

East Grand Fire Protection District No. 4

Financial Statements

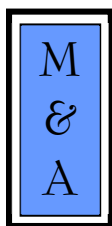
December 31, 2025



**East Grand Fire Protection District No. 4
Financial Report
December 31, 2025**

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McMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
East Grand Fire Protection District No. 4
Winter Park, CO**

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of East Grand Fire Protection District No. 4 (the "District"), as of and for the year ended December 31, 2025, which collectively comprise the District's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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 East Grand Fire Protection District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

East Grand Fire Protection District's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
East Grand Fire Protection District No. 4
Winter Park, CO

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 U.S. GAAS 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 U.S. GAAS, 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 in Section B, the Statewide Retirement Pension Trust Schedules of Funding Progress and Employer Contributions and the Volunteer Pension Schedules of Changes in Total Pension Liability and Total Pension Liability in Section E be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Management's Discussion and Analysis in Section B, the Statewide Retirement Pension Trust Schedules of Funding Progress and Employer Contributions and the Volunteer Pension Schedules of Changes in Total Pension Liability and Total Pension Liability in Section E 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.

INDEPENDENT AUDITOR'S REPORT
To the Board of Directors
East Grand Fire Protection District No. 4
Winter Park, CO

Required Supplementary Information (continued)

The individual fund budgetary comparison information in Section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such 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 U.S. GAAS. In our opinion, the information in Section E is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
Avon, Colorado
July 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS



East Grand Fire Protection District No. 4

Management's Discussion and Analysis

December 31, 2025

As management of East Grand Fire Protection District No. 4, (the "District"), we offer readers of the District's financial statements this narrative summary of the financial activities of the District for the fiscal year ended December 31, 2025. The Management's Discussion and Analysis (MD&A) should be read in conjunction with the District's basic financial statements.

Financial Highlights

- The assets and deferred outflows of resources of the District exceeded its liabilities and deferred inflows of resources at the close of its fiscal year ended December 31, 2025 by \$21,341,102. Of this amount, \$5,834,056 is unrestricted and may be used to meet the District's ongoing obligations to citizens in accordance with the District's fund designation and fiscal policies.
- The District's total net position increased by \$2,343,416 during 2025.
- As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$5,878,958. Approximately \$4,788,885, or 81% of the combined fund balances is unassigned and available for spending at the District's discretion.
- The District has one lease payable with a term of 5 years as of December 31, 2025.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's financial statements are comprised of two components: 1) Financial Statements; and 2) Notes to the Financial Statements. This report also contains required supplementary information in addition to the basic financial statements themselves. These components are discussed below.

Financial statements: The financial statements are designed to provide readers with an overview of the District's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Position presents information on all the District's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The District's financial statements can be found in section C of this report.

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 government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements. The District maintains two individual governmental funds- the General Fund and the Impact Fee fund.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the District. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

Required Supplemental Information: In addition to the basic financial statements and accompanying notes, this report also presents certain other required supplemental information. The District adopts an annual appropriated budget for its General fund and Impact Fee fund. A budgetary comparison statement has been provided for the General fund and Impact Fee fund to demonstrate compliance with the budget and can be found in section E of the report.

Financial Analysis of the District

East Grand Fire Protection District No. 4's Net Position

Assets and Deferred Outflows of Resources:	2025	2024
Current assets	\$ 10,276,594	\$ 7,167,584
Capital assets and long-term assets	16,136,569	15,889,829
Deferred outflows of resources	517,758	630,135
Total Assets and Deferred Outflows	26,930,921	23,687,548
Liabilities and Deferred Inflows of Resources:		
Current liabilities	263,222	106,848
Long-term liabilities	790,825	310,383
Deferred inflows of resources	4,535,772	4,272,631
Total Liabilities and Deferred Inflows	5,589,819	4,689,862
Net Position:		
Restricted for:		
Investment in capital assets, net of debt	15,345,556	15,889,829
Restricted for TABOR	161,490	228,433
Unrestricted	5,834,056	2,879,424
Total Net Position	\$ 21,341,102	\$ 18,997,686

A significant portion of the District's total assets reflect capital assets, which includes land, fire stations, vehicles, and equipment. The District completed construction of a new fire station during 2024.

At the end of the 2025, the District is able to report positive balances in all categories of net position. Overall, the District's total assets increased during the most recent fiscal year. Governmental Accounting Standards Board Statement No. 34 requires asset acquisitions to be capitalized and depreciated over their respective estimated useful lives. For 2025, the District reported depreciation expense in the amount of \$914,899 and capitalized asset additions totaling \$1,161,640.

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Financial Analysis of the District (continued)

East Grand Fire Protection District No. 4's Change in Net Position

Revenues:	2025	2024
Property taxes	\$ 4,078,331	\$ 4,285,654
Specific ownership taxes	204,141	189,945
Fire impact fees	1,087,999	89,255
Investment income	205,591	315,322
Miscellaneous	297,878	99,436
Total Revenues	5,873,940	4,979,612
Expenses:		
Public safety	3,530,524	2,387,146
Total Expenses	3,530,524	2,387,146
Change in Net Position	2,343,416	2,592,466
Net Position - January 1	18,997,686	16,405,220
Net Position - December 31	\$ 21,341,102	\$ 18,997,686

Property taxes, impact fees, specific ownership taxes, and interest and investment income were the most significant sources of revenues. When compared to 2024, overall revenues increased by \$894,328 in 2025. This increase is primarily caused by an increase in impact fees due to this being the first full year of the program. Expenses increased in 2025 by \$1,143,378, chiefly due to increased costs related to the new firehouse placed into service near the end of 2024. Additional details of revenues and expenses can be found in the E section of the financial statements.

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Budget Variances in the General Fund

The District did not amend its budget during the year. The following accounts had significant variances from budget:

	Final Budget	Actual	Variance Positive (Negative)	Reason
Revenues:				
Investment income	5,000	190,408	185,408	Increased yields on accounts and large unrealized gains
Expenditures:				
Firefighting	2,080,982	1,664,715	416,267	Conservative budgeting of salaries and wages
Station, buildings & grounds	505,000	221,247	283,753	Conservative budgeting
Capital outlay	800,701	172,292	628,409	Conservative budgeting for capital purchases
Contingency	3,316,662	-	3,316,662	Conservative budgeting for South Station construction

Capital Asset and Debt Administration

Capital Assets: Additional capital asset information as well as a detailed classification of the District's net capital assets can be found in the Notes to the Financial Statements in section IV. The District completed construction of its new fire station during 2024.

Long-term Debts: Additional long term debt information as well as a detailed payment schedule of the District's long term debts can be found in the Notes to the Financial Statements in section IV. The District entered into a new lease during 2025.

Next Year's Budget and Rates

The District's 2026 budget anticipates \$3,581,810 of general operating expenditures and \$6,199,025 of capital outlay expenditures from the General Fund.

Request for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the District's Administrative Offices, 77601 US Highway 40, Winter Park, CO. 80482.

GOVERNMENT-WIDE FINANCIAL STATEMENTS



East Grand Fire Protection District
Governmental Funds Balance Sheet/Statement of Net Position
December 31, 2025

	Primary Government				
	General Fund	Impact Fee Fund	Total	Adjustments	Statement of Net Position
Assets:					
Current Assets:					
Cash and investments	5,033,302	-	5,033,302	-	5,033,302
Restricted cash and investments	-	897,987	897,987	-	897,987
Property taxes receivable	4,316,326	-	4,316,326	-	4,316,326
Prepaid expenditures	28,979	-	28,979	-	28,979
Due to/from other fund	(1,617)	1,617	-	-	-
Total Current Assets	<u>9,376,990</u>	<u>899,604</u>	<u>10,276,594</u>	<u>-</u>	<u>10,276,594</u>
Non-current Assets:					
Capital assets, net of accumulated depreciation	-	-	-	16,136,569	16,136,569
Total Non-current Assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>16,136,569</u>	<u>16,136,569</u>
Total Assets	<u>9,376,990</u>	<u>899,604</u>	<u>10,276,594</u>	<u>16,136,569</u>	<u>26,413,163</u>
Deferred Outflows of Resources:					
Pension related deferred outflows	-	-	-	517,758	517,758
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>517,758</u>	<u>517,758</u>
Liabilities:					
Current Liabilities:					
Accounts payable	16,725	-	16,725	-	16,725
Accrued liabilities	64,585	-	64,585	-	64,585
Lease payable	-	-	-	181,912	181,912
Total Current Liabilities	<u>81,310</u>	<u>-</u>	<u>81,310</u>	<u>181,912</u>	<u>263,222</u>
Non-current Liabilities:					
Accrued compensated absences	-	-	-	75,459	75,459
Net pension liability - volunteer plan	-	-	-	106,265	106,265
Lease payable	-	-	-	609,101	609,101
Total Non-current Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>790,825</u>	<u>790,825</u>
Total Liabilities	<u>81,310</u>	<u>-</u>	<u>81,310</u>	<u>972,737</u>	<u>1,054,047</u>
Deferred Inflow of Resources:					
Unavailable property tax revenue	4,316,326	-	4,316,326	-	4,316,326
Pension related deferred inflows	-	-	-	219,446	219,446
Total Deferred Inflows of Resources	<u>4,316,326</u>	<u>-</u>	<u>4,316,326</u>	<u>219,446</u>	<u>4,535,772</u>
Fund Balances / Net Position:					
Fund Balances:					
Non-spendable	28,979	-	28,979	(28,979)	-
Restricted for TABOR	161,490	-	161,490	(161,490)	-
Committed	-	899,604	899,604	(899,604)	-
Unassigned	4,788,885	-	4,788,885	(4,788,885)	-
Total Fund Balances	<u>4,979,354</u>	<u>899,604</u>	<u>5,878,958</u>	<u>(5,878,958)</u>	<u>-</u>
Total Liabilities, Deferred Inflows, and Fund Balances	<u>9,376,990</u>	<u>899,604</u>	<u>10,276,594</u>		
Net Position:					
Net investment in capital assets				15,345,556	15,345,556
Restricted for emergencies				161,490	161,490
Unrestricted				5,834,056	5,834,056
Total Net Position				<u>21,341,102</u>	<u>21,341,102</u>

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

**East Grand Fire Protection District
Statement of Revenues, Expenditures and
Changes in Fund Balances/Statement of Activities
For the Year Ended December 31, 2025**

	Primary Government				
	General Fund	Impact Fee Fund	Total	Adjustments	Statement of Activities
Revenues:					
Property taxes	4,078,331	-	4,078,331	-	4,078,331
Specific ownership taxes	204,141	-	204,141	-	204,141
Impact fees	-	1,087,999	1,087,999	-	1,087,999
Investment income	190,408	15,183	205,591	-	205,591
Miscellaneous	297,878	-	297,878	-	297,878
Total Revenues	4,770,758	1,103,182	5,873,940	-	5,873,940
Expenditures/Expenses:					
Administration	530,811	-	530,811	21,865	552,676
Pension contribution	68,000	-	68,000	-	68,000
Firefighting	1,664,715	-	1,664,715	498,010	2,162,725
Training	56,443	-	56,443	-	56,443
Communications	43,685	-	43,685	-	43,685
Station, buildings & grounds	221,247	-	221,247	397,922	619,169
Debt service:					
Principal on leases	-	198,335	198,335	(198,335)	-
Interest on leases	-	27,826	27,826	-	27,826
Capital outlay	172,292	989,348	1,161,640	(1,161,640)	-
Total Expenditures/Expenses	2,757,193	1,215,509	3,972,702	(442,178)	3,530,524
Excess (Deficiency) of Revenues Over Expenditures	2,013,565	(112,327)	1,901,238	442,178	2,343,416
Other Financing Sources (Uses):					
Issuance of leases	-	989,348	989,348	(989,348)	-
Total Other Financing Sources (Uses)	-	989,348	989,348	(989,348)	-
Change in Fund Balances/Net Position:	2,013,565	877,021	2,890,586	(547,170)	2,343,416
Fund Balances/Net Position:					
Beginning of Year	2,965,789	22,583	2,988,372		18,997,686
End of Year	4,979,354	899,604	5,878,958		21,341,102

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

NOTES TO THE FINANCIAL STATEMENTS



East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

I. Summary of Significant Accounting Policies

The East Grand Fire Protection District (the "District") is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special District Act. The District was established to provide emergency and non-emergency services for the protection of life and property in eastern Grand County, Colorado.

The financial statements of the District have been prepared in conformity with U.S. generally accepted accounting principles ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the District, and (b) organizations for which the District is financially accountable. The District is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the District. Consideration is also given to other organizations which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the District. Organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The District has no component units, and it is not a component unit of any other entity.

B. Government-wide and Fund Financial Statements

The District's basic financial statements include both government-wide (reporting the District as a whole) and fund financial statements (reporting the District's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. However, the District does not have any business-type activities, only governmental activities.

1. Government-wide Financial Statements

In the Governmental Funds Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance. Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The government-wide focus is on the sustainability of the District as an entity and the change in the District's Net Position resulting from the current year's activities. The effect of interfund activity has been eliminated from the government-wide financial statements.

2. Fund Financial Statements

The *General Fund* is the District's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund. Resources restricted within this fund relate to TABOR reserve requirements (see Note III.B).

The *Impact Fee Fund* accounts for the collection of fire impact fees. In 2003, the District entered into agreements with Grand County, the Town of Fraser, and the Town of Winter Park to collect fire impact fees from new developments within the boundaries of the District. The use of impact fees is limited to acquisition or improvement of District facilities and acquisition of new equipment. This fund is considered a major special revenue fund due to its significance to the District.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental funds financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (60 days) to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exceptions to this general rule are that principal and interest on general long-term debt and expenditures related to accrued compensated absences are recognized when due.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The District's investment policy permits investments in the following type of obligations which corresponds with state statutes:

- U.S. Government Obligations
- U.S. Government Agency Obligations
- U.S. Government Instrumentality Obligations (except for Federal National Mortgage Association)
- Bank/U.S. Repurchase Agreements
- Local Government Investment Pools
- Money Market Mutual Funds
- FDIC-insured Interest-bearing accounts or checking accounts
- FDIC-insured Certificates of Deposit

2. Restricted Cash and Cash Equivalents

Certain deposits held by the District are classified as restricted assets on the balance sheet because their use is limited to the District's impact fee program.

3. Receivables

Receivables are reported net of any allowance for uncollectible accounts.

4. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental entities until the subsequent year. In accordance with GAAP, the assessed but uncollected property taxes have been recorded as a receivable and as deferred revenue.

5. Interfund Receivables and Payables

Balances at year-end between funds are reported as "due (to) / from other fund" in the fund financial statements and are eliminated in the government-wide financial statements.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets

Capital assets, which include land, fire stations and improvements, equipment, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	40
Mobile Equipment	5-25
Other Firefighting/ Training Equipment	7-15
Administrative Assets	5-7

7. Leases

The District is lessee for a noncancellable lease of equipment. The District recognizes a lease liability and an intangible right-to-use asset in the government-wide financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines the following:

Discount Rate: The District uses the interest rate charged by the lessor as the discount rate to discount the expected lease payments to present value. When the interest rate charged by the lessor is not provided, the District uses its incremental bond borrowing rate at the time of commencement.

Lease Term: The lease term includes the noncancellable period of the lease and extended term(s) that the District is reasonably certain to exercise.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Leases (continued)

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

8. Compensated Absences

The District allows its employees to accumulate sick leave based on hours worked (1 hour of sick leave awarded per 30 hours worked, up to a maximum of 48 hours per year) and vacation leave based on tenure and hours worked. Depending on tenure, employees accrue between 40 and 120 hours of vacation leave per year. Employees are allowed to carry over 262 hours of vacation and 48 hours of sick leave to the following year.

The District estimates how much of the leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences.

9. Accounts Payable and Accrued Liabilities

Accounts payable represent liabilities for goods and services received by the district that remain unpaid at December 31, 2025. All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of these funds. However, compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are "due for payment" during the current year.

10. Pensions

For purposes of measuring the net pension liability or asset, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position of the District's defined benefit pension plan and additions to/deductions from the fiduciary net position of the District's defined benefit pension plan have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

11. Deferred Outflows/Inflows of Resources (continued)

The District only has one item that qualifies for reporting in this category, the collective deferred outflows of the District's net pension obligation. Pension contributions made after the measurement date, and the net difference between projected and actual earnings will be recognized as a change of the net pension liability or asset in future periods.

In addition to liabilities, 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two types of items that qualify for reporting in this category. Unavailable revenue from property taxes, reported in the governmental balance sheet are deferred and recognized as an inflow from resources in the period that the amounts become available. Collective deferred inflows related to the District's net pension obligation are reported on the Statement of Net Position and are amortized over the average service lives of participants.

12. Fund Balance

Government accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction place upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund balance that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications, refer to Note IV.E.

13. Use of Estimates

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

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance sheet and the government-wide Statement of Net Position

The Governmental Funds Balance Sheet and the government-wide Statement of Net Position include a reconciling column. A number of elements in the reconciling column accounts for capital assets used in governmental activities that are not financial resources and, therefore, are not reported in the funds. \$23,506,090 represents the cost of capital assets at December 31, 2025. Another adjustment represents the accumulated depreciation on capital assets. The total accumulated depreciation was \$7,171,186. Additional items relate to the net pension liabilities the District is recognizing of \$517,758 and \$106,265, along with the associated deferred inflows of \$219,446. The last item is the District's accrued compensated absence liability of \$75,459.

B. Explanation of difference between the government fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenue, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities includes a reconciling column. One element of the reconciliation column accounts for governmental funds reporting capital outlay. However, in the Statement of Net Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. Depreciation expense totaled \$914,899. In addition to depreciation, the adjustments include capitalized expenses of \$1,161,640 and net pension changes of \$32,982. The adjustments also include the change in compensated absence liability of \$35,878, allocated to functions based on personnel.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the District's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles (GAAP).

- (1) For the 2025 budget, prior to October 15, 2024, the budget office submits to the board a proposed budget for the fiscal year commencing the following January 1. Upon receiving the proposed budget, the District will publish a "Notice of Budget". The operating budget includes proposed expenditures and the means of financing them. Public hearings are conducted by the board to obtain taxpayer comments.
- (2) On or before December 15, 2024, the District submits a certification of mill levy to the county commissioners; the budget is approved through passage of a formal resolution prior to the submission of the certification.
- (3) For the 2025 budget, prior to December 15, 2024, the District computed and certified to the County Commissioners a rate of a levy that derived the necessary property taxes as computed in the proposed budget.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

(4) After adoption of the budget resolution, the District may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient.

(5) All appropriations lapse at year-end.

Taxes levied in one year are collected in the succeeding year. Thus taxes certified in 2024 were collected in 2025 and taxes certified in 2025 will be collected in 2026. Taxes are due on January 1st in the year of collection; however, they may be paid in either one installment (no later than April 30th) or two equal installments (not later than February 28th and June 15th) without interest or penalty. Taxes that are not paid within the prescribed time bear interest at the rate of one percent (1%) per month until paid. Unpaid amounts and the accrued interest thereon become delinquent on June 15th.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service) for the fiscal year ended December 31, 2025. The District has reserved a portion of its December 31, 2025 year-end fund balance in the General Fund for emergencies as required under TABOR in the amount of \$161,490 which is the approximate required reserve at December 31, 2025.

The initial base for local government spending and revenue limits is December 31, 1992, fiscal year spending. Future spending and revenue limits are determined based on the prior year's fiscal year spending adjusted for inflation in the prior calendar year plus annual local growth. Fiscal year spending is generally defined as expenditures and reserve increases with certain exceptions. Revenue, if any, in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment - Revenue and Spending Limitation Amendment (continued)

On May 5, 1998, the District's electorate approved the following ballot question:
Shall the East Grand County Fire Protection District No. 4 be authorized to collect, retain, and spend, for fire protection, emergency medical and rescue purposes, all revenues collected from the District's existing property tax rate of 3.070 Mills, and from all other funds and sources, commencing January 1, 1997, and continuing thereafter as a voter-approved revenue change, offset and exception to the limits which would otherwise apply under Article X, Section 20 of the Colorado Constitution, Section 29-1-301, C.R.S. or any other law.

The District's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

The District's Impact Fee Fund's expenditures exceeded appropriated amounts in 2025. This may be a violation of state statute.

IV. Detailed Notes on All Funds

A. Deposits and Investments

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 regulators. Amounts on deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

The District had the following deposits and investments with the following maturities as of December 31, 2025:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<i>Petty cash and other</i>	Not rated	\$ 13,069	\$ 13,069	\$ -
<i>Deposits:</i>				
Checking and depository	Not rated	115,938	115,938	-
<i>Investments:</i>				
Certificates of Deposit	Not rated	730,053	490,000	240,053
Colorado Pools	AAAm	4,124,592	4,124,592	-
Taxable Debt securities	AA+	947,637	310,841	636,796
		<u>\$ 5,931,289</u>	<u>\$ 5,054,440</u>	<u>\$ 876,849</u>

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2025, pursuant to its agreements with Grand County, the Town of Fraser, and the Town of Winter Park, the District has restricted \$897,987 in its impact fee fund. The use of impact fees is limited to acquisition or improvement of District facilities and acquisition of new equipment.

Fair Value of Investments

The District measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

Level 1: Quoted prices for identical investments in active markets;

Level 2: Observable inputs other than quoted market prices; and,

Level 3: Unobservable inputs.

During 2025, the District recorded \$190,408 of interest and investment income, which includes interest received, unrealized gains and losses, and realized gains and losses. During 2025, the District had unrealized gains of \$49,551. The District earned \$140,857 in interest income during 2025. The District had the following recurring fair value measurements:

Investments Measured at Fair Value	Total	Fair Value Measurement		
		Level 1	Level 2	Level 3
Certificates of deposits	\$ 730,053	\$ -	\$ 730,053	\$ -
U.S. Agencies	947,637	947,637	-	-
Total	\$ 1,677,690	\$ 947,637	\$ 730,053	\$ -

Investments Measured at Net Asset Value	Total
Colotrust	\$ 4,124,592
Total	\$ 4,124,592

The Investment Pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The District is invested in Colotrust+, which offers daily liquidity and a rating of AAAm. The District has no regulatory oversight for the pool. At December 31, 2025, the District's investment in COLOTRUST was 70% of the District's investment portfolio.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, the District diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The District coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length on maturities, the District has limited its interest rate risk.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Credit Risk. State law and District policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The District's investment policy is to follow statutes which is to apply the prudent-person rule: Investments are made as a prudent person would expect to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative statements.

Concentration of Credit Risk. The District diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are implicitly insured by the U.S. Federal Government and meet the AA+ rating. Financial institutions holding District funds must provide the District with a statement of collateral in the form of a listing of securities pledged, and a copy of the certificate from the Banking Authority that states that the institution is an eligible depository.

B. Receivables

The District has the following receivables, net of applicable uncollectible accounts:

	<u>General Fund</u>	<u>Impact Fee Fund</u>	<u>Total</u>
Property taxes, net	\$ 4,316,326	-	\$ 4,316,326
Net receivables on fund(s)	<u>\$ 4,316,326</u>	<u>-</u>	<u>\$ 4,316,326</u>

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East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 175,070	-	-	\$ 175,070
Construction in progress	-	87,769	(77,968)	9,801
Total capital assets, not being depreciated	<u>175,070</u>	<u>87,769</u>	<u>(77,968)</u>	<u>184,871</u>
Capital assets, being depreciated:				
Buildings and improvements	16,300,905	77,968	-	16,378,873
Vehicles	4,920,820	-	-	4,920,820
Equipment	947,655	84,523	-	1,032,178
Lease vehicles	-	989,348	-	989,348
Total capital assets being depreciated	<u>22,169,380</u>	<u>1,151,839</u>	<u>-</u>	<u>23,321,219</u>
Less accumulated depreciation:				
Buildings and improvements	(2,980,358)	(397,922)	-	(3,378,280)
Vehicles	(2,782,770)	(242,515)	-	(3,025,285)
Equipment	(691,494)	(76,127)	-	(767,621)
Lease vehicles:	-	(198,335)	-	(198,335)
Total accumulated depreciation	<u>(6,454,622)</u>	<u>(914,899)</u>	<u>-</u>	<u>(7,369,521)</u>
Total capital assets, being depreciated, net	<u>15,714,758</u>	<u>236,940</u>	<u>-</u>	<u>15,951,698</u>
Total Capital Assets, Net	<u>\$ 15,889,828</u>	<u>324,709</u>	<u>(77,968)</u>	<u>\$ 16,136,569</u>

Depreciation (and amortization of lease assets) expense was charged to functions of the District as follows:

General and administrative	\$ 16,481
Fire and rescue services	500,496
Station, buildings, & grounds	<u>397,922</u>
Total Depreciation Expense	<u>\$ 914,899</u>

D. Leases Payable

Related to lease assets, the District has the following outstanding agreement as of December 31, 2025:

Timberwolf Equipment Lease: In 2025, the District entered into a five-year equipment lease-purchase agreement as lessee with Community First National Bank for one new Rosenbauer Timberwolf (Demo). The agreement financed \$989,348 and calls for five fixed annual lease payments of \$226,161, due each July 15, with payments scheduled from July 15, 2025 through July 15, 2029. The agreement includes a purchase option, with the purchase option price declining to \$0 at the final scheduled payment date. No variable lease payments were noted in the payment schedule.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

D. Leases Payable (continued)

Lease asset payment requirements at December 31, 2025 were as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	181,912	44,249	226,161
2027	192,088	34,073	226,161
2028	202,833	23,328	226,161
2029	214,180	11,981	226,161
Total	<u>791,013</u>	<u>113,631</u>	<u>904,644</u>

The District recognized the following lease expenses under long-term leases during the year:

	<u>Impact Fund</u>	<u>Total</u>
Lease expenses:		
Principal	198,335	198,335
Interest	<u>27,826</u>	<u>27,826</u>
Total	<u>226,161</u>	<u>226,161</u>

E. Long-term Liabilities

The District had the following changes in long-term obligations for the year ended December 31, 2025:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Leases payable	-	989,348	(198,335)	791,013	181,912
Compensated absences	39,581	35,878	-	75,459	18,865
Total	<u>39,581</u>	<u>1,025,226</u>	<u>(198,335)</u>	<u>866,472</u>	<u>200,777</u>

The change in compensated absence liability is presented as a net change.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Fund Balance Disclosure

The District classified governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, etc.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The General Fund had funds restricted by law for emergencies under Colorado's TABOR amendment.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority, which is the Board of the District.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted nor committed. Fund Balance may be assigned by the Board of the District or its management designees.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The District uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the District would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The District does not have an adopted minimum fund balance policy; however, the District's budget includes calculations of targeted reserve positions, which is reported annually to the Board of the District.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

1. FPPA Statewide Retirement Plan

Plan Description. The Statewide Retirement Plan (the "Plan") is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 230 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows departments who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2003, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

The plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan ("DROP") assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7 percent.

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

The Plan is administered by the Fire & Police Pension Association of Colorado ("FPPA"). FPPA issues a publicly available annual comprehensive financial report that can be obtained on FPPA's website at <http://www.FPPAco.org>.

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

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

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

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Description of Benefits (continued)

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

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

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to ten 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 non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

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 contribute 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 2023, the total combined member and employer contribution rate was 21.5 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2023, the total minimum required member and employer contribution rate was 21.7 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 2023, the total combined member and employer contribution rate was 10.75 percent.

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2023, the total minimum combined member and employer contribution rate was 16.25 percent.

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 is 14.24 percent. The Hybrid Defined Benefit Component contribution rate from January 1, 2023 through June 30, 2023 was 13.90 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Contributions (continued)

Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

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

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Net Pension Liability At December 31, 2025, the District reported a balance of \$0 for its proportionate share of the net pension liability. The net pension asset/liability was measured as of December 31, 2024, and the total pension used to calculate the net pension was determined by an actuarial valuation as of January 1, 2025. The District proportion of the net pension was based on District contributions to the SDBP for the calendar year 2024 relative to the total contributions of participating employers to the SDBP.

At December 31, 2025, the District proportion was 0.058062% as compared to 0.055157% at December 31, 2024.

For the year ended December 31, 2025, the District recognized pension expense of \$107,179. 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

Net differences between projected and actual earnings on pension plan investments	\$ 19,820
Changes in pension assumptions	49,933
Changes in pension experience difference	139,521
Changes in proportionate share of contributions	15,572
Contributions subsequent to measurement date	63,307
	<u>\$ 288,153</u>

Deferred Inflows of Resources

Differences between proportionate share	\$ 34,589
Differences between actual and expected experience	4,365
	<u>\$ 38,954</u>

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Net Pension Liability (continued)

Contributions subsequent to the measurement date of December 31, 2024, reported as deferred outflows of resources related to pensions, will be recognized as a reduction of net pension liability in the year ended December 31, 2026. The following table presents the Plan's net amount of collected deferred inflows and outflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

Year ending December 31:

2026	\$ 55,724
2027	82,954
2028	4,347
2029	5,996
2030	15,260
Thereafter	21,611
	<u>\$ 185,892</u>

Actuarial assumptions: The actuarial valuations for the Plan were used to determine the total pension liability and actuarially determined contributions. The valuations used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % Payroll, Open
Amortization Period	N/A	30 Years
Long-term investment rate *	7.0%	7.0%
Projected Salary Increases	4.25% to 11.25%	4.25% - 11.25%
Cost of Living Adjustments	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.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Actuarial Assumptions (continued)

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 2022 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Company, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2023. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (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, 2023 are summarized in the following table:

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

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

Actuarial Assumptions (continued)

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.

As of the measurement period ending December 31, 2023, 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.

Discount Rate. Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.77% (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%.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

1. FPPA Statewide Retirement Plan (continued)

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

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1 % Increase (8.0%)
Collective net pension liability (asset)	\$ 487,991,030	\$ -	\$ -
Proportionate share of net pension liability (asset)	\$ 269,160	\$ -	\$ -

Pension plan fiduciary net position. Detailed information about the SRP's fiduciary net position is available in FPPA's comprehensive annual financial report which can be obtained at http://www.fppaco.org/annual_reports.htm.

There were no contributions payable by the District at December 31, 2025.

2. Volunteer Fire and Police Pension Plan

Plan Description The District is trustee of a single-employer defined benefit pension plan available to provide retirement income for all volunteer firefighters in recognition of their service to the District. FPPA administers an agent multiple-employer Public Employee Retirement System ("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 administration and investment only.

The Plan provides retirement benefits, survivor benefits, and funeral benefits. The normal age and service requirement is the latest date a volunteer reaches 50 years of age and 20 years of service. Firefighters with 10 to 20 years of service are eligible for partial retirement benefits. Upon death, the surviving spouse receives a monthly pension equal to 50% of the benefit previously received, payable until death. As of January 1, 2023, the latest actuarial valuation date, there were 32 active members, 35 retirees and beneficiaries, and 8 terminated vested members.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Fire and Police Pension Plan (continued)

Benefits Provided The normal retirement benefit is \$600 per month at age 50 with 20 years of service. After at least 10 years of service, the monthly retirement benefit is \$30.00 per year of service up to 20 service years. The monthly survivor benefits are \$300 following death in normal retirement. The monthly survivor benefit after at least 10 years of service is \$15.00 per year of service up to 20 service years. The funeral benefit is a one-time only \$100.

Contributions The funding of the Plan by the District and members is authorized by the Board of Trustees. The contribution by the State of Colorado (the "State") toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of District contributions, whichever is less. Since the District currently offers maximum retirement benefits in excess of \$500 per month, the State will match at the level determined above but no greater than the maximum of : (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year.

Net Pension Liability At December 31, 2025, the District reported a net pension liability of \$106,265 for its volunteer pension fund. The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025.

Actuarial Assumptions The following table sets forth the methods and assumptions used to determine contribution rates:

Actuarial method	Entry Age Normal
Amortization method	Level Dollar, Open
Remaining amortization period	20 years
Asset valuation method	5-Year Smoothed Market
Includes inflation at	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 Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale.
	Post-retirement: Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale.
	Disabled: Pub-2010 Public Safety Healthy 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.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Fire and Police Pension Plan (continued)

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

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

Discount Rate Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the Plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the Plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.77% (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%.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Fire and Police Pension Plan (continued)

Sensitivity of the District's Net Pension Liability to Changes in the Discount Rate

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.0%)	Current Discount Rate (7.0%)	1 % Increase (8.0%)
Proportionate share of net pension liability (asset)	\$ 438,787	\$ 106,265	\$ (169,574)

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

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions In connection with the Plan, for the year ended December 31, 2025, the District recognized pension expense of \$56,237. 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

Net differences between projected and actual earnings on pension plan investments	\$ 164,705
Contributions subsequent to measurement date	64,000
Change in actuarial assumptions	900
	<u>\$ 229,605</u>

Deferred Inflows of Resources

Differences between actual and expected experience	\$ 48,213
Pension change in proportionate share	132,279
	<u>\$ 180,492</u>

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

IV. Detailed Notes on All Funds (continued)

G. Pension Assets (Liabilities), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

2. Volunteer Fire and Police Pension Plan (continued)

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resources Related to Pensions (continued) Contributions subsequent to the measurement date of December 31, 2024, which are reported as deferred outflows of resources related to pensions, will be recognized as a reduction of the net pension liability in the subsequent years. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending December 31:

2026	\$	(6,067)
2027		31,926
2028		(26,749)
2029		(13,997)
	\$	<u>(14,887)</u>

V. Other Information

A. Risk Management

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

B. Statewide Death and Disability Plan

Plan Description – Firefighters of the District contribute to the Statewide Death and Disability Plan (“SWDD”). The SWDD is a cost-sharing multiple-employer defined benefit death and disability plan administered by FPPA. Contributions to the SWDD are used solely for the payment of death and disability benefits. The SWDD was established in 1980 pursuant to Colorado Revised Statutes.

SWDD benefits provide 24-hour coverage, both on-duty and off-duty for members not eligible for normal retirement under a defined benefit plan, or under a money purchase plan.

In the case of an on-duty death, benefits may be payable to the surviving spouse or dependent children of active members who were eligible to retire, but were still working. Death and disability benefits are free from state and federal taxes in the event that a member’s disability is determined to be the result of an on-duty injury or an occupational disease.

East Grand Fire Protection District No. 4
Notes to the Financial Statements
December 31, 2025
(Continued)

V. Other Information (continued)

B. Statewide Death and Disability Plan (continued)

Funding Policy – Prior to 1997, the SWDD was primarily funded by the State of Colorado (the “State”), whose contributions were established by Colorado state. In 1997 the State made a one-time contribution of \$39,000,000 to fund past and future service costs for all firefighters and police officers hired prior to January 1, 1997. No further State contributions are anticipated.

The SWDD is funded by voluntary member contributions. Members hired on or after January 1, 1997, began contributing 2.4 percent of base salary to the SWDD. Contributions may be increased 0.1 percent biennially by the FPPA Board. As of January 1, 2019, the contribution rate is 2.8 percent of base salary. This percentage can vary depending on actuarial experience. All contributions are made by member or on behalf of members. The 2.7 percent contribution may be paid entirely by the District or member, or it may be split between the District and the member as determined at the local level. The District made \$15,993 in employer contributions to the SWDD at December 31, 2025.

FPPA issues a publicly available comprehensive annual financial report which includes additional information on the Statewide Death and Disability Plan. That report can be obtained at <https://www.fppaco.org/annual-reports.html>.

C. Construction Commitments

The District has ongoing construction projects at December 31, 2025. The District has no significant outstanding contractual commitments related to its ongoing construction projects.

REQUIRED SUPPLEMENTARY INFORMATION



East Grand Fire Protection District
General Fund
Schedule of Revenues and Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024

	2025		2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative) Actual
Revenues:			
Property taxes	4,072,364	4,078,331	5,967
Specific ownership taxes	100,000	204,141	104,141
Net interest and investment income	5,000	190,408	185,408
Miscellaneous	246,500	297,878	51,378
Total Revenues	4,423,864	4,770,758	346,894
Expenditures:			
Administration	593,689	530,811	62,878
Volunteer pension contribution	68,000	68,000	-
Firefighting	2,080,982	1,664,715	416,267
Training	80,000	56,443	23,557
Communications	33,572	43,685	(10,113)
Station, buildings & grounds	505,000	221,247	283,753
Community wildlife protection	8,146	-	8,146
Capital outlay	800,701	172,292	628,409
Contingency	3,316,662	-	3,316,662
Total Expenditures	7,486,752	2,757,193	4,729,559
Excess (Deficiency) of Revenues Over Expenditures	(3,062,888)	2,013,565	5,076,453
Change in Fund Balance:	(3,062,888)	2,013,565	5,076,453
Fund Balance:			
Beginning of Year		2,965,789	5,734,442
End of Year		<u>4,979,354</u>	<u>2,965,789</u>

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

**East Grand Fire Protection District
Special Revenue - Impact Fee Fund
Schedule of Revenues and Expenditures
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2025
With Comparative Actual Amounts for 2024**

	2025			2024
	Original and Final Budget	Actual	Final Budget Variance Positive (Negative)	Actual
Revenues:				
Impact fees	50,000	1,087,999	1,037,999	89,255
Interest income	10,000	15,183	5,183	44,565
Total Revenues	<u>60,000</u>	<u>1,103,182</u>	<u>1,043,182</u>	<u>133,820</u>
Expenditures:				
Capital outlay	326,061	989,348	(663,287)	1,023,894
Debt service:				
Principal on leases	-	198,335	(198,335)	-
Interest on leases	-	27,826	(27,826)	-
Total Expenditures	<u>326,061</u>	<u>1,215,509</u>	<u>(889,448)</u>	<u>1,023,894</u>
Excess (Deficiency) of Revenues Over Expenditures	(266,061)	(112,327)	153,734	(890,074)
Other Financing Sources (Uses):				
Issuance of leases	790,000	989,348	199,348	-
Total Other Financing Sources (Uses)	<u>790,000</u>	<u>989,348</u>	<u>199,348</u>	<u>-</u>
Change in Fund Balance:	<u>523,939</u>	<u>877,021</u>	<u>353,082</u>	<u>(890,074)</u>
Fund Balance:				
Beginning of Year		22,583		912,657
End of Year		<u>899,604</u>		<u>22,583</u>

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

East Grand Fire Protection District
Schedule of the District's Proportionate Share of Net Pension Liability (Asset)
Fire and Police Pension Association of Colorado - Volunteer Pension Fund
Last 10 Fiscal Years

Employer Plan:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's portion of the net pension asset	0.058062%	0.055157%	0.048387%	0.046910%	0.048376%	0.052944%	0.053720%	0.060223%	0.065453%	0.066933%
District's proportionate share of the net pension liability (asset)	-	-	42,949	(254,222)	(104,994)	(29,943)	67,917	(86,640)	23,647	(1,180)
District's covered payroll	666,411	541,884	398,821	356,656	388,563	390,213	359,850	352,263	334,975	324,475
District's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	0%	0%	11%	-71%	-27%	-8%	19%	-25%	7%	0%
Plan fiduciary net position as a percentage of the total pension asset	100.00%	100.00%	97.60%	116.20%	106.70%	101.90%	95.20%	106.30%	98.21%	100.10%

Volunteer Plan:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total Pension Liability										
Service Cost	\$ 41,391	\$ 41,391	\$ 37,531	\$ 37,531	\$ 39,968	\$ 39,968	\$ 36,950	\$ 36,950	\$ 33,228	\$ 33,228
Interest on the Total Pension Liability	195,883	192,688	189,386	186,108	184,778	181,071	179,106	175,421	172,443	169,263
Difference between Expected and Actual Experience	(71,031)	-	(39,001)	-	(35,455)	-	31,193	-	(56,358)	-
Assumption Changes	-	-	40,803	-	-	-	119,842	-	47,279	-
Benefit Payments	(191,093)	(185,869)	(181,086)	(172,683)	(165,615)	(170,470)	(169,259)	(157,440)	(159,940)	(160,217)
Net Change in Total Pension Liability	(24,850)	48,210	47,633	50,956	23,676	50,569	197,832	54,931	36,652	42,274
Total Pension Liability - Beginning	2,871,916	2,823,706	2,776,073	2,725,117	2,701,441	2,650,872	2,453,040	2,398,109	2,361,457	2,319,183
Total Pension Liability - Ending (a)	\$ 2,847,066	\$ 2,871,916	\$ 2,823,706	\$ 2,776,073	\$ 2,725,117	\$ 2,701,441	\$ 2,650,872	\$ 2,453,040	\$ 2,398,109	\$ 2,361,457
Plan Fiduciary Net Position										
Employer Contributions	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 64,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Pension Plan Net Investment Income	248,333	233,222	(219,840)	363,136	293,129	293,443	1,370	285,264	102,855	35,280
Benefit Payments	(191,093)	(185,869)	(181,086)	(172,683)	(165,615)	(170,470)	(169,259)	(157,440)	(159,940)	(160,217)
Pension Plan Administrative Expense	(17,553)	(18,520)	(16,471)	(14,641)	(17,343)	(20,212)	(18,661)	(15,611)	(4,536)	(4,974)
State of Colorado supplemental discretionary payment	36,000	36,000	36,000	36,000	72,000	-	36,000	36,000	36,000	36,000
Net Change in Plan Fiduciary Net Position	139,687	128,833	(317,397)	275,812	246,171	162,761	(90,550)	208,213	34,379	(33,911)
Plan Fiduciary Net Position - Beginning	2,601,114	2,472,281	2,789,678	2,513,866	2,267,695	2,104,934	2,195,484	1,987,271	1,952,892	1,986,803
Plan Fiduciary Net Position - Ending (b)	\$ 2,740,801	\$ 2,601,114	\$ 2,472,281	\$ 2,789,678	\$ 2,513,866	\$ 2,267,695	\$ 2,104,934	\$ 2,195,484	\$ 1,987,271	\$ 1,952,892
Net Pension Liability - Ending (a) - (b)	\$ 106,265	\$ 270,802	\$ 351,425	\$ (13,605)	\$ 211,251	\$ 433,746	\$ 545,938	\$ 257,556	\$ 410,838	\$ 408,565
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	96.27%	90.57%	87.55%	100.49%	92.25%	83.94%	79.41%	82.87%	82.87%	82.70%
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

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

East Grand Fire Protection District
Schedule of District Contributions
Fire and Police Pension Association of Colorado - Statewide Retirement Plan
Last 10 Fiscal Years

Employer Plan:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 63,309	\$ 51,479	\$ 37,888	\$ 32,099	\$ 31,085	\$ 31,217	\$ 28,788	\$ 28,181	\$ 26,798	\$ 25,958
Contributions in relation to the contractually required contribution	<u>(63,309)</u>	<u>(51,479)</u>	<u>(37,888)</u>	<u>(32,099)</u>	<u>(31,085)</u>	<u>(31,217)</u>	<u>(28,788)</u>	<u>(28,181)</u>	<u>(26,798)</u>	<u>(25,958)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered payroll	666,411	541,884	398,821	356,656	365,706	390,213	359,850	352,263	334,975	324,475
Contributions as a percentage of covered payroll	9.50%	9.50%	9.50%	9.00%	8.50%	8.00%	8.00%	8.00%	8.00%	8.00%

Volunteer Plan:

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Actuarially determined contribution	\$ 77,611	\$ 87,436	\$ 87,436	\$ 98,698	\$ 98,698	\$ 70,485	\$ 70,485	\$ 67,147	\$ 67,147	\$ 77,586
Actual contribution, including State of Colorado discretionary payment	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(100,000)</u>	<u>(136,000)</u>	<u>(60,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>	<u>(96,000)</u>
Contribution deficiency (excess)	<u>\$ (22,389)</u>	<u>\$ (12,564)</u>	<u>\$ (12,564)</u>	<u>\$ (1,302)</u>	<u>\$ (37,302)</u>	<u>\$ 10,485</u>	<u>\$ (25,515)</u>	<u>\$ (28,853)</u>	<u>\$ (28,853)</u>	<u>\$ (18,414)</u>

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

**East Grand Fire Protection District
Notes to the Required Supplementary Information
December 31, 2025**

I. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) – Volunteer Pension Fund

A. Changes of assumptions or other inputs

1. Changes Since January 1, 2024 Actuarial Valuation are as Follows

- No Changes

2. Changes Since January 1, 2023 Actuarial Valuation are as Follows:

- No changes.

3. Changes Since January 1, 2021 Actuarial Valuation are as Follows:

- The global assumption set for plans administered by FPPA was changed in the 2022 Experience Study and effective as of January 1, 2023. Significant changes affecting this valuation include:
 - Update base mortality tables and projection scales.

4. Changes Since January 1, 2019 Actuarial Valuation are as Follows:

- No changes.

4. Changes Since January 1, 2018 Actuarial Valuation are as Follows:

- The global assumption set for plans administered by FPPA was changed in the 2018 Experience Study and effective as of January 1, 2019. Significant changes affecting this valuation include:
 - Reduce investment return from 7.5% to 7.0%.
 - Update base mortality tables and projection scales.
 - Increase withdrawal rates by 10%.

B. Changes of benefit terms

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented.

II. Schedule of District Contributions – Volunteer Pension Fund

A. Changes to assumptions or other inputs

No changes during the years presented.

B. Changes of benefit terms.

No changes during the years presented.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented.

**East Grand Fire Protection District
Notes to the Required Supplementary Information
December 31, 2025**

**III. Schedule of Employer's Proportionate Share of the Net Pension Liability/(Asset) –
Statewide Retirement Plan**

A. Changes to Assumptions or Other Inputs

1. Changes since January 1, 2025 actuarial valuation:

The investment return rate was reduced from 7% to 6%.

2. Changes since the January 1, 2022 Actuarial Valuation (effective January 1, 2023):

- Increasing the step-rate increase portion of the salary scale by 0.50% per year for the first 4 years of a member's career and 0.25% for years 5 through 14;
- Reducing the overall payroll growth assumption from 3.50% to 3.0%;
- Updating the base assumptions for mortality to the Pub-2010 tables for Public Safety and updating the table used to build in generational improvements in mortality for the future to the ultimate rates of the MP table 2020 for all years; and,
- For the Statewide Death & Disability Plan increase the total disability rates by 50% for members covered by a money purchase pension plan.

3. Changes since the January 1, 2021 Actuarial Valuation (effective January 1, 2022):

- For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015.
- For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rate from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

4. Changes since the January 1, 2020 Actuarial Valuation (effective January 1, 2021):

- No changes.

5. Changes since the January 1, 2019 Actuarial Valuation (effective January 1, 2020):

- No changes

6. Changes since the January 1, 2018 Actuarial Valuation (effective January 1, 2019):

- No changes.

**East Grand Fire Protection District
Notes to the Required Supplementary Information
December 31, 2025**

**III. Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) -
Statewide Retirement Plan (continued)**

A. Changes to Assumptions or Other Inputs (continued)

- 7. Changes since the January 1, 2017 Actuarial Valuation (effective January 1, 2018):**
- For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rate from the RP-2014 annuitant mortality tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.
 - For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.
- 8. Changes since the January 1, 2016 Actuarial Valuation (effective January 1, 2017):**
- No changes
- 9. Changes since the January 1, 2015 Actuarial Valuation (effective January 1, 2016):**
- No changes
- 10. Changes since the January 1, 2014 Actuarial Valuation (effective January 1, 2015):**
- Effective January 1, 2016, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except that is a three-year set-forward, meaning a disabled member age 70 will be valued as if they were a 73-year-old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

**East Grand Fire Protection District
Notes to the Required Supplementary Information
December 31, 2025**

**III. Schedule of Employer's Proportionate Share of the Net Pension Liability (Asset) -
Statewide Retirement Plan (continued)**

A. Changes to Assumptions or Other Inputs (continued)

11. Changes since the January 1, 2013 Actuarial Valuation (effective January 1, 2014):

- For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55 percent multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB are used.

B. Changes of benefit terms

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented above.

IV. Schedule of District Contributions – Statewide Retirement Plan

A. Changes to assumptions or other inputs

No changes during the years presented above.

B. Changes of benefit terms.

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above.