TIMBERLINE
FIRE PROTECTION DISTRICT

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2025

CONTENTS

THE ADAMS GROUP, LLC
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

Board of Directors
Timberline Fire Protection District
Black Hawk, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Timberline 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 the major fund of the District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, General Fund budgetary comparison schedule, and GASB required pension schedules 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.

Greenwood Village, Colorado
July 23, 2026

This section is the Timberline Fire Protection District's (the District) annual financial report's discussion and analysis of the District's financial performance from January 1, 2025, through December 31, 2025. Please read it in conjunction with the District's financial statements that follow this section.

The District was incorporated in April 1972 as a special district under the provisions of the Colorado Special District Act. Its function is to provide fire suppression, fire prevention, and emergency rescue services to property and citizens within the District's juris located in rural Gilpin and Boulder Counties, Colorado.

FINANCIAL HIGHLIGHTS

An Amended Budget was adopted on July 23, 2026. The amendment was necessary due to delays in reimbursements for wildland deployments and to reflect the bay addition at Station 3.

In 2025, Timberline incurred increasing delays with wildland reimbursements. We carried over $400,000 in pending deployment reimbursements to our 2026 budget (work occurred and was billed in 2025). Our Fire Chief has worked with the State of Colorado to develop ideas to expedite the release of these funds and ensure we can continue our deployment program.

Timberline began implementing Impact Fees within Gilpin County in June 2020. Impact fees for new construction are as follows: residential homes: $2,327, commercial structures: $2.82/sq ft. The fee has been quite successful, as there has been considerable new construction in Gilpin County since its implementation.

In May 2022, the District obtained the Fritz Peak Observatory at no cost to our taxpayers. The buildings and surrounding land were acquired via the federal disposal process. The District is in the process of adding fire apparatus bays at the south end of the property and updating the current building, with completion expected in mid-2026. A portion of the new construction is funded via Congressionally Directed Spending Grant (funds will be obtained in 2026), a DOLA EIAF Grant ($200,000 match), and the above-noted lease-purchase for $700,000. Our groundbreaking occurred in mid-August 2025. Our total project cost is expected to be nearly $2.5 million.

Our district-wide mitigation campaign has also expanded greatly. Timberline is working closely with our neighboring districts, the Gilpin County Commissioners, and local Watershed Collectives to mitigate local neighborhoods, homeowner properties, and rights-of-way to ensure the safe egress of property owners and the safe ingress of fire staff in the event of a wildland fire.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of two parts: management's discussion and analysis and the basic financial statements (General Fund).

The General Fund is a governmental fund. The basic financial statements include footnotes that are an integral part of the financial statements and provide detailed additional information.

The governmental Fund (General Fund) provides short-term information on the District's overall operating financial status. These statements explain how expenditures are financed and what remains for future spending. The governmental fund statements report information about the District using the modified accrual basis of accounting. The statement of net position includes all the government's assets and liabilities.

The District's services are funded primarily through property taxes levied by the District and collected by Gilpin and Boulder Counties. Property tax revenues increased slightly in 2025.

Under GASB 34, the District must report depreciation on capital assets; however, this does not require the outlay of funds. Administration expenses increased slightly, primarily in salaries, wages, and benefits, due to department staffing changes and small changes to keep up with inflation. All other expenditures were generally routine in Fire Fighting Equipment, Fire Prevention, Training, Communications, Medical, and Stations and Buildings.

CONTACTING THE DISTRICT'S ADMINISTRATIVE OFFICE

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's Administrative Office at 303-582-5768, located at Station 3, 19126 Highway 119, Gilpin County. The District's mailing address is Timberline Fire Protection District, 660 Hwy 46, Black Hawk, CO 80422. You will be put in contact with the appropriate official.

Summary of Governmental Net Position for 2025 and 2024

	2025	2024
Assets		
Current and other assets	$ 3,188,736	$ 3,258,717
Capital assets	5,844,708	3,817,035
Total Assets	9,033,444	7,075,752
Deferred Outflows of Resources		
Related to pension	342,109	421,921
Total Deferred Outflows of Resources	342,109	421,921
Liabilities		
Accounts payable	944,863	49,517
Net pension liability	343,793	195,077
Long-term liabilities	1,481,559	1,626,814
Total Liabilities	2,770,215	1,871,408
Deferred Inflows of Resources		
Related to pension	94,928	113,623
Unavailable property taxes	1,843,160	1,685,488
Related to leases	232,596	62,716
Total Deferred Inflows of Resources	2,170,684	1,861,827
Net Position		
Net investment in capital assets	3,504,561	2,221,804
Restricted	752,861	740,589
Unrestricted	177,232	802,045
Total Net Position	$ 4,434,654	$ 3,764,438

Summary of Governmental Revenues and Expenditures for 2025 and 2024

	2025	2024
Revenues		
Property taxes	$ 1,679,078	$ 1,646,073
Specific ownership taxes	99,761	106,388
Charges for services	875,445	421,018
Impact fees	26,545	53,521
Rental income	66,997	68,543
Investment earnings	35,943	38,512
Contributions and grants	586,705	437,991
Other revenue	438,800	145,069
Total revenues	3,809,274	2,917,115
Expenditures		
Administration	334,588	297,486
Fire fighting	2,122,001	1,349,751
Pension fund contributions	152,133	24,781
Training	65,141	72,871
Communications	1,784	217
Repair service	38,984	462,321
Stations and buildings	34,097	79,098
Depreciation	178,122	165,618
Amortization	156,607	156,607
Interest expense	55,601	40,546
Total expenditures	3,139,058	2,649,296
Change in net position	670,216	267,819
Net position - beginning	3,764,438	3,496,619
Net position - ending	$ 4,434,654	$ 3,764,438

BASIC FINANCIAL STATEMENTS

TIMBERLINE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2025

	Governmental Activities
Assets	
Cash and investments	$ 382,332
Property tax receivable	1,843,160
Accounts receivable	452,106
Grants receivable	277,393
Leases receivable	232,596
Interest receivable	1,149
Right-to-use leased vehicles, net of amortization	1,174,551
Capital assets, not being depreciated	2,050,605
Capital assets, net of depreciation	2,619,552
Total Assets	9,033,444
Deferred Outflows of Resources	
Related to pension	342,109
Total Deferred Outflows of Resources	342,109
Liabilities	
Accounts payable	825,649
Retainage payable	89,585
Accrued wages and benefits	7,820
Accrued interest	21,809
Compensated absences	35,229
Lease liability	775,501
Note Payable	670,829
Net pension liability	343,793
Total Liabilities	2,770,215
Deferred Inflows of Resources	
Related to pension	94,928
Unavailable property taxes	1,843,160
Related to leases	232,596
Total Deferred Inflows of Resources	2,170,684
Net Position	
Net investment in capital assets	3,504,561
Restricted	
Emergencies	91,474
Projects	661,387
Unrestricted	177,232
Total Net Position	$ 4,434,654

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

TIMBERLINE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Governmental Activities
Governmental Activities:				
General administration	$ 334,588	$ -	$ -	$ (334,588)
Fire and emergency medical services	2,804,470	875,445	586,705	(1,342,320)
Total Governmental Activities	$ 3,139,058	$ 875,445	$ 586,705	(1,676,908)
GENERAL REVENUES:				
Property taxes				1,679,078
Specific ownership taxes				99,761
Investment earnings				35,943
Gain on sale of asset				225,000
Other revenue				307,342
Total general revenues				2,347,124
Changes in net position				670,216
Net position, beginning				3,764,438
Net position, ending				$ 4,434,654

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

TIMBERLINE FIRE PROTECTION DISTRICT
BALANCE SHEET – GOVERNMENTAL FUND
DECEMBER 31, 2025

		General Fund
Assets		
Cash and investments	$	382,332
Property tax receivable		1,843,160
Grants receivable		277,393
Leases receivable		232,596
Interest receivable		1,149
Accounts receivable		452,106
Total Assets	$	3,188,736
Liabilities, deferred inflows of resources and fund balances		
Liabilities:		
Accounts payable	$	825,649
Retainage payable		89,585
Accrued salaries and benefits		7,820
Total Liabilities		923,054
Deferred inflow of resources		
Unavailable property tax revenue		1,843,160
Unavailable - receivables		535,706
Related to leases		232,596
Total Deferred Inflow of Resources		2,611,462
Fund balances:		
Restricted		
Emergencies		91,474
Projects		661,387
Unassigned (deficit)		(1,098,641)
Total Fund Balance		(345,780)
Total Liabilities, Deferred Inflow of Resources and Fund Balance	$	3,188,736

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

TIMBERLINE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2025

Total fund balance, governmental fund	$	(345,780)
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and leases used in governmental activities are not financial resources and therefore, are not reported in the governmental funds:		
Capital assets		4,670,157
Right-to-use leased vehicles, net		1,174,551
Pension assets (liabilities) used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds		(343,793)
Long-term liabilities, are not due and payable in the current period, and therefore, are not reported in governmental funds:		
Compensated absences		(35,229)
Note payable		(670,829)
Accrued interest		(21,809)
Lease liability		(775,501)
Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds:		
Related to pension		342,109
Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds:		
Receivables		535,706
Related to pension		(94,928)
Total net position of governmental activities	$	4,434,654

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

TIMBERLINE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – GOVERNMENTAL FUND
DECEMBER 31, 2025

	General Fund
Revenues	
Property taxes	$ 1,679,078
Specific ownership taxes	99,761
Charges for services	810,563
Impact fees	26,545
Rental income	66,997
Investment earnings	35,943
Contributions and grants	309,312
Other revenue	197,807
Total revenues	3,226,006
Expenditures	
Current:	
Administration	330,942
Fire fighting	1,912,168
Pension fund contributions	152,133
Training	65,141
Communications	1,784
Repair service	38,984
Stations and buildings	34,097
Lease payments	212,154
Capital outlay	2,362,402
Total expenditures	5,109,805
Excess revenue over (under) expenditures	(1,883,799)
Other financing sources	
Proceeds from sale of capital assets	225,000
Insurance proceeds	15,993
Total other financing sources	240,993
Net changes in fund balance	(1,642,806)
Fund balances - beginning	1,297,026
Fund balances - ending	$ (345,780)

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

TIMBERLINE FIRE PROTECTION DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
DECEMBER 31, 2025

Net changes in fund balance - total governmental fund:	$	(1,642,806)
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:		
Capital outlay		2,362,402
Lease payments		119,730
Depreciation expense		(178,122)
Amortization expense		(156,607)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:		
Receivables		342,275
Loan principal payments are treated as expenses in the governmental funds, but are recorded as reduction of liabilities on the statement of net position:		
Principal payments		29,171
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund:		
Compensated absences		(3,646)
Change in accrued interest		7,652
Pension income (expense)		(209,833)
Changes in net position of governmental activities	$	670,216

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting entity

Timberline Fire Protection District (the District) is an independent local governmental unit incorporated under the laws of the State of Colorado and organized under a charter and governed by an elected Board of Directors to provide volunteer fire protection and emergency services within the boundaries of the District in Boulder and Gilpin counties in Colorado. High Country Fire Protection District changed its name to Timberline Fire Protection District on April 1, 2011. Pursuant to an election and intergovernmental agreement, the Colorado Sierra Fire Protection District (Sierra) and the Timberline Fire Authority (Authority) merged into the Timberline Fire Protection District. This also occurred on April 1, 2011.

The accounting policies of the District conform to U.S. generally accepted accounting principles applicable to governmental entities. The following is a summary of the more significant policies:

Summary of Significant Accounting Policies

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the exercise of oversight responsibility by a governmental unit's elected officials as the basic criterion for including a possible component governmental agency in a governmental unit's reporting entity. Oversight responsibility includes, but is not limited to, selection of governing authority, ability to significantly influence operations, financial interdependency and accountability for fiscal matters.

The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

Government-wide and fund financial statements

The government-wide financial statements (i.e., statement of net position and the statement of activities). These financial statements include all of the activities of the District. Governmental activities are normally supported by taxes.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-wide and fund financial statements (continued)
The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

Measurement focus, basis of accounting, and financial statement presentation
The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets. Employer and plan member contributions are recognized in the period that contributions are due.

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or when the long-term obligations is paid. All other revenue items are considered to be measurable and available only when cash is received by the District.

The District reports the following major governmental fund:

General Fund – The general fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Revenues – Exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal 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 measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, interest income is considered to be susceptible to accrual.

Non-exchange transactions, in which the District receives value without directly giving value in return, includes grants and donations. On an accrual basis, revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resource are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must be available before it can be recognized.

Expense/expenditures

On an 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 related fund liability is incurred, if measurable.

Budgets

In accordance with the Colorado Budget Law, the District's Board of Directors holds public hearings in the Fall each year to approve the budget and appropriate the funds for the ensuing year. The District's Board of Directors can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. Budgets for the governmental fund types are adopted on a basis consistent with U.S. generally accepted accounting principles.

Encumbrance accounting (open purchase orders, contracts in process and other commitments for the expenditures of funds in future periods) is not used by the District for budget or financial reporting purposes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

General capital assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

Capital assets are recorded at cost or estimated acquisition cost. The District maintains a capitalization threshold of $5,000. Improvements are capitalized; the cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's life are not.

Depreciation of all exhaustible capital assets is charged as an expense against their operations. Depreciation is provided over the estimated useful lives using the straight-line method.

Property taxes

Property taxes are levied by December 15, on assessed valuation as of August 25 of each year and attach as an enforceable lien on January 1 of the following year. These taxes are due in full by April 30; however, they are not delinquent if paid in installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges.

Property taxes receivable of $1,843,160 are reflected as deferred inflows of resources for amounts earned in 2025 but levied for a subsequent period.

Leases

The District follows Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which establishes a single model for lease accounting based on the foundational principle that leases are financing the right to use an underlying asset. Under this standard, the lessee is required to recognized a lease liability and an intangible right-to-use asset, and a lessor is required to recognized a lease receivable and a deferred inflow of resources.

Compensated Absences

Employees of the District may accumulate unused vacation time. Upon separation of employment with the District, an employee will be compensated for accrued vacation time at their current rate of pay. Accumulated unpaid vacation pay is accrued when earned in the government-wide financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Accordingly, the item, *unavailable revenue*, is reported for taxes levied in the current year but collected or remitted to the District in the next fiscal period.

Net Position

Net position presents the difference between assets and deferred outflows of resources and liabilities and deferred inflows or resources in the statement of net position. The District has net position consisting of the following components:

Net Investment in Capital Assets – consists of net capital assets and right-of-use lease assets, reduced by any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by deferred outflows of resources related to those assets.

Restricted Net Position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted Net Position – consists of all other net position that does not meet the definition of the above components and is available for general use by the District.

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District will use the most restrictive net position first.

Fund balance

The District's governmental fund balances consist of the following classifications based on the relative strength of the spending constraints:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund balance (continued)

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments.

Committed – Amounts that can be used only for specific purposes determined by a formal action of District's Board. The Board is the highest level of decision-making body for the district. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2025, the District has no committed funds.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2025, the District has no assigned funds.

Unassigned – All other spendable amounts. As of December 31, 2025, there was a deficit fund balance due to significant capital expenditures during 2025. As disclosed in Note 9, subsequent to year-end the District obtained a $1,000,000 loan to fund the project. The District also anticipates receiving grant funding to assist with funding.

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

Tax, spending, and debt limitations

TABOR establishes revenue and spending limits, and imposes other specific requirements on state and local governments. In May 1998, the District's voters approved changes that reduced certain limits imposed by TABOR. As a result, the District is permitted to retain all revenues from all resources. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 volunteers and natural disasters. It carries commercial insurance coverage of these risks of loss. Claims have not exceeded coverage in any of the last three fiscal years.

Use of Estimates

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

Contributed Services

The Board of Directors and the Volunteer Firefighters volunteer their time and perform a variety of tasks that assist the District in its operations. No amounts have been reflected in the financial statements for such services.

NOTE 2 - CASH AND INVESTMENTS

The District has adopted Governmental Accounting Standards Board Statement No. 40, Deposits and Investment Risk Disclosure (GASB 40). GASB 40 established and modifies disclosure requirements related to investment risks including credit risk (custodial credit risk and concentrations of credit risk), interest rate risk and foreign currency risk.

The District maintains its investments and deposits with financial institutions in accordance with state statutes for the investment of public funds. Deposits are stated at cost, which approximates market value. A summary of deposits and investments at December 31, 2025 follows:

Cash deposits	$	134,275
Investments		248,057
Total cash and investments	$	382,332

Deposits

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 by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group.

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Deposits (continued)
The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2025, the carrying amount and bank balance of the District's deposits were $134,275 and $169,125. Of the bank balances, $250,000 was covered by FDIC insurance. Any balance in excess of FDIC during the year was covered by the PDPA.

Restricted cash represents loan funds received held in escrow to be used for a particular capital project.

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

The District generally limits its concentration of investments to those noted with an asterisk (*) below, which are believed to have minimal credit risk, minimal interest rate risk, and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors.

Such actions are generally associated with a debt service reserve or sinking fund requirements. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest, which include:

- Obligations of the United States, certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements
- Certain securities lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

* Local government investment pools

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

Investments (continued)
As of December 31, 2025, the District had investments of $248,057 held with Colorado Local Government Liquid Asset Trust (ColoTrust). The Districts investments are in ColoTrust Prime, which operates similar to a money market fund and each share is equal in value to $1.00 and offers daily liquidity. It may invest in U.S. Treasury securities and repurchase agreement collateralized by U.S. Treasury securities. A designated custodial bank serves as custodian for the portfolio 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. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

NOTE 3 - CAPITAL ASSETS

The following is a summary of governmental activities capital assets during the year ended December 31, 2025:

	Balance December 31, 2024	Additions	Deletions	Transfers	Balance December 31, 2025
Governmental Activities:					
Capital assets, not being depreciated:					
Land	$ 168,168	$ -	$ -	$ -	$ 168,168
Construction in progress	71,242	1,811,195	-	-	1,882,437
Total capital assets, not being depreciated	239,410	1,811,195	-	-	2,050,605
Capital Assets, Being Depreciated					
Buildings	2,271,571	-	-	-	2,271,571
Equipment	2,554,898	551,207	(390,485)	-	2,715,620
Water storage	152,737	-	-	-	152,737
Total capital assets, being depreciated	4,979,206	551,207	(390,485)	-	5,139,928
Accumulated depreciation					
Buildings	(821,571)	(56,957)	-	-	(878,528)
Equipment	(1,783,974)	(115,750)	390,485	-	(1,509,239)
Water storage	(127,194)	(5,415)	-	-	(132,609)
Total accumulated depreciation	(2,732,739)	(178,122)	390,485	-	(2,520,376)
Net capital assets, depreciated	2,246,467	373,085	-	-	2,619,552
Net capital assets	$ 2,485,877	$ 2,184,280	$ -	$ -	$ 4,670,157

NOTE 3 - CAPITAL ASSETS (CONTINUED)

Depreciation expense was $178,122 and was charged to the fire and emergency medical services function for the year ended December 31, 2025.

The following is a summary of governmental activities right-to-use leased assets during the year ended December 31, 2025:

	Balance December 31, 2024	Additions	Deletions	Balance December 31, 2025
Governmental Activities:				
Right-to-use leased assets being amortized:				
Right-to-use leased vehicles	$ 1,566,068	$ -	$ -	$ 1,566,068
Less: Accumulcated amortization	(234,910)	(156,607)	-	(391,517)
Right-to-use leased vehicles, net	$ 1,331,158	$ (156,607)	$ -	$ 1,174,551

Amortization expense was $156,607 and was charged to the fire and emergency medical services function for the year ended December 31, 2025.

NOTE 4 - LEASES RECEIVABLE

The District, acting as lessor, leases portions of its land and building space to other parties under long-term, noncancelable lease agreements. The leases may provide for renewal options, but it is uncertain whether the tenants will exercise the options and have therefore been excluded from the lease term. During the year ended December 31, 2025, the District recognized lease revenue and interest revenue from leasing activities of $66,997 and $13,085, respectively. The leases provide for fixed rent payments over the lease term. Future minimum lease payments are as follows for the years ended December 31:

2026	$ 75,436
2027	76,575
2028	59,848
2029	20,737
Total	$ 232,596

NOTE 5 - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2025:

	Balance December 31, 2024	Additions	Deletions	Balance December, 31 2025	Due In One Year
Lease liability	$ 895,231	$ -	$ 119,730	$ 775,501	$ 122,353
Note payable	700,000	-	29,171	$ 670,829	$ 31,038
Compsensated absences*	31,583	3,646	-	35,229	31,583
Total	$ 1,626,814	$ 3,646	$ 148,901	$ 1,481,559	$ 184,974

*The change in compensated absences is presented net.

On July 31, 2021, the District entered into a lease agreement for 3 Maxi Contender Fire Apparatus and 2 Skeeter Brush Trucks. The agreement includes a trade in of certain trucks previously owned by the District, an initial deposit of $275,000, and $280,000 paid upon delivery. In addition, annual payments of $139,336 are due on September 1 beginning September 1, 2022 and ending September 1, 2031. Annual payments include interest of 2.19%.

Annual requirements to amortize long-term lease obligations and related interest are as follows for the year ended December 31:

	Principal	Interest	Total Payment
2026	$ 122,353	$ 16,983	$ 139,336
2027	125,032	14,304	139,336
2028	127,770	11,566	139,336
2029	130,568	8,767	139,335
2030	133,428	5,908	139,336
2031	136,350	2,986	139,336
	$ 775,501	$ 60,514	$ 836,015

On July 30, 2024, the District entered into an note payable agreement for $700,000. The funds were held in escrow and released as the District incurs costs for certain capital improvements during 2025. The loan carries an interest rate of 6.3% and is collateralized by real estate.

NOTE 5 - LONG-TERM OBLIGATIONS (CONTINUED)

Future payments of principal and interest are as follows for the years ended December 31:

	Principal	Interest	Total Payment
2026	$ 31,038	$ 41,781	$ 72,819
2027	33,024	39,795	72,819
2028	35,137	37,681	72,818
2029	37,386	35,433	72,819
2030	39,778	33,041	72,819
2031 - 2035	240,492	123,602	364,094
2036 - 2039	253,974	37,302	291,276
	$ 670,829	$ 348,635	$ 1,019,464

NOTE 6 - VOLUNTEERS' PENSION FUND

Plan Description

The District, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan which is administered by FPPA. Assets of the plan area commingled for investment purposes in the Fire and Police member's Benefit Fund, an agent multiple employer defined benefit pension plan administered by FPPA.

The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the pension fund board of trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 303-770-3772.

Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing of the volunteer organization, are eligible to participate in the plan for that year. Volunteers' rights to a benefit vest after ten years of service. Volunteers who retire at, or after the age of 50, with twenty years of credited service are entitled to benefit. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Surviving spouses are entitled to a 50 percent benefit.

NOTE 6 - VOLUNTEERS' PENSION FUND (CONTINUED)

At December 31, 2025, the following members were covered by the benefit terms:

Retirees and Beneficiaries	55
Inactive, Nonretired Members	2
Active Members	2
Total	59

Benefits Provided

The Plan provides retirement, survivor, death, and funeral benefits. Retirement benefit for a member is $360 a month for 20 or more years of service. Those members with a minimum of 10 years of service receive $18 per month for every year of services.

Disability retirement benefit is $225 per month for short term disability for line of duty injury payable for not more than one year. Long term disability for line of duty injury has a lifetime benefit of $450 per month. Survivor benefits range from $180 to $225 monthly benefit depending of retirement eligibility, in life of duty, and other variables. Funeral benefit to the family members is a one-time payment of $720.

Contributions

Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2025. Contributions into the pension fund are derived from two sources; contributions directly from the District and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2025, the District's contributions were $24,781.

Volunteer Pension Liability, 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 $343,793. The net pension liability was measured at December 31, 2024 and was determined by an actuarial valuation as of January 1, 2025. Standard update procedures were used to roll forward the total pension liability to December 31, 2025.

For the year ended December 31, 2025, the District recognized pension expense of $182,370 for the volunteer plan.

NOTE 6 - VOLUNTEERS' PENSION FUND (CONTINUED)

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
Net difference between projected and actual earnings on pension plan investments	$ 24,732	$ -
Contributions subsequent to the measurement date	24,781	-
Total	$ 49,513	$ -

$24,781 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the 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 for the years ended December 31:

Year Ended December 31,	Amount
2026	$ 11,533
2027	36,871
2028	(15,615)
2029	(8,057)
Total	$ 24,732

NOTE 6 - VOLUNTEERS' PENSION FUND (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 measurements:

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
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	**Pre-retirement:** Pub-2010 Safety Health 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 Health Annuitant Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale. **Disabled:** Pub-2010 Public Safety Health Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with the MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females.

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

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 this purpose of the valuation, the long-term expected rate of return on pension plan investments is 6.00%; 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 discount rate is 6.00%

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.

NOTE 6 - VOLUNTEERS' PENSION FUND (CONTINUED)

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 nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

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

Changes in the Net Pension Liability

	Total Pension Liability (Asset) [a]	Plan Fiduciary Net Position [b]	Net Pension Liability (Asset) [a] - [b]
Balance, December 31, 2023	$ 1,692,925	$ 1,497,848	$ 195,077
Changes for the year:			
Service cost	2,300	-	2,300
Interest	112,686	-	112,686
Benefit changes	102,289	-	102,289
Net investment income	-	140,139	(140,139)
Contributions - employer	-	24,781	(24,781)
Benefit payments including refunds of employee contributions	(171,399)	(171,399)	-
Difference between expected and actual experience of total pension liability	(37,095)	-	(37,095)
Changes in assumptions	134,898	-	134,898
Administrative expense	-	(18,648)	18,648
State of Colorado supplemental discretionary payment	-	20,090	(20,090)
Net changes	143,679	(5,037)	148,716
Balance, December 31, 2024	$ 1,836,604	$ 1,492,811	$ 343,793

NOTE 6 - VOLUNTEERS' PENSION FUND (CONTINUED)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability calculated using the discount rate of 6.00 percent, as well as what the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00 percent) or 1-percentage-point higher (7.00 percent) than the current rate:

	1% Decrease (5.00%)	Current Discount Rate (6.00%)	1% Increase (7.00%)
Proportionate Share of the Net Pension Liability (Asset)	$ 499,961	$ 343,793	$ 208,895

The Fire & Police Pension Association administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at http://www.fppaco.org.

NOTE 7 - STATEWIDE RETIREMENT PLAN

Plan Description

The District contributes to the Statewide Retirement Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Plan. All full-time, paid police officers of the Town are members of the Statewide Retirement Plan.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and requires supplementary information for both the SWDB and the Statewide Death and Disability Plan. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at www.fppaco.org.

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Benefits Provided

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

A member is eligible for retirement after attainment of age 55 with at least five years of credited service. A member is eligible for early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit for the defined benefit component is 2.0 percent of the average of the member’s highest three-year base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member’s highest three years’ base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to then years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62. The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member’s highest three years’ base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member’s highest three years’ base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or noncompounding. The increase in benefits, if any, is based on the FPPA Board of Director’s discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Noncompounding 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.

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Benefits Provided (continued)

Upon termination, a member may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions

Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the defined benefit component contributed 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2025, the members of the defined benefit component and their employers contributed at a rate of 12.0 percent and 10.5 percent, respectively, of base salary for a total contribution rate of 22.5 percent. The District's contributions to the plan for the year ended December 31, 2025 were $56,186, equal to the required contributions.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030.

Statewide Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2025, the District reported a net pension liability of $0, representing its proportionate share of the net pension asset of the plan. The net pension liability was measured at 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 0.0648% which was an increase of 0.0001% from its proportion measured at December 31, 2023.

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Statewide Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

For the year ended December 31, 2025, the District recognized pension expense of $32,887. At December 31, 2024, 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
Difference between Expected and Actual Experience	$ 155,781	$ 4,873
Changes of Assumptions or other Inputs	55,753	-
Net Difference between Projected and Actual Earnings on Pension Plan Investments	22,130	-
Changes in Proportion and Differences between Contributions Recognized and Proportionate Share of Contributions	2,746	90,055
Contributions Subsequent to the Measurement Date	56,186	-
Total	$ 292,596	$ 94,928

$56,186 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, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows for the years ended December 31:

2026	$ 46,834
2027	76,919
2028	(8,872)
2029	(4,209)
2030	9,617
Thereafter	21,193
Total	$ 141,482

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions

The actuarial valuations as of January 1, 2025, determined the total pension liability using the following actuarial assumptions 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*	7.0%	7.0%
Projected Salary Increases	4.25% - 11.75%	4.25% - 11.27%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.

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

NOTE 7 - STATEWIDE RETIREMENT PLAN (CONTINUED)

Actuarial Assumptions (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 at 2.5 percent).

Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income - Rates	7%	5.00%
Fixed Income - Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

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 Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the Statewide Retirement Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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.

NOTE 7 - STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Discount Rate (continued)

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 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 weekly rate closet 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as the District's proportionate share of the net pension liability if it were calculated using a discount rate that is one percentage point lower (6.0 percent) or one percentage point higher (8.0 percent) than the current rate, as follows:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	$ 316,355	$ -	$ -

Pension Plan Fiduciary Net Position

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at www.fppaco.org.

NOTE 8 - OTHER RETIREMENT PLANS

457 Plan

The District has adopted a deferred compensation plan (457 Plan) as defined under Internal Revenue Code Section 457. The 457 plan allows District employees to make an elective deferral of a portion of their earned compensation to the 457 plan. The District matches a portion of total wages as established by Colorado State Statute. The 457 plan is a multi-employer plan administered by FPPA. The 457 plan trustee may amend the 457 plan. For the year ended December 31, 2025, the District made contributions of $21,111 to the 457 plan.

Statewide Death and Disability Plan

Death and disability benefits are provided by the District under the Statewide Death and Disability Plan (SD&D Plan), which is administered by FPPA. SD&D benefits and obligations to contribute are established by FPPA, and may be amended by Colorado State Statute. The plan is a multi-employer, cost sharing plan that is primarily funded by the State of Colorado for firefighters hired prior to January 1, 1997. The percentage contribution amount varies depending on actuarial experience. The plan solely provides death and disability payments to eligible participants. In 2025, the District contributed $3,954 to the plan.

NOTE 9 - SUBSEQUENT EVENT

In January 2026, the District entered into a loan agreement for $1,000,000. The loan carries an interest rate of 5.97% with semi-annual interest-only payments of $29,850 beginning in July 2026 with the balance due at maturity on January 12, 2028. The loan is collateralized by real estate.

REQUIRED SUPPLEMENTARY INFORMATION

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE 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 Positive (Negative)
Revenues				
Property taxes	$ 1,685,488	$ 1,679,078	$ 1,679,078	$ -
Specific ownership taxes	94,000	99,761	99,761	-
Charges for services	307,653	671,449	810,563	139,114
Impact fees	58,175	26,545	26,545	-
Rental income	76,720	66,997	66,997	-
Investment earnings	25,000	35,943	35,943	-
Contributions and grants	350,000	309,312	309,312	-
Other revenue	305,506	336,922	197,807	(139,115)
Total Revenues	2,902,542	3,226,007	3,226,006	(1)
Expenditures				
Current:				
Administration	460,727	536,103	330,942	205,161
Fire fighting	1,164,064	1,622,310	1,912,168	(289,858)
Pension fund contributions	139,781	152,133	152,133	-
Training	25,000	24,224	65,141	(40,917)
Communications	1,000	1,784	1,784	-
Repair service	159,500	103,022	38,984	64,038
Stations and buildings	125,000	95,676	34,097	61,579
Lease payments	212,155	212,154	212,154	-
Capital outlay	840,315	2,362,403	2,362,402	1
Total Expenditures	3,127,542	5,109,809	5,109,805	4
Excess revenue over (under) expenditures	(225,000)	(1,883,802)	(1,883,799)	(1,658,799)
Other financing sources				
Proceeds from sale of capital assets	225,000	225,000	225,000	-
Insurance proceeds	-	15,993	15,993	-
Total other financing sources	225,000	240,993	240,993	-
Net change in fund balances	$ -	$ (1,642,809)	(1,642,806)	$ (1,658,799)
Fund balances - beginning			1,297,026	
Fund balances - ending			$ (345,780)	

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS*

Measurement period ending December 31,	2024	2023	2022	2021	2020	2019	2018	2017
Total Pension Liability								
Service Cost	$ 2,300	$ 2,300	$ 4,178	$ 4,178	$ 5,872	$ 5,872	$ 9,048	$ 9,048
Interest	112,686	116,281	120,316	123,208	126,890	129,458	137,847	139,440
Benefit changes	102,289	-	-		-	-	-	-
Differences between actual and expected experience	(37,095)	-	(18,525)	-	(14,448)	-	(30,341)	-
Changes in assumptions	134,898		5,881	-	-	-	68,613	-
Benefit payments	(171,399)	(168,504)	(168,635)	(168,786)	(171,309)	(172,711)	(171,443)	(168,096)
Net change in total pension liability	143,679	(49,923)	(56,785)	(41,400)	(52,995)	(37,381)	13,724	(19,608)
Total pension liability - beginning	1,692,925	1,742,848	1,799,633	1,841,033	1,894,028	1,931,409	1,917,685	1,937,293
Total pension liability - ending	$ 1,836,604	$ 1,692,925	$ 1,742,848	$ 1,799,633	$ 1,841,033	$ 1,894,028	$ 1,931,409	$ 1,917,685
Plan Fiduciary Net Position								
Contributions - employer	$ 24,781	$ 27,910	$ 19,000	$ 29,000	$ 26,500	$ 15,000	$ 2,145	$ 15,300
Net investment income	140,139	138,156	(141,924)	239,801	199,210	215,956	20,000	230,521
Benefit payments including refunds of employee contributions	(171,399)	(168,504)	(168,635)	(168,786)	(171,309)	(172,711)	(171,443)	(168,096)
Pension plan administrative expense	(18,648)	(22,244)	(16,315)	(16,630)	(13,397)	(16,230)	(14,627)	(15,078)
State of Colorado discretionary payment	20,090	17,100	20,090	33,590	18,000	13,770	-	13,770
Net change in plan fiduciary net position	(5,037)	(7,582)	(287,784)	116,975	59,004	55,785	(163,925)	76,417
Plan Fiduciary net position - beginning	1,497,848	1,505,430	1,793,214	1,676,239	1,617,235	1,561,450	1,725,375	1,648,958
Plan Fiduciary net position - ending	$ 1,492,811	$ 1,497,848	$ 1,505,430	$ 1,793,214	$ 1,676,239	$ 1,617,235	$ 1,561,450	$ 1,725,375
Net pension liability (asset) - ending	$ 343,793	$ 195,077	$ 237,418	$ 6,419	$ 164,794	$ 276,793	$ 369,959	$ 192,310
Plan fiduciary net position as a percentage of total pension liability	81.28%	88.48%	86.38%	99.64%	91.05%	85.39%	80.85%	89.97%
Covered payroll	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

*2015 was the first year of implementation, therefore, only available years are shown.

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
VOLUNTEER PENSION TRUST FUND
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Actuarially determined contribution	$ 52,897	$ 34,388	$ 34,388	$ 48,346	$ 48,346	$ 32,541	$ 32,541	$ 32,541	$ 6,032	$ 6,032
Actual contribution*	24,781	24,781	27,910	19,000	44,500	28,770	15,000	20,000	29,070	31,353
Contribution deficiency (excess)	$ 28,116	$ 9,607	$ 6,478	$ 29,346	$ 3,846	$ 3,771	$ 17,541	$ 12,541	$ (23,038)	$ (25,321)
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions 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

**Does not include the State of Colorado Supplemental Discretionary Payment*

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
STATEWIDE RETIREMENT PLAN
LAST 10 FISCAL YEARS

Fiscal year	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Plan measurement date	December 31, 2024	December 31, 2023	December 31, 2022	December 31, 2021	December 31, 2020	December 31, 2019	December 31, 2018	December 31, 2017	December 31, 2016	December 31, 2015
District's proportion of the net pension liability	0.6483%	0.6470%	0.0565%	0.0401%	0.0399%	0.0300%	0.0321%	0.0201%	0.0115%	0.0173%
District's proportionate share of the net pension liability (asset)	$ -	$ -	$ 50,167	$ (217,116)	$ (86,720)	$ (16,985)	$ 40,595	$ (28,980)	$ 4,140	$ (306)
District's covered payroll	$ 507,620	$ 483,007	$ 344,589	$ 200,789 0	$ 303,363 0	$ 153,250	$ 152,425	$ 152,425	$ 152,425	$ 84,025
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0.0%	0.0%	14.6%	(108.1%)	(28.6%)	(11.1%)	26.6%	(19.0%)	2.7%	(0.4%)
Plan fiduciary net pension as a percentage of the total pension liability	100.0%	100.0%	97.6%	116.2%	106.7%	101.9%	95.2%	106.3%	98.2%	100.1%

TIMBERLINE FIRE PROTECTION DISTRICT
SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS AND RELATED RATIOS
LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2020	2017	2016
Statutorily required contributions	$ 56,186	$ 50,762	$ 50,762	$ 45,885	$ 31,013	$ 17,067	$ 24,269	$ 12,260	$ 12,194	$ 12,194
Contributions in relation to the statutorily required contributions	56,186	50,762	50,762	45,885	31,013	17,067	24,269	12,260	12,194	12,194
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 535,102	$ 507,620	$ 507,620	$ 483,007	$ 344,589	$ 200,789	$ 303,363	$ 153,250	$ 152,425	$ 152,425
Contributions as a percentage of covered payroll	10.5%	10.0%	10.0%	9.5%	9.0%	8.5%	8.0%	8.0%	8.0%	8.0%