIRE PROTECTION DISTRICT**

**FPPA STATEWIDE RETIREMENT PENSION PLAN**
**SCHEDULE OF DISTRICT CONTRIBUTIONS**
**Last 10 Fiscal Years[1]**

| Fiscal Year | Contractually required contributions | Actual contributions | Contribution deficiency (excess) | District's covered payroll | Contributions as a percentage of covered payroll |
|---|---|---|---|---|---|
| 12/31/2025 | $ 122,379 | $ 122,379 | $ - | $ 1,225,968 | 10.00% |
| 12/31/2024 | $ 85,970 | $ 85,970 | $ - | $ 1,037,020 | 9.50% |
| 12/31/2023 | $ 80,203 | $ 80,203 | $ - | $ 844,242 | 9.50% |
| 12/31/2022 | $ 70,336 | $ 70,336 | $ - | $ 781,511 | 9.00% |
| 12/31/2021 | $ 61,242 | $ 61,242 | $ - | $ 720,494 | 8.50% |
| 12/31/2020 | $ 54,246 | $ 54,246 | $ - | $ 678,075 | 8.00% |
| 12/31/2019 | $ 46,755 | $ 46,755 | $ - | $ 584,438 | 8.00% |
| 12/31/2018 | $ 31,343 | $ 31,343 | $ - | $ 391,788 | 8.00% |
| 12/31/2017 | $ 35,588 | $ 35,588 | $ - | $ 444,850 | 8.00% |
| 12/31/2016 | $ 37,243 | $ 37,243 | $ - | $ 465,538 | 8.00% |

**Note:** All amounts are as of plan calculation dates which are one fiscal year prior to the date shown.

See the accompanying Independent Auditors' Report.

**PAGOSA FIRE PROTECTION DISTRICT**

**SCHEDULE OF CHANGES IN THE DISTRICT'S NET PENSION LIABILITY**
**Volunteer Pension Plan**
**Last 10 Fiscal Years**

| | 12/31/2025 | 12/31/2024 | 12/31/2023 | 12/31/2022 | 12/31/2021 |
|---|---|---|---|---|---|
| Total Pension Liability | | | | | |
| Service cost | $ 42,909 | $ 50,472 | $ 50,472 | $ 46,778 | $ 46,778 |
| Interest | 250,192 | 264,928 | 266,290 | 238,731 | 240,258 |
| Changes of benefit terms | - | - | - | 321,849 | - |
| Differences between expected and actual experience | - | (217,636) | - | 132,257 | - |
| Changes of assumptions | - | - | - | 47,950 | - |
| Benefit payments | (337,120) | (342,090) | (336,910) | (323,423) | (305,565) |
| Net changes in total pension liability | (44,019) | (244,326) | (20,148) | 464,142 | (18,529) |
| Total Pension Liability - beginning | 4,314,830 | 4,559,156 | 4,579,304 | 4,115,162 | 4,133,691 |
| Total Pension Liability - ending (a) | $ 4,270,811 | $ 4,314,830 | $ 4,559,156 | $ 4,579,304 | $ 4,115,162 |
| | | | | | |
| Plan Fiduciary Net Position | | | | | |
| Contributions - employer | $ 264,689 | $ 261,974 | $ 168,011 | $ 160,944 | $ 145,943 |
| Contributions - state (discretionary) | 30,596 | 30,596 | 30,596 | 30,596 | 30,596 |
| Net investment Income | 549,875 | 250,224 | 296,728 | (516,095) | 214,887 |
| Benefit payments | (337,120) | (342,090) | (336,910) | (323,423) | (305,565) |
| Administrative expense | (44,664) | (41,147) | - | (14,500) | (20,501) |
| Other | - | - | - | 469 | - |
| Net change in plan fiduciarty net position | 463,376 | 159,557 | 158,425 | (662,009) | 65,360 |
| Plan fiduciary net position - beginning | 3,630,958 | 3,471,401 | 3,312,976 | 3,974,985 | 3,909,625 |
| Plan fiduciary net position - ending(b) | $ 4,094,334 | $ 3,630,958 | $ 3,471,401 | $ 3,312,976 | $ 3,974,985 |
| | | | | | |
| District's net pension liability (asset) - ending (a)-(b) | $ 176,477 | $ 683,872 | $ 1,087,755 | $ 1,266,328 | $ 140,177 |
| | | | | | |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 95.87% | 84.15% | 76.14% | 72.35% | 96.59% |
| Covered Employee Payroll | N/A | N/A | N/A | N/A | N/A |
| Net Pension Liability as % of Payroll | N/A | N/A | N/A | N/A | N/A |

Note: There were no factors that significantly affected trends in the amounts reported.

See the accompanying Independent Auditors' Report.

| 12/31/2020 | 12/31/2019 | 12/31/2018 | 12/31/2017 | 12/31/2016 |
|---|---|---|---|---|
| $ 40,535 | $ 40,535 | $ 49,860 | $ 76,508 | $ 76,508 |
| 242,662 | 244,238 | 247,046 | 238,118 | 239,174 |
| - | - | - | - | - |
| (17,426) | - | 3,098 | 55,350 | - |
| - | - | (32,087) | 93,184 | - |
| (312,367) | (309,696) | (306,690) | (299,118) | (290,940) |
| (46,596) | (24,923) | (38,773) | 164,042 | 24,742 |
| 4,180,287 | 4,205,210 | 4,243,983 | 4,079,941 | 4,055,199 |
| $ 4,133,691 | $ 4,180,287 | $ 4,205,210 | $ 4,243,983 | $ 4,079,941 |
| | | | | |
| $ 185,179 | $ 126,900 | $ 122,145 | $ 128,476 | $ 122,503 |
| 30,596 | 30,596 | 30,596 | 30,596 | 30,596 |
| 462,836 | 495,199 | (104,299) | 345,631 | 203,521 |
| (312,367) | (309,696) | (306,690) | (299,118) | (296,510) |
| (71,953) | (42,254) | (37,846) | (28,356) | (36,801) |
| - | - | - | - | - |
| 294,291 | 300,745 | (296,094) | 177,229 | 23,309 |
| 3,615,334 | 3,314,589 | 3,610,683 | 3,433,454 | 3,410,145 |
| $ 3,909,625 | $ 3,615,334 | $ 3,314,589 | $ 3,610,683 | $ 3,433,454 |
| | | | | |
| $ 224,066 | $ 564,953 | $ 890,621 | $ 633,300 | $ 646,487 |
| | | | | |
| 94.58% | 86.49% | 78.82% | 85.08% | 84.15% |
| N/A | N/A | N/A | N/A | N/A |
| N/A | N/A | N/A | N/A | N/A |

**PAGOSA FIRE PROTECTION DISTRICT**

**SCHEDULE OF THE DISTRICT'S NET PENSION LIABILITY AND RELATED RATIOS**
**Volunteer Pension Plan**
**Last 10 Fiscal Years**

| Fiscal Year Ended | Total Pension Liability | Plan's Fiduciary Net Position | Net Pension Liability | Plan's Fiduciary Net Position as Percent of Total Pension | Covered Payroll | Net Pension Liability as a Percent of Covered Payroll |
|---|---|---|---|---|---|---|
| 12/31/2016 | $ 4,079,941 | $ 3,433,454 | $ 646,487 | 84.15% | $ - | N/A |
| 12/31/2017 | $ 4,243,983 | $ 3,610,683 | $ 633,300 | 85.08% | $ - | N/A |
| 12/31/2018 | $ 4,205,210 | $ 3,314,589 | $ 890,621 | 78.82% | $ - | N/A |
| 12/31/2019 | $ 4,180,287 | $ 3,615,334 | $ 564,953 | 86.49% | $ - | N/A |
| 12/31/2020 | $ 4,133,691 | $ 3,909,625 | $ (55,094) | 94.58% | $ - | N/A |
| 12/31/2021 | $ 4,115,162 | $ 3,974,985 | $ 140,177 | 96.59% | $ - | N/A |
| 12/31/2022 | $ 4,579,304 | $ 3,312,976 | $ 1,266,328 | 72.35% | $ - | N/A |
| 12/31/2023 | $ 4,559,156 | $ 3,471,401 | $ 1,087,755 | 76.14% | $ - | N/A |
| 12/31/2024 | $ 4,314,830 | $ 3,630,958 | $ 683,872 | 84.15% | $ - | N/A |
| 12/31/2025 | $ 4,270,811 | $ 4,094,334 | $ 176,477 | 95.87% | $ - | N/A |

Note: There were no factors that significantly affected trends in the amounts reported.

See the accompanying Independent Auditors' Report.

**PAGOSA FIRE PROTECTION DISTRICT**

**SCHEDULE OF ACTUARIAL DETERMINED AND ACTUAL CONTRIBUTIONS**
**Volunteer Pension Plan**
**Last 10 Fiscal Years**

| Fiscal Year Ended | Actuarially determined contributions | Actual contributions | Contribution deficiency (excess) | District's covered payroll | Contributions as a percentage of covered payroll |
|---|---|---|---|---|---|
| 12/31/2016 | $ 120,737 | $ 147,529 | $ (26,792) | N/A | N/A |
| 12/31/2017 | $ 120,816 | $ 159,072 | $ (38,256) | N/A | N/A |
| 12/31/2018 | $ 103,511 | $ 152,741 | $ (49,230) | N/A | N/A |
| 12/31/2019 | $ 149,055 | $ 157,496 | $ (8,441) | N/A | N/A |
| 12/31/2020 | $ 149,055 | $ 215,775 | $ (66,720) | N/A | N/A |
| 12/31/2021 | $ 122,856 | $ 176,539 | $ (53,683) | N/A | N/A |
| 12/31/2022 | $ 122,856 | $ 191,540 | $ (68,684) | N/A | N/A |
| 12/31/2023 | $ 175,207 | $ 198,607 | $ (23,400) | N/A | N/A |
| 12/31/2024 | $ 175,207 | $ 292,570 | $ (117,363) | N/A | N/A |
| 12/31/2025 | $ 121,394 | $ 295,285 | $ (173,891) | N/A | N/A |

Note: See Note 5 of the Basic Financial Statements for significant methods and assumptions used in calculating the actuarially determined calculations. There were no factors that significantly affected trends in the amounts reported.

See the accompanying Independent Auditors' Report.

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# Required Supplementary Information

**PAGOSA FIRE PROTECTION DISTRICT**
**Budgetary Comparison Schedule -**
**General Fund**
**Year Ended December 31, 2025**
**(With Comparative Totals for the Year Ended December 31, 2024)**

| | 2025 | | | | |
|---|---|---|---|---|---|
| | **Original Budget** | **Final Budget** | **Actual** | **Variance w/ Final Budget** | **2024 Actual** |
| **REVENUES** | | | | | |
| **Taxes** | | | | | |
| Property Taxes | $ 4,480,927 | $ 4,480,927 | $ 4,211,845 | $ (269,082) | $ 4,584,964 |
| Specific Ownership Taxes | - | - | 358,287 | 358,287 | 347,165 |
| Delinquent Taxes, Penalties and Interest | - | - | 12,334 | 12,334 | 16,182 |
| Total Taxes | 4,480,927 | 4,480,927 | 4,582,466 | 101,539 | 4,948,311 |
| **Intergovernmental** | | | | | |
| Grants | - | - | 250,399 | 250,399 | 3,000 |
| **Charges for Services** | | | | | |
| Airport Fees | - | - | 1,020 | 1,020 | 1,020 |
| Incident Billing | - | - | 3,328 | 3,328 | 2,353 |
| Burn Permits | - | - | 7,231 | 7,231 | 7,980 |
| Plan Reviews | - | - | 14,399 | 14,399 | 10,132 |
| Wildland | - | - | 853,995 | 853,995 | 462,381 |
| Total Charges for Services | - | - | 879,973 | 879,973 | 483,866 |
| **Investment Earnings** | 164,316 | 164,316 | 193,450 | 29,134 | 153,564 |
| **Other Revenues** | | | | | |
| Donations | - | - | 7,776 | 7,776 | 12,724 |
| Insurance Claims | - | - | 12,674 | 12,674 | 2,500 |
| Sale of Capital Assets | - | - | 160 | 160 | 4,425 |
| Refunds and Reimbursements | 500 | 500 | 2,174 | 1,674 | 225 |
| Miscellaneous Income | - | - | 3,628 | 3,628 | 1,000 |
| Total Other Revenues | 500 | 500 | 26,412 | 25,912 | 20,874 |
| Total Revenues | 4,645,743 | 4,645,743 | 5,932,700 | 1,286,957 | 5,609,615 |
| **EXPENDITURES** | | | | | |
| **Current:** | | | | | |
| **Public Safety** | | | | | |
| Payroll | 2,320,915 | 2,320,915 | 2,717,256 | (396,341) | 2,179,049 |
| Administrative | 502,129 | 502,129 | 549,968 | (47,839) | 544,433 |
| Fleet Maintenance | 144,900 | 144,900 | 124,477 | 20,423 | 92,121 |
| Facility Maintenance | 33,050 | 33,050 | 47,743 | (14,693) | 28,618 |
| Training | 95,200 | 95,200 | 69,828 | 25,372 | 36,984 |
| Equipment Maintenance/Replacement | 212,970 | 212,970 | 191,805 | 21,165 | 187,294 |
| Recruitment and Retention | 9,250 | 9,250 | 5,972 | 3,278 | 9,431 |
| Volunteer Pension Benefits | 306,386 | 306,386 | 265,689 | 40,697 | 263,974 |
| Utilities | 61,125 | 61,125 | 52,667 | 8,458 | 52,690 |
| Total Public Safety (Operations) | 3,685,925 | 3,685,925 | 4,025,405 | (339,480) | 3,394,594 |
| **Capital Outlay** | 1,374,818 | 1,374,818 | 885,513 | 489,305 | 230,116 |
| **Total Expenditures** | 5,060,743 | 5,060,743 | 4,910,918 | 149,825 | 3,624,710 |
| **Change in Fund Balance** | (415,000) | (415,000) | 1,021,782 | 1,436,782 | 1,984,905 |
| **Fund Balance, Beginning** | 3,300,640 | 3,300,640 | 3,300,640 | - | 1,315,735 |
| **Fund Balance, Ending** | $ 2,885,640 | $ 2,885,640 | $ 4,322,422 | $ 1,436,782 | $ 3,300,640 |

See the accompanying Independent Auditor's Report.

## Other Supplementary Information

**PAGOSA FIRE PROTECTION DISTRICT**
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET POSITION**
**Budget and Actual - Pension Trust Fund**
**Year Ended December 31, 2025**
**(With Comparative Totals for the Year Ended December 31, 2024)**

| | 2025 | | | | |
|---|---|---|---|---|---|
| | Original Budget | Final Budget | Actual | Variance w/ Final Budget | 2024 Actual |
| **ADDITIONS:** | | | | | |
| Contributions: | | | | | |
| District | $ 275,790 | $ 275,790 | $ 264,689 | $ (11,101) | $ 261,974 |
| State | 30,596 | 30,596 | 61,192 | 30,596 | 30,596 |
| Investment Earnings: | | | | | |
| Investment Earnings | 362,525 | 362,525 | - | (362,525) | - |
| Interest Paid Pension | - | - | 2,826 | 2,826 | 18,930 |
| Dividends Paid | - | - | 128,396 | 128,396 | 93,933 |
| Unrealized Fair Market Value | - | - | 418,653 | 418,653 | 137,361 |
| Total Additions | 668,911 | 668,911 | 875,756 | 206,845 | 542,794 |
| **DEDUCTIONS:** | | | | | |
| Pension Benefit Payments | 400,500 | 400,500 | 337,120 | 63,380 | 342,090 |
| Actuarial Fees | 55,000 | 55,000 | 11,000 | 44,000 | 4,500 |
| Investment Fees | - | - | 33,664 | (33,664) | 36,647 |
| Total Deductions | 457,500 | 457,500 | 381,784 | 75,716 | 383,237 |
| Change in Fiduciary Net Position | 211,411 | 211,411 | 493,972 | 282,561 | 159,557 |
| Net Position, Beginning | 3,643,919 | 3,643,919 | 3,630,958 | (12,961) | 3,471,401 |
| Net Position, Ending | $ 3,855,330 | $ 3,855,330 | $ 4,124,930 | $ 269,600 | $ 3,630,958 |

See the accompanying Independent Auditor's Report.