SOUTH FORK FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

December 31, 2025



Wall,
Smith,
Bateman Inc.
Certified Public Accountants

SOUTH FORK FIRE PROTECTION DISTRICT
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INDEPENDENT AUDITORS' REPORT

Wall, Smith, Bateman Inc.

To the Board of Directors
South Fork Fire Protection District
South Fork, Colorado

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' 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 Auditors' 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 District's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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 opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison information and the pension information, as listed in the table of contents, 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.

Wall, Smith, Bateman Inc.

Wall, Smith, Bateman Inc.
Alamosa, Colorado

September 08, 2026

SOUTH FORK FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

SOUTH FORK FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
December 31, 2025

	GOVERNMENTAL ACTIVITIES
ASSETS	
Current Assets	
Cash and cash equivalents	$ 1,889,347
Property taxes receivable	349,774
Ambulance receivable (net of allowance for uncollectible accounts of $1,566,717)	343,914
Due from other governments	329,732
Total Current Assets	2,912,767
Noncurrent Assets	
Capital assets	
Land	96,520
Land improvements	73,232
Historical collection	35,000
Construction in progress	35,518
Buildings & building improvements	659,573
Machinery and equipment	786,242
Vehicles	1,377,975
Less: accumulated depreciation	(1,621,592)
Total Noncurrent Assets	1,442,468
TOTAL ASSETS	4,355,235
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	190,447
TOTAL DEFERRED OUTFLOWS OF RESOURCES	190,447
LIABILITIES	
Current Liabilities	
Accounts payable	10,853
Payroll liabilities	(81)
Unearned grant revenue	105,000
Total Current Liabilities	115,772
Long-Term Liabilities	
Net pension liability	-
Total Long-Term Liabilities	-
TOTAL LIABILITIES	115,772
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	349,774
Pensions	31,582
TOTAL DEFERRED INFLOWS OF RESOURCES	381,356
NET POSITION	
Net investment in capital assets	1,442,468
Restricted for tabor reserve	82,000
Unrestricted	2,524,086
TOTAL NET POSITION	$ 4,048,554

The accompanying notes are an integral part of this financial statement.

SOUTH FORK FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expenses) Revenues and Changes in Net Position: Primary Government
Primary Government:					
Governmental Activities:					
Administration	$ 198,374	$ -	$ -	$ -	$ (198,374)
Emergency Services	1,668,478	491,652	1,733,597	-	556,771
Total Governmental Activities	$ 1,866,852	$ 491,652	$ 1,733,597	$ -	358,397
	General Revenues:				
	Taxes				337,612
	Interest				24,418
	Other				6,491
	Gain on Sale of Capital Asset				-
	Total General Revenues				368,521
	Change in Net Position				726,918
	Net Position at Beginning of Year				3,321,636
	Net Position, End of Year				$ 4,048,554

The accompanying notes are an integral part of this financial statement.

SOUTH FORK FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND BALANCE SHEET
December 31, 2025

	GENERAL FUND
ASSETS	
Cash and cash equivalents	$ 1,889,347
Property taxes receivable	349,774
Ambulance receivable (net of allowance for uncollectible accounts of $1,566,717)	343,914
Due from other governments	329,732
Prepaid expense	-
TOTAL ASSETS	$ 2,912,767
LIABILITIES	
Accounts payable	$ 10,853
Payroll liabilities	(81)
Unearned grant revenue	105,000
TOTAL LIABILITIES	115,772
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	349,774
FUND BALANCES	
Restricted	
Tabor reserve	82,000
Committed	
Volunteer Funds	144,295
Assigned	
Equipment Replacement	1,029,471
Operations	156,062
Unassigned	1,035,393
TOTAL FUND BALANCES	2,447,221
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	$ 2,912,767

The accompanying notes are an integral part of this financial statement.

SOUTH FORK FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
December 31, 2025

Total Governmental Fund Balance	$	2,447,221
Amounts reported for governmental activities in the statement of activities are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,442,468
Deferred results and contributions to pension plans made after the measurement date are recorded as expenditures in the governmental funds, but must be deferred in the statement of net position.		190,447
Net pension assets (liabilities) are not due and payable in the current period and are not reported in the funds		-
Certain amounts related to the net pension liability/asset are deferred and amortized over time. These are not reported in the funds.		(31,582)
Net position of governmental activities	$	4,048,554

The accompanying notes are an integral part of this financial statement.

SOUTH FORK FIRE PROTECTION DISTRICT
GOVERNMENTAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
For the Year Ended December 31, 2025

	GENERAL FUND
REVENUES	
Taxes	$ 337,612
Charges for Services	491,652
Intergovernmental Revenue - Emergency Services	1,637,084
Intergovernmental Revenue - Grants	28,635
Donations and Fundraising	67,878
Other	6,491
Interest	24,418
TOTAL REVENUES	2,593,770
EXPENDITURES	
Administration	169,067
Emergency services	1,509,392
Capital outlay	161,184
TOTAL EXPENDITURES	1,839,643
Excess (deficiency) of revenues over expenditures	754,127
OTHER FINANCING SOURCES (USES)	
Proceeds from Sale of Capital Assets	-
TOTAL OTHER FINANCING SOURCES (USES)	-
Net Change in Fund Balance	754,127
Fund Balance, Beginning of year	1,693,094
Fund Balance, End of year	$ 2,447,221

The accompanying notes are an integral part of this financial statement.

SOUTH FORK FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2025

Net change in fund balances - total governmental funds		$ 754,127
Amounts reported for governmental activities in the statement of activities are different because:		
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 difference between capital outlay and depreciation expense in the current period.		
Capital asset additions	$ 161,372	
Depreciation expense	(159,274)	
		2,098
Certain items reported in the statement of activities do not require the use of current financial resources and are not reported as expenditures in the governmental funds. This item consists of the change in pension expense.		(29,307)
Change in net position of governmental activities		$ 726,918

The accompanying notes are an integral part of this financial statement.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting and reporting policies of the District reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards.*

REPORTING ENTITY

Primary Government

South Fork Fire Protection District is a political subdivision of the State of Colorado duly organized and existing pursuant to the Constitution and laws of the State. Its purpose is to perform emergency services in Rio Grande County including fire and ambulance from the firehouse in South Fork, Colorado.

Component Units

The District's combined financial statements include the accounts of all District operations. The criteria for including organizations as component units within the District's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The District holds the corporate powers of the organization
- The District appoints a voting majority of the organization's board
- The District is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the District
- There is fiscal dependency by the organization on the District
- The organization is financially accountable to the District
- The organization receives or holds funds that are for the benefit of the District; and the District has access to a majority of the funds held; and the funds that are accessible are also significant to the District

Based on the aforementioned criteria, the District has no component units.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements include the Statement of Net Position and the Statement of Activities. Government-wide statements report information on all of the activities of the District, except for fiduciary activity. The effect of interfund transfers has been removed from the government-wide statements but continues to be reflected on the fund statements. Mainly taxes and intergovernmental revenues support governmental activities.

The statement of activities reflects the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include:

- Charges to customers or applicants who purchase, use, or directly benefit from services, or privileges provided by a given function or segment and
- 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 in program revenues are reported as general revenues.

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

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. This measurement is also used for the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded 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 are recognized as revenue when all applicable eligibility requirements, imposed by the provider, are 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 available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The District reports the following major governmental fund:

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

Certain eliminations have been made as prescribed by GASB Statement No. 34 in regards to interfund activities, payables, and receivables. All internal balances in the Statement of Net Position have been eliminated.

ASSETS, LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND NET POSITION/FUND BALANCE

Cash

The District’s cash and cash equivalents are considered to be cash in bank, certificates of deposit and liquid investments with maturity of three months or less.

Property Taxes

Property taxes attach as an enforceable lien on property as of January 1 each year. The taxes are payable in two installments on February 28 and June 15 or in full on April 30. The District's property taxes are collected by the County Treasurer who remits monthly receipts to the District. Property tax revenue is recognized when received by the County Treasurer. The 2025 property tax levy due January 1, 2026, has been recorded in the financial statements as a receivable and corresponding deferred inflows of resources.

Capital Assets

Capital assets, which include land, buildings, equipment, and vehicles, are reported in the applicable governmental activities’ column in the government-wide financial statements. The District defines capital assets as assets with an initial, individual cost of more than $5,000 and has a life of more than one year. Capital assets are recorded at historical cost, or estimated historical cost, if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

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

Assets	Years
Buildings	40
Vehicles & Equipment	5-20

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position reports a separate section of deferred outflows of resources. This represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expenditure) until that period.

Compensated Absences

A liability for compensated absences has not been recorded in the accounts. Due to the voluntary nature of this organization, absences are not compensated.

Long-Term Obligations

Long-term debt and other long-term obligations are recorded as liabilities in the government-wide financial statements. In the fund financial statements for governmental fund types, debt proceeds are reported as another financing source and debt payments are reported as debt service expenditures.

Pensions

The District participates in the Statewide Defined Benefit Plan (SWDB), a cost-sharing multiple-employer defined benefit pension fund administered by the Fire and Police Pension Association of Colorado ("FPPA"). The net pension asset, deferred outflows of resources, deferred inflows of resources related to pension, pension expense, information about the fiduciary net position and additions to/deletions from the fiduciary net position of the SWDB have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Net Position

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* – consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* – consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted components of net position.

Fund Balance

Fund balances are reported by classification based on the extent to which the District is bound to honor constraints for the specific purposes on which amounts in the fund can be spent. Fund balances are classified in one of the following five categories:

- *Nonspendable Fund Balance*- amounts that cannot be spent because they are not in spendable form- such as inventory and prepaid expenditures.
- *Restricted Fund Balance*- amounts restricted when constraints placed on the use of resources are either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- *Committed Fund Balance*- amounts that can only be used for specific purposes as a result of constraints imposed through adopted resolution by the Board of Directors, the highest level of decision making authority. Committed amounts cannot be used for any other purpose unless the Board removes those constraints by taking the same type of action. Committed fund balances differ from restricted balances because the constraints on their use do not come from outside parties, constitutional provisions, or enabling legislation.
- *Assigned Fund Balance*- amounts a government intends to use for a specific purpose; intent can be expressed by the Board of Directors or by an official or body to which the governing body delegates the authority.
- *Unassigned Fund Balance*- amounts that are available for any purpose; these amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position/fund balance is available, the District considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned, and unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board of Directors has provided otherwise in its commitment or assignment actions.

Encumbrances

The District does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are rebudgeted in the succeeding year. End of the year fund balance intended to be used in the succeeding year is reported as designated fund balance.

Use of Estimates

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Budgets and Budgetary Accounting

South Fork Fire Protection District follows the procedures set forth in the Colorado Local Budget Law when preparing annual budgets for each fund. Budget procedures include:

1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.

2) Publication of a notice stating that the budget is available for public inspection.

3) Discussion of the budget in a meeting open to the public.

4) Adoption of the budget in a public meeting by appropriate resolution no later than December 31.

Formal budgetary integration is employed as a management control device for all funds of the District. All fund budgets are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP) with the exception of the General Fund. All budget amounts presented reflect the original budget and the final amended budget, if applicable. The total expenditures for each fund cannot exceed the budgeted amount unless a supplemental appropriation is adopted. The District did not adopt supplemental appropriations during fiscal year 2025.

Expenditures in the General Fund exceed appropriations by $88,671 as of December 31, 2025. This my be a violation of Colorado Revised State Statutes.

NOTE 3 CASH AND DEPOSITS

Colorado State Statutes govern the District's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with the PDPA. PDPA allows the institution to create a single collateral pool for all public funds 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 the aggregate uninsured deposits. All deposits in 2025 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

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. At December 31, 2025, $1,141,367 was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institutions through PDPA.

NOTE 4 PROPERTY TAXES RECEIVABLE

At December 31, 2025, the District had an estimated property tax receivable as follows:

Governmental Activities:	
General Fund	$ 349,774

NOTE 5 DUE FROM OTHER GOVERNMENTS

Intergovernmental receivables include amounts due from grantors for specific program grants and amounts held in trust with the County Treasurer. Program grants are recorded as receivables and revenues at the time reimbursable project costs are incurred. Taxes collected by the County Treasurer are received the following month.

As of December 31, 2025, the District had $325,766 due from local governments, reflected as intergovernmental receivables in the accompanying basic financial statements.

NOTE 6 CAPITAL ASSETS

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

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Governmental Activities:				
Capital assets not being depreciated				
Land	$ 96,520	$ -	$ -	$ 96,520
Historical Collection	35,000	-	-	35,000
Construction in Progress	-	35,518	-	35,518
Total capital assets not being depreciated	131,520	35,518	-	167,038
Capital assets being depreciated				
Buildings and Building Improvements	659,573	-	-	659,573
Land Improvements	-	73,232	-	73,232
Equipment	733,620	52,622	-	786,242
Vehicles	1,377,975	-	-	1,377,975
Total capital assets being depreciated	2,771,168	125,854	-	2,897,022
Less accumulated depreciation for:				
Buildings and Building Improvements	170,145	19,241	-	189,386
Land Improvements	-	1,831	-	1,831
Equipment	315,704	65,408	-	381,112
Vehicles	976,469	72,794	-	1,049,263
Total accumulated depreciation	1,462,318	159,274	-	1,621,592
Total Capital Assets being depreciated, net	1,308,850	(33,420)	-	1,275,430
Governmental Activities Capital Assets, Net	$ 1,440,370	$ 2,098	$ -	$ 1,442,468

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

Governmental Activities:	
Emergency Services	$ 159,274
Total depreciation expense - governmental activities	$ 159,274

NOTE 7 FIREMEN'S PENSION PLAN

General Information about the Pension Plan

Plan description. The Statewide Defined Benefit Plan (SWDB) 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 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.

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 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.

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

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent of 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 retire 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 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 contribution 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 rate of 25.2 percent in 2030.

Contributions to the Plan from the District were $31,138 for the year ended December 31, 2025.

Pension Assets or 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 (asset) of $0 for its proportionate share of the net pension liability (asset).

The net pension liabilities (assets) were measured as of December 31, 2024, and the total pension liability (asset) used to calculate the net pension liability (asset) were determined by an actuarial valuation as of January 1, 2025. The District's proportion of the net pension liabilities (assets) was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. At December 31, 2024, the Districts proportion was 0.033 percent, which was a decrease of 0.0003 from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized pension (income)/expense of $29,308.

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 79,633	$ 2,491
Net difference between projected and actual earnings on pension plan investments	11,313	-
Changes in assumptions and other inputs	28,500	-
Changes in proportionate share	39,862	29,091
Contributions subsequent to the measurement date	31,138	-
Total	$ 190,446	$ 31,582

$31,138 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a decrease (increase) of the net pension liability (asset) in the subsequent fiscal year.

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

Year Ended December 31,	
2026	$ 31,946
2027	47,721
2028	3,807
2029	5,708
2030	13,801
Thereafter	24,743
	$ 127,726

Actuarial assumptions. The actuarial valuations for the Statewide Defined Benefit Plan 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 Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 years
Long-term Investment Rate of Return*	7.00%	7.00%
Projected Salary Increases*	4.25%-11.75%	4.25%-11.75%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.50%	2.50%

For determining the total pension liability and actuarially determined contributions, 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 projected with the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub2010 Safety health Employee Mortality Tables for males and females, amount-weighted, and then projected with MP-2020 Ultimate projection scale. The pre-retirement mortality tables are adjusted to 60%. The on-duty mortality rate is 0.00015.

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

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

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	38%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	31%	8.80%
Fixed Income - Rates	7%	5.00%
Fixed Income - Credit	5%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

The discount rate used to measure the total pension liability (asset) 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 Plan's 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 (asset).

As of the measurement period ending December 31, 2024, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of the Board's Benefits Policy, which includes a variable COLA and supplemental payments. Consistent with the Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption 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/(asset) to changes in the single discount rate, the following presents the plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

1% Decrease (6.00%)	Single Discount Rate Assumption (7.00%)	1% Increase (8.00%)
$ 161,716	$ -	$ -

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

NOTE 8 DEFERRED COMPENSATION PLAN

The District also offers its employees an additional voluntary deferred compensation plan created in accordance with Internal Revenue Code 457(b), administered by the Fire & Police Pension Association of Colorado (FPPA).

The Plan permits the employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergencies. The District has no other liability other than to make the required monthly contributions.

NOTE 9 TABOR EMERGENCY RESERVE

Colorado voters passed an amendment to the State constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The

amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment.

Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

On November 5, 2013, voters approved a ballot question which stated that the District be authorized to collect, retain, and spend all money collected from property taxes and all other revenue sources, beginning in levy year 2013 and every year thereafter as a voter-approved exception to the revenue and spending limits of Article X, Section 20 of the Colorado Constitution, the 5.5% property tax limitation of section 29-1-301, Colorado Revised Statutes, and any other law; provided that the District's property tax rate shall not be increased without the voter's approval.

The amendment also requires Emergency Reserves that must be at least three percent of fiscal year spending. This Emergency Reserve has been presented as a restricted fund balance in the General Fund Balance Sheet and a restricted net position in the government-wide Statement of Net Position. The entity is not allowed to use the Emergency Reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

NOTE 10 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

NOTE 11 COMMITMENTS AND CONTINGENCIES

Grants
The District participates in a number of grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the District expects such amounts, if any, to be immaterial.

NOTE 12 SUBSEQUENT EVENTS

In January 2026 the District purchased an engine truck for $703,838.

In April 2026, the District purchased an ambulance for $131,526. The District received grant funding of $105,000 related to the ambulance purchase.

SOUTH FORK FIRE PROTECTION DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

In addition to the basic financial statements, a budgetary comparison schedule is required for the General Fund, and if applicable, each of the District's major special revenue funds. In addition, pension plan contributions and the District's proportionate share of the net pension liability (asset) are required to supplement the basic financial statements.

SOUTH FORK FIRE PROTECTION DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended December 31, 2025

	BUDGETED AMOUNTS			VARIANCE WITH FINAL BUDGET POSITIVE
	ORIGINAL	FINAL	ACTUAL	(NEGATIVE)
REVENUES				
Taxes	$ 340,135	$ 340,135	$ 337,612	$ (2,523)
Charges for Services	510,000	510,000	491,652	(18,348)
Intergovernmental Revenue - Emergency Services	847,500	847,500	1,637,084	789,584
Intergovernmental Revenue - Grants	44,900	44,900	28,635	(16,265)
Interest	10,000	10,000	24,418	14,418
Donations	-	-	67,878	67,878
Other	-	-	6,491	6,491
TOTAL REVENUES	1,752,535	1,752,535	2,593,770	841,235
EXPENDITURES				
Administration	152,670	152,670	169,067	(16,397)
Emergency Services	1,305,592	1,305,592	1,509,392	(203,800)
Capital Outlay	292,710	292,710	161,184	131,526
TOTAL EXPENDITURES	1,750,972	1,750,972	1,839,643	(88,671)
Excess (deficiency) of revenues over expenditures	1,563	1,563	754,127	752,564
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	-	-	-	-
Net Change in Fund Balance	1,563	1,563	754,127	752,564
Fund Balance, Beginning of year	1,502,126	1,502,126	1,693,094	190,968
Fund Balance, End of year	$ 1,503,689	$ 1,503,689	$ 2,447,221	$ 943,532

Notes to Required Supplementary Information

The basis of budgeting is the same as GAAP.

The schedule is presented on the GAAP basis.

SOUTH FORK FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION (ASSET) LIABILITY
FPPA SWDB PENSION PLAN
For the Years Ended December 31,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability (asset)	0.033139046%	0.033417249%	0.044083593%	0.045455808%	0.038251261%	0.026287841%	0.0285023403%	0.0236951597%	0.0165890776%	0.0175339993%
District's proportionate share of the net pension liability (asset)	$ -	$ -	$ 39,129	$ (246,340)	$ (83,044)	$ (14,867)	$ 36,035	$ (34,089)	$ 5,994	$ (309)
District's covered payroll	$ 296,552	$ 362,665	$ 324,052	$ 391,907	$ 374,835	$ 314,085	$ 195,133	$ 192,336	$ 146,745	$ 91,682
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0%	0%	12%	-63%	-22.15%	-4.73%	18.47%	-17.72%	4.08%	-0.34%
Plan fiduciary net position as a percentage of the total pension liability	100.0%	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%

*The amounts presented were determined as of the calendar year-end.

SOUTH FORK FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
FPPA SWDB PENSION PLAN
For the Years Ended December 31,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractual required contribution	$ 31,138	$ 36,609	$ 30,785	$ 34,459	$ 31,861	$ 25,126	$ 15,745	$ 15,373	$ 11,740	$ 6,893
Contributions in relation to the contractually required contribution	(31,138)	(36,609)	(30,785)	(34,459)	(31,861)	(25,126)	(15,745)	(15,373)	(11,740)	(6,893)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 296,552	$ 362,665	$ 324,052	$ 391,907	$ 374,835	$ 314,085	$ 195,133	$ 192,336	$ 146,745	$ 91,682
Contributions as a percentage of covered payroll	10.5%	10.1%	9.5%	8.8%	8.5%	8.0%	8.1%	8.0%	8.0%	7.5%

SOUTH FORK FIRE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended December 31, 2025

NOTE 1: NET PENSION LIABILITY

Changes in assumptions or other inputs effective for the December 31st measurement period for the following years ended:

2024

- There were no changes in assumptions or other inputs this measurement period compared to the prior year.

2023

- Statewide Defined Benefit Plan and the Statewide Hybrid Plan have merged to form the Statewide Retirement Plan.
- Decreased the municipal bond rate from 4.05% to 3.77%.

2022

- Post-retirement mortality assumptions were changed to the Pub-2010 Safely Healthy Annuitant Mortality Tables projected with the ultimate values of the MP -2020 projections scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees.
- The municipal bond rate increased from 1.84% to 4.05%.

2021

- There were no changes in assumptions or other inputs this measurement period compared to the prior year.

2020

- There were no changes in assumptions or other inputs this measurement period compared to the prior year.

2019

- Reduced the real return rate from 5.00% to 4.50%, combined with an unchanged inflation rate of 2.5%, reduced the nominal investment assumption from 7.50% to 7.00%.
- Increased the productivity component of the salary scale assumption from 1.50% to 1.75%. Combined with the inflation rates of 2.50%, this creates and ultimate salary assumption of 4.25%.
- Removed the blue collar adjustment for the morality tables being used and updated the mortality projection scale from Scale BB to the ultimate rates of the MP-2017 projection scale.
- Increased disability rates for members covered by a defined benefit program.
- Slightly modified retirement rates to reflect increased retirement utilization for low service members and slightly decreased the normal retirement rates after age 55.

2018

- Total Pension Liability: the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

- Actuarially determined contributions: the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

2017

- There were no changes in assumptions or other inputs this measurement period compared to the prior year.

SOUTH FORK FIRE PROTECTION DISTRICT
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
CHANGES IN BENEFIT TERMS AND ACTUARIAL ASSUMPTIONS
For the Year Ended December 31, 2025

2016

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

2015

- Total Pension Liability: The mortality tables were changed from RP-2000 Combined Mortality Table for Males and Females, as appropriate, with adjustments for mortality improvements based on a projection scale of Scale AA to 2020 to RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for the Blue Collar Healthy Annuitants, projected with Scale BB are used. For post-retirement members ages 55 through 64, a blend of previous tables are used. The inflation assumption included in the long-term investment rate of return was 2.5%.
- Actuarially determined contributions: The mortality table was not changed from RP-2000 Combined Mortality Table with Blue Collar Adjustment. The inflation assumption included in the long-term investment rate of return was 3.0%.

2014

- Beginning in the January 1, 2014 valuations, the married assumption for active members was increased from 80%-85% to reflect the passage of the Colorado Civil Union Act.