BEULAH FIRE PROTECTION & AMBULANCE DISTRICT

AUDITED FINANCIAL STATEMENTS

WITH INDEPENDENT AUDITOR'S REPORT

PRESENTED FOR PURPOSES OF A SINGLE AUDIT

BEULAH, COLORADO

December 31, 2025

Table of Contents

Garren, Ross & DeNardo, Inc.

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Independent Auditor's Report

September 24, 2026

Board of Directors
Beulah Fire Protection & Ambulance District
Beulah, Colorado

Opinions

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's 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.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

Board of Directors
Beulah Fire Protection & Ambulance District

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued our report dated September 24, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Garren, Ross & DeNardo, Inc.

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
Beulah Fire Protection & Ambulance District
December 31, 2025

As management of the Beulah Fire Protection & Ambulance District (the District), we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2025. This discussion and analysis is designed to assist the reader in focusing on the significant financial issues and activities and to identify any significant changes in financial position. We encourage readers to consider the information presented here in conjunction with the financial statements as a whole.

District Operation and Background

The Beulah Fire Protection and Ambulance District is the result of a merger between the Beulah Ambulance District (local government) and the Beulah Valley Volunteer Fire Department 501(c)(3) non-profit organization. Effective January 1, 2013 the two separate legal entities were combined into one legal entity. The Beulah Ambulance District provided a ballot question in the November 2012 election to increase the existing mill levy through property taxes to support the fire district. The special District was formed with the blessings of the District Court of Pueblo County for the purpose of protecting the lives and property of the residents and visitors from fire and critical health threats.

Financial Highlights

- The assets of the District exceeded its liabilities at the close of the most recent fiscal year by $1,104,581 (net position). Of this amount, $51,177 (4.6%) unrestricted net position, may be used to meet the District's ongoing obligations to citizens and creditors. A significant portion of the District's net position $1,020,808 (92.4%) reflects its investment in capital assets. These assets include land, buildings and equipment. These capital assets are used to provide services to citizens; consequently, they are not available for future spending.
- The District's total net position increased by $113,112.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of $59,172 for the year ending December 31, 2025.
- At the end of the current fiscal year, unassigned fund balance of the general fund is $26,576.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components:

- Government-wide financial statements
- Fund financial statements
- Notes to the financial statements

The basic financial statements present two different views of the District through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the District.

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

The *statement of net position* presents information on all of the District's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

Government-wide Financial Statements (Continued)
The *statement of activities* presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes. The governmental activities of the District primarily include community safety services. The government-wide financial statements can be found on pages 4 and 5 of this report.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements, such as State Statutes. The District currently only has one governmental fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflow and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. Governmental funds are reported using an accounting method called modified accrual accounting which has a current financial resources focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the District's programs.

Overview of the Financial Statements
Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation, which is a part of the fund financial statements, to facilitate the comparison between governmental funds and governmental activities.

The District maintains one individual governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance for the general fund.

The District adopts an annual appropriated budget for governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with its budget.

The basic governmental fund financial statements can be found on pages 6 and 8 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 - 23 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the District, assets exceeded liabilities by $1,104,581 at the close of fiscal year 2025. Increases or decreases in net position may serve as a useful indicator as to whether the financial condition of the District is improving or deteriorating over time.

A portion of the District's net position reflects its investment in capital assets (i.e., land, buildings, vehicles and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position at December 31:

		2025	2024
Assets:			
Current and other assets		$ 841,926	$ 517,855
Capital assets		2,864,396	2,555,442
	Total Assets	3,706,322	3,073,297
Deferred Outflow of Resources – Pension fund		67,938	59,356
Liabilities:			
Current and other liabilities		358,717	176,702
Long-term liabilities		1,861,783	1,559,687
	Total Liabilities	2,220,500	1,736,389
Deferred Inflow of Resources:			
Unavailable revenue – property taxes		448,055	403,790
Related to pension fund		1,124	1,005
	Total Deferred Inflow	449,179	404,795
Net Position:			
Invested in capital assets, net of related debt		1,020,808	929,467
Restricted		32,596	22,255
Unrestricted		51,177	39,747
	Total Net Position	$ 1,104,581	$ 991,469

At the end of the current fiscal year, the Beulah Fire Protection & Ambulance District is able to report a positive balance in all categories of net position.

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains the requirements of setting an emergency reserve. This reserve cannot be accessed except for an unexpected disaster. This reserve amounts to $28,200 and $22,100 as of December 31, 2025 and 2024 respectively.

Government Wide Financial Analysis (Continued)

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. Revenues and expenses in this statement are recorded when earned or when a liability is incurred. The following table reflects the condensed Statement of Activities for the year ended December 31:

		2025	2024
Revenues:			
Program revenues:			
Charges for services		$ 208,245	$ 208,343
Operating grants and contributions		2,148,653	262,703
Capital grants and contributions		208,096	11,218
General revenues:			
Property taxes		404,093	438,669
Specific ownership taxes		31,536	32,200
Unrestricted investment earnings		7	5
Gain/(loss) on sale of assets		26,150	3,440
Other		13,432	70,213
	Total Revenues	3,040,212	1,026,791
Expenses:			
Public safety		2,733,409	865,085
General government		193,691	180,202
	Total Expenses	2,927,100	1,045,287
Change in net position		113,112	(18,496)
Net position – beginning		991,469	1,009,965
Net position – ending		$ 1,104,581	$ 991,469

Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements.

For 2025, the Directors appropriated $2,911,322 for general fund expenditures.

2025 General Fund Budget

	Original Budget	Final Budget	Actual
Revenues	$ 2,090,852	$ 2,911,322	$ 3,044,039
Expenditures	$ 2,090,852	$ 2,911,322	$ 3,333,658

Capital Asset and Debt Administration

Capital Assets. The District's investment in capital assets as of December 31, 2025 amounts to $2,834,396 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment.

Capital Asset and Debt Administration (Continued)
Beulah Fire Protection & Ambulance District's Capital Assets

Land	$	30,000
Furniture & fixtures		26,569
Building and improvements		2,899,697
Equipment		1,627,122
Accumulated depreciation		(1,718,992)
	$	2,864,396

Additional information on the District's capital assets can be found in the notes section on page 17 of this report.

Final Comments
The District continues to strive to achieve its mission of protecting the lives and property of our residents and visitors from fire and critical health threats.

Request for Information
This financial report is designed to provide a general overview of the Beulah Fire Protection & Ambulance District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

Beulah Fire Protection & Ambulance District
Bryan Ware
Fire Chief
8675 Central Ave.
P.O. Box 826
Beulah, CO 81023

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

STATEMENT OF NET POSITION
BEULAH FIRE PROTECTION & AMBULANCE DISTRICT
December 31, 2025

Assets		
Cash and equivalents		$ 129,734
Cash - restricted		4,396
Receivables		705,099
Prepaid expenses		2,697
Net pension asset - firemen's pension plan		-
Capital Assets		
Non-depreciable		30,000
Depreciable - net		2,834,396
	Total Assets	3,706,322
Deferred Outflow of Resources		
Related to pension plan		67,938
Liabilities		
Accounts payable		191,268
Accrued interest		24,018
Payroll liabilities		3,431
Line of credit		140,000
Long-term liabilities:		
Due within one year		151,363
Due in more than one year		1,710,420
	Total Liabilities	2,220,500
Deferred Inflow of Resources		
Unavailable revenue - property taxes		448,055
Related to pension plan		1,124
	Total Deferred Inflow of Resources	449,179
Net Position		
Invested in capital assets, net of related debt		1,020,808
Restricted		32,596
Unrestricted		51,177
	Total Net Position	$ 1,104,581

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

STATEMENT OF ACTIVITIES

BEULAH FIRE PROTECTION & AMBULANCE DISTRICT

For the year ended December 31, 2025

		Program Revenue				Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total	Primary Government Governmental Activities
Primary Government:						
Government activities:						
General government	$ 193,691	$ -	$ -	$ -	$ -	$ (193,691)
Public safety	2,733,409	208,245	2,148,653	208,096	2,564,994	(168,415)
Total	$ 2,927,100	$ 208,245	$ 2,148,653	$ 208,096	$ 2,564,994	$ (362,106)

General revenues and taxes	
Taxes:	
General property taxes	$ 404,093
Specific ownership taxes	31,536
Investment earnings	7
Gain/(loss) on sale of assets	26,150
Other revenues	13,432
Total General Revenues and Taxes	475,218
Change in Net Position	113,112
Net Position - Beginning - Restated	991,469
Net Position - Ending	$ 1,104,581

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

BALANCE SHEET- GOVERNMENTAL FUNDS

BEULAH FIRE PROTECTION & AMBULANCE DISTRICT

December 31, 2025

			General Fund
Assets			
Cash and cash equivalents		$	129,734
Cash - restricted			4,396
Prepaid Expense			2,697
Receivables			705,099
	Total Assets		841,926
Liabilities			
Accounts payable			191,268
Payroll liabilities			3,431
Line of credit			140,000
	Total Liabilities		334,699
Deferred Inflow of Resources			
Unearned revenue - property taxes			448,055
Fund Balances			
Restricted			32,596
Unassigned			26,576
	Total Fund Balances	$	59,172

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

RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
BEULAH FIRE PROTECTION & AMBULANCE DISTRICT
December 31, 2025

Total Fund Balances - Government Funds	$ 59,172
Amounts reported for governmental activities in the Statement of Net Position differ because:	
Net pension assets used in governmental activities were not current financial resources, therefore, they were not reported in the Governmental Funds Balance Sheet.	-
Capital assets used in governmental activities are not current financial resources, and therefore, not reported in the Governmental Funds Balance Sheet.	2,864,396
Interest payable on long term liabilities does not require current financial resources, therefore, interest payable was not reported as a liability in Governmental Funds Balance Sheet.	(24,018)
Long term liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Funds Balance Sheet.	(1,861,783)
Deferred activity related to pension assumptions are not recorded and included in the governmental funds.	66,814
Net Position of Governmental Activities	$ 1,104,581

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BEULAH FIRE PROTECTION & AMBULANCE DISTRICT
GOVERNMENTAL FUND
For the Year Ended December 31, 2025

	General Fund
Revenues	
General property tax	$ 404,093
Specific ownership tax	31,536
Investment income	7
Grant & donation income	2,356,749
Proceeds from sale of assets	29,977
Charges for services	208,245
Other	13,432
Total Revenues	3,044,039
Expenditures	
General government	191,993
Public safety	2,493,390
Debt service:	
Principal	82,825
Interest	64,799
Capital outlay	500,651
Total Expenditures	3,333,658
Excess (Deficiency) of Revenues Over Expenditures	(289,619)
Other Finance Sources (Uses)	
Proceeds from leases	300,438
Net Change in Fund Balance	10,819
Fund balances - beginning	48,353
Fund balances - ending	$ 59,172

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

RECONCILIAITON OF REVENUES, EXPENDITURES CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

BEULAH FIRE PROTECTION AND AMBULANCE DISTRICT

For the Year Ended December 31, 2025

Total Net Change in Fund Balances - Governmental Funds	$	10,819
Amounts reported for governmental activities in the Statement of Activities and Changes in Net Position differ becasuse:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($500,651) exceeds depreciation expense ($187,870) in the current period.		312,781
Basis of assets that have been sold reduces financial resources in the statement of activities. The basis is not recognized in the governmental funds.		(3,827)
Deferred income/expense related to the pension plan is not recognized in the governmental funds because it does not require the use of current financial resources.		8,463
Principal retirements - retirements of principal outstanding on the District's debt result in a reduction of accumulated resources on the fund financial statements. The government-wide statements show these reductions against the long-term liabilities.		82,825
Capital assets acquired with a financed lease. The amount financed is reported in the governmental funds as a source of financing. The lease is not revenue in the statement of activities, but rather constitutes long-term liabilities in the statement of net assets.		(300,438)
In the government-wide statements accrued compensated absences are measured by the amount earned and unused. In the governmental funds, the expenditures for compensated absences are measured by the amount of financial resources used (essentially, the amounts actually paid). Therefore, the change in the accrued compensated absenses is recognized.		3,405
Interest payable on long term liabilities is not recorded on the fund statements because it is not a current use of cash. Interest is accrued on the government-wide statements, and the change in the liability is recognized.		(916)
Change in Net Position - Governmental Activities	$	113,112

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

NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies

The basic financial statements of Beulah Fire Protection & Ambulance District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Financial Reporting Entity
During the November 2012 election, the Beulah Ambulance District (local government) provided a ballot question to increase the mill levy to provide funds to operate and absorb the services of the Beulah Valley Volunteer Fire Department 501(c)(3) non-profit. Effective January 1, 2013, the Beulah Ambulance District formally merged with the Beulah Valley Volunteer Fire Department (BVFD) to become the Beulah Fire Protection & Ambulance District (the District). Upon consolidation, the BVFD contributed total assets of $229,232 including $157,763 in capital assets to the District. This amount is included in the beginning cumulative net position and fund balance, respectively. The District is organized under the laws of the State of Colorado. It operates under the jurisdiction of a local Board of Directors, whose members are elected by the voters of the District. The District provides fire protection services as well as emergency medical services to the public. As required by generally accepted accounting principles, these financial statements present the Beulah Fire Protection & Ambulance District (the primary government) and its component units, if any. No additional separate governmental units, agencies, or nonprofit corporations are included in the financial statements of the District, since none were discovered to fall within the oversight responsibility based upon the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Government Wide Financial Statements
The District's basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information. The government-wide focus is more on the sustainability of the District as an entity and the change in aggregate financial position resulting from activities of the fiscal year.

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

Reconciliation of Government-Wide and Fund Financial Statements
The governmental funds balance sheet includes a reconciliation between fund balances - total governmental funds and net position - governmental activities as reported in the government-wide statement of net position. Additionally, the governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net change in fund balances - total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities.

Note 1 - Summary of Significant Accounting Policies (Continued)

Reconciliation of Government-Wide and Fund Financial Statements (Continued)
These reconciliations detail items that require adjustment to convert from the current resources measurement and modified accrual basis for governmental fund statements to the economic resources measurement and full accrual basis used for government-wide statements. However, certain items having no effect on measurement and basis were eliminated from the governmental fund statements during the consolidation of governmental activities.

Measurement Focus, Basis of Accounting, and Financial Statement Presentations
The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The government-wide financial statements are presented 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. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property and specific ownership taxes are reported as receivables and unearned revenue when levied and as revenues when due for collection in the following year and determined to be available.

Grants and entitlement revenues are recognized when compliance with matching requirements are met. A receivable is established when the related expenditures exceed revenue receipts.

Expenditures are recorded when the related fund liability is incurred with the exception of general obligation and lease debt service which is recognized when due and certain sick and retirement pay which are accounted for as expenditures when expected to be liquidated with expendable financial resources.

Governmental Fund Financial Statements
Governmental fund financial statements include a Balance Sheet and a Statement of Revenues, Expenditures and Changes in Fund Balances for all major governmental funds and non-major funds aggregated. The District only has a general fund, therefore no reconciliations are necessary to combine or eliminate interfund balances. An accompanying schedule is presented to reconcile and explain the differences in fund balances as presented in these statements to the net position presented in the Government-wide financial statements. The District has presented all major funds that meet the applicable criteria.

General Fund
This fund records financial transactions for the regular operations of the District. All revenues and expenditures not allocated by law or contractual agreement to a special fund are accounted for in this fund. The general fund is the only fund of the District.

Note 1 - Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents
Cash on hand, cash in the bank and all highly liquid investments with a maturity of three months or less when purchased or subject to withdrawal, are considered to be cash and cash equivalents.

Cash and cash equivalents are subject to Colorado State statutes as described in Note 3.

Receivables
All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Capital Assets
All capital assets are capitalized at cost or estimated historical cost. Donated assets are recorded at fair market value at the time of donation. The costs of normal maintenance, repairs and minor renovations are recorded as expenditures when incurred. Major additions and improvements are capitalized. The proceeds from the sale of assets used in the operations of the governmental fund types are recorded as revenues in the appropriate fund. The District does not capitalize interest on the construction of capital assets. The District maintains a capitalization threshold of $1,000.

Capital assets are depreciated using the straight-line method over the estimated useful lives of the assets. Depreciation of all capital assets used in governmental activities and by proprietary funds is charged as an expense against their operations. Depreciation is recorded starting in the month the asset is placed in service. Estimated useful lives are as follows:

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

Buildings and improvements	20 - 50 years
Equipment	5 - 15 years
Vehicles	5 - 15 years

Land and related improvements are not depreciated and assets under construction are not depreciated until they become available for service.

Accounts Payable
Accounts payable represents obligations due to vendors for goods delivered or services rendered prior to December 31, 2025.

Property Taxes
Each county is responsible for assessing, collecting, and distributing property taxes in accordance with enabling state legislation. Property taxes are levied on January 1 based on the assessed value of property as listed on the previous June 30. Levied taxes are payable in two equal installments before the last day of February and the 15th day of June or in one full payment before the last day of April.

Property taxes which have been levied for 2025 which will not be collected until 2025 have been accrued as a receivable at December 31, 2025. An offsetting liability for deferred inflows of resources - unearned property tax revenue has been recorded on the statement of net position.

Note 1 - Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources

In addition to assets and liabilities, the statement of net position and/or balance sheets will sometimes report separate sections for deferred outflows of resources and deferred inflows of resources. A deferred outflow of resources is a consumption of net assets by the District that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net assets by the District that is applicable to future reporting periods. Both deferred inflow and deferred outflows are reported in the statement of net position but are not reported as revenue or expenditures until the period(s) to which they relate.

The District reports deferred outflows and deferred inflows for amounts related to pension. The pension amounts consist of several components and are more fully described in Note 10.

Property tax revenue is considered a deferred inflow of resources in the year the taxes are levied and measurable, and are recognized as an inflow of resources in the period they are collected.

Leases

In June 2017, the GASB issued GASB Statement No. 87, *Leases*. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the principal that leases are financings of the right to use an underlying asset. Under this standard, a lease is required to recognize a liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The District currently has no leases that require application of this standard.

SBITA

In May 2020, the GASB issued GASB Statement No. 96, *Subscription-Based Information Technology Arrangments (SBITA)*. This standard requires the recognition of a right-to-use subscription, an intangible asset, and a corresponding liability. A subscription liability is recognized at the commencement of the subscription term, which is when the subscription asset is placed into service. The subscription liability is initially measured at present value of subscription payments expected to be made during the subscription term. Future payments are discounted using the interest rate that the SBITA vendor charges the government, which may be implicit, or the District's incremental borrowing rate if the interest rate is not readily determinable. Amortization of the discount is recognized as an outflow of resources in subsequent reporting periods. The asset is measured as the sum of the initial liability, payments made to the vendor before commencement of the subscription term, and capitalizable implementation costs, less any incentives received. Amortization of the asset is recognized as an outflow of resources over the subscription term. The District currently has no arrangements that require application of this standard.

Compensated Absences

The District affords vacation benefits to full time employees. These benefits are earned based upon the length of service and accumulation is limited to a maximum of 20 to 30 days depending on length of service. Accrued vacation is paid to employees upon termination of employment. Total accrued vacation for 2025 in the amount of $18,195 is included in the government-wide financial statements.

The District also affords sick leave benefits to employees. These benefits are earned based upon the length of service and accumulation is limited to 50 days. Accrued sick leave is not payable upon termination of employment.

Amounts recognized as expenditures on the fund financial statements are those which have been paid in the current year or are expected to be liquidated with currently available expendable financial resources.

Note 1 - Summary of Significant Accounting Policies (Continued)

Government-wide Net Position

Government-wide net position is divided into three components:

- Invested in capital assets, net of related debt - consists of the historical cost of capital assets less accumulated depreciation and less any debt that remains outstanding that was used to finance those assets.

- Restricted net position - consists of net position that is restricted by the District's creditors (for example, through debt covenants), by the state enabling legislation (through restrictions on shared revenues), by grantors, (both federal and state), and by other contributors.

- Unrestricted - all other net position is reported in this category.

Governmental Fund Balances

In the fund financial statements the following classifications describe the relative strength of the spending constraints.

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as inventory) or is legally or contractually required to be maintained intact.

- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by the District's highest level of decision making authority, the Board of Directors, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board of Directors.

- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board of Directors or other individuals authorized to assign funds to be used for a specific purpose. Assigned fund balance in special revenue funds will also include any remaining fund balance that is not restricted or committed. This classification is necessary to indicate that those funds are, at a minimum intended to be used for the purpose of that particular fund.

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. The District will only report a positive unassigned fund balance in the General Fund.

If both restricted and unrestricted amounts of fund balance are available for use when an expenditure is incurred, it is District policy to use restricted amounts first. Unrestricted fund balance will be used in the following order; committed, assigned and unassigned.

Budgets and Budgetary Data

Formal budgetary accounting is employed as a management control tool for the District. Budgets are prepared on the modified accrual basis of accounting for all government fund types. Annual operating budgets are adopted each fiscal year through passage of an annual budget resolution. The Board of the District may amend the adopted budget during the year by passing a new resolution to reflect current needs, changing conditions, or revised estimates. The budgetary amounts presented in the accompanying financial statements/schedules reflect original and most recent amended amounts which were adopted in accordance with the appropriate provisions of state law.

Note 1 - Summary of Significant Accounting Policies (Continued)

Budgets and Budgetary Data (Continued)

Encumbrance accounting is not employed as part of the budgetary process. Encumbrance accounting allows a governmental entity to account for open purchase orders (purchase orders for which the underlying goods or services have not been received before the end of an accounting period) as expenditures against the budget of that accounting period. All unencumbered budget appropriations lapse at the end of the year.

Differences between the budgetary reporting basis and the generally accepted accounting principles (GAAP) basis used to reflect actual revenues and expenses are described as follows.

1. Depreciation, amortization, and unrealized gains or losses on investments are not recognized on the budgetary basis and are treated as expenses on the GAAP basis.

2. Debt proceeds are treated as revenue and debt repayments and capital expenditures are treated as expenditures on the budgetary basis. Debt proceeds are not treated as revenue and debt repayments and capital expenditures are not treated as expenses on the GAAP basis.

Use of Estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from those estimates.

Recent Accounting Pronouncements

In June 2022, the GASB issued Statement 100, *Accounting Changes and Errors Corrections.* This standard enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The District adopted the standard on January 1, 2024 and it did not have a material impact on the District's financial statements.

In June 2022, the GASB issued GASB Statement No. 101, *Compensated Absences.* This standard updates the recognition and measurement guidance for compensated absences by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The District adopted the standard on January 1, 2024. There was no effect on beginning net position.

GASB Statement No. 102, *Certain Risk Disclosures.* This statement will provide users of government financial statements with essential information about risk related to a government's vulnerabilities due to certain concentrations or constraints. The District adopted this standard on January 1, 2025, using the facts and circumstance in place at the time of adoption. The implementation of this statement did not affect beginning net position.

Note 2 - Stewardship, Compliance, And Accountability

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 carries commercial insurance for such risks, including workers' compensation and accident insurance. Settled claims resulting from these risks did not exceed commercial insurance coverage during 2025.

Note 2 - Stewardship, Compliance, And Accountability (Continued)

Tax, Revenue, Spending and Debt Limitation

In November, 1992 Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR imposes tax raising, revenue, spending and debt limitations on local government entities within the State of Colorado. These limitations became effective for the first fiscal year beginning after December 31, 1992. The District believes it is in compliance with the tax raising, revenue, spending, debt and other limitations.

In addition to the tax raising, revenue, spending and debt limitation provisions of TABOR, there is also a requirement that every entity to which TABOR applies establish an "emergency reserve". To be used for declared emergencies only, each entity must reserve 3% or more of its fiscal year spending excluding bonded debt service. For the year ended December 31, 2025, the District's reserve requirement was approximately $28,200.

Expenditures in Excess of Budget Amounts

During the year ended December 31, 2025, the District had expenditures which exceeded budgeted amounts, which may be a violation of Colorado Local Government Budget Law:

	Budget	Actual	Actual Over Budget
Total expenditures	$ 2,911,322	$ 3,333,658	$ (422,336)

Federal and State Grants

Federal and State grants are subject to audit by the grantor agencies and any adjustments may become a liability of the appropriate fund. Management believes these adjustments, if any, will not materially affect the District's results of operations or financial position.

Note 3 - Cash Deposits

Deposits

The Colorado Public Deposit Protection Act, (PDPA) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured 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 policy for custodial risk parallels Colorado statutes. A summary of cash and deposits held at year end follows:

Cash and Deposits	Carrying Amounts	Less Than One Year	Less Than Five Years
Deposits			
Cash	$ 134,130	$ 134,130	$ -

Note 4 - Accounts and Other Receivables

Tax receivable consist of taxes which are due but will not be collected until 2026. Accounts receivable consist mainly of fire payments and emergency medical services that were earned in 2025 but will not be collected until 2026. Receivables are reported net of allowance for uncollectible accounts. Allowances are reported when accounts are proven to be uncollectible. Allowance for doubtful accounts netted with accounts receivable was $6,178 in 2025. As of December 31, 2025, these receivables are considered both measurable and available.

General Fund	
Property taxes	$ 452,919
Grants	233,832
Accounts receivable - net of allowance	18,348
Total	$ 705,099

Note 5 - Change in Capital Assets

The following is a summary of the changes in capital assets:

Governmental Activities	Balance 1-1-25	Additions	Deletions	Balance 12-31-25
Non-Depreciable Assets:				
Land	$ 30,000	$ -	$ -	$ 30,000
Depreciable Assets:				
Buildings and improvements	2,884,722	14,975	-	2,899,697
Machinery and equipment	1,169,043	480,079	22,000	1,627,122
Furniture and fixtures	20,972	5,597	-	26,569
Total Depreciable Assets	4,074,737	500,651	22,000	4,553,388
Less: Accumulated depreciation for:				
Buildings and improvements	607,174	101,580	-	708,754
Machinery and equipment	928,508	84,593	18,173	994,928
Furniture and fixtures	13,613	1,697	-	15,310
Total Accumulated Depreciation	1,549,295	187,870	18,173	1,718,992
Total Capital Assets, Net	$ 2,555,442	$ 312,781	$ 3,827	$ 2,864,396

Depreciation expense by function:	
General Government	$ 1,697
Public Safety	186,172
	$ 187,869

Note 6 - Line of Credit

The District initiated a line of credit on November 19, 2025 with Bank of the San Juans in the amount of $200,000. The maturity date is August 19, 2026. The interest rate is adjustable to the indexed rate as published in the Wall Street Journal plus 2%. The current rate is 9.00%. The outstanding balance at December 31, 2025 is $140,000.

Note 7 - Long-Term Liabilities

The following summary of changes in long-term liabilities reported in the government-wide financial statements:

	Balance at 1-1-2025	Additions	Reductions	Balance at 12-31-2025	Due in One Year
Note Payable	$ 1,581,105	$ -	$ 66,002	$ 1,515,103	$ 68,148
Finance Lease	44,870	300,438	16,823	328,485	66,214
Compensated Absences	21,600	-	3,405	18,195	17,001
Total Long Term Liabilities	$ 1,647,575	$ 300,438	$ 86,230	$ 1,861,783	$ 151,363

The following is a description of each individual long-term liability:

Bank of the San Juans - Building Construction Note Payable $1,988,314 note payable for construction of new fire station with Bank of the San Juans payable over 25 annual installments of $117,389 at 3.25% interest ending July 2042.	$ 1,515,103
Community First National Bank $52,400 finance lease for new cascade system payable over 7 annual installments of $9,177.62 at 6.20% interest ending June 2030.	38,467
$241,250 finance lease for new Weis Fire quick attack truck payable over 5 annual installments of $55,018.68 at 5.484% interest ending April 2030.	241,250
$59,188 finance lease for 2025 Chevrolet Silverado 2500 payable over 5 annual installments of $14,198 at 6.384% interest ending November 2029.	48,768
Compensated Absences - Accumulated vacation and sick leave for eligible employees.	18,195
Total	$ 1,861,783

The following schedule reflects the debt service requirements to maturity of the District's governmental activities:

Year ending December 31,	Principal	Interest	Total
2026	$ 134,362	$ 61,421	$ 195,783
2027	133,813	61,970	195,783
2028	139,736	56,047	195,783
2029	145,943	49,840	195,783
2030	138,250	43,335	181,585
2031-2035	426,675	160,269	586,944
2036-2040	500,665	86,279	586,944
2041-2042	224,144	10,991	235,135
Compensated Absences	18,195	-	18,195
Total	$ 1,861,783	$ 530,152	$ 2,391,935

Note 8 - Net Position and Fund Balance Classifications

The specific purposes for each Net Position classification on the Statement of Financial Position are detailed in the table below:

	Investment in Capital Assets	Restricted	Unrestricted	Totals
General Fund	$ 1,020,808	$ 32,596	$ 51,177	$ 1,104,581

The specific purposes for each fund balance classification on the balance sheet are detailed in the table below:

	Fund Balances			
	Restricted			
	Tabor	Debt Service	Unassigned	Totals
General Fund	$ 28,200	$ 4,396	$ 26,576	$ 59,172

Note 9 - Prior Period Adjustment

The District determined that the interest accrual as of December 31, 2024 was overstated. The effect of the restatement was to decrease accrued interest, increase unrestricted net position and decrease debt-service interest expense by $76,732 for December 31, 2024.

Beginning net position - December 31, 2023	$ 1,009,965
Change in net position	(95,228)
Prior period adjustment	76,732
Beginning net position-December 31, 2024, as restated	$ 991,469

Note 10 - Firemen's Pension Plan

Summary of Significant Accounting Policies

For purposes of measuring the liability / (asset), deferred outflows of resources and deferred inflows of resources, and expense associated with the District's requirement to contribute to the Colorado Fire & Police Pension Association (FPPA) Pension Plan, information about FPPA's fiduciary net position and additions to/deductions from FPPA's fiduciary net position have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments (including refunds of contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

General Information about the Pension Plan

Plan Description

The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan. The Plan is administered by the Fire & Police Pension Association of Colorado (FPPA). FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at http://www.FPPAco.org.

Benefits Provided

A member is eligible for a retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

Note 10 - Firemen's Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Benefits Provided (Continued)

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

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

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020 legislation was enacted to increase the member contribution rate to the Plan beginning in 2021. Employer contribution rates will increase .5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22 percent.

Contributions from members and employers of plans reentering the system are established by resolution and approved by the FPPA Board of Directors.

The continuing rate of contribution for reentry group is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, them employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases .5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent. Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2024, the total combined member and employer rate was 11 percent.

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2025, the District reported a liability of $0 for its proportionate share of the net pension liability / asset. The net pension asset was measured as of December 31, 2024, and the total pension liability / asset used to calculate the net pension liability / asset was determined by an actuarial valuation as of that date. The District's proportion of the net pension liability / asset was based on a projection of the District's long-term share of contributions to the pension plan relative to the contributions of the District and all participants, actuarially determined. At December 31, 2024, the District's portion was 0.014955%. As a result of its requirement to contribute to FPPA, the District recognized expense of $16,397 for the year ended December 31, 2025.

Note 10 - Firemen's Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Pension Liabilities, Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources from the following sources as a result of its requirement to contribute to FPPA:

	Deferred Outflows of Resources	Deferred Inflows or Resources
Difference between expected and actual experience	$ 35,938	$ (1,124)
Changes in assumptions	12,862	-
Net difference between projected and actual earnings on pension plan investments	5,105	-
Changes in proportion and differences between District contributions and proportionate share of contributions	(10,827)	-
District contributions subsequent to the measurement date	24,860	-
Total	$ 67,938	$ (1,124)

Deferred outflows and inflows will be recognized in pension expense in future years as follows:

Year ending December 31:	
2026	$ 29,912
2027	5,052
2028	5,052
2029	5,052
2030	5,052
Thereafter	16,694
Total	$ 66,814

Actuarial Methods and Assumptions

In the January 1, 2024 actuarial valuation, the actuarial assumptions included:

Actuarial cost method	Entry age normal
Amortization method	Level % of payroll, open
Amortization period	30 years
Long-term Investment Rate of Return	7.0%
Projected Salary Increases	4.25% - 11.75%
Cost of Living Adjustments (COLA)	0.0%
Inflation	2.5%

For determining the total pension liability and the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumptions use Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale.

Note 10 - Firemen's Pension Plan (Continued)

General Information about the Pension Plan (Continued)
Actuarial Methods and Assumptions (Continued)
The pre-retirement non-duty mortality tables are adjusted to 60% multiplier of the MP-2020 mortality for active employees. The on-duty mortality rate is 0.00015.

At lease 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 meetings, 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 on 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 were 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 (assuming 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%**	

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 SWDB 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.

As of the measurement period ending December 31, 2024, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new 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.

Note 10 - Firemen's Pension Plan (Continued)

General Information about the Pension Plan (Continued)

Discount Rate

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with and 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 purposes of this valuation, the expected rate of return on pension plan investments is 7.00%; 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 Single Discount Rate is 7.00%.

Sensitivity of the District's proportionate share of the net pension asset to changes in the discount rate

The following presents the District's proportionate share of the net pension asset, calculated using a Single Discount Rate of 7.00%; as well as what the plan's net position liability would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease 6.0%	Current Single Discount Rate Assumption 7.0%	1% Increase 8.0%
District's proportionate share of the net pension liability	$ (61,586)	$ -	$ -

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

BEULAH FIRE PROTECTION & AMBULANCE DISTRICT

Last 10 Fiscal Years

	2025	2024	2023	2022	2021
District's proportion of the net pension liability	0.014955%	0.010983%	0.012248%	0.011434%	0.011610%
District's proportionate share of the net pension liability / (asset)	$ -	$ -	$ 10,871	$ (47,951)	$ (11,191)
District's covered payroll	$ 238,192	$ 163,070	$ 113,975	$ 106,773	$ 92,046
District's proportionate share of the net pension liabiltiy / (asset) as a percentage of its covered payroll	0.00%	0.00%	9.54%	-44.91%	-12.16%
Plan fiduciary net position as a percentage of the total pension asset	0.00%	0.00%	0.00%	116.20%	106.70%

	2020	2019	2018	2017
District's proportion of the net pension liability	0.008173%	0.008731%	0.009708%	0.010669%
District's proportionate share of the net pension liability / (asset)	$ 9,392	$ 25,053	$ 45	$ 17,867
District's covered payroll	$ 93,250	$ 60,243	$ 56,784	$ 54,600
District's proportionate share of the net pension liabiltiy / (asset) as a percentage of its covered payroll	10.07%	41.59%	0.08%	32.72%
Plan fiduciary net position as a percentage of the total pension asset	101.90%	95.20%	106.30%	98.21%

The amounts presented for each fiscal year were determined as of December 31.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

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

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
BEULAH FIRE PROTECTION & AMBULANCE DISTRICT
Last 10 Fiscal Years

	2025	2024	2023	2022	2021
Contractually required contribution	$ 16,307	$ 10,251	$ 9,590	$ 7,824	$ 7,460
Contributions in relation to the contractually required contribution	(16,307)	(10,251)	(9,590)	(7,824)	(7,460)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 238,192	$ 163,070	$ 113,975	$ 92,046	$ 93,250
Contributions as a percentage of covered payroll	6.85%	6.29%	8.41%	8.50%	8.00%

	2020	2019	2018	2017
Contractually required contribution	$ 4,819	$ 4,679	$ 4,543	$ 4,368
Contributions in relation to the contractually required contribution	(4,819)	(4,679)	(4,543)	(4,368)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 60,243	$ 58,488	$ 56,784	$ 54,600
Contributions as a percentage of covered payroll	8.00%	8.00%	8.00%	8.00%

The amounts presented for each fiscal year were determined as of December 31.

The schedule is presented to show information for ten years. Until information for the full ten year period is available, information will be presented for the years it is available.

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET TO ACTUAL - GENERAL FUND
BEULAH FIRE PROTECTION & AMBULANCE DISTRICT
For the Year Ended December 31, 2025

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
General property taxes	$ 403,790	$ 402,442	$ 404,093	$ 1,651
Specific ownership taxes	24,000	30,659	31,536	877
Charges for services	93,000	216,445	208,245	(8,200)
Investment income	5	5	7	2
Grants	-	41,624	36,999	(4,625)
CWDG Grant Income	1,552,557	2,139,531	2,281,984	142,453
Donations	5,000	6,417	7,417	1,000
Gain/(loss) on sale of assets	-	29,977	29,977	-
Loan	-	13,290	-	(13,290)
In-Kind Donation	4,500	4,500	30,349	25,849
EMS Billing - Billed	8,000	8,000	-	(8,000)
Reimbursements	-	18,432	13,432	(5,000)
Total Revenues	2,090,852	2,911,322	3,044,039	132,717
Expenditures				
Professional expenses	36,357	81,489	36,296	45,193
Department expenses & supplies	1,649,803	2,134,601	1,999,112	135,489
Administration	124,137	304,219	545,146	(240,927)
Insurance	41,922	42,100	42,100	-
Office expense	45,000	49,538	43,752	5,786
Public outreach	2,500	2,063	2,063	-
Debt Service	117,389	117,389	147,624	(30,235)
Capital outlay	12,500	81,097	500,651	(419,554)
Contingency Line	10,000	12,793	16,914	(4,121)
Savings	35,620	70,239	-	70,239
Emergency reserve	15,624	15,794	-	15,794
Total Expenditures	2,090,852	2,911,322	3,333,658	(422,336)
Excess of Revenue Over (Under) Expenditures	-	-	(289,619)	(289,619)
Other Finance Sources (Uses)				
Proceeds from lease	-	-	300,438	(300,438)
Net Change in Fund Balance	-	-	10,819	(590,057)
Fund Balance - Beginning	-	-	48,353	48,353
Fund Balance - Ending	$ -	$ -	$ 59,172	$ 59,172

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

ADDITIONAL REPORTS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
BEULAH FIRE PROTECTION & AMBULANCE DISTRICT
For the Year Ended December 31, 2025

	Federal CFDA Number	Federal Expenditures
U.S. Department of Agriculture		
Passed through Colorado State Forest Service:		
Community Wildfire Defense Grants	10.720	$ 2,281,952
TOTAL FEDERAL ASSISTANCE		$ 2,281,952

Note A - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Beulah Fire Protection & Ambulance District under programs of the federal government for the year ended December 31, 2025. The information in the Schedule is presented in accordance with the requirements of title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the County, it is not intended to and does not present the financial position, changes in net position, or cash flows of the County.

Note B - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Such expenditures are recognized following cost principles contained in the Uniform Guidance and/or OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments,* wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Costs

The District has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note D - Risk Based Audit Approach

The dollar threshold used to distinguish between Type A and Type B programs if $1,000,000. The District does not qualify as a low-risk auditee.

Garren, Ross & DeNardo, Inc.

CERTIFIED PUBLIC ACCOUNTANTS

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September 24, 2026

Board of Directors
Beulah Fire Protection & Ambulance District
Beulah, Colorado

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of Beulah Fire Protection & Ambulance District, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise Beulah Fire Protection & Ambulance District's basic financial statements, and have issued our report thereon dated September 24, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Beulah Fire Protection & Ambulance District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Beulah Fire Protection & Ambulance District's internal control. Accordingly, we do not express an opinion on the effectiveness of Beulah Fire Protection & Ambulance District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weakness. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025-01 through 2025-02 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Beulah Fire Protection & Ambulance District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with the *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Garren, Ross & DiNardo, Inc.

Garren, Ross & DeNardo, Inc.

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September 24, 2026

Board of Directors
Beulah Fire Protection & Ambulance District
Beulah, Colorado

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Beulah Fire Protection & Ambulance District's compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of Beulah Fire Protection & Ambulance District's major federal programs for the year ended December 31, 2025. Beulah Fire Protection & Ambulance District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Beulah Fire Protection & Ambulance District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Beulah Fire Protection & Ambulance District and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of Beulah Fire Protection & Ambulance District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contract or grant agreements applicable to Beulah Fire Protection & Ambulance District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Beulah Fire Protection & Ambulance District's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about Beulah Fire Protection & Ambulance District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Beulah Fire Protection & Ambulance District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Beulah Fire Protection & Ambulance District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing and opinion on the effectiveness of Beulah Fire Protection & Ambulance District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion of the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Darren, Ross & DeMardo, Inc.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Beulah Fire Protection & Ambulance District
For the year ended December 31, 2025

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____yes	_x_no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	_x_yes	____no
Noncompliance material to financial statements noted?	____yes	_x_no
Federal Awards		
Internal control over major programs:		
• Material weakness(es) identified?	____yes	_x_no
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____yes	_x_no
Type of auditor's reported issued on compliance for major programs:	Unmodified	
Any audit findings disclosed that are required to reported in accordance with 2 CFR 200.516(a)?	____yes	_x_no

CFDA Number(s)	Name of Federal Program or Cluster
10.720	Community Wildfire Defense Grants

Dollar threshold used to distinguish between type A and type B programs:	$ 1,000,000	
Auditee qualified as low-risk auditee?	____yes	_x_no

SECTION II - FINANCIAL STATEMENT FINDINGS

Significant Deficiencies

2025-01 Some accounts of the District are not recorded or updated

Condition and Context:
Currently some fixed asset accounts and some long-term debt accounts are recorded in the general ledger, however the balances are not adjusted to the current balances and some accounts are not recorded.

Criteria:
Each government fund type should have its own self-balancing accounts.

Cause:
The general fund, general fixed assets fund, and the general long-term debt funds should not be accounted for in the same general ledger.

Effect:
The district should record all accounts and adjust to current balances annually or record that activity in separate funds.

SECTION II - FINANCIAL STATEMENT FINDINGS (Continued)

2025-01 Consideration to Adopt a Comprehensive Set of Written Policies and Procedures (Continued)

Recommendation:
The district should record all accounts and adjust to current balances annually or record that activity in separate funds.

Response:
The district will work on recording all activity and all balances.

2025-02 EMS billing and related balnances not recorded on a monthly basis

Condition and Context:
Revenues related to EMS billings and the related allowance to collections should be recorded on a monthly basis as billed.

Criteria:
EMS billing receivable and allowance should be recorded and adjusted monthly.

Cause:
Revenue is only being recorded as collected.

Effect:
EMS billing receivables and allowances are not recorded.

Recommendation:
Implement and apply formal procedures record EMS billings and related allowances monthly.

Response:
The district will work on recording all activity and all balances.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None

SECTION IV - PRIOR YEAR FINDINGS

None