

ROCKY FORD RURAL FIRE PROTECTION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2025

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

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HANCOCK FROESE & COMPANY LLC

CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Rocky Ford Rural Fire Protection District
Rocky Ford, Colorado

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

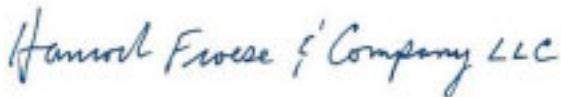
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Rocky Ford Rural Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Rocky Ford Rural Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the budgetary comparison information be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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



HANCOCK FROESE & COMPANY LLC

March 19, 2026

BASIC FINANCIAL STATEMENTS

ROCKY FORD RURAL FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION AND GOVERNMENTAL FUND BALANCE SHEET

DECEMBER 31, 2025

	GOVERNMENTAL FUND	ADJUSTMENTS PAGE 4	STATEMENT OF NET POSITION
ASSETS			
CASH AND CASH EQUIVALENTS	\$ 474,342	\$ -	\$ 474,342
RECEIVABLES			
DEPLOYMENTS	551,596	-	551,596
TAXES	124,000	-	124,000
EQUIPMENT-NET	-	562,368	562,368
TOTAL ASSETS	<u>1,149,938</u>	<u>562,368</u>	<u>1,712,306</u>
LIABILITIES			
ACCOUNTS PAYABLE	\$ 374,802	\$ -	\$ 374,802
ACCRUED INTEREST PAYABLE	-	7,028	7,028
LONG-TERM LIABILITIES:			
DUE WITHIN ONE YEAR	-	38,675	38,675
DUE IN MORE THAN ONE YEAR	-	325,133	325,133
TOTAL LIABILITIES	<u>374,802</u>	<u>370,836</u>	<u>745,638</u>
DEFERRED INFLOWS OF RESOURCES			
DEFERRED REVENUES - PROPERTY TAXES	<u>124,000</u>	<u>-</u>	<u>124,000</u>
FUND BALANCE			
RESTRICTED FOR EMERGENCIES - TABOR	20,300	(20,300)	-
UNASSIGNED	630,836	(630,836)	-
TOTAL FUND BALANCE	<u>651,136</u>	<u>(651,136)</u>	<u>-</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND FUND BALANCE	<u>\$ 1,149,938</u>		
NET POSITION			
NET INVESTMENT IN CAPITAL ASSETS		198,560	198,560
RESTRICTED FOR:			
EMERGENCIES - TABOR		20,300	20,300
UNRESTRICTED		623,808	623,808
TOTAL NET POSITION		<u>842,668</u>	<u>842,668</u>
TOTAL LIABILITIES, DEFERRED INFLOWS AND NET POSITION		<u>\$ 562,368</u>	<u>\$ 1,712,306</u>

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION

DECEMBER 31, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT
OF NET POSITION ARE DIFFERENT BECAUSE:

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS		\$	651,136
CAPITAL ASSETS USED IN GOVERNMENTAL ACTIVITIES ARE NOT FINANCIAL RESOURCES AND THEREFORE ARE NOT REPORTED IN FUNDS.			
THE COST OF CAPITAL ASSETS IS		\$	1,799,423
ACCUMULATED DEPRECIATION IS			(1,237,055)
			<u>562,368</u>
LONG-TERM LIABILITIES ARE NOT DUE AND PAYABLE IN THE CURRENT PERIOD AND THEREFORE ARE NOT REPORTED IN THE FUNDS.			
ACCRUED INTEREST			(7,028)
EQUIPMENT LEASE			(363,808)
			<u>(370,836)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES		\$	<u><u>842,668</u></u>

SEE NOTES TO FINANCIAL STATEMENTS

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCE/NET POSITION

YEAR ENDED DECEMBER 31, 2025

	GOVERNMENTAL FUND	ADJUSTMENTS PAGE 6	STATEMENT OF ACTIVITIES
EXPENDITURES/EXPENSES			
PUBLIC SAFETY	\$ 621,876	\$ 113,192	\$ 735,068
CAPITAL OUTLAY	-	-	-
DEBT SERVICE	55,337	(55,337)	-
TOTAL EXPENDITURES/EXPENSES	<u>677,213</u>	<u>57,855</u>	<u>735,068</u>
PROGRAM REVENUES:			
CHARGES FOR SERVICES	602,570	-	602,570
CAPITAL GRANTS/CONTRIBUTIONS	20,376	-	20,376
TOTAL PROGRAM REVENUES	<u>622,946</u>	<u>-</u>	<u>622,946</u>
NET PROGRAM EXPENSE	<u>54,267</u>	<u>57,855</u>	<u>112,122</u>
GENERAL REVENUES:			
PROPERTY TAXES	112,342	-	112,342
SPECIFIC OWNERSHIP TAXES	23,311	-	23,311
INTEREST	4,337	-	4,337
OTHER	2,544	-	2,544
TOTAL GENERAL REVENUES	<u>142,534</u>	<u>-</u>	<u>142,534</u>
NET CHANGE IN FUND BALANCE	88,267	(88,267)	-
CHANGE IN NET POSITION	<u>-</u>	<u>30,412</u>	<u>30,412</u>
FUND BALANCE/NET POSITION JANUARY 1,	<u>562,869</u>	<u>249,387</u>	<u>812,256</u>
FUND BALANCE/NET POSITION DECEMBER 31,	<u>\$ 651,136</u>	<u>\$ 191,532</u>	<u>\$ 842,668</u>

SEE NOTES TO FINANCIAL STATEMENTS

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE OF GOVERNMENTAL FUNDS TO
THE STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

AMOUNTS REPORTED FOR GOVERNMENTAL ACTIVITIES IN THE STATEMENT OF
ACTIVITIES ARE DIFFERENT BECAUSE:

NET CHANGE IN FUND BALANCE	\$	88,267
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GOVERNMENTAL FUNDS REPORT CAPITAL OUTLAYS AS EXPENDITURES.
HOWEVER, IN THE STATEMENT OF ACTIVITIES THE COST OF THOSE ASSETS
IS ALLOCATED OVER THEIR ESTIMATED USEFUL LIVES AND REPORTED AS
DEPRECIATION EXPENSE. THIS IS THE AMOUNT BY WHICH CAPITAL OUTLAYS
DIFFER FROM DEPRECIATION IN THE CURRENT PERIOD.

CAPITAL OUTLAY	\$	-	
DEPRECIATION EXPENSE AND DISPOSALS		(95,551)	
		<u> </u>	(95,551)

SOME CAPITAL ADDITIONS WERE FINANCED THROUGH CAPITAL LEASES. IN
GOVERNMENTAL FUNDS, A CAPITAL LEASE ARRANGEMENT IS CONSIDERED A
SOURCE OF FINANCING, BUT IN THE STATEMENT OF NET POSITION, THE LEASE
OBLIGATION IS REPORTED AS A LIABILITY.

DEBT SERVICE	55,337	
INTEREST EXPENSE	(17,641)	
	<u> </u>	37,696

CHANGES IN NET POSITION OF GOVERNMENTAL ACTIVITIES	<u> </u>	<u>\$ 30,412</u>
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NOTES TO THE BASIC FINANCIAL STATEMENTS

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Rocky Ford Rural Fire Protection District (the "District") conform to accounting principles generally accepted in the United States of America as applicable to governmental entities. The District's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. A summary of significant policies is as follows:

THE FINANCIAL REPORTING ENTITY

The Rocky Ford Rural Fire Protection District is a statutory special district governed by an elected five-member board. As required by accounting principles generally accepted in the United States of America, these financial statements present the Rocky Ford Rural Fire Protection District (the primary government).

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report information on all of the non fiduciary activities of the primary government.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period with the exception of settlement revenues which are deemed to be available when they are collectible within the current period or soon after and does not follow the 60 day policy. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to claims and judgments, are recorded only when payment is due.

Property taxes, interest, and charges for services associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grant and entitlement awards are recorded as revenue when earned. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met. Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District maintains only a General Fund, which is the government's primary operating fund. It accounts for all financial resources of the general government. It is considered a major fund.

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

DEPOSITS AND INVESTMENTS

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, highly liquid investments held in banks, and cash held with county treasurer. As of December 31, 2025, cash and cash equivalents consisted of the following:

	<u>2025</u>
Cash in Bank	\$ 472,153
Cash with County Treasurer	<u>2,189</u>
Total Cash and Cash Equivalents	<u>\$ 474,342</u>

Investments for the government are reported at fair value based on last quoted market prices.

RECEIVABLES

Accounts Receivable - All receivables are shown net of an allowance for uncollectibles if required.

Taxes Receivable - Property taxes are not due and payable until after the assessment year has ended, and are not included in the budgets or statements of revenues, expenditures and fund balance of the assessment year. Property taxes levied are recorded in the governmental funds as taxes receivable and deferred revenues as of December 31, 2025 since the amounts are measurable but not available until 2026. Property tax abatements are recorded as an offset to property tax revenues when they are paid. An allowance for uncollectible property taxes is not provided as the uncollectible amounts were determined to be negligible based on an analysis of historical trends. Property taxes are levied before December 22 each year and attach as an enforceable lien on the property as of January 1 of the following year. Taxes are payable in full on April 30 or in two installments due on February 28 and June 15.

CAPITAL ASSETS

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

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

Equipment of the primary government is depreciated using the straight-line method over estimated useful lives of 5 to 30 years.

LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations, including capitalized leases, are reported as liabilities in the applicable governmental activities.

DEFERRED INFLOWS OF RESOURCES

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has one type of item that qualifies for reporting in this category.

Deferred Inflows – Property Taxes - Property taxes levied for subsequent years arises only under a modified accrual basis of accounting. 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. Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

NET POSITION / FUND BALANCE

In the government-wide financial statements, net position is classified in the following categories:

Net investment in capital assets – This amount consists of capital assets, net of accumulated depreciation, reduced by outstanding debt, if applicable, attributed to the acquisition, construction, or improvement of those assets.

Restricted net position – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments.

Unrestricted net position – This amount is all net position that do not meet the definition of “net investment in capital assets” or “restricted net position”

The District implemented GASB Statement No. 54 “Fund Balance Reporting and Governmental Fund Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which the resources can be used:

Nonspendable fund balance – amounts that are not in spendable form (such as inventory) or required to be maintained intact;

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation;

Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraint;

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The Board of Directors establishes (and modifies or rescinds) fund balance commitments by passage of a resolution. This is typically done through adoption and amendment of the budget. Assigned fund balance is established through the adoption or amendment of the budget as intended for specific purposes.

When both restricted and unrestricted resources are available in governmental funds, the District applies expenditures against restricted fund balance first, followed by committed fund balance, assigned fund balance and unassigned fund balance.

ESTIMATES

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

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY BUDGETS

The District follows these procedures in establishing the budgetary data reflected in the financial statements: Prior to October 15, the Board of Directors receives a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain taxpayer comments. Prior to December 15, the budget is legally enacted through passage of a resolution.

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY BUDGETS (Continued)

Revisions that alter the total expenditures of any fund generally must be approved by the Board. Budget amounts in the accompanying financial statements include revisions to the original appropriation ordinance, as applicable.

Expenditures may not legally exceed appropriations at the fund level. For the year ended December 31, 2025, the General Fund was in violation.

NOTE -2 DEPOSITS AND INVESTMENTS

Deposits

The District's investment policies are approved by the Board and governed by Colorado statute. The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determined eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District does not have a deposit policy for custodial credit risk. As of December 31, 2025, \$381 of the District's bank balance of \$472,188 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

Interest Rate Risk – The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value loss resulting from increasing interest rates. The Colorado revised statute 24-75-601 limits investment maturities to five years or less without governing board approval.

Credit Risk – State law limits investments for local governments to U.S. treasury issues, other federally backed notes and credits, and other agency offerings (not based on derivatives) without limitation. Other investment instruments including bank obligations, general obligation bonds, and commercial paper are limited to at least one of the highest rating categories of at least one nationally recognized rating agency. State law further limits investments in money market funds that are organized according to the Federal Investment Company Act of 1940, as specified in rule 2a-7, as amended, as long as such rule does not increase remaining maturities beyond a maximum of three years. Investments in these funds require that the institution have assets in excess of \$1 billion or the highest credit rating from one or more of a nationally recognized rating agency.

NOTE -3 PROPERTY TAXES RECEIVABLE AND DEFERRED REVENUES

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, \$124,000 of property taxes was deemed unavailable.

NOTE -4 ACCOUNTS RECEIVABLE

As of December 31, 2025, the District had amounts due from the State of Colorado for Deployments for wildland fires of \$551,596. All amounts are deemed collectible.

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -5 CAPITAL ASSETS

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

Primary Government

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets being depreciated:				
Vehicles	1,449,493	-	-	1,449,493
Equipment	349,930	-	-	349,930
Less accumulated depreciation for equipment	<u>(1,141,504)</u>	<u>(95,551)</u>	<u>-</u>	<u>(1,237,055)</u>
Governmental Activities Net Capital Assets	<u>\$ 657,919</u>	<u>(95,551)</u>	<u>\$ -</u>	<u>\$ 562,368</u>

Depreciation expense was charged to functions as follows:

Governmental Activities:

Public safety	<u>\$ 95,551</u>
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NOTE -6 LONG-TERM OBLIGATIONS

The following is a summary of financing transactions of the District for the year ended December 31, 2025:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental-type activities:					
Lease Payable	<u>400,789</u>	<u>-</u>	<u>(36,981)</u>	<u>363,808</u>	<u>38,675</u>
Total Lease Payables	<u>\$ 400,789</u>	<u>\$ -</u>	<u>\$ (36,981)</u>	<u>\$ 363,808</u>	<u>\$ 38,675</u>

Community First National Bank (Lease Payable 1)

In 2023, the District entered into a master lease purchase agreement to acquire equipment. The lease is payable in 10 annual installments of \$55,337 including principal and interest at 4.58% per annum through May 19, 2033, and is collateralized by equipment with a net book value of \$359,710.

The annual requirements of the lease are as follows:

	<u>PRINCIPAL</u>	<u>INTEREST</u>	<u>TOTAL</u>
2026	\$ 38,675	\$ 16,662	\$ 55,337
2027	40,446	14,891	55,337
2028	42,299	13,038	55,337
2029	44,236	11,101	55,337
2030	46,262	9,075	55,337
2031-2033	<u>151,890</u>	<u>14,121</u>	<u>166,011</u>
	<u>\$ 363,808</u>	<u>\$ 78,888</u>	<u>\$ 442,696</u>

For the year ended December 31, 2025, interest incurred and expensed in the governmental activities was \$17,641 with \$7,028 reported as accrued interest payable in accounts payables and accrued expenses.

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -7 NET POSITION

Restricted net position represents net position whose users are subject to constraints that are either 1.) legally imposed by creditors (such as debt covenants), grantors, or laws or regulations of other governments, or 2.) imposed by law through constitutional provisions or enabling legislation. Restricted net position at December 31, 2025 is as follows:

	<u>Governmental Activities</u>
Emergencies - TABOR	<u>\$ 20,300</u>

Restricted for Emergencies - TABOR – This represents approximately 3% of the District’s 2025 fiscal year spending as that term is defined in the Colorado constitution. Under these provisions of the constitution, this portion of the District’s net position can be used for declared emergencies only and the District must maintain 3% or more of its spending in this restricted account. The District does not believe this restriction meets the definition of a stabilization arrangement under generally accepted accounting principles.

NOTE -8 FUND BALANCES

At December 31, 2025, fund balances for the governmental fund consists of the following:

	<u>Restricted Fund Balance</u>
General Fund -Emergencies-TABOR	<u>\$ 20,300</u>

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 utilizes commercial insurance to meet its insurance needs including workers' compensation.

Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three fiscal years.

NOTE -10 TAX SPENDING AND DEBT LIMITATIONS

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

Enterprises, defined as government-owned businesses authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR.

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

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases. Emergency reserves have been provided for as required by Article X, Section 20 of the constitution of the State of Colorado. \$20,300 of the fund balance has been reserved in compliance with this requirement.

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE -10 TAX SPENDING AND DEBT LIMITATIONS (Continued)

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits and qualifications as an enterprise will require judicial interpretation. Accordingly, the possibility exists that the District's interpretation of certain TABOR provisions may subsequently be determined to be incorrect. This could result in a potential refund of revenue unless voters approve retention of such revenue. The ultimate outcome of these matters cannot presently be determined and no provision for any liability for a refund of revenue has been made in the financial statements.

In November 1996, the voters of the District approved an amendment to allow the collection, retention, and expenditure of all excess funds.

NOTE -11 SUBSEQUENT EVENTS

Subsequent events have been evaluated through the report date, which represent the date the financial statements were available to be issued. Subsequent events after that date have not been evaluated.

REQUIRED SUPPLEMENTARY INFORMATION

ROCKY FORD RURAL FIRE PROTECTION DISTRICT

GENERAL FUND

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL

YEAR ENDED DECEMBER 31, 2025

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE WITH FINAL BUDGET POSITIVE (NEGATIVE)
REVENUES				
REAL PROPERTY TAXES	\$ 108,000	\$ 108,000	\$ 112,342	\$ 4,342
SPECIFIC OWNERSHIP	20,000	20,000	23,311	3,311
DEPLOYMENTS	250,000	250,000	602,570	352,570
INTEREST	600	600	4,337	3,737
GRANTS	-	-	20,376	20,376
INSURANCE PROCEEDS	-	-	1,252	1,252
OTHER	2,100	2,100	1,292	(808)
TOTAL REVENUES	380,700	380,700	765,480	384,780
EXPENDITURES				
STIPEND	6,000	6,000	6,000	-
DEPLOYMENTS	200,000	200,000	481,976	(281,976)
INSURANCE	19,000	19,000	20,831	(1,831)
PROFESSIONAL FEES	13,500	13,500	13,553	(53)
REPAIRS AND MAINTENANCE	30,000	30,000	8,736	21,264
SUPPLIES	25,000	25,000	56,470	(31,470)
FUEL	5,500	5,500	8,063	(2,563)
TRAINING	5,000	5,000	13,126	(8,126)
PENSION CONTRIBUTION	6,500	6,500	6,500	-
CAPITAL OUTLAY	-	-	-	-
DEBT SERVICE	55,000	55,000	55,337	(337)
OTHER	15,200	15,200	6,621	8,579
TOTAL EXPENDITURES	380,700	380,700	677,213	(296,513)
REVENUES OVER (UNDER) EXPENDITURES	-	-	88,267	88,267
FUND BALANCE JANUARY 1	562,869	562,869	562,869	-
FUND BALANCE DECEMBER 31	\$ 562,869	\$ 562,869	\$ 651,136	\$ 88,267

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT