STRASBURG FIRE PROTECTION DISTRICT NO. 8

STRASBURG, COLORADO

FINANCIAL STATEMENTS
WITH
INDEPENDENT AUDITORS' REPORT

December 31, 2025

STRASBURG FIRE PROTECTION DISTRICT NO. 8
STRASBURG, COLORADO

Table of Contents

Page

Independent Auditors' Report ..... i-iii

Management's Discussion and Analysis ..... vi-ix

Basic Financial Statements:

Government – Wide Financial Statements:

Statement of Net Position 1

Statement of Activities 2

Fund Financial Statements:

Balance Sheet - Governmental Funds - General Fund 3

Statement of Revenues, Expenditures and Changes in - Fund Balances - Governmental Funds - General Fund 4

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities 5

Statement of Net Position - Fiduciary Fund 6

Statement of Changes in Net Position - Fiduciary Fund 7

Notes to Financial Statements 8-32

Required Supplementary Information:

Schedule of Revenues, Expenditures and Changes in Fund Balance- Budget and Actual - General Fund 33

Schedule of Contributions and Related Ratios - SRP Plan 34

Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset) - SRP Plan 35

Schedule of Changes in the Plan's Net Pension Liability and Related Ratios - Volunteer Pension Plan 36

Schedule of Plan Contributions -Volunteer Pension Plan 37

Schedule of the Net Pension Liability - Volunteer Pension Plan 38

Schedule of Investment Returns - Volunteer Pension Plan 39

Other Supplementary Information:

Schedule of Changes in Net Position - Budget and Actual - Pension Fund 40

INDEPENDENT AUDITORS' REPORT

Board of Directors
Strasburg Fire Protection District No. 8

Opinions
We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Strasburg Fire Protection District No. 8 as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Strasburg Fire Protection District No. 8'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, the major fund, and the aggregate remaining fund information of Strasburg Fire Protection District No. 8 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 Strasburg Fire Protection District No. 8 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 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; this includes 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 Strasburg Fire Protection District No. 8'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 auditors' report that includes our opinion. 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, including omissions, 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 of the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Strasburg Fire Protection District No. 8'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 Strasburg Fire Protection District No. 8'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 management's discussion and analysis, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund, and the FPPA - SRP and Volunteer 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.

Supplementary Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Strasburg Fire Protection District No. 8's basic financial statements. The Schedule of Changes in Net Position – Budget and Actual – Pension Fund is presented for purposes of additional analysis and is 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, Schedule of Changes in Net Position – Budget and Actual – Pension Fund is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



September 25, 2026
Fort Collins, Colorado

STRASBURG FIRE PROTECTION DISTRICT NO. 8

Management Discussions and Analysis

As management of the Strasburg Fire Protection District, (the "District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2025.

FINANCIAL HIGHLIGHTS FOR FISCAL YEAR 2025

- At December 31, 2025, the District's governmental funds reported a combined fund balance of $1,777,995, a decrease of $717,550 in comparison to the prior year primarily due to the construction of the new crew quarters. Of this amount, $1,565,622, or 88%, is available for spending at the government's discretion (unassigned fund balance).
- Total government-wide expenses increased by $661,032, or approximately 40%, from prior year due to an increase in wages, primarily due to the hiring of a full-time fire chief, and the first year of lease payments on the engine and crew quarters.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to statements of a private-sector business.

The statement of net position presents information on all the District's assets, liabilities, and deferred inflows/outflows of resources with the difference between the them 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 statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the District include fire, medical, and inspection. There are no business-type activities at the District. The District's government-wide statements can be found on pages 1 to 2 of this report.

FUND FINANCIAL STATEMENTS

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with legal requirements. All funds of the District can be divided into two categories: governmental funds and fiduciary funds. The District does not have any proprietary funds.

GOVERNMENTAL FUNDS

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government–wide financial statements. However, unlike the government–wide financial statements, governmental fund financial statements focus on near term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near–term financing requirements.

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

The District maintains one governmental fund, the General Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances. The basic governmental fund financial statements can be found on pages 3 to 5 of this report.

The District adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget which can be found on page 33 of this report.

FIDUCIARY FUNDS

The District maintains one fiduciary fund, the pension fund, to account for resources held in trust for retirees and beneficiaries covered under the District's Volunteer Pension Plan. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The accounting used for fiduciary funds is on an accrual basis. The basic fiduciary fund financial statements can be found on pages 6 to 7 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found on pages 8 to 32 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's Pension Plans. Required supplementary information can be found on pages 34 to 39. This report also presents certain supplementary information which includes a budgetary comparison schedule for the Pension Fund on page 40.

FINANCIAL ANALYSIS OF OVERALL GOVERNMENT-WIDE STATEMENTS

As noted earlier, net position over time may serve as a useful indicator of the District's financial position.

Strasburg Fire Protection District's Net Position

	2025	2024	Dollar Increase (Decrease)
Assets			
Current and other assets	$ 3,478,064	$ 4,080,148	$ (602,084)
Capital assets	3,094,549	2,791,025	303,524
Total Assets	6,572,613	6,871,173	(298,560)
Deferred outflows of resources	190,513	175,251	15,262
Liabilities			
Long-term liabilities	1,947,159	2,175,534	(228,375)
Other liabilities	155,566	148,262	7,304
Total Liabilities	2,102,725	2,323,796	(221,071)
Deferred inflows of resources	1,505,695	1,502,784	2,911
Net Position:			
Net investment in capital assets	2,124,754	1,704,130	420,624
Restricted	174,043	728,223	(554,180)
Unrestricted	855,909	787,491	68,418
Total Net Position	$ 3,154,706	$ 3,219,844	$ (65,138)

Current and other assets decreased by $602,084 from prior year primarily due to the loss on a fund basis which was the result of capital additions and an increase in salaries. The increase in capital assets of $303,524 is mainly the result of the completion of the crew quarter additions. Long-term liabilities decreased in the current year $228,375, which is primarily due to annual lease payments and the reduction in the Volunteer Pension Plan liability.

As of December 31, 2025, approximately 67% of the District's net position reflects its investment in capital assets, which includes land, fire stations, vehicles, equipment and furniture. The District uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. A portion of the District's net position, 6%, represents resources that are subject to restrictions including Colorado Constitutional restrictions and capital expenditures. The remaining unrestricted net position, $855,909 or 27%, may be used to meet the District's ongoing obligations. At the end of the current fiscal year, the District is able to report positive balances in all three categories of net position. This same situation held true in the prior year. Overall, the District's net position decreased $65,138 from the prior year.

Strasburg Fire Protection District's Change in Net Position

	2025	2024	Dollar Increase (Decrease)
Revenues:			
Program revenues:			
Emergency medical services	$ 324,211	$ 322,277	$ 1,934
Wildland deployment	100,571	64,624	35,947
Operating grants and contributions	83,049	51,254	31,795
General revenues:			
Property taxes	1,366,495	1,499,629	(133,134)
Specific ownership taxes	70,850	72,446	(1,596)
Impact fees	52,104	37,734	14,370
Investment earnings	92,080	100,801	(8,721)
Miscellaneous	164,055	123,506	40,549
Total revenues	2,253,415	2,272,271	(18,856)
Expenses:			
Operating expenses:			
Public safety	2,222,838	1,622,112	600,726
Interest on long-term debt	95,715	35,409	60,306
Total expenses	2,318,553	1,657,521	661,032
Change in net position	(65,138)	614,750	(679,888)
Net position- beginning of the year	3,219,844	2,605,094	614,750
Net position - end of the year	$ 3,154,706	$ 3,219,844	$ (65,138)

Total revenues decreased $18,856 in 2025 compared to 2024. The decrease is primarily due to the reduction in property tax revenues of $133,134 due to the reduction in the state property tax backfill. This reduction was offset by increases in various program revenues. Expenses increased $661,032. Salaries and the related taxes and benefits increased approximately $361,000 due to annual raises and the hiring of a full-time fire chief. The remaining increase was the result in overall increases in costs to include costs related to the chief search, wildland deployment costs, and a full year of interest costs related to District leases.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

Governmental funds. At the end of 2025, unassigned fund balance was $1,565,622, this was a decrease of $179,932 compared to the prior year. The decrease was primarily the result of a decrease in property tax revenues and increases in various operating expenses.

At the end of 2025, restricted fund balance amounted to $174,043, which was a decrease of $554,180 compared to the prior year. The decrease was primarily the result of the completion of the crew quarter project which was completed with the usage of restricted cash.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District amended their 2025 budget to account for additional capital improvements which were funded with restricted cash remaining from the prior year issuance of long-term debt. In total, the District's revenue of $2,080,709 exceeded the final budgeted revenue in the amount of $130,609. The increase of $130,609 was due to several factors. Investment income was over budget $38,138 as the District anticipated a sharper decline in interest rates than occurred. The EMS supplemental payment was also over budget as this amount is not budgeted as the annual amounts are not guaranteed revenues. Grant income also exceeded the budget by $40,488 as the District obtained grants that were not in the original budget.

In total, after the budget amendment, the District was under budget on expenditures by $123,781. Budget details can be found on page 33.

CAPITAL ASSETS

The District's capital assets for its governmental activities as of December 31, 2025 amounted to $3,094,549, net of accumulated depreciation. This is a net increase in capital assets of $303,524. This investment in capital assets includes land, fire stations, vehicles, equipment and furniture. The District completed and put into service its crew quarter addition during the year. The District also put the new engine into service.

Additional information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements starting on page 17.

LONG-TERM FINANCING

At the end of 2025, the District had long-term obligations of $1,634,875 which consisted of two leases which were entered into during 2024. One lease was for the purchase of an engine, and the other lease purchase agreement provided funds to fund the crew quarter addition. No new debt was entered into during 2025. Additional information on the District's long-term obligations can be found in the Notes to the Financial Statements starting on page 18.

Subsequent to yearend, the District entered into a new lease agreement in the amount of $2,265,000 to refinance the existing lease purchase agreement, buyout the engine lease, provide additional funds to acquire an additional engine and fund the cost of the issuance. The new agreement was entered into with a lower interest rate maturing in April of 2046. Additional information on the subsequent event can be found in the Notes to the Financial Statements starting on page 32.

NEXT YEAR'S BUDGET

The District has appropriated $2,412,895 for 2026 expenditures. This includes cost of living adjustments.

REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Strasburg Fire Protection District at P.O. Box 911, Strasburg, Colorado 80136.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Statement of Net Position
December 31, 2025

	Total Governmental Activities
Assets:	
Cash and investments	$ 1,652,156
Restricted cash and investments	110,043
Receivables:	
Due from county treasurer	5,580
EMS, net	61,886
Wildland deployment	103,536
Grants and other	75,832
Property tax receivable	1,430,701
Prepaid expense	38,330
Capital assets, not being depreciated	67,059
Capital assets, net of accumulated depreciation	3,027,490
Total assets	6,572,613
Deferred outflows of resources:	
Deferred outflows related to pensions	190,513
Total deferred outflows of resources	190,513
Liabilities:	
Accounts payable	33,343
Accrued payroll liabilities	74,327
Accrued interest	31,599
Due to pension fund	16,297
Long-term liabilities:	
Due within one year:	
Compensated absences	21,334
Leases payable	123,877
Due in more than one year:	
Leases payable	1,510,998
Net pension liability	290,950
Total liabilities	2,102,725
Deferred inflows of resources:	
Deferred inflows related to pensions	74,994
Unavailable revenue - property taxes	1,430,701
Total deferred inflows of resources	1,505,695
Net position:	
Net investment in capital assets	1,544,941
Restricted for emergencies	64,000
Restricted for capital improvements	110,043
Unrestricted	1,435,722
Total net position	$ 3,154,706

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

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Statement of Activities
For the Year Ended December 31, 2025

Functions/Programs:	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (expense) revenue and Changes in Net Position: Total Governmental Activities
Primary government:					
Governmental activities:					
Public safety	$ 2,222,838	$ 424,782	$ 72,925	$ 10,124	$ (1,715,007)
Interest on long-term debt	95,715	-	-	-	(95,715)
Total Primary Government	$ 2,318,553	$ 424,782	$ 72,925	$ 10,124	(1,810,722)
	General revenues:				
	Property and specific ownership taxes				1,437,345
	Impact fees				52,104
	Investment earnings				92,080
	Insurance proceeds				508
	Pension income				130,337
	Miscellaneous				33,210
	Total general revenues				1,745,584
	Change in net position				(65,138)
	Net position - beginning of year				3,219,844
	Net position - end of year				$ 3,154,706

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

FUND FINANCIAL STATEMENTS

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Balance Sheet
Governmental Funds - General Fund
December 31, 2025

	Total Governmental Funds
Assets:	
Cash and investments	$ 1,652,156
Restricted cash and investments	110,043
Due from county treasurer	5,580
EMS accounts receivable, net of allowance	61,886
Grants receivable	72,305
Wildland deployment receivable	103,536
Other receivables	3,527
Property tax receivable	1,430,701
Prepaid expense	38,330
Total assets	$ 3,478,064
Liabilities:	
Accounts payable	$ 33,343
Accrued payroll liabilities	74,327
Due to pension fund	16,297
Total liabilities	123,967
Deferred inflows of resources:	
Unavailable revenue - receivables	145,401
Unavailable revenue - property taxes	1,430,701
Total deferred inflows of resources	1,576,102
Fund balance:	
Nonspendable, prepaids	38,330
Restricted for enabling legislation	64,000
Restricted for capital improvements	110,043
Unassigned	1,565,622
Total fund balance	1,777,995
Total liabilities, deferred inflows of resources and fund balance	$ 3,478,064
Amounts reported for governmental activities in the statement of net position are different because:	
Total fund balance - governmental funds	$ 1,777,995
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,094,549
Deferred outflows related to pensions are not financial resources and therefore are not reported in the funds.	190,513
Deferred inflows related to pensions are not financial resources and therefore are not reported in the funds.	(74,994)
Some receivables will not be available to pay for current-period expenditures and are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.	145,401
Long-term liabilities, including long-term debt, compensated absences, net pension liabilities, and accrued interest are not due and payable in the current period and therefore, are not reported in the funds.	(1,978,758)
Net position of governmental activities	$ 3,154,706

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

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds - General Fund
For the Year Ended December 31, 2025

	Total Governmental Funds
Revenues:	
Property tax	$ 1,366,495
Specific ownership tax	70,850
Investment earnings	92,080
Impact fees	52,104
Grant income	73,488
Wildland deployment income	63,683
Medical services, net of uncollectible	330,315
Insurance proceeds	508
Miscellaneous revenue	31,186
Total revenues	2,080,709
Expenditures:	
Current:	
Salaries, payroll taxes and benefits	1,121,474
Professional fees	73,421
Treasurer's fees	20,540
Firefighting	239,148
EMS services and fees	146,790
Insurance	106,316
Buildings	55,983
Equipment and repairs	93,387
Events	18,680
Volunteer Pension contribution	65,000
Office and administration	78,782
Debt:	
Principal	117,100
Interest	99,525
Capital Outlay:	
Capital expenditures	570,363
Total expenditures	2,806,509
Excess (deficiency) of revenues over expenditures	(725,800)
Other financing sources (uses):	
Sale of capital assets	8,250
Total other financing sources (uses)	8,250
Net change in fund balance	(717,550)
Fund balance - beginning of year	2,495,545
Fund balance - end of year	$ 1,777,995

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

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balance of the governmental funds	$ (717,550)
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 as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current year.	336,022
Some revenues in the statement of activities that do not provide current financial resources and, therefore, are not reported as revenues in the funds.	42,369
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) to decrease net position.	(32,498)
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term debt in the statement of net position.	117,100
Governmental funds report pension contributions as expenditures, however, pension (income) expense is reported in the statement of activities.	197,132
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not recorded as expenditures in governmental funds.	(7,713)
Change in net position of governmental activities	$ (65,138)

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

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Statement of Net Position
Fiduciary Fund
December 31, 2025

	Pension Fund
Assets:	
Cash and investments	$ 709,760
Due from general fund	16,297
Total assets	726,057
Liabilities:	
Accrued liabilities	259
Total liabilities	259
Net position:	
Restricted for pension	725,798
Total net position	$ 725,798

The accompanying notes are an integral part of this statement.

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Statement of Changes in Net Position
Fiduciary Fund
For the Year Ended December 31, 2025

	Pension Fund
Additions:	
Contributions:	
District contribution	$ 65,000
State contribution	16,297
Total contributions	81,297
Investment activity:	
Interest and dividends	26,850
Net investment earnings	26,850
Total additions	108,147
Deductions:	
Pension benefits	91,900
Professional fees	11,000
Administration	232
Total deductions	103,132
Change in net position	5,015
Net position - beginning of year	720,783
Net position - end of year	$ 725,798

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

NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

The accounting policies of the Strasburg Fire Protection District No. 8 (the District) conform to accounting principles generally accepted in the United States of America as applicable to governments (US GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of such significant policies consistently applied in the preparation of the financial statements.

Reporting Entity

The District is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide fire protection and medical support for parts of Adams and Arapahoe counties within Strasburg, Colorado. The District operates under an elected five-person board of directors.

The District complies with GASB Pronouncements which establish standards for defining and reporting on the financial reporting entity. It defines component units as legally separate entities for which the officials of the primary government are financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The District has no component units as defined by the GASB.

Basis of Presentation

The accompanying financial statements are presented in accordance with GASB Statement No. 34.

Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from the governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds, even though fiduciary and component unit fiduciary funds are excluded from the government-wide financial statements since the resources of the fiduciary and component unit fiduciary funds are not available to the District.

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 primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities of the District are normally supported by property taxes, ownership taxes, and charges for services.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by general and program revenues. Direct expenses are those that are clearly identifiable within a specific function or program. Program revenues include 1) fees or charges to citizens and other governmental entities that receive or directly benefit from services provided by a given function or program, and 2) grants, contributions and other revenues that are restricted to use in the operational or capital requirements of a specific function or program. Other revenues not directly related to a particular function or program, if any, are reported separately as general revenues.

1. Summary of Significant Accounting Policies (continued)

Basis of Presentation (continued)

The effect of interfund activity has been eliminated from the government-wide financial statements.

Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for governmental and fiduciary funds are presented.

The District reports the following governmental fund:

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

The District reports the following fiduciary fund:

Pension Fund - accounts for transactions relating to assets held by the District in the capacity of trustee for its pension plan for vested volunteer firefighters.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial* resources or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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 *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 available if they are collected within 60 days of the end of the current fiscal period with the exception of grant revenues. A six-month availability period is used for grant revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. The exceptions to this general rule are that principal and interest on general long-term debt and expenditures related to compensated absences are recognized when due. General capital asset acquisitions are reported as expenditures in governmental funds.

The pension fund is reported using the *economic resources measurement focus* and the *accrual basis of accounting.*

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Deposits and Investments

Non-negotiable certificates of deposits are stated at cost or amortized cost. Investments, with a maturity in excess of one year when purchased, are reported at fair value.

Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices in active markets for identical assets; level 2 inputs are significant other observable inputs; and level 3 inputs are significant unobservable inputs. At December 31, 2025, the District did not hold any investments required to be reported under fair value.

Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2025, the District recorded an allowance of $113,441 for estimated uncollectable ambulance services. Allowances for uncollectible accounts receivable are based upon historical trends and aging. All receivables are expected to be collected within one year.

Property Taxes

Property taxes are levied on December 15 of each year and attach as an enforceable lien on property as of January 1. At the option of the taxpayer, property taxes may be paid in full or in two equal installments. The first of such installment is to be paid as of February 28 and the second installment to be paid no later than June 15. If elected to be paid in full, amount is to be paid no later than April 30. If payments are not made timely, delinquent interest accrues. If the taxes are not paid within subsequent statutory periods, the property tax lien will be sold at public auction. The Counties bill and collect the property taxes and remit collections to the District on a monthly basis. No provision has been made for uncollected taxes, as all taxes are deemed collectible.

Property taxes are recorded initially as deferred inflows in the year they are levied and measurable since they are not normally available nor are they budgeted as a resource until the subsequent year. These amounts are recorded as revenue in the subsequent year when they are available or collected.

Interfund Receivables/Payables

Activity between funds that represent outstanding balances between funds are reported as “due to/from other funds”. The outstanding balances between the funds result mainly from the time lag between the dates that (1) the interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. At December 31, 2025, the general fund has a due to the pension fund in the amount of $16,297 for State funding which was directly deposited into the general fund bank account in December 2025.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Prepaid items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of the prepaid item is recorded as an expense when consumed rather than when purchased.

Capital Assets

Capital assets, which include buildings and improvements, fire and EMS vehicles and equipment, and furniture and other equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of $5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation. Capital expenditures for projects are capitalized as constructed.

Normal maintenance and repairs that do not add value to assets or materially extend the life of the assets are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the capital assets. Depreciation is reported as a current charge in the statement of activities.

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

Assets	Years
Buildings and improvements	10-30
Fire and EMS vehicles and equipment	5-20
Furniture and other equipment	5-15

Compensated Absences

The District recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or paid out during or upon separation from employment. Based on these criteria, the District has two types of leave which qualify for liability recognition for compensated absences- *vacation and sick leave*. The liability for compensated absences is reported as incurred 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 or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation: The District's policy permits employees to accumulate earned but unused vacation benefits, subject to certain limits in amount. Vacation benefits are eligible for payment at the employee's current pay rate upon separation from employment.

Sick leave: The District's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses upon the employees' separation from service and no monetary obligation exists upon separation. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Long-term Obligations

In the government-wide financial statements, long-term debt is reported as a liability in the applicable governmental activity.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The District has one item that qualifies for reporting in this category, *deferred outflows of resources related to pensions*. See Notes 5 and 6 for additional information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as inflow of resources (revenue) until that time frame. The District has two items that qualify for reporting in this category on the statement of net position, *unavailable revenue - property taxes and deferred inflows related to pensions.* See Note 5 and Note 6 for additional information on pensions. Additionally, EMS revenue not collected within the 60-day availability period is considered a deferred outflow on the fund financial statements. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

Net Pension Asset and Net Pension Liability

The District reports a net pension asset or liability related to pension plans that are administered as trusts as required under GASB. GASB requires local governments to recognize, as an asset or liability, their long-term obligation/benefit for pension benefits. See Note 4 and 5 for additional information.

Net Position

Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources in the government-wide financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted – net position, a flow assumption must be made about the order in which resources are considered to be applied. Although not included in a formal policy, the District considers restricted – net position to have been depleted before unrestricted – net position is applied.

1. Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance (continued)

Fund Balance Policies

In the fund financial statements, governmental funds report aggregate amounts for five classes of fund balances on the constraints imposed on the use of these resources. The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not spendable in form which includes items such as prepaid items or inventories; or (b) legally or contractually required to be maintained intact.

The spendable portion of the fund balance comprises the remaining four classifications: restricted, committed, assigned, and unassigned.

Restricted fund balance. This classification reflects the constraints imposed on resources either (a) externally 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. These amounts can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the District's highest level of decision-making authority, the Board of Directors. This constraint may be removed or changed only through formal action of the Board of Directors.

Assigned fund balance. This classification reflects the amounts constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The District has not adopted a policy designating District personnel to determine amounts to be assigned, therefore, only the Board of Directors may assign amounts.

Unassigned fund balance. This fund balance is the residual classification for the General Fund. It is also used to report negative fund balances in other governmental funds.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases in fund balance to first reduce committed, then assigned, and then unassigned balances, in that order.

Impact Fees

The District collects impact fees on new development which is restricted for certain capital expenditures. For the year ended December 31, 2025, the District received $52,104 in impact fees. The District properly restricts the unspent impact fees. The amount restricted as of December 31, 2025 amounted to $24,776.

Estimates

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

2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with US GAAP. State law requires the District to adopt annual appropriated budgets for all funds.

The District conforms to the following procedures, in compliance with Colorado Revised Statutes, in establishing the budgetary data reflected in the financial statements:

On or before October 15 of each year, the District's accountant submits to the Board of Directors a recommended budget which details the necessary property taxes needed along with other available revenues to meet the District's operating requirements.

After a required publication of "Notice of Proposed Budget" and a public hearing, the District adopts the proposed budget and an appropriating resolution, which legally appropriates expenditures for the upcoming year.

Prior to December 15, the District computes and certifies to the County Commissioners a rate of levy that derives the necessary property taxes as computed in the proposed budget. The budget and appropriating resolution are adopted prior to December 15.

After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the District to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.

The level of control in the budget at which expenditures exceeded appropriations is at the fund level. All appropriations lapse at year end.

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20 commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. Spending and revenue limits are determined 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 also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service and federal grants). The District has restricted a portion of its December 31, 2025 year-end fund balance in the General Fund for emergencies as required under TABOR of $64,000, which is the approximate required reserve at December 31, 2025.

2. Stewardship, Compliance, and Accountability (continued)

TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On November 2, 2021, a majority of the District's electors authorized the District to collect and spend or retain in a reserve all current levied taxes and fees of the District without regard to any limitations under Article X, Section 20 of the Colorado constitution.

On May 6, 2025, a majority of the District eligible electors authorized the District to waive the property tax limit set forth in Colorado Revised Statutes (C.R.S) 29-1-1702 for all future property tax years pursuant to the provisions of 29-1-1704, C.R.S.

The District's management believes it is in compliance with the provisions of TABOR, as it is currently understood. However, TABOR is complex and subject to interpretation. Many of the provisions may not become fully understood without judicial review.

3. Detailed Notes on the Funds

Deposits and Investments

As of December 31, 2025, cash and investments are classified in the accompanying financial statements as follows:

Government-wide Statement of Net Position:	
Cash and investments	$ 1,652,156
Restricted cash and investments	110,043
Total Government-wide Statement of Net Position	1,762,199
Fiduciary Fund Statement of Net Position:	
Cash and investments	709,760
	$ 2,471,959

The following is a summary of deposits and investments held by the District as of December 31, 2025:

	Government-wide	Fiduciary Fund	Carrying Value
Type			
Deposits with financial institutions	$ 26,428	$ 9,705	$ 36,133
Certificates of deposit	118,614	75,905	194,519
Certificate of Deposit Account Registry Service (CDARS)	354,973	76,224	431,197
Colotrust Plus+	1,262,184	547,926	1,810,110
Total	$ 1,762,199	$ 709,760	$ 2,471,959

3. Detailed Notes on the Funds (continued)

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine 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 a minimum of 102% of the aggregate uninsured deposits.

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

Investments

The District has not adopted a formal investment policy; however, it follows state statutes regarding investments.

Government investment pools: As of December 31, 2025, the District invested in the Colorado Local Governmental Liquid Asset Trust (COLOTRUST), a local government investment vehicle established for local governmental entities in Colorado to pool surplus funds. COLOTRUST offers three investment options, one of which is COLOTRUST PLUS+. As an investment pool, COLOTRUST operates under the Colorado Revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. COLOTRUST PLUS+ may invest in U.S. Treasuries, government agencies, the highest-rated commercial paper, certain corporate securities, certain money market funds, certain repurchase agreements, and collateralized bank deposits, and limits its investments to those allowed by State statutes. Purchases and redemptions are available daily at a net asset value (NAV) of $1.00. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal function of COLOTRUST. The custodian's internal records identify the investments owned by participating governments.

COLOTRUST PLUS+ records its investment at fair value and the District records its investment in COLOTRUST PLUS+ at net asset value. There are no unfunded commitments and there is no redemption notice period. The weighted-average maturity is 60 days or less. At December 31, 2025, Colotrust Plus+ had a credit rating of AAAm by S&P Global Rating.

CDARS: The District invests in CDARS which allows the District to invest in non-negotiable certificates of deposits across multiple banks, all of which, are FDIC insured. The District maintains minimal funds in its deposit accounts and utilizes CDARS in sweep accounts to maximize its investment earnings.

Custodial Credit Risk: As of December 31, 2025, the District's governmental cash deposits (not including certificates of deposit or CDARS) had a carrying value of $26,428 with corresponding bank balances of $52,019, all of which is federally insured at each institution. The District's certificates of deposit and CDARS are not in excess of FDIC coverage.

As of December 31, 2025, the District's fiduciary fund cash deposits had a carrying value of $9,705 with corresponding bank balances of $10,156, all of which are federally insured. The District's fiduciary fund certificates of deposit and CDARS are not in excess of FDIC coverage.

3. Detailed Notes on the Funds (continued)

Investments (continued)

Interest Rate Risk: Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. In accordance with C.R.S, the District's manages its exposure to declines in fair value by limiting the average maturity of its investments to five years or less.

Credit Risk: Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. The District follows the general provisions of C.R.S. C.R.S specify investment instruments meeting defined rating and risk criteria in which local governmental entities may invest. The local government investment pool rating is included above. Additionally, the allowed investments may include but are not limited to certain money market funds, certain certificates of deposit, local investment pools, and CDARS.

Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets not being depreciated:				
Land	$ 45,000	$ -	$ -	$ 45,000
Construction-in-progress	1,095,088	501,985	(1,575,014)	22,059
Total capital assets not being depreciated	1,140,088	501,985	(1,575,014)	67,059
Capital assets being depreciated:				
Buildings and improvements	513,592	1,240,361	-	1,753,953
Fire and EMS vehicles and equipment	2,669,572	351,840	(199,753)	2,821,659
Furniture and other equipment	150,497	51,191	-	201,688
Total capital assets being depreciated	3,333,661	1,643,392	(199,753)	4,777,300
Less accumulated depreciation for:				
Buildings and improvements	(265,722)	(48,141)	-	(313,863)
Fire and EMS vehicles and equipment	(1,362,114)	(166,099)	167,255	(1,360,958)
Furniture and other equipment	(54,888)	(20,101)	-	(74,989)
Total accumulated depreciation	(1,682,724)	(234,341)	167,255	(1,749,810)
Total capital assets being depreciated, net	1,650,937	1,409,051	(32,498)	3,027,490
Capital assets, net	$ 2,791,025	$ 1,911,036	$ (1,607,512)	$ 3,094,549

Depreciation expense of $234,341 was charged to governmental activities - public safety.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations

As of December 31, 2025, the District has no authorized but unissued debt. The following is a summary of long-term debt transactions for the year ended December 31, 2025:

	Beginning Balance	Additions*	Deletions*	Ending Balance	Due in One Year
Master Lease purchase agreement - engine	$ 531,975	$ -	$ (63,764)	$ 468,211	$ 67,463
Lease purchase agreement- project	1,220,000	-	(53,336)	1,166,664	56,414
Compensated absences	9,811	11,523	-	21,334	21,334
Total	$ 1,761,786	$ 11,523	$ (117,100)	$ 1,656,209	$ 145,211

*The change in the compensated absences liability is presented as a net change.

Master Lease Purchase Agreement - Engine

On January 26, 2024, the District entered into a master lease purchase for a new fire engine in the amount of $531,975, with the total amount financed through the master lease-purchase agreement. The master lease-purchase agreement requires principal and interest payments, beginning on January 26, 2025, of $94,619 annually, with an implicit rate of 5.8%. The final payment is due January 26, 2031. At the option of the District, after January 25, 2027, the District may terminate the lease early by paying the termination value outlined in the master lease purchase agreement.

The net book value of the assets acquired through lease purchase at December 31, 2025 is as follows:

Fire engine	$ 531,975
Less: accumulated depreciation	(53,198)
Net book value	$ 478,777

The master lease purchase agreement does not constitute a general obligation debt of the District as defined by C.R.S. as there are annual appropriation clauses in the agreement.

Events of default as defined in the master lease-purchase agreement are (a) District fails to make any payment as it becomes due in accordance with the terms of the lease, and any such failure continues for 10 days after the due date; (b) District fails to perform or observe certain obligations outlined in the lease; (c) District fails to perform or observe any other covenant, condition or agreement to be performed or observed by it under the lease and such failure is not cured within 30 days after receipt of written notice; (d) District made any statement, representation or warranty that proves to be false, misleading or erroneous in any material respect; (e) District files a petition under the federal bankruptcy laws or other applicable laws or similar laws are filed against the District and are not dismissed within 60 days; or (f) District is in default with any other lease or financing arrangement with the lessor.

Remedies available in the event of default include (a) the lessor may require the District to pay (and District agrees to pay) all amounts due under the lease, (b) the lessor may require the District to return all equipment covered by the lease, and (c) lessor may sell, lease or dispose of equipment.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

The following is a summary of the annual principal and interest payment on the master lease purchase agreement:

Year Ending December 31,	Principal	Interest	Total
2026	$ 67,463	$ 27,156	$ 94,619
2027	71,376	23,243	94,619
2028	75,515	19,104	94,619
2029	79,895	14,724	94,619
2030	84,529	10,090	94,619
2031	89,433	5,186	94,619
Total	$ 468,211	$ 99,503	$ 567,714

Lease Purchase Agreement - Project

On November 26, 2024, the District entered into a lease purchase agreement to generate funds for financing the construction and equipping of an expansion of the District's existing fire station facilities and other capital improvements in the amount of $1,220,000. In connection with this lease purchase agreement, the District has conveyed a leasehold interest in the land and certain site improvements as outlined in the agreement through a site lease. The lease purchase agreement requires principal and interest payments semi-annually, May and November, in the amount of $61,003 based on an interest rate of 5.69%. The final payment is due November 26, 2039. At the option of the District, the District may terminate the lease early by paying the purchase price as outlined in the lease.

The net book value of the assets collateralized under the lease purchase agreement at December 31, 2025 is as follows:

Land	$ 45,000
Building	513,593
Crew Quarters addition	1,193,996
Total cost	1,752,589
Less: accumulated depreciation	(313,478)
Net book value	$ 1,439,111

The master lease purchase agreement does not constitute a general obligation debt of the District as defined by C.R.S. as there are annual appropriation clauses in the agreement.

Events of default as defined in the lease-purchase agreement are (a) District fails to make any payment as it becomes due in accordance with the terms of the lease; (b) District fails to vacate or surrender possession of the leased property within 10 business days after the fiscal year in which an "event of nonappropriation" has occurred; (c) District fails to perform or observe any other covenant, condition or agreement to be performed or observed by it under the lease and such failure is not cured within 30 days after receipt of written notice; or (d) District files a petition under the federal bankruptcy laws or other applicable laws or similar laws are filed against the District and are not dismissed within 30 days.

3. Detailed Notes on the Funds (continued)

Long-Term Obligations (continued)

Remedies available in the event of default include (a) the lender may terminate the lease and give notice to the District to vacate and surrender possession of the leased property outlined in the agreement and demand the purchase option payment outlined in the agreement at the default rate of 10%, provided, however, that the District shall retain the right to not appropriate funds, (b) the lender may foreclose on, sell, trade-in, repossess or liquidate the lease property, (c) lender may lease or sublease the lease property, (d) lender may recover rentals for the period in which the District continues to occupy, use, and/or possess the leased property. The lender may also recover any unused project funds or any other legally available funds representing insurance, warranty, or condemnation related to the project or the lease and interest shall be at the default rate, or (e) the lender may take action in court to enforce its rights to the leased property.

The following is a summary of the annual principal and interest payment on the lease purchase agreement:

Year Ending December 31,	Principal	Interest	Total
2026	$ 56,414	$ 65,592	$ 122,006
2027	59,669	62,337	122,006
2028	63,113	58,893	122,006
2029	66,755	55,251	122,006
2030	70,608	51,398	122,006
2031-2035	419,070	190,959	610,029
2036-2039	431,035	56,979	488,014
Total	$ 1,166,664	$ 541,409	$ 1,708,073

4. Other Information

Risk Management

The District is exposed to various risks of loss related to workers compensation, general liability, unemployment, torts, theft of, damage to, and destruction of assets, and errors and omissions. The District has acquired commercial coverage for these risks and claims, if any, and are not expected to exceed the commercial insurance coverage. Settled claims have not exceeded commercial coverage in the last three years.

5. State Fire and Police Pension Plan

The District provides post-retirement pension benefits through the Statewide Retirement Plan (SRP Plan) which is a cost-sharing multiple-employer defined benefit pension plan. The SRP Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component, and Money Purchase Component.

5. State Fire and Police Pension Plan (continued)

The Defined Benefit Component and the 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 SRP 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. As of August 5, 2003, the SRP Plan may include clerical and other personnel from fire districts whose services are auxiliary to fire protection.

The SRP Plan assets are included in the Fire & Police Members' Benefit Investment Fund Long-Term Pool. Assets from the Deferred Retirement Option Plan (DROP) and Money Purchase Component are included in the Fire & Police Members' Self-Directed Investment Fund. 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%. Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

The SRP 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.

Description of Benefits: The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire 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 a 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% of the average of the member's highest three-year base salary for each year of credited service up to ten years, plus 2.5% of the average of the member's highest three years based salary for each year of service thereafter.

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

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

5. State Fire and Police Pension Plan (continued)

Benefit adjustments paid to retired members and beneficiaries may be increased annually on October 1 via a 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% to the higher of 3% 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, a member may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution in lieu of retirement benefits. Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Contributions: Contribution rates for the SRP 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 the employers and members.

Members of the Defined Benefit Component contribute 12% of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the SRP Plan beginning in 2021. Employer contribution rates will increase 0.5% annually through 2030 to a total of 13% of base salary. These increases result in a combined contribution rate of 25% of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22%.

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% annually. These increases result in a minimum combined contribution rate of 25.2% in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2%.

Members of the Social Security Component contribute 6% of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25% annually through 2030 to a total of 6.5% of base salary. These increases result in a combined contribution rate of 12.5% of base salary in 2030. In 2024, the total combined member and employer contribution rate was 11.0%.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125% annually until they reach a minimum rate of 9% each and at least a combined rate of 18% in 2030. In 2023, the total minimum combined member and employer contribution rate was 17.0%.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2024 through June 30, 2025 is 14.56%. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 was 14.24%. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

5. State Fire and Police Pension Plan (continued)

A member of the SRP 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.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20% per year after the first year of service and to be 100% vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the SRP 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.

In 2025, all but one member of the District are members of the Defined Benefit Component. In 2025, the members of both the Defined Benefit Component and the Money Purchase Component contributed at a rate of 12% and the District contributed at a rate of 10.5% for a combined rate of 22.5%. In 2025, the District contributed $61,742 to the Defined Benefit Component of the SRP Plan and contributed $7,027 to the Money Purchase Component.

Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: At December 31, 2025, the District reported a pension liability of $0 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2024, and the 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 asset was based on the District's share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2024 (measurement date), the District's proportion was .035726%, which was an increase of .004302% from its proportion measured at December 31, 2023.

For the year ended December 31, 2025, the District recognized pension expense of $59,947. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred outflows of resources	Deferred inflows of resources
Change in proportionate share	$ -	$ 38,679
Difference between expected and actual experience	85,850	2,685
Net difference between projected and actual investment earnings	12,196	-
Changes in assumptions	30,725	-
Contributions subsequent to the measurement date	61,742	-
Total	$ 190,513	$ 41,364

Contributions of $61,742 reported as deferred outflows of resources related to pension resulting from District contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended December 31, 2025.

5. State Fire and Police Pension Plan (continued)

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	$	28,733
2027		45,058
2028		(3,270)
2029		(943)
2030		5,123
Thereafter		12,706
Total	$	87,407

Actuarial Assumptions: The actuarial valuations for the SRP Plan were used to determine the total pension and actuarially determined contributions for the year ending December 31, 2024. The most recent experience study was completed in 2022. 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 adjustment (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 Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every 5 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.

5. State Fire and Police Pension Plan (continued)

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 2.5%).

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 as follows:

Asset class	Target allocation	Long-term Expected 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 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the FPPA Board's funding policy, which establishes the contractually required rates under Colorado Statutes. Based on those assumptions, the SRP Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The COLA assumption reflects the true nature of the Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with the 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 0.0%, then a COLA assumption of 0.0% 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%; the municipal bond rate is 4.08% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00%.

5. State Fire and Police Pension Plan (continued)

Sensitivity of the District's proportionate share of the net pension liability (asset) to changes in the discount rate: The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.0%, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0%) or 1-percentage-point higher (8.0%) than the current rate:

1% Decrease 6.0%	Current Discount Rate 7.0%	1 % Increase 8.0%
$ 174,341	$ 0	$ 0

Pension Plan Fiduciary Net Position: FPPA's financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period the contributions are due. Detailed information about the SRP Plan's fiduciary net position is available in FPPA's annual comprehensive financial report which can be obtained at http://www.fppaco.org.

6. Volunteer Firefighters' Pension Plan

The Volunteer Firefighter's Pension Plan (the "Volunteer Plan") is a single-employer defined benefit pension plan administered by the District that provides retirement income for volunteer firefighters in recognition of their service to the District. The plan is managed with oversight by a seven-member Board of Trustees, consisting of five elected District officials and two eligible volunteer firefighters. The Volunteer Plan does not issue separate stand-alone statements. Volunteer Plan information from the latest actuarial report may be obtained by contacting the Strasburg Fire Protection District, 56281 E. Colfax Avenue, Strasburg, CO 80136.

The Volunteer Plan's financial statements, shown as a pension trust fund in the District's statements, are prepared using the economic resources measurement focus and accrual basis of accounting. Employer contributions, benefit payments, and refunds are recognized when due. Volunteer Plan investments are reported at fair market value. Administrative costs are financed through contributions and investment income. As of January 1, 2022, the Volunteer Plan is closed to new members.

Plan Membership: For the year ended December 31, 2025, pension plan membership consisted of the following:

Inactive plan members or beneficiaries currently receiving benefits	20
Inactive plan members entitled to but not yet receiving benefits	0
Active plan members	1
	21

Description of Benefits: Effective July 1, 2017, the Volunteer Plan, as established and amended by the plan's Board of Trustees, increased its monthly pension for volunteers from $250 to $300 for those who have satisfied the normal age and service requirements. Effective February 1, 2022, the monthly pension payments were increased again from $300 to $450. The Volunteer Plan further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the latest date a volunteer reaches 50 years of age and completes 20 years of service.

6. Volunteer Firefighters' Pension Plan (continued)

Contributions: The Volunteer Plan is funded by the District's general fund and the State of Colorado. The District is required to contribute at a rate to maintain the actuarial soundness of the plan as set by statute. The contribution requirements of the District are established under Title 31, Article 30 of C.R.S., as amended. The District and the State of Colorado contributed $65,000 and $16,297, respectively, for the year ended December 31, 2025.

Investments: The Volunteer Plan's policy allows the Volunteer Plan to invest in interest-bearing obligations of the United States, interest-bearing bonds of Colorado, general obligations bonds of municipalities, in any depository enumerated in §24-75-603, C.R.S., and secured as provided in §11-10.5-101, et seq., C.R.S., and §11-47-101, et seq., or in such other investments authorized by C.R.S. It is the policy of the Volunteer Board to pursue an investment strategy that allows for preservation of the Volunteer Plan. As of December 31, 2025, the Volunteer Plan investments consist of governmental investment pools, certificates of deposit and CDARS insured under FDIC and collateralized as required under C.R.S.

For the year ended December 31, 2025, the annual money-weighted rate of return, net of investment expense was 3.783%.

Actuarial Assumptions: The total pension liability was determined by an actuarial valuation as of January 1, 2025 with a measurement date of December 31, 2025 using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial method	Entry age, normal
Amortization method	Level dollar, open
Remaining amortization period	20 years
Asset valuation method	Market value
Inflation rate	Implicit
Investment rate of return	1.00%
Discount rate	4.83%
Salary increases	n/a
Cost of living adjustment (COLA)	None

In the current year valuation, the discount rate has been updated from 4.08% as of December 31, 2024 to 4.83% as of December 31, 2025.

Retirement age 50 and 20 years of service with 50% probability for ages 50-64 and 100% probability at age 65. Assumed 90% of members were married.

Pre-retirement mortality valuations were determined using Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP -2020 Ultimate project scale. Post-retirement mortality healthy retirees and beneficiary's valuations were determined using Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the ultimate values of the MP-2020 projection scale. Post-retirement mortality disabled retiree valuations were determined using Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with the MP-2020 Ultimate projection scale with a minimum probability of 3.5% for males and 2.5% for females.

6. Volunteer Firefighters' Pension Plan (continued)

Long-term expected rate of return: The long-term investment rate of return on pension plan investments is assumed to be the same as the municipal bond rate of 4.83% (based on the daily rate closest to but not later than the measurement date of the Bond Buyer "20-Bond GO Index") as the Volunteer Plan investments are invested in short-term assets. This is an increase from the single discount rate as of December 31, 2024 of 4.08%.

The actuarial valuation uses the assumptions and methods applicable for volunteer fire plans that were adopted as a result of the 2022 Experience Study as used by FPPA.

Actuarial Cost Method: Under the entry age normal actuarial cost method, the Normal Cost is computed as the level dollar amount which, if paid from the earliest time each member would have been eligible to join the plan if it then existed (thus, entry age) until his retirement or termination, would accumulate with interest at the rate assumed in the valuation to a fund sufficient to pay all benefits under the plan. The normal cost for the plan is determined by summing the normal cost of all members.

The Actuarial Accrued Liability under this method at any point in time is the theoretical amount of the fund that should have been accumulated had annual contributions been made in prior years equaling to the normal cost. The Unfunded Actuarial Accrued Liability/(Surplus) is the excess of the actuarial accrued liability over the actuarial value of the plan assets as of the valuation date.

Under this method, experience gains and losses (i.e., decreases or increases in accrued liabilities), attributable to deviations in experience from the actuarial assumptions, adjust the unfunded actuarial accrued liability.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension: The net pension liability was measured at December 31, 2025 with an actuarial valuation as of January 1, 2025.

6. Volunteer Firefighters' Pension Plan (continued)

The components of the net pension liability of Volunteer Plan at December 31, 2025 are as follows:

Total pension liability:		
Service cost	$	836
Interest		44,449
Change in benefit terms		-
Difference between expected and actual experience		-
Assumptions changes		(71,168)
Benefit payments, including lump sums		(91,900)
Net change in total pension liability		(117,783)
Total pension liability - beginning		1,134,531
Total pension liability - ending	$	1,016,748
Plan fiduciary net position:		
Contributions – employer	$	65,000
Contributions - member		-
Net investment income		26,850
Benefit payments		(91,900)
Pension plan administrative expense		(11,232)
State of Colorado supplemental discretionary payment		16,297
Other		-
Net change in plan fiduciary net position		5,015
Plan fiduciary net position – beginning		720,783
Plan fiduciary net position – ending	$	725,798
Net pension liability	$	290,950
Plan fiduciary net position as a percentage of total pension liability		71.38%

For the year ended December 31, 2025, the District recognized pension benefit for the Volunteer Plan of $130,337. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to the Volunteer Plan from the following sources:

		Deferred outflows of resources		Deferred inflows of resources
Difference between expected and actual experience	$	-	$	-
Changes in assumptions		-		-
Net difference between projected and actual earnings on plan investments		-		33,630
Total	$	-	$	33,630

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	$	(9,178)
2027		(11,676)
2028		(8,825)
2029		(3,951)
Total	$	(33,630)

6. Volunteer Firefighters' Pension Plan (continued)

Discount Rate: A Single Discount Rate of 4.83% was used to measure the total pension liability. This Single Discount Rate was based on a municipal bond rate of 4.83%. The projection of cash flows used to determine this Single Discount Rate assumed that employer contributions will be made at the current rate. Based on these assumptions, the Volunteer Plan's fiduciary net position and future contributions were expected to be sufficient to finance all future benefit payments. For purposes of this valuation, the municipal bond rate of 4.83% is based on the Bond Buyer "20-Bond GO Index" as of December 31, 2025.

Sensitivity of Pension Liability: The following presents the District's net pension liability calculated using the Single Discount Rate of 4.83%, as well as what the District's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.83%) or 1-percentage-point higher (5.83%) than the current rate:

1% Decrease 3.83%	Current Discount Rate 4.83%	1 % Increase 5.83%
$ 387,879	$ 290,950	$ 208,426

7. Reconciliation of Government-Wide and Fund Financial Statements

Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position

The governmental funds balance sheet includes a reconciliation between fund balance-total governmental funds and net position-governmental activities as reported in the government-wide statement of net position. Explanation of the reconciling items is as follows:

Capital assets of $4,844,359 less accumulated depreciation of $1,749,810 or a net book value of $3,094,549 are not financial resources and therefore are not reported in the funds.

Deferred outflows related to pensions are not financial resources and therefore are not reported in the governmental funds.

Deferred outflows – SRP Plan	$	190,513
Net adjustment	$	190,513

Deferred inflows related to pensions are not financial resources and therefore are not reported in the governmental funds.

Deferred inflows – SRP Plan	$	(41,364)
Deferred inflows – Volunteer Plan		(33,630)
Net adjustment	$	(74,994)

Some receivables will not be available to pay for current-period expenditures and are offset by unavailable revenues in the governmental fund and thus are not included in fund balance.

Unavailable revenue – EMS	$	32,304
Unavailable revenue – Wildland deployment		113,097
	$	145,401

7. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Explanation of Differences between the Governmental Funds Balance Sheet and the Government-Wide Statement of Net Position (continued)

Long-term liabilities, including long-term debt, compensated absences and net pension liabilities, are not due and payable in the current period and, therefore, are not reported in the funds.

Compensated absences	$	(21,334)
Leases payable		(1,634,875)
Accrued interest on long-term debt		(31,599)
Net pension liability – Volunteer Plan		(290,950)
Net adjustment	$	(1,978,758)

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. Explanation of the reconciling items is as follows:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. The details of this difference are as follows:

Depreciation expense	$	(234,341)
Capital outlay		570,363
Net adjustment	$	336,022

Some revenues reported in the statement of activities do not provide current financial resources and, therefore, are not recorded as revenues in governmental funds. The details of the difference are as follows:

Earned by unavailable revenue:		
Wildland deployment	$	36,888
Grant revenue		9,561
Miscellaneous revenue – Hamat		2,024
EMS revenue		(6,104)
Net adjustment	$	42,369

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) to decrease net position. The difference of $(32,498) is the result of the sale of capital assets.

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of activities. Repayment of debt principal is an expenditure in the governmental funds, but repayment reduces long-term debt in the statement of net position. The details of this difference are as follows:

Master Lease Engine principal payment	$	63,764
Lease purchase agreement principal payment		53,336
Net adjustment	$	117,100

7. Reconciliation of Government-Wide and Fund Financial Statements (continued)

Explanation of Differences between the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balances and the Government-Wide Statement of Activities (continued)

Governmental funds report pension contributions as expenditures, however, pension (income) expense is reported in the statement of activities. The details of the difference are as follows:

Contributions to the volunteer plan	$	65,000
Contributions to the SRP Plan		61,742
Pension income volunteer plan		130,337
Pension expense SRP Plan		(59,947)
Net adjustment	$	197,132

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not recorded as expenditures in governmental funds. The details of the difference are as follows:

Compensated absences	$	(11,523)
Accrued interest on long-term debt		3,810
Net adjustment	$	(7,713)

8. Subsequent Events

On April 1, 2026 the District entered into a lease purchase agreement in the amount of $2,265,000. The lease is to be used to generate funds to (1) refinance the 2024 lease by exercising the District's option to purchase leasehold interest, (2) buyout the engine lease, (3) finance the acquisition of an additional fire truck and associated equipment, and (4) pay the cost of issuance.

In connection with this lease purchase agreement, the District has conveyed a leasehold interest in the land and certain site improvements as outlined in the agreement through a site lease. The lease purchase agreement requires principal and interest payments semi-annually, April and October, in the amount of $92,139 based on an interest rate of 5.25%. The final payment is due April 1, 2046. At the option of the District, the District may terminate the lease early by paying the purchase price as outlined in the lease. The leased property shall be transferred back to the District at the end of the lease term, if paid in full.

REQUIRED SUPPLEMENTARY INFORMATION

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance with Final Budget
Revenues:				
Property tax	$ 1,368,718	$ 1,368,718	$ 1,366,495	$ (2,223)
Specific ownership tax	68,440	68,440	70,850	2,410
Investment earnings	26,200	53,942	92,080	38,138
Impact fees	50,000	50,000	52,104	2,104
Grant income	33,000	33,000	73,488	40,488
Wildland deployment income	10,000	60,000	63,683	3,683
Medical services, net of uncollectible	220,000	300,000	330,315	30,315
Insurance proceeds	-	-	508	508
Miscellaneous revenue	16,000	16,000	31,186	15,186
Total revenues	1,792,358	1,950,100	2,080,709	130,609
Expenditures:				
Current:				
Salaries, payroll taxes and benefits	1,193,907	1,193,907	1,121,474	72,433
Professional fees	121,800	121,800	73,421	48,379
Treasurer's fees	20,530	20,530	20,540	(10)
Firefighting	172,170	172,170	239,148	(66,978)
EMS services and fees	119,581	119,581	146,790	(27,209)
Insurance	106,734	106,734	106,316	418
Buildings	25,410	25,410	55,983	(30,573)
Equipment and repairs	102,250	102,250	93,387	8,863
Events	18,500	18,500	18,680	(180)
Volunteer pension contribution	65,000	65,000	65,000	-
Office and administration	71,788	71,788	78,782	(6,994)
Debt:				
Principal and interest	212,620	212,620	216,625	(4,005)
Capital Outlay:				
Capital expenditures	96,825	700,000	570,363	129,637
Total expenditures	2,327,115	2,930,290	2,806,509	123,781
Excess (deficiency) of revenues over expenditures	(534,757)	(980,190)	(725,800)	254,390
Other financing sources (uses):				
Sale of capital assets	-	-	8,250	8,250
Total other financing sources (uses)	-	-	8,250	8,250
Net change in fund balance	(534,757)	(980,190)	(717,550)	262,640
Fund balance - beginning of year	1,495,062	2,495,545	2,495,545	-
Fund balance - end of year	$ 960,305	$ 1,515,355	$ 1,777,995	$ 262,640

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

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Schedule of Contributions and Related Ratios - SRP Plan
Last Ten Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Statutorily required contribution	$ 61,742	$ 37,728	$ 30,056	$ 33,040	$ 14,389	$ 12,454	$ 15,715	$ 10,839	$ 9,545	$ 7,948
Contributions in relation to the statutorily required contribution	61,742	37,728	30,056	33,040	14,389	12,454	15,715	10,839	9,545	7,948
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 588,019	$ 377,275	$ 316,565	$ 367,075	$ 169,282	$ 155,675	$ 196,438	$ 135,488	$ 119,313	$ 99,350
Contribution as a percentage of covered payroll	10.5%	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%	8.0%

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

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Schedule of the District Proportionate Share of the Net Pension Liability/(Asset)- SRP Plan
Last Ten Fiscal Years*

Fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan measurement date, December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportionate (percentage) of the net pension liability/(asset)	0.035726%	0.031424%	0.043693%	0.020092%	0.020043%	0.025964%	0.020085%	0.020582%	0.019603%	0.023699%
District's proportionate share of the net pension liability/(asset)	-	-	37,782	(108,883)	(43,514)	(14,684)	25,392	(29,610)	7,083	(418)
Districts' covered payroll	588,019	377,275	316,565	367,075	169,282	155,675	196,438	135,488	119,313	99,350
District's proportionate share of the net pension liability/(asset) as a percentage of the covered payroll	0.00%	0.00%	-11.93%	29.66%	25.70%	9.43%	-12.93%	21.85%	-5.94%	0.42%
Plan fiduciary net position as a percentage of the total pension liability/(asset)	100.0%	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%

* The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the SRP Plan. Covered payroll is presented based on the fiscal year.

NOTES:

The total pension liability as of December 31, 2025, actuarial valuation was determined using the following actuarial assumptions:

Actuarial Valuation Date	January 1, 2025
Measurement Date	December 31, 2024
Actuarial cost method	Entry age normal
Amortization method	N/A
Amortization period	N/A
Long-term investment rate of return**	7.00%
Projected salary increases**	4.25% to 11.75%
Cost of living adjustment	None
**Includes inflation at	2.50%

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, 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 off-duty mortality tables are adjusted to 60% multiplier.
The on-duty mortality rate is 0.00015.

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Schedule of Changes in the Plan's Net Pension Liability and Related Ratios -
Volunteer Pension Plan
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total pension liability:										
Service cost	$ 836	$ 885	$ 824	$ 29,786	$ 28,316	$ 25,649	$ 25,649	$ 23,281	$ 23,601	$ 19,670
Interest	44,449	43,343	47,248	20,460	22,201	30,592	30,702	31,913	32,007	26,733
Changes in benefit terms	-	-	-	525,304	-	-	-	-	196,584	-
Difference between expected and and actual experience	-	24,003	-	(99,525)	-	(103,515)	-	(25,445)	-	-
Assumption changes	(71,168)	(34,128)	31,988	(313,879)	24,043	101,483	-	(13,295)	-	-
Benefit payments, including lump sums	(91,900)	(96,750)	(97,200)	(89,550)	(57,300)	(58,500)	(62,400)	(60,750)	(57,200)	(49,125)
Net change in total pension liability	(117,783)	(62,647)	(17,140)	72,596	17,260	(4,291)	(6,049)	(44,296)	194,992	(2,722)
Total pension liability - beginning	1,134,531	1,197,178	1,214,318	1,141,722	1,124,462	1,128,753	1,134,802	1,179,098	984,106	986,828
Total pension liability - ending	$1,016,748	$1,134,531	$1,197,178	$1,214,318	$1,141,722	$1,124,462	$1,128,753	$1,134,802	$1,179,098	$ 984,106
Plan fiduciary net position:										
Contributions - employer	$ 65,000	$ 65,000	$ 65,000	$ 64,575	$ 60,139	$ 64,575	$ 71,901	$ 59,134	$ 47,072	$ 53,145
Contributions - member	-	-	-	-	-	-	-	-	-	-
Net investment income	26,850	31,369	21,138	53	1,716	2,851	615	1,373	1,184	1,225
Benefit payments	(91,900)	(96,750)	(97,200)	(89,550)	(57,300)	(58,500)	(62,400)	(60,750)	(57,200)	(49,125)
Pension plan administrative expense	(11,232)	(4,860)	(10,770)	(4,500)	(10,838)	(4,612)	(10,005)	(4,550)	(9,900)	-
State of Colorado supplemental discretionary payment	16,297	16,297	44,420	40,771	40,853	36,417	35,680	31,963	33,550	28,607
Other	-	-	-	-	(1,149)	(638)	-	-	-	-
Net change in plan fiduciary net position	5,015	11,056	22,588	11,349	33,421	40,093	35,791	27,170	14,706	33,852
Plan fiduciary net position - beginning	720,783	709,727	687,139	675,790	642,369	602,276	566,485	539,315	524,609	490,757
Plan fiduciary net position - ending	$ 725,798	$ 720,783	$ 709,727	$ 687,139	$ 675,790	$ 642,369	$ 602,276	$ 566,485	$ 539,315	$ 524,609
Net pension liability	$ 290,950	$ 413,748	$ 487,451	$ 527,179	$ 465,932	$ 482,093	$ 526,477	$ 568,317	$ 639,783	$ 459,497
Plan fiduciary net position as a percentage of the total pension liability	71.38%	63.53%	59.28%	56.59%	59.19%	57.13%	53.36%	49.92%	45.74%	53.31%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Plan's net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

Notes to Schedule:

Retiree and beneficiary benefits were increased effective July 1, 2017 and January 1, 2022.

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

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Schedule of Plan Contributions - Volunteer Pension Plan
Last 10 Fiscal Years

Fiscal Year Ending December 31,	Actuarially Determined Contribution	Actual Contribution**	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2016	50,528	81,752	(31,224)	n/a	n/a
2017	49,442	80,622	(31,180)	n/a	n/a
2018	49,442	91,097	(41,655)	n/a	n/a
2019	69,694	107,581	(37,887)	n/a	n/a
2020	69,694	100,992	(31,298)	n/a	n/a
2021	82,083	100,992	(18,909)	n/a	n/a
2022	82,083	105,346	(23,263)	n/a	n/a
2023	65,363	109,420	(44,057)	n/a	n/a
2024	65,363	81,297	(15,934)	n/a	n/a
2025	56,920	81,297	(24,377)	n/a	n/a

** Includes both employer and State of Colorado Supplemental Discretionary Payment.

Valuation Date:	January 1, 2025
Notes	Actuarially determined contribution rates are calculated as of January 1 of odd numbered years and used for two fiscal years.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar, open
Remaining amortization period	20 years
Asset valuation method	Market value
Inflation	Implicit
Salary increases	N/A
Investment rate of return	1.00%
Retirement age	50% rate assumed until age 65 at which 100% retirement is assumed.
Mortality	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.

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Schedule of the Net Pension Liability - Volunteer Pension Plan
Last 10 Fiscal Years

Fiscal Year Ending December 31,	Total Pension Liability	Plan Net Position	Net Pension Liability	Plan Net Position as a % of Total Pension Liability	Covered Payroll	Net Pension Liability as a % of Covered Payroll
2016	984,106	524,609	459,497	53.31%	n/a	n/a
2017	1,179,098	539,315	639,783	45.74%	n/a	n/a
2018	1,134,802	566,485	568,317	49.92%	n/a	n/a
2019	1,128,753	602,275	526,478	53.36%	n/a	n/a
2020	1,124,462	642,369	482,093	57.13%	n/a	n/a
2021	1,141,722	675,790	465,932	59.19%	n/a	n/a
2022	1,214,318	687,139	527,179	56.59%	n/a	n/a
2023	1,197,178	709,727	487,451	59.28%	n/a	n/a
2024	1,134,531	720,783	413,748	63.53%	n/a	n/a
2025	1,016,748	725,798	290,950	71.38%	n/a	n/a

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

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Schedule of Investment Returns - Volunteer Pension Plan
Last 10 Fiscal Years

	Annual Return
Annual money-weighted rate of return, net of investment expense:	
Fiscal year ending December 31, 2016	0.120%
Fiscal year ending December 31, 2017	0.219%
Fiscal year ending December 31, 2018	0.257%
Fiscal year ending December 31, 2019	0.102%
Fiscal year ending December 31, 2020	0.444%
Fiscal year ending December 31, 2021	0.313%
Fiscal year ending December 31, 2022	0.008%
Fiscal year ending December 31, 2023	3.179%
Fiscal year ending December 31, 2024	4.451%
Fiscal year ending December 31, 2025	3.783%

OTHER SUPPLEMENTARY INFORMATION

STRASBURG FIRE PROTECTION DISTRICT NO. 8
Schedule of Changes in Net Position - Budget and Actual - Pension Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with Final Budget
Additions:			
District contribution	$ 65,000	$ 65,000	$ -
State contribution	36,000	16,297	(19,703)
Investment income	8,800	26,850	18,050
Total revenues	109,800	108,147	(1,653)
Deductions:			
Pension payments	91,800	91,900	(100)
Professional fees	11,500	11,000	500
Administration	1,360	232	1,128
Total expenditures	104,660	103,132	1,528
Change in net position	5,140	5,015	(125)
Fund balance - beginning of year	737,103	720,783	(16,320)
Fund balance - end of year	$ 742,243	$ 725,798	$ (16,445)