WELLINGTON FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

WITH

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2025

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Independent Auditors' Report

To the Board of Directors
Wellington Fire Protection District

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Wellington Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Wellington Fire Protection District's internal control. Accordingly, no such opinion is expressed.

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

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

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

Required Supplementary Information

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

Supplementary Information

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

Littleton, Colorado
July 15, 2026

Management's Discussion and Analysis

Wellington Fire Protection District

Management's Discussion and Analysis

Introduction:

Management's Discussion and Analysis is intended to provide the reader and user of our financial statements with a narrative overview of the District's financial activities. Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's financial statements and notes to the financial statements, beginning on page 7.

Overview of the Financial Statements of the District:

The audited financial statements of the District are:

- Statement of Net Position
- Statement of Activities
- Balance Sheet – Governmental Funds
- Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds
- Notes to the Financial Statements

The financial statements of the District are presented as a special purpose government engaged in government-type activities. These financial statements distinguish between the functions of the District that will be principally supported by taxes. The functions of the District include the provision of fire protection services and the preventive mitigation of fire dangers.

The **Statement of Net Position** is prepared using the full accrual basis of accounting, provides information about what is owned (assets) by the District, what is owed (liabilities) by the District, and what is the District's equity in its assets (Net Position). Over time, the comparison of changes in Net Position may provide a useful method of evaluating whether the financial position of the District is improving, deteriorating, or maintaining a status quo.

The **Statement of Activities** provides information about the components – Program Expenses, Program Revenue, General Revenue – of the District's annual operating activities and how those activities affected Net Position.

The **Balance Sheet – Governmental Funds** presents the financial position of the District's funds using the traditional government modified accrual method of accounting, which does not reflect capital assets and debt obligations.

The **Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds** presents the activities of the District's funds using the modified accrual method of accounting which includes expenditures for capital assets and debt service obligations. This method approximates the reporting on a cash basis and closely follows the budgetary method.

The two reconciliations, which accompany these governmental funds statements, provide explanations of the specific differences in these statements as compared to the Statement of Net Position and the Statement of Activities.

The **Notes to Financial Statements** provide additional, required disclosures about the District, its accounting policies and practices, its financial position and operating activities, and other required information. The information included in these notes is essential to a full understanding of the information contained in the financial statements.

Condensed Comparative Financial Information:

Statement of Net Position

	2025	2024	Change
Current Assets			
Cash and cash equivalents	$ 2,777,620	$ 2,866,353	$ (88,733)
Other current assets	3,950,922	3,874,607	76,315
	6,728,542	6,740,960	(12,418)
Non Current Assets			
Capital assets – net	3,796,233	2,860,828	935,405
Total Assets	10,524,775	9,601,788	922,987
Deferred Outflows of Resources	1,346,102	1,325,610	20,492
Current Liabilities	487,996	735,156	(247,160)
Long Term Liabilities	2,430,906	1,134,379	1,296,527
Total Liabilities	2,918,902	1,869,535	1,049,367
Deferred Inflows of Resources	3,981,490	4,062,028	(80,538)
Net Position			
Net investment in capital assets	2,685,733	2,649,635	36,098
Restricted	439,788	348,086	91,702
Unrestricted	1,844,964	1,998,114	(153,150)
Total Net Position	$ 4,970,485	$ 4,995,835	$ (25,350)

Statement of Activities

	2025	2024	Change
Program Expenses			
Firefighting and rescue operations	$ 4,460,565	$ 3,327,313	$ 1,133,252
Interest on debt	40,618	4,168	36,450
Total Program Expenses	4,501,183	3,331,481	1,169,702
Program Revenues			
Charges for services	159,250	10,996	148,254
Grants & contributions	30,463	33,926	(3,463)
Total Program Revenue	189,713	44,922	144,791
Net Program Expense	4,311,470	3,286,559	1,024,911
General Revenues	4,286,120	4,684,710	(398,590)
Change in Net Position	(25,350)	1,398,151	(1,423,501)
Net Position, Beginning of Year	4,995,835	3,597,684	1,398,151
Net Position, End of Year	$ 4,970,485	$ 4,995,835	$ (25,350)

This foregoing information is a summary of the financial information contained in the District's financial statements. For more about the information contained in this condensed, comparative financial information, we recommend a close review of the accompanying audited financial statements beginning on page 7.

Discussion of Financial Position and Operating Activities

The District's Net Position as of December 31, 2025 was $4,970,485. This is a decrease of $25,350 from 2024 due to lower property taxes and higher wages. Capital expenditures are not expensed in this statement.

Unrestricted cash and cash equivalents of the District at December 31, 2025, totaled $2,458,843. This is a decrease of $196,636 from the prior year due to the increased payments on the financed purchase, higher wages and lower taxes collected.

Capital Assets, net of accumulated depreciation, of the District at December 31, 2025, totaled $3,796,233 which represents an increase of $935,405 from the prior year due to the addition of equipment.

General revenues decreased in 2025 to $4,286,120 due to the decrease in taxes. See page 8 of the accompanying Financial Statements for details of these revenues and expenses.

Fund Discussion

General Fund balance increased from $2,241,558 in 2024 to $2,503,816 in 2025. The fund balance includes $121,011 for emergencies in accordance with TABOR requirements. The assets are comprised primarily of cash, investments and property tax revenues to be realized in 2026. The Impact fee fund balance increased to $318,777, a change of $104,659 due to the collection of impact fees.

General Fund revenues exceeded expenditures by $262,258, see page 8 of the accompanying financial statements for the details of the revenues and expenditures.

Budgetary Discussion

General Fund revenues for 2025 were $102,769 more than the final budget. Actual expenditures for 2025 were $134,902 less than the final budgeted expenditures primarily because of lower spending on capital outlay, and contingency expenses were not required. See page 26 of the accompanying financial statements for more detail. The budget was not amended for the year and all numbers are compared to the final budgeted amounts. Impact Fund revenues were $64,659 more than budget and expenditures were the same as budgeted.

Capital Assets and Long-term Obligations

Capital Assets. The District's primary capital assets are buildings and fire suppression equipment. There were $1,265,677 in capital additions relating primarily towards the purchase of a new engine. See Note 3 of the Notes to the Financial Statements on page 15.

Long-term Debt. The District completed a financed purchase agreement for the purchase of a fire engine. The agreement was signed in 2024 and initiated. Most of the proceeds were received in 2025.

Economic Factors and Next Year's Budget. Tax revenue for 2026 should be similar to 2025 since assessed valuation remained constant.

Requests for Information. This financial report is designed to provide a general overview of Wellington Fire Protection 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 request for additional information should be addressed to the District at 8130 Third Street, Wellington, CO 80549.

Basic Financial Statements

Wellington Fire Protection District
Statement of Net Position
December 31, 2025

Assets	
Current Assets	
Cash and cash equivalents - unrestricted	$ 2,458,843
Cash and cash equivalents - restricted	318,777
Due from County Treasurer	4,905
Prepaid insurance	54,966
Property taxes receivable	3,728,992
Wildland dispatch receivable	159,250
Other assets	2,809
Total Current Assets	6,728,542
Noncurrent Assets	
Capital assets	
Nondepreciable	731,286
Depreciable	7,372,122
Less: Accumulated depreciation	(4,307,175)
Net Capital Assets	3,796,233
Total Noncurrent Assets	3,796,233
Total Assets	10,524,775
Deferred Outflows of Resources	
FPPA Volunteer Pension	153,943
FPPA SRP Pension	1,072,488
Total Deferred Outflows of Resources	1,226,431
Liabilities	
Current Liabilities	
Accounts payable	114,050
Accrued wages	62,907
Accrued compensated absences	109,789
Accrued interest payable	39,395
Long-term debt - current portion	161,855
Total Current Liabilities	487,996
Long Term Liabilities	
Long-term debt	948,645
Net pension liability - Volunteer	1,482,261
Total Long Term Liabilities	2,430,906
Total Liabilities	2,918,902
Deferred Inflows of Resources	
Deferred property taxes	3,728,992
Deferred inflows - impact fees	40,800
FPPA SRP Pension	123,273
Total Deferred Inflows of Resources	3,893,065
Net Position	
Net investments in capital assets	2,685,733
Restricted for emergencies and impact fees	439,788
Unrestricted	1,813,718
Total Net Position	$ 4,939,239

The accompanying notes are an integral part of these financial statements

Wellington Fire Protection District
Statement of Activities
For the Year Ended December 31, 2025

Governmental Activities	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expenses) Revenue and Change in Net Position: Governmental Activities
Wages and benefits	$ 2,812,025	$ -	$ -	$ (2,812,025)
Firefighting and rescue operations	365,997	159,250	30,463	(176,284)
Fleet and Facilities	438,281	-	-	(438,281)
Training, health and safety	67,476	-	-	(67,476)
Administration	288,076	-	-	(288,076)
Volunteer Pension	519,956	-	-	(519,956)
Interest on long-term debt	40,618	-	-	(40,618)
Total Governmental Activities	$ 4,532,429	$ 159,250	$ 30,463	(4,342,716)
General Revenues				
Property taxes				3,794,341
Specific ownership taxes				239,369
Earnings on investments				134,744
Impact fees				113,021
Other				4,645
Total Revenues				4,286,120
Change in Net Position				(56,596)
Net Position - Beginning of Year				4,995,835
Net Position - End of Year				$ 4,939,239

The accompanying notes are an integral part of these financial statements

Fund Financial Statements

Wellington Fire Protection District
Balance Sheet - Governmental Funds
December 31, 2025

	General Fund	Impact Fee Fund	Total
Assets			
Current Assets			
Cash and cash equivalents - unrestricted	$ 2,458,843	$ -	$ 2,458,843
Cash and cash equivalents - restricted	-	318,777	318,777
Due from County Treasurer	4,905	-	4,905
Prepaid insurance	54,966	-	54,966
Property taxes receivable	3,728,992	-	3,728,992
Wildland dispatch receivable	159,250	-	159,250
Other assets	2,809	-	2,809
Total Assets	$ 6,409,765	$ 318,777	$ 6,728,542
Liabilities			
Current Liabilities			
Accounts payable	$ 114,050	$ -	$ 114,050
Accrued wages	62,907	-	62,907
Total Liabilities	176,957	-	176,957
Deferred Inflows of Resources			
Deferred property tax revenue	3,728,992	-	3,728,992
Total Deferred Inflows of Resources	3,728,992	-	3,728,992
Fund Balance			
Restricted	121,011	318,777	439,788
Nonspendable	54,966	-	54,966
Unassigned	2,327,839	-	2,327,839
Total Fund Balance	2,503,816	318,777	2,822,593
Total Liabilities, Fund Balance and Deferred Inflows	$ 6,409,765	$ 318,777	$ 6,728,542

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Amounts reported for governmental funds in the Statement of Net Position are different because:	
Total fund balance	2,822,593
Capital Assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	3,796,233
Accrued interest is recorded as a liability on the Statement of Net Position but is not reflected on the governmental fund Balance Sheet.	(39,395)
Long-term debt is not due and payable in the current period and therefore are not reported as liabilities on the fund financial statements.	(1,110,500)
Deferred inflows of resources related to impact fee credits are not available to pay current expenditures and therefore are not reported as liabilities in the governmental funds balance sheet	(40,800)
Net pension liabilities, assets, and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements.	(379,103)
Accrued compensated absences are not due and payable in the current period and therefore are not reported as liabilities in the fund financial statements	(109,789)
Total Net Position	$ 4,939,239

Wellington Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended December 31, 2025

Revenues	General Fund	Impact Fee Fund	Total
Property taxes	$ 3,794,341	$ -	$ 3,794,341
Specific ownership taxes	239,369	-	239,369
Charges for services	159,250	-	159,250
Interest income	125,346	9,398	134,744
Grants and donations	30,463	-	30,463
Impact fees	-	95,261	95,261
Miscellaneous	4,645	-	4,645
Total Revenue	4,353,414	104,659	4,458,073
Expenditures			
Operations			
Wages and benefits	2,761,055	-	2,761,055
Firefighting and rescue operations	330,372	-	330,372
Fleet and Facilities	107,365	-	107,365
Training, health and safety	67,476	-	67,476
Administration	288,076	-	288,076
Volunteer Pension	129,824	-	129,824
Debt Service			
Principal	228,928	-	228,928
Interest	40,618	-	40,618
Capital outlay	1,265,677	-	1,265,677
Total Expenditures	5,219,391	-	5,219,391
Revenue Over (Under) Expenditures	(865,977)	104,659	(761,318)
Other Financing Sources			
Proceeds from issuance of debt	1,128,235	-	1,128,235
Total Other Financing Sources	1,128,235	-	1,128,235
Net Changes in Fund Balance	262,258	104,659	366,917
Fund Balances, beginning of year	2,241,558	214,118	2,455,676
Fund Balances, end of year	$ 2,503,816	$ 318,777	$ 2,822,593

Total Changes in Fund Balances Governmental Fund	$ 366,917
Depreciation expense reported in the Statement of Activities does not require the use of current financial resources therefore is excluded from the fund statements.	(294,647)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consume the current financial resources of governmental funds. Neither transaction has any effect on net position.	(899,307)
The change in accrued vacation does not provide the use of current financial resources and therefore is not reported in the fund financial statements.	(45,791)
Reduction to deferred inflows of resources related to impact fee credits were not received in cash and therefore are not eligible to be reported as revenues with the funds.	17,760
Changes arising from the change in net pension liabilities and the related deferred inflows and outflows of resources are not current financial resources and are therefore not reported in the fund financial statements.	(395,311)
Capital outlay to purchase or build capital assets is reported in governmental funds as an expenditure. However, for governmental activities those costs are shown in the Statement of Net Position and allocated over their useful lives.	1,265,677
The disposal of capital assets are recognized as a current financial resource in the governmental funds, but are treated as a gain or loss on sale of asset in the Statement of Activities.	(35,625)
Change in Net Position of Governmental Activities	$ (56,596)

Wellington Fire Protection District
Notes to Financial Statements
December 31, 2025

Note 1 Summary of Significant Accounting Policies

Financial Reporting Entity

In conformance with Governmental Accounting and Financial Reporting Standards, Wellington Fire Protection District, Wellington, Colorado, (the “District”), is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District within the geographical area organized as the Wellington Fire Protection District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent.

In accordance with governmental accounting standards, the District has considered the possibility of inclusion of additional entities in its financial statements. The definition of the reporting entity is based primarily on financial accountability. No other entities have been included in the District’s financial statements.

Basis of Presentation

The District’s basic financial statements consist of government-wide statements, including a Statement of Net Position and a Statement of Activities, and fund financial statements, which provide a more detailed level of information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. These statements include the financial activities of the primary government and exclude the activity of funds that are fiduciary in nature.

The Statement of Net Position presents the financial position of the governmental activities at the end of the year. The Statement of Activities presents a comparison between program expenses and the program revenue for each program or function of the District’s governmental activities. Program expenses are those that are specifically associated with a service, program or District; and therefore, clearly identifiable to a particular function. Program revenue includes charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenue are presented as general revenue of the District, with certain limited exceptions. The comparison of program expenses with program revenue identifies the extent to which each governmental function is self-financing or draws from the general revenue of the District.

Fund Financial Statements

During the year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds.

Note 1 Summary of Significant Accounting Policies (Continued)

Fund Accounting

Accounts of the District are organized on the basis of funds which are considered a separate accounting entity. Both of the following funds are presented as major funds.

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

Impact Fee Fund- records the activity related to impact fees collected by the District. Impact fees are required to be used on resources related to expansion of the District.

Measurement Focus and Basis of Accounting

Government-wide Financial Statement

The government-wide financial statements are prepared using the economic resources measurement focus and the accrual basis of accounting. All assets and liabilities associated with the District are included in the Statement of Net Position.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets and current liabilities generally are included and only revenues that are available within 120 days for grants and wildland dispatch revenue and 60 days for tax revenue are recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances. The Statement of Revenues, Expenditures, and Changes in Fund Balances reports on the sources and uses of current financial resources. This approach differs from the manner in which the activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

Revenue

Revenue resulting from exchange transactions, in which each party gives and receives essentially the same value, is recorded on the accrual basis, when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are both measurable and available to finance expenditures, which is typically within sixty days of realization. The transactions are classified as operating revenues.

Non-exchange transactions, in which the District receives value without directly giving value in return, include property taxes, grants, entitlements and donations. Revenue from property tax is recognized in the fiscal year for which the taxes are levied. Revenue from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized. These transactions are classified as non-operating revenues.

Property Taxes

The County Treasurer collects and remits property taxes to the District monthly. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied for the current year prior to December 31 and are payable in full on April 30 of the subsequent year, or in two installments on February 28 and June 15. Property taxes are recorded as receivables and deferred revenue when levied. As taxes are collected, the receivable and deferral are reduced and income is recognized.

Note 1 Summary of Significant Accounting Policies (Continued)

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Allocations of costs, such as depreciation and amortization, are not recognized in governmental funds.

Cash and cash equivalents- The District's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with maturities of 90 days or less at the date of their acquisition.

Investments – investments are recorded at fair value, which approximates cost.

Receivables – all receivables are reported at their book value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. No allowance for doubtful accounts has been established since the District has the right to place a lien on the property to collect the balance due.

Assets and Liabilities

Capital assets –Capital assets are stated at cost or estimated cost. The capitalization threshold for fixed assets is $5,000. Depreciation over the estimated useful lives of the assets is computed using the straight-line method. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Estimated useful lives are as follows:

Description	Estimated Lives
Land	N/A
Buildings	10-40 years
Fire apparatus and equipment	10-20 years

These assets are reported in the government-wide Statement of Net Position but are not reported in the fund financial statements.

Accrued Liabilities and Long-Term Obligation

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. Long-term debt obligations are not recognized as a liability on the governmental fund financial statements but instead are recorded when paid.

Compensated absences represent the accumulated unpaid vacation time accrued by the employees expected to be used or paid. Upon termination of employment each employee will be compensated for their unused vacation time at their current rate of pay up to 240 hours of unused vacation time. There is no payment for sick time upon termination of employment. In the government fund, unpaid vacation is not expected to be paid from current resources and therefore is not accrued. Unpaid vacation is reported as a liability on the government-wide financial statements. Compensated absences increased during the year, resulting in a net change in compensated absences of $45,791.

Note 1 Summary of Significant Accounting Policies (Continued)

Deferred Outflows / Inflows of Resources

The District implemented the provisions of GASB No. 63, Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources and Net Position (GASB 63) and the provisions of GASB No. 65, Items Previously Reported as Assets and Liabilities (GASB 65). As a result, in addition to assets, liabilities and net position, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources and deferred inflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period (deferred outflow) or the acquisition of net position that applies to future periods (deferred inflows).

Net Position

Equity is classified as net position and displayed in three components:

a. Net investments in capital assets – consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

b. Restricted Net Position – consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation. The District utilizes restricted net position before utilizing unrestricted net position when an expense is incurred for both purposes.

c. Unrestricted Net Position – all other net position that does not meet the definition of "restricted" or "net investment in capital assets." Unrestricted net position is available for future operations or distributions.

Fund Balance

Nonspendable- consists of amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The nonspendable fund balance was $54,966 related to prepaid expenses as of December 31, 2025.

Restricted - General Fund - Article X, Section 20 of the Constitution of the State of Colorado (TABOR) requires the District to establish Emergency reserves (see Note 5). A reservation of $121,011 of the General Fund balance has been made in compliance with this requirement. The District had $318,777 restricted to the expansion of the District relating to impact fees collected.

Committed- General Fund - Committed fund balance includes those items which can be used for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. Those committed amounts cannot be used for any other purpose unless the Board of Directors formally removes or changes the specified uses. The District had a committed fund balance of $0 as of December 31, 2025.

Assigned – Includes all amounts that are constrained by the District's intent to be used for a specific purpose but are neither committed nor restricted.

Note 1 Summary of Significant Accounting Policies (Continued)

As of December 31, 2025 the assigned fund balance was $0.

Unassigned- consists of the residual classification for the General Fund. This represents amounts that have not been assigned to other funds and that have not been restricted, committed, or assigned for specific purposes.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Budgets and Budgetary Accounting

Budgets are adopted on a cash basis except for accrual of current vendor invoices. Annual appropriated budgets are adopted for the fund. All annual appropriations lapse at fiscal year-end.

The District adheres to the following procedures in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them. All appropriations lapse at year-end.
- Prior to January 31, the budget is adopted by formal resolution.
- Budgets are required to be filed with the State of Colorado within thirty days after the beginning of the fiscal year.
- Expenditures may not legally exceed appropriations at the fund level.
- The District Board must approve revisions that alter the total expenditures of any fund.
- Budgeted amounts reported in the accompanying financial statements are as originally adopted by the District Board or revised by the District Board.

Use of Estimates in the Preparation of Financial Statements

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

Note 2 Cash and Investments

Cash Deposits

As of December 31, 2025, the District's cash deposits had a carrying balance of $150,855, with corresponding bank balance of $157,588, of which $157,588 is federally insured. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all uninsured public deposits as a group is to be uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The District did not have any funds collateralized under PDPA as of December 31, 2025.

<u>Note 2 Cash and Investments (Continued)</u>

The Colorado Divisions of Banking and Financial Services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Investments

Colorado statutes specify in which investment instruments the units of local government may invest:

- Obligations of the United States and certain United States government agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.
- Guaranteed investment contracts.

Custodial Credit Risk – Deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District's deposit policy is in accordance with State statute. As of December 31, 2025, none of the District's bank deposits were exposed to custodial credit risk.

Interest Rate Risk

Colorado statutes require that no investment may have a maturity in excess of five years from the date of purchase, unless an available active market exists. The District's investment portfolio does not contain investments that exceed that limitation of five years. The Board has adopted an investment policy that conforms to State statutes.

At December 31, 2025, the District had $2,626,765 invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+ - The Trust operates similarly to a money market fund and each share is equal in value to $1.00. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under section 24-75-601, C.R.S., as amended.

COLOTRUST EDGE - The Trust operates similarly to a money market fund and each share is equal in value to $10.00. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper and any security allowed under CRS 24-75-601.

Note 2 Cash and Investments (Continued)

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST is rated AAAm by Standard & Poor's and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily, and there is no redemption notice period.

A summary of cash and cash equivalents at December 31, 2025, is as follows:

Cash deposits	$ 150,855	Restricted Cash and cash equivalents	$ 318,777
Colotrust	2,626,765	Unrestricted Cash and cash equivalents	2,458,843
Total cash and cash equivalents	$ 2,777,620	Total Per the Statement of Net Position	$ 2,777,620

Note 3 Capital Assets

	Balance at 12/31/2024	Additions	Deletions	Balance at 12/31/2025
Nondepreciable				
Land	$ 731,286	$ -	$ -	$ 731,286
Construction in progress	164,323	1,289,749	(1,454,072)	-
Total Nondepreciable	895,609	1,289,749	(1,454,072)	731,286
Depreciable				
Buildings and improvements	2,867,683	-	-	2,867,683
Fire apparatus and equipment	3,119,439	1,430,000	(45,000)	4,504,439
Total Depreciable	5,987,122	1,430,000	(45,000)	7,372,122
TOTAL	6,882,731	2,719,749	(1,499,072)	8,103,408
Less Accumulated Depreciation				
Buildings and improvements	(1,658,479)	(58,102)	-	(1,716,581)
Fire apparatus and equipment	(2,363,424)	(236,545)	9,375	(2,590,594)
Total Accumulated Depreciation	(4,021,903)	(294,647)	9,375	(4,307,175)
Net Capital Assets	$ 2,860,828	$ 2,425,102	$ (1,489,697)	$ 3,796,233

Depreciation expense has been charged to fleet and facilities expense on the Statement of Activities.

Note 4 Long-Term Liabilities

The following is a summary of long-term obligations as of December 31, 2025:

	Balance 12/31/2024	Additions	Payments	Balance 12/31/2025	Amount due within one year
Financed purchases	$ 211,193	$ 1,128,235	$ (228,928)	$ 1,110,500	$ 161,855
Total	$ 211,193	$ 1,128,235	$ (228,928)	$ 1,110,500	$ 161,855

Note 4 Long-Term Liabilities

Financed Purchase Obligations

On March 20, 2020 the District entered into a financed purchase agreement with a financial institution for the financing purchase agreement of equipment totaling $107,300. The agreement required five annual payments of $23,359, principal and interest at 2.89%. The obligation matured on March 20, 2025.

On May 15, 2020 the District entered into a financed purchase agreement with a financial institution for the financing purchase agreement of equipment totaling $119,445. The agreement required six annual payments of $24,986, principal and interest at 3.15%. The obligation matured on April 15, 2025.

On September 9, 2024 the District entered into a financed purchase agreement with a financial institution for the financing purchase agreement of a Rosenbauer Custom Pumper with related equipment totaling $1,300,000. The agreement requires seven annual payments of $221,201, principal and interest at 3.61%. The obligation matures on April 1, 2031. The funds are disbursed at the time the equipment is received.

The book value of assets acquired through financed purchase agreement purchases at December 31, 2025 is as follows:

Equipment	$ 1,584,194
Less accumulated depreciation	(171,409)
Net Book Value	$ 1,412,785

The following are events of default under the above lease agreements: (i) failure to make any lease payment (or any other payment) as it becomes due in accordance with the terms of the lease when funds have been appropriated sufficient for such purpose; (ii) failure to perform or observe any other covenant, condition, or agreement to be performed or observed by it hereunder and such failure is not cured during a stated time period after written notice thereof by the lessor; (iii) the discovery by lessor that any statement, representation, or warranty made by the District in the lease or in writing delivered by lessee is false, misleading or erroneous in any material respect; (iv) proceedings under any bankruptcy, insolvency, reorganization or similar legislation shall be instituted against or by the lessee, or a receiver or similar officer shall be appointed for lessee or any of its property, and such proceedings or appointments shall not be vacated, or fully stayed, within a certain time period after the institution or occurrence thereof; or (v) an attachment, levy or execution is threatened or levied upon or against the equipment.

In the event of default, the lessors may, at their option: (i) declare all amounts due under the lease; (ii) request the District to discontinue use of the equipment; (iii) sell or lease the equipment; (iv) request the return of the equipment to the lessor; or (v) exercise any other right available under law. Future minimum payments are as follows:

Note 4 Long-Term Liabilities (Continued)

Year	Principal	Interest	Total
2026	$ 161,855	$ 59,346	$ 221,201
2027	170,505	50,696	221,201
2028	179,617	41,584	221,201
2029	189,216	31,985	221,201
2030	199,327	21,874	221,201
2031	209,980	11,221	221,201
Total	$ 1,110,500	$ 216,706	$ 1,327,206

Loans payable

In 2021, the District entered into an in-kind exchange transaction whereby it received a parcel of land valued at $600,000 in exchange for credits for future residential impact fees. The owner of the contributed land has already paid $278,000 toward residential impact fees. As partial consideration for the in-kind contribution, the District made four annual installments of $69,500, beginning on September 2021, with the final payment made on September 15, 2024 to offset the District residential impact fees already paid by the owner. The remainder of the value of the in-kind contribution will be used to offset future residential impact fees for the planned development. District residential impact fees that would be incurred by the Owner for development shall be credited up to, but not to exceed, $321,200. This is recorded as a Deferred Inflow of Resources on the Statement of Net Position. As of December 31, 2025 the loan was paid in full however $40,800 of impact fees to be waived remained outstanding.

Note 5 Tax, Spending, and Debt Limitation

Article X, Section 20 of the Colorado Constitution, The Taxpayer's Bill of Rights (TABOR), contains several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. Spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for allowable increases based upon inflation and local growth. Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the fiscal year spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish emergency reserves, which must be at least 3% of fiscal year spending, excluding bonded debt service. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls or salary or benefit increases. This District had an emergency reserve of $ 121,011 as of December 31, 2025.

Note 6 Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The District maintains commercial insurance to mitigate their risks of loss. Settled claims have not exceeded commercial coverage in any of the past three fiscal years.

Note 7 Pension Plans

Volunteer Fireman's Pension Plan

The District has established an agent multiple-employer defined benefit pension plan for volunteer firefighters (the "Plan") as authorized by the State of Colorado statute. The Plan is administered by the FPPA. The annual financial report of FPPA may be obtained by contacting FPPA at 5290 DTC Parkway, Suite 100, Greenwood Village, CO 80111-2721. The plan consists of 21 retirees, 1 active members and 7 inactive non-retired members.

Benefits Provided. Any firefighter who has both attained the age of 50 and completed 20 years of active service shall be eligible for a monthly pension. Pro rata pensions would apply to volunteers who reached 50 years of age and had between 10 and 20 years of service. A firefighter, who is disabled in the line of duty and whose disability is of such character and magnitude as to deprive the firefighter of earning capacity which extends beyond one year, shall be compensated in an amount determined by the Pension Board. The Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter. Spouses of deceased firefighters may receive benefits as authorized by State statute.

Funding Policy. Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2025 determined the contribution amounts for 2024 and 2025.The Plan receives contributions from the District in an amount not to exceed one-half mill of property tax revenue. As established by the legislature, the State of Colorado also contributes to the plan. This funding policy results in the expectation that the plan's assets will be able to fully pay for promised benefits through at least 2121. The projections in this report are strictly for the purpose of determining the GASB single discount rate and are different from a funding projection for the ongoing plan. The District contributed $129,824, including the State contribution, to the Plan during the year ended December 31, 2025.

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

At December 31, 2025, the District reported a net pension liability of $1,482,261. 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. For the year ended December 31, 2025, the District recognized pension expense of $390,132. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Note 7 Pension Plans (Continued)

	Deferred Outflows of Resources	**Deferred Inflows of Resources**
Differences between actual and expected experience	$0	$0
Changes in assumptions	0	0
Net difference between actual and projected earnings on pension plan investments	24,119	0
District contributions subsequent to the measurement date	129,824	0
Total	$ 153,943	$0

$129,824 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Deferred outflows / inflows of resources to be amortized are as follows:

Year Ending	Net Deferred Outflows / (Inflows) of Resources
2026	$ 12,482
2027	38,661
2028	(17,612)
2029	(9,412)
Total	$ 24,119

Actuarial assumptions. The total pension liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Investment rate of return	7.00 percent, compounded annually net of operating expenses, and including inflation
Projected salary increases	N/A
Cost of Living Adjustment	0.0 percent
Inflation	2.5 percent

Mortality – **Pre-retirement** Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier for off-duty mortality.

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

Note 7 Pension Plans (Continued)

Asset Class	**Target Allocation**	**Long Term Expected Rate of Return**
Cash	4%	4.2%
Fixed Income – Rates	7%	5.0%
Fixed Income – Credit	7%	6.5%
Diversifiers	9%	5.7%
Long Short	6%	6.2%
Global Public Equity	33%	7.0%
Private Markets	34%	8.8%
Total	**100%**	

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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Plans target asset allocation as of December 31, 2024, are summarized in the above table.

Discount rate. The discount rate used to measure the total pension liability was 6.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

Sensitivity of the District's proportionate share of the net pension liability to changes in the discount rate. The following presents the District's net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the District's net pension liability/(Asset) would be if it were calculated using a discount rate that is 1-percentage point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease*	**Current Discount Rate***	**1.00% Increase***
District's net pension liability/(asset)	$1,879,594	$1,482,261	$1,155,799

* *The long-term rate of return used was 7.00 percent. The municipal bond rate used was 4.08 percent. The single discount rate for the plans was 6.00 percent.*

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

Note 7 Pension Plans (Continued)

Statewide Retirement Plan
The District contributes to the Statewide Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Retirement Plan (SRP) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, paid firefighters of the District are members of the Statewide Retirement Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the District to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Retirement Plan and the Statewide Death and Disability Plan. 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
A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten years plus 1.25 percent of the average thereafter.

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions
The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SRP plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Members of the SRP plan and their employers contributing at the rate of 12 percent and 9.50 percent, respectively, of base salary for a total contribution rate of 21.5 percent in 2024. In 2014, the members elected to increase the member contribution rate to the SRP plan beginning in 2016. Member contribution rates will increase 0.5 percent annually through 2024 to a

Note 7 Pension Plans (Continued)

total of 12 percent of base salary. Employer contributions will increase .5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. Contributions to the SRP plan from the District were $206,255 for the year ended December 31, 2025.

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

At December 31, 2025, the District reported a liability of $0 for its proportionate share of the net pension liability (asset). 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 liability 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, the District's proportion was .0810262242 percent, which was a decrease of .0361414734 percent from its proportion measured as of December 31, 2023.

For the year ended December 31, 2025, the District recognized pension income of ($26,067). 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**
Differences between actual and expected experience	$ 194,705	$6,090
Changes in assumptions	69,683	0
Net difference between actual and projected earnings on pension plan investments	27,660	0
Net impact in change in proportionate share	574,185	117,183
Contributions subsequent to the measurement date	206,255	0
Total	$ 1,072,488	$ 123,273

$206,255 in total reported as deferred outflows of resources related to pension resulting from District's contributions subsequent to measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	Pension Expense
2026	$ 129,962
2027	174,695
2028	71,679
2029	89,975
2030	237,480
Thereafter	39,169
Total	$ 742,960

Note 7 Pension Plans (Continued)

Actuarial Assumptions

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

	Total Pension Liability	Actuarial Determined Contributions
	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.0%	7.0%
Projected Salary Increases*	4.25-11.25%	4.25-11.25%
Cost of Living Adjustments (COLA)	0.0%	0.0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables 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.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

At least every five years the FPPA's Board of Directors, in accordance with best practices reviews its economic and demographic actuarial assumptions. At its July 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial calculations beginning January 1, 2024. The actuarial assumptions impact
actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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

Note 7 Pension Plans (Continued)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	33.00 %	7.00 %
Equity Long/Short	6.00	6.20 %
Private Markets	34.00	8.80 %
Fixed Income - Rates	7.00	5.00 %
Fixed Income - Credit	7.00	6.50 %
Absolute Return	9.00	5.70 %
Cash	4.00	4.20 %
Total	100.00	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the 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 Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.
Projected benefit payments are required to be discounted to their actuarial present values using a single discount rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

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

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan's net pension liability/(asset), calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability/(asset) would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

Note 7 Pension Plans (Continued)

Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following presents the District's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.00 percent, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

Discount Rate:	6.00%	7.00%	8.00%
Proportionate share of the net pension liability (asset)	$ 395,401	$0	$0

Pension Plan Fiduciary Net Position
Detailed information about the SRP's fiduciary net position is available in FPPA's annual comprehensive financial report, which can be obtained at http://www.fppaco.org.

Note 8 Voluntary Investment Program

Description. Effective May 1, 2010 employees of the District who are members of the SRP (see Note 7) may voluntarily contribute to the Voluntary Investment Program ("457 Plan"), an Internal Revenue Code Section 457 defined contribution plan administered by FPPA. Plan participation is optional, and contributions are separate from others made to FPPA. Title 24, Article 51, Part 14 of the CRS, as amended, assigns the authority to establish the 457 Plan provisions to the State Legislature.

Funding Policy. The 457 Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS ($22,500 for the calendar year 2025). Catch-up contributions up to $7,500 for 2025 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). For the years ended December 31, 2025 and 2024-member pre- tax contributions were $87,675 and $35,330, respectively.

Note 9 Commitments and Contingencies

In 2014, it was identified that during the years 2001-2014 the District over collected property taxes. The District hired an accounting firm to recompute the property taxes based on the appropriate mill levy at the time. As a result, the firm determined the amount of the excess collections to be $890,000. The District made the decision to begin rebating this amount to taxpayers through a voluntary temporary mill levy reduction in an amount determined annually by the board of directors. There is not a formal repayment schedule in place as amounts are considered to be voluntary repayments at the discretion of the board. As of December 31, 2025 the balance remaining was $232,010, which was refunded in full in 2026.

Required Supplementary Information

Wellington Fire Protection District
Schedule of Revenue, Expenditures and Changes in Fund Balance - Budget and Actual
General Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual	Variance with final budget favorable (unfavorable)
Revenues			
Property taxes	$ 3,828,445	$ 3,794,341	$ (34,104)
Specific ownership taxes	215,000	239,369	24,369
Charges for services	61,000	159,250	98,250
Interest income	100,000	125,346	25,346
Grants and donations	41,200	30,463	(10,737)
Miscellaneous	5,000	4,645	(355)
Total Revenue	4,250,645	4,353,414	102,769
Expenditures			
Operations			
Wages and benefits	2,796,027	2,761,055	34,972
Firefighting and rescue operations	238,433	330,372	(91,939)
Fleet and Facilities	84,000	107,365	(23,365)
Training, health and safety	94,150	67,476	26,674
Administration	322,313	288,076	34,237
Volunteer Pension	129,824	129,824	-
Debt Service			
Principal	228,928	228,928	-
Interest	40,618	40,618	-
Capital outlay	1,340,000	1,265,677	74,323
Contingencies	80,000	-	80,000
Total Expenditures	5,354,293	5,219,391	134,902
Revenue Over (Under) Expenditures	(1,103,648)	(865,977)	237,671
Other Financing Sources			
Proceeds from issuance of debt	1,300,000	1,128,235	(171,765)
Total Other Financing Sources	1,300,000	1,128,235	(171,765)
Net Change in Fund Balance	$ 196,352	262,258	$ 65,906
Fund Balance, beginning of year		2,241,558	
Fund Balance, end of year		$ 2,503,816	

Wellington Fire Protection District
Schedule of Contributions Multiyear - Volunteer Plan
Last 10 Fiscal Years

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution *	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
(a)	(b)	(c)	(d) = (b) - (c)	(e)	(f)
2016	$ 37,077	$ -	$ 37,077	N/A	N/A
2017	$ 110,541	$ 110,541	$ -	N/A	N/A
2018	$ 110,541	$ 110,541	$ -	N/A	N/A
2019	$ 100,541	$ 100,541	$ -	N/A	N/A
2020	$ 93,272	$ 40,000	$ 53,272	N/A	N/A
2021	$ 113,437	$ 113,437	$ -	N/A	N/A
2022	$ 113,437	$ 113,437	$ -	N/A	N/A
2023	$ 105,876	$ 105,876	$ -	N/A	N/A
2024	$ 129,824	$ 129,824	$ -	N/A	N/A
2025	$ 129,824	$ 129,824	$ -	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment

Notes to the Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2025, determines the contribution amounts for 2025 and 2026.

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		5-Year smoothed fair-value
Inflation		2.50%
Salary Increases		N/A
Rate of Return		7.00%
Retirement Age		50% per year of eligibility until 100% at age 65
Mortality	**Pre-retirement**	2006 central rates from the RP- 2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality
	Post-retirement	2006 central rates from the RP- 2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales and then projected prospectively using the ultimate rates of the scale for all years.
	Disabled	2006 central rates from the RP- 2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales and then projected prospectively using the ultimate rates of the scale for all years.

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

Wellington Fire Protection District
Required Supplementary Information
Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios Multiyear - Volunteer Plan
Last 10 Fiscal Years

Measurement date December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total Pension Liability										
Service cost	$ 5,911	$ 5,911	$ 5,380	$ 5,380	$ 20,690	$ 16,864	$ 33,411	$ 29,352	$ 51,962	$ 51,962
Interest	195,368	194,973	175,530	174,305	146,498	154,909	146,800	150,505	174,373	166,533
Changes of benefit terms	-	-	164,065	-	-	-	-	-	-	-
Differences between expected and actual experience	(14,595)	-	65,929	-	(38,671)	-	178,650	-	(180,744)	-
Changes of assumptions	326,462	-	46,236	-	(1,271,598)	360,850	(508,351)	220,867	1,239,696	-
Benefit payments, including refunds of employee contributions	(200,540)	(190,121)	(169,522)	(155,100)	(155,100)	(147,433)	(146,100)	(146,100)	(131,850)	(96,709)
Net Change in Total Pension Liability	312,606	10,763	287,618	24,585	(1,298,181)	385,190	(295,590)	254,624	1,153,437	121,786
Total Pension Liability -Beginning	2,886,637	2,875,874	2,588,256	2,563,671	3,861,852	3,476,662	3,772,252	3,517,628	2,364,191	2,242,405
Total Pension Liability - Ending	3,199,243	2,886,637	2,875,874	2,588,256	2,563,671	3,861,852	3,476,662	3,772,252	3,517,628	2,364,191
Plan Fiduciary Net Position										
Contributions - Employer	-	105,876	105,876	103,000	102,896	40,000	40,000	-	-	100,000
Net investment income	162,895	156,034	(150,483)	247,873	192,916	200,658	1,707	211,259	79,472	25,541
Benefit payments, including refunds of employee contributions	(200,540)	(190,121)	(169,522)	(155,100)	(155,100)	(147,433)	(146,100)	(146,100)	(131,850)	(96,709)
Administrative expense	(8,172)	(8,386)	(6,560)	(8,058)	(5,644)	(9,242)	(6,869)	(8,791)	(2,657)	(4,759)
State of Colorado supplemental discretionary payments	10,541	-	10,541	21,082	10,541	-	-	-	10,541	10,541
Net Change in Plan Fiduciary Net Positions	(35,276)	63,403	(210,148)	208,797	145,609	83,983	(111,262)	56,368	(44,494)	34,614
Plan Fiduciary Net Position - Beginning	1,752,258	1,688,855	1,899,003	1,690,206	1,544,597	1,460,614	1,571,876	1,515,508	1,560,002	1,525,388
Plan Fiduciary Net Position - Ending	1,716,982	1,752,258	1,688,855	1,899,003	1,690,206	1,544,597	1,460,614	1,571,876	1,515,508	1,560,002
Net Pension liability - Ending	1,482,261	1,134,379	1,187,019	689,253	873,465	2,317,255	2,016,048	2,200,376	2,002,120	804,189
Plan fiduciary net position as a percentage of the total pension liability	53.67%	60.70%	58.72%	73.37%	65.93%	40.00%	42.01%	41.67%	43.08%	65.98%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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

Wellington Fire Protection District
Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability - FPPA SRP
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability / asset	0.08103%	0.11717%	0.18242%	0.26865%	0.26053%	0.23624%	0.22989%	0.14833%	0.15901%	0.09791%
District's proportional share of the net pension liability (asset)	$ -	$ -	$ 161,920	$ (1,455,898)	$ (565,608)	$ (133,607)	$ 290,640	$ (213,399)	$ 57,457	$ (1,726)
District's percentage of net pension liability (asset) as a percent of covered payroll	0.00%	0.00%	13.16%	-68.76%	-27.03%	-10.16%	20.79%	-21.85%	6.59%	-0.34%
District's covered payroll	1,979,176	1,113,251	1,230,728	2,117,285	2,092,588	1,314,861	1,397,813	976,788	871,863	504,613
Plan fiduciary net position as a percentage of the total pension	100%	100%	98%	116%	107%	102%	95%	106%	98%	100%

Wellington Fire Protection District
Schedule of Contributions Multiyear - FPPA SRP
Last 10 Fiscal Years

FY Ending December 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution * (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
2025	$ 206,255	$ 206,255	$ -	$ 1,964,333	10.50%
2024	105,426	105,426	-	1,054,268	10.00%
2023	105,317	105,317	-	1,113,251	9.46%
2022	110,544	110,544	-	1,230,728	8.98%
2021	179,969	179,969	-	2,117,285	8.50%
2020	167,407	167,407	-	2,092,588	8.00%
2019	105,189	105,189	-	1,314,861	8.00%
2018	111,825	111,825	-	1,397,813	8.00%
2017	78,143	78,143	-	976,788	8.00%
2016	69,749	69,749	-	871,863	8.00%

Notes to the Schedule of Contributions

Valuation Date

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2025, determines the contribution amounts for 2024 and 2025.

Other Supplementary Information

Wellington Fire Protection District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
Impact Fee Fund
For the Year Ended December 31, 2025

Revenues	**Original and Final Budget**	**Actual**	**Variance with final budget favorable (unfavorable)**
Impact Fees	$ 40,000	$ 95,261	$ 55,261
Interest income	-	9,398	9,398
Total Revenue	40,000	104,659	64,659
Expenditures			
Debt Service			
Principal	-	-	-
Total Expenditures	-	-	-
Revenue Over (Under) Expenditures	40,000	104,659	64,659
Net Change in Fund Balance	$ 40,000	104,659	$ 64,659
Fund Balance, beginning of year		214,118	
Fund Balance, end of year		$ 318,777	