Gunnison County Fire Protection District

Financial Report

December 31, 2025

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M & A

McMahan and Associates, L.L.C.

Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Gunnison County Fire Protection District
Gunnison, CO

Opinions

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

In our opinion, based on our audit, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Gunnison County 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 (“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 the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District’s ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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 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 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 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
Gunnison County Fire Protection District
Gunnison, CO

Required Supplementary Information (continued)

The 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 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 27, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS

Gunnison County Fire Protection District

Management's Discussion and Analysis
December 31, 2025

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

Financial Highlights

- Total net position for Gunnison County Fire Protection District at year end was $7,204,137.
- In 2025, total net position increased by $530,666 from $6,673,471 in 2024 to $7,204,137 in 2025.
- In 2025, the General Fund balance increased by $1,754,710 from $1,656,215 in 2024 to $3,410,925 in 2025.

Overview of the Financial Statements

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

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.

Government-wide financial statements.

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

The Statement of Net Position presents information on all of the District's assets, liabilities, and deferred inflows/outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The functions of the District include fire protection and emergency medical services and are considered as entirely governmental activities. The District has no business-type activities.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund financial statements.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District are categorized as governmental funds.

Governmental funds.

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

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

The District maintains two individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and the national dispatch fund, of which are presented as major funds.

The basic governmental fund financial statements can be found on pages C3 through C6 of this report

The District adopts an annual appropriated budget for the General Fund, National Dispatch Fund, and Capital Expenditure fund. Budgetary comparison statements have been provided for both funds to demonstrate compliance with this budget. They can be found on pages E1 through E3.

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.

Financial Analysis of the District

Between December 31, 2024 and 2025, total assets of the District increased by $530,666 mainly due to the increase in intergovernmental revenue. Capital assets of the District decreased by $177,552 during 2025 as depreciation expense exceeded capital asset additions.

Between December 31, 2024 and 2025, total liabilities of the District increased by $65,702. This change in liabilities is related to the change in accrued wages payable.

Approximately 49% of the District's net position reflects its investment in capital assets, which include buildings, improvements, equipment, and vehicles. The District uses its capital assets to provide emergency services to its citizens; therefore, these assets are not available for future spending. The remaining balance of $3,608,587 of net position, may be used to meet the District's ongoing obligations relating to its operations.

	12/31/25
Assets:	
Current assets	$ 5,051,897
Capital assets, net	3,527,122
Total Assets	8,579,019
Liabilities:	
Current liabilities	108,387
Non-current liabilities	56,116
Total Liabilities	164,503
Deferred Inflows of Resources	1,210,379
Net Position:	
Investment in capital assets	3,527,122
Restricted	68,428
Unrestricted	3,608,587
Total Net Position	$ 7,204,137

Financial Analysis of the District (continued)

The District's net position increased $530,666 from the prior year. The main driver for this increase was due to revenues exceeding expenditures in the current year.

Gunnison County Fire Protection District
Change in Net Position

	2025
Expenses	
Fire Protection:	
Personnel services	$ 751,765
Supplies and materials	444,728
Property services	94,478
Purchased services	415,118
Miscellaneous	80,732
Total Expenses	1,786,821
Program Revenues	
Operating grants and contributions	36,545
Total Program Revenues	36,545
Net Program Expense	1,750,276
General Revenues	
Property and specific ownership taxes	1,166,262
Intergovernmental	939,079
Investment earnings	144,683
Miscellaneous	5,118
Gain on sale of assets	25,800
Total General Revenues	2,280,942
Change in Net Position	530,666
Net Position, Beginning of Year	6,673,471
Net Position, End of Year	$ 7,204,137

In 2025, revenues increased $722,904 from 2024 levels primarily due to an increase of $808,512 in intergovernmental revenue. Property taxes revenue were the most significant source of income. In 2025, expenses increased $650,040 from 2024 due to increased personnel expenses.

Net program expenses in 2025 totaled $1,750,276. The District's costs are approved by the Board. Administration of the District is also the responsibility of the Board and its officers. The largest expense during the year was for personnel expenses of $751,765. The other significant expenses incurred for 2025 were supplies, materials, and purchased services.

Financial Analysis of the District (continued)

Budget Variances in the General Fund:

The District’s revenues were $698,876 greater than budget and expenditures were $64,821 over budget during fiscal year 2025.

Significant budget variances in the General Fund were as follows:

	Final Budget	Actual	Final Budget Variance Positive (Negative)	Reason
Revenues				
Property Taxes	$ 906,512	$ 1,166,262	$ 259,750	Budgeted on capital expenditures fund which was closed during reporting period
Intergovernmental	429,264	729,264	300,000	Budgeted on capital expenditures fund which was closed during reporting period
Investment Earnings	50,000	141,663	91,663	The Fire District historically held a lot of money in a money market accounts with little interest. They had a old unused Colotrust account that was heavily used once the City took over accounting.
Expenditures				
Purchased services	454,831	403,437	51,394	Campaign materials and election costs were well under the conservative estimate made at the time of budget adoption.
Miscellaneous	33,597	80,732	(47,135)	The budget failed to include the pension contributions to the Firemen's Pension Fund.
Capital Outlay	-	153,392	(153,392)	Budgeted on capital expenditures fund which was closed during reporting period

Capital Assets

The District’s net capital assets decreased $177,552 in 2025, as previously discussed. The additions to capital assets in 2025 of $130,619 were offset by depreciation and amortization expense of $297,721. District also disposed of capital assets during 2025. Additional information as well as a detailed classification of the District’s net capital assets can be found in the Notes to the Financial Statements in section D of this report.

Next Year’s Budget

The District’s General Fund balance at the end of the 2025 fiscal year totaled $3,410,925. The District’s 2026 budget anticipates revenues of approximately $2,286,108 and expenditures of approximately $3,792,011.

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:

Gunnison County Fire Protection District
PO Box 1717
Gunnison, CO 81230

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Gunnison County Fire Protection District
Statement of Net Position
December 31, 2025

	Total Governmental Activities
ASSETS	
Cash and cash equivalents	$ 3,708,892
Receivables (net)	1,335,985
Other receivables	2,900
Prepaid expenses	4,120
Capital Assets, net of accumulated depreciation:	
Nondepreciable	698,646
Depreciable	2,828,476
Total Assets	8,579,019
LIABILITIES	
Accounts payable	42,711
Accrued liabilities	65,676
Noncurrent liabilities:	
Compensated absences	56,116
Total Liabilities	164,503
DEFERRED INFLOWS OF RESOURCES	
Unavailable revenue - property taxes	1,210,379
NET POSITION	
Net investment in capital assets	3,527,122
Restricted for emergencies	68,428
Unrestricted	3,608,587
Total Net Position	$ 7,204,137

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

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

	Total Governmental Activities
Expenses	
Fire Protection:	
Personnel services	751,765
Supplies and materials	444,728
Property services	94,478
Purchased services	415,118
Miscellaneous	80,732
Total Expenses	1,786,821
Program Revenues	
Operating grants and contributions	36,545
Total Program Revenues	36,545
Net Program Expense	1,750,276
General Revenues	
Property and specific ownership taxes	1,166,262
Intergovernmental	939,079
Investment earnings	144,683
Miscellaneous	5,118
Gain on sale of assets	25,800
Total General Revenues	2,280,942
Change in Net Position	530,666
Net Position, Beginning of Year	6,673,471
Net Position, End of Year	$ 7,204,137

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

FUND FINANCIAL STATEMENTS

Gunnison County Fire Protection District
Balance Sheet
December 31, 2025

	General Fund	National Dispatch Fund	Capital Improvement Fund	Total
ASSETS				
Cash and cash equivalents	$ 3,397,980	$ 310,912	$ -	$ 3,708,892
Receivables:				
Taxes	1,210,379	-	-	1,210,379
Accounts	114,312	11,294	-	125,606
Other receivables	2,900	-	-	2,900
Prepaid items	4,120	-	-	4,120
Total Assets	$ 4,729,691	$ 322,206	$ -	$ 5,051,897
LIABILITIES AND FUND BALANCES				
Accounts payable	42,711	-	-	42,711
Accrued liabilities	65,676	-	-	65,676
Total Liabilities	108,387	-	-	108,387
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	1,210,379	-	-	1,210,379
FUND BALANCES				
Nonspendable	4,120	-	-	4,120
Restricted For:				
TABOR emergency reserve	68,428	-	-	68,428
Committed	29,961	322,206	-	352,167
Unassigned	3,308,416	-	-	3,308,416
Total Fund Balances	3,410,925	322,206	-	3,733,131
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 4,729,691	$ 322,206	$ -	$ 5,051,897

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

Gunnison County Fire Protection District
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
December 31, 2025

Total Fund Balances - Governmental Fund		$ 3,733,131
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the fund balance sheet.		
Capital Assets	6,109,683	
Accumulated Depreciation	(2,582,561)	
		3,527,122
Some liabilities, including bonds, capital financing obligations, and compensated absences are not due and payable in the current period and therefore, are not reported in the fund balance sheet.		
Compensated Absences	(56,116)	
		(56,116)
Net Position of Governmental Activities		$ 7,204,137

Gunnison County Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance
For the Year Ended December 31, 2025

	General Fund	National Dispatch Fund	Capital Improvement Fund	Total
Revenues				
Property taxes	$ 1,166,262	$ -	$ -	$ 1,166,262
Operating grants and contributions	36,545	-	-	36,545
Intergovernmental	729,264	209,815	-	939,079
Investment earnings	141,663	3,020	-	144,683
Miscellaneous	30,918	-	-	30,918
Total Revenues	2,104,652	212,835	-	2,317,487
Expenditures				
Current:				
Personnel services	694,676	14,432	-	709,108
Supplies and materials	113,415	369	-	113,784
Property services	94,478	-	-	94,478
Purchased services	403,437	11,681	-	415,118
Miscellaneous	80,732	-	-	80,732
Capital Outlay	153,392	-	-	153,392
Total Expenditures	1,540,130	26,482	-	1,566,612
Excess (Deficiency) of Revenues Over (Under) Expenditures	564,522	186,353	-	750,875
Other Financing Sources (Uses)				
Transfer in	1,326,041	135,853	-	1,461,894
Transfer (out)	(135,853)	-	(1,326,041)	(1,461,894)
Total Other Financing Sources (Uses)	1,190,188	135,853	(1,326,041)	-
Net Change in Fund Balances	1,754,710	322,206	(1,326,041)	750,875
Fund Balances, Beginning of Year	1,656,215	-	1,326,041	2,982,256
Fund Balances, End of Year	$ 3,410,925	$ 322,206	$ -	$ 3,733,131

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

Gunnison County Fire Protection District
Reconciliation of Revenues, Expenditures and Changes in Fund Balances of Governmental Fund to the Statement of Activities
For the Year Ended December 31, 2025

Net change in fund balances - Total Governmental Funds		$ 750,875
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, for governmental activities, capital outlays for capital assets are not showed as an expense and instead, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense"		
Capital Outlay	120,169	
Depreciation	(297,721)	
		(177,552)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
(Increase)/Decrease in Compensated Absences	(42,657)	
		(42,657)
Change in Net Position of Governmental Activities		$ 530,666

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

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

The District's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), as applied to government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the District are discussed below.

A. Reporting Entity

The financial statements present the District, a political subdivision of the State of Colorado, established in 1975 for the purpose of furnishing fire protection services to portions of Gunnison and Saguache Counties. The District is governed by an elected five-person board.

The District follows GASB accounting pronouncements, which provide guidance for determining which governmental activities, organizations, and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

B. Government-wide and Fund Financial Statements

1. Government-wide 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 (i.e., normally supported by taxes and intergovernmental revenues) or business-type (i.e., relying to a significant extent on fees and charges for support) activities. Currently, the District performs only governmental activities.

The government-wide statement of activities reports both the gross and net cost of each of the District's functions and business-type activities (public safety, public works, utilities, etc.). The functions are also supported by general government revenues (property and sales taxes, specific ownership taxes, investment earnings, etc.). The statement of activities reduces gross expenses (including depreciation) by related program revenues, operating and capital grants. Program revenues must be directly associated with the function (public safety, public works, etc.) or a business-type activity. 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.

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements

The financial transactions of the District are reported in individual funds in the fund financial statements. 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.

The District reports three funds:

- The General Fund, which accounts for the general purposes of the District and capital expenditures
- The National Dispatch Fund, which is a special revenue fund used to allocate expenditures for emergency communication systems.
- The Capital Improvement Fund, this fund historically accounted for capital expenditures, but was closed during the reporting period.

C. Measurement Focus and Basis of Accounting

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.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide 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 fund 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 to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

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 original maturities of three months or less.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Cash and Cash Equivalents (continued)

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 investments are authorized to be invested or deposited in any legal investment or depository specified by state statutes. Examples of such investments may include:

- U.S. Treasury Obligations
- Federal Instrumentality Securities
- FDIC-insured Certificates of Deposit
- Corporate Bonds
- Prime Commercial Paper
- Eligible Bankers Acceptances
- Repurchase Agreements
- General Obligations and Revenue Obligations
- Local Government Investment Pools
- Money Market Mutual Funds

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the District considers all accounts to be collectible.

3. Property Taxes

Annual property taxes are levied on December 22 of each year and attached as an enforceable lien as of January 1. They are payable in full April 30, or in two equal installments due February 28 and June 30. The county bills and collects property taxes for the district. Property taxes collected by the county are remitted to the district in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

4. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental type fund.

All capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. The assets have a useful life of 7 to 40 years and are depreciated on the straight-line method. It is the District's policy to capitalize individual items costing $5,000 or more and having a life of over one year.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Compensated Absences

The District estimates what portion of leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences. Earned but unused vacation benefits of governmental funds are accrued when incurred in the governmental activities column in the government-wide financial statements. The District's compensated absences on December 31, 2025 was $56,116.

6. 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.

7. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District does not have any items to report under this category.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. 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.

I. Summary of Significant Accounting Policies (continued)

E. Significant Accounting Policies

1. Categories and Classification of Fund Balance

Governmental 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 funds, but also provide clarity to the level of restriction placed 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 within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of various fund balance classifications refer to Note III.F.

2. Use of Estimates

The preparation of financial statements in 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.

II. 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 fund is adopted on a basis consistent with U.S. 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.

II. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

(3) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 31, 2024.

(4) After adoption of the initial budget resolution, the District may make the following changes: (a) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) it may approve emergency appropriations; and (c) it may reduce appropriations for which originally estimated revenues are insufficient.

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.

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

Expenditures and other financing uses in the following funds exceeded appropriations, which may be a violation of state statute:

Fund	Final Budget Including Transfers Out	2025 Expenditures	Over Budget
Governmental Activites			
General Fund	1,475,309	1,675,983	(200,674)
Capital Improvement Fund	552,000	1,326,041	(774,041)

B. TABOR 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 increases, a 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.

II. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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, and salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue. As required by TABOR, the District has reserved $68,428 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2025.

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.

III. 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 is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

Interest Rate Risk. The District limits its investments to savings accounts and investment pools (explained below) where each share is equal to one dollar and the District avoids interest rate risk.

Credit Risk. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptance of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The District's general investment policy is to apply the prudent-person rule; prudence and protection of District funds are the primary criteria. All investments and bid requests for investments are predicated on liquidity, yield, safety and interest of the local economy. As of December 31, 2025, the District's investment in Colotrust Plus were rated AAAm by Standard and Poor's.

III. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Concentration of Credit Risk. The District invests most funds in 2a7-like pools and thus avoids a concentration of credit risk.

At December 31, 2025, the District had the following cash and investments:

	Carrying Amounts	Maturities: Less than one year	Maturities: One to five years
Cash and cash equivalents:			
Checking	$ 482,678	$ 482,678	$ -
Certificates of deposit	1,012,666	-	1,012,666
Total cash and cash equivalents	1,495,344	482,678	1,012,666
Investments:			
Investment pools	2,213,548	2,213,548	-
Total investments	2,213,548	2,213,548	-

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.

Pools The District's holdings in investment pools are comprised of balances with COLOTRUST, which are investment vehicles established for local government entities in Colorado to pool surplus funds. They operate similarly to money market funds, whereby each share is equal in value to $1. Investments of the trusts consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. The District has no regulatory oversight for the pools. Investment balances in the pools are not subject to limitations or restrictions on withdrawals.

At December 31, 2025, the District had the following recurring fair value measurements:

Investments Measured at Net Asset Value	S&P Rating	Amount
Colotrust	AAAm	$ 2,213,548

III. Detailed Notes on All Funds (continued)

B. Receivables

Receivables as of year-end for the District's funds, including applicable allowances for uncollectible accounts, are as follows:

	General Fund	National Dispatch Fund	Total
Property tax	$ 1,210,379	$ -	$ 1,210,379
Accounts	114,312	11,294	125,606
Other receivables	2,900	-	2,900
Gross receivables	$ 1,327,591	$ 11,294	$ 1,338,885

C. Interfund Transfers

The District had the following transfers during 2025:

Fund	Transfers In	Transfers Out
General Fund	$ 1,326,041	$ (135,853)
National Dispatch Fund	135,853	-
Capital Improvement Fund	-	(1,326,041)
Total	$ 1,461,894	$ (1,461,894)

The District's current-year transfers were primarily attributable to the closure of the Capital Improvement Fund and the establishment of the National Dispatch Fund.

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III. Detailed Notes on All Funds (continued)

D. Capital Assets

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

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Land	648,646	-	-	648,646
Construction in progress	60,450	-	(10,450)	50,000
Total Capital Assets, Not being Depreciated	709,096	-	(10,450)	698,646
Capital Assets, Being Depreciated:				
Buildings and improvements	729,974	-	-	729,974
Vehicles	4,295,693	103,916	(58,316)	4,341,293
Equipment	327,202	26,703	(14,135)	339,770
Total Capital Assets, Being Depreciated	5,352,869	130,619	(72,451)	5,411,037
Less Accumulated Depreciation:				
Buildings and improvements	(186,179)	(25,602)	-	(211,781)
Vehicles	(2,023,986)	(244,940)	58,316	(2,210,610)
Equipment	(147,126)	(27,179)	14,135	(160,170)
Total Accumulated Depreciation	(2,357,291)	(297,721)	72,451	(2,582,561)
Total Capital Assets Being Depreciated, Net	2,995,578	(167,102)	-	2,828,476
Governmental Activities Capital Assets, Net	$ 3,704,674	$ (167,102)	$ (10,450)	$ 3,527,122

In 2025, the District's depreciation expense was $297,721.

E. Long-term Liabilities

Long-term liability activity for 2025 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities:					
Compensated Absences	13,459	42,657	-	56,116	56,116
Total Long-term Liabilities	$ 13,459	$ 42,657	$ -	$ 56,116	$ 56,116

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

III. Detailed Notes on All Funds (continued)

F. Fund Balance

The District classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portion of loans receivable, 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.

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 District which is the Board of Directors.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Directors or its management designee.

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 has approved the following fund balance policies:

When the District has the option to use either restricted or unassigned fund balance to finance a program it is the District's policy to first apply restricted resources. It is also the District's policy to use committed fund balance first when it has the option to use committed or unassigned fund balance.

G. Retirement Benefits

The District contributes to the City of Gunnison's Volunteer Firefighters Pension Plan. The State of Colorado annually contributes an amount equal to 90% of the combined City and District contribution amounts for the prior year.

The Plan is presented in the City's financial statements. The financial statements and required supplemental information for the Plan can be obtained by contacting the City of Gunnison Finance Department.

The Plan provides normal retirement benefits, disability retirement and survivor benefits. Firefighters who have attained both 50 years of age and completed 20 years of active service in any fire department in the State of Colorado are eligible for a monthly pension of $350. Upon death, the surviving spouse receives a monthly pension equal to 50% of the benefit previously received, payable until death or remarriage.

The District's contribution for 2025 was $40,510. The State's contribution to the pension fund for 2025 was $35,222.

IV. 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. To address such risks, the District is a participant in a public entity risk pool administered by the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of $500,000 per claim or occurrence for property, $100,000 per claim/annual aggregate public relations and security breach, $1,000,000 per claim or occurrence for liability, $1,000,000 for public officials' liability, $500,000 each claim/annual aggregate security and privacy liability, and $150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources.

While the District may be liable for any losses in excess of this coverage, the District does not anticipate such losses at December 31, 2025. The deductible amount paid by the District for each incident in 2025 was $1,000. All settlements for the year-ended December 31, 2025 were under the maximum coverage allowed.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

B. Intergovernmental Agreement for Accounting Functions

Effective January 1, 2025, the City of Gunnison entered into an Intergovernmental Agreement (IGA) with the Gunnison County Fire Protection District (the "District"). Under the agreement, the City assumed responsibility for providing certain administrative and financial functions for the District, including accounts payable, accounts receivable, audit, bookkeeping, human resources, and information technology support necessary for District operations. The City also serves as the fiscal agent for the Volunteer Fireman's Pension Board. The agreement is intended to streamline financial operations and enhance the efficiency of service delivery within the District's service area.

Despite this collaboration, the District will continue to operate as a separate and distinct legal entity. The District's volunteers and three permanent employees are paid through the City of Gunnison and contracted to the District for operational oversight, similar to a temporary agency arrangement. This setup allows the District's personnel to gain access to the City of Gunnison's health insurance, worker's compensation insurance, and other benefits provided by the City.

As compensation for firefighting services provided within the City's service area, the City is required to pay the District an annual service fee. The annual fee is based on 50% of the compensation, benefits, and related employer burden for shared employees, including items such as FICA and unemployment tax, as well as additional District operational costs. The operational cost component is determined based on an agreed amount during the annual budget process and is intended to approximate the City funding included in the respective 2025 budgets of the City and the District, less the personnel cost component noted above.

IV. Other Information (continued)

B. Intergovernmental Agreement for Accounting Functions (continued)

For the year ending December 31, 2025 the total revenue received per this agreement was $429,264. The District did receive an additional $300,000 from the City to help fund future vehicle purchases.

The City prepares the District’s annual budgets, maintains accurate financial records, and coordinates the District’s annual external audit in compliance with State law and Generally Accepted Accounting Principles (GAAP).

C. Contractual Commitments

The District may enter into construction contracts that span multiple fiscal years, at any time. As of December 31, 2025, the District had no significant outstanding contractual commitments.

REQUIRED SUPPLEMENTARY INFORMATION

Gunnison County Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Property taxes	$ 906,512	$ 906,512	$ 1,166,262	$ 259,750
Operating grants and contributions	20,000	20,000	36,545	16,545
Intergovernmental	429,264	429,264	729,264	300,000
Investment earnings	50,000	50,000	141,663	91,663
Miscellaneous	150,783	-	30,918	30,918
Total Revenues	1,556,559	1,405,776	2,104,652	698,876
Expenditures				
Current:				
Personnel services	726,038	726,038	694,676	31,362
Supplies and materials	139,300	139,300	113,415	25,885
Property services	121,543	121,543	94,478	27,065
Purchased services	454,831	454,831	403,437	51,394
Miscellaneous	109,328	33,597	80,732	(47,135)
Capital Outlay	-	-	153,392	(153,392)
Total Expenditures	1,551,040	1,475,309	1,540,130	(64,821)
Excess (Deficiency) of Revenues Over (Under) Expenditures	5,519	(69,533)	564,522	634,055
Other Financing Sources (Uses)				
Transfer in	-	-	1,326,041	1,326,041
Transfers out	-	-	(135,853)	(135,853)
Total Other Financing Sources (Uses)	-	-	1,190,188	1,190,188
Net Change in Fund Balance	5,519	(69,533)	1,754,710	1,824,243
Fund Balance, Beginning of Year	-	-	1,656,215	1,656,215
Fund Balance, End of Year	$ 5,519	$ (69,533)	$ 3,410,925	$ 3,480,458

Gunnison County Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Special Revenue Fund - National Dispatch Fund
For the Year Ended December 31, 2025

	Budgeted Amounts		Actual	Variance with Final Budget - Positive
	Original	Final	Amounts	(Negative)
Revenues				
Intergovernmental	$ -	$ 500,000	$ 209,815	$ (290,185)
Investment earnings	-	-	3,020	3,020
Total Revenues	-	500,000	212,835	(287,165)
Expenditures				
Current:				
Personnel services	-	450,000	14,432	435,568
Supplies and materials	-	-	369	(369)
Purchased services	-	50,000	11,681	38,319
Total Expenditures	-	500,000	26,482	473,518
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	-	186,353	186,353
Other Financing Sources (Uses)				
Transfer in	-	-	135,853	135,853
Net Change in Fund Balance	-	-	322,206	322,206
Fund Balance, Beginning of Year	-	-	-	-
Fund Balance, End of Year	$ -	$ -	$ 322,206	$ 322,206

Gunnison County Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Improvement Fund
For the Year Ended December 31, 2025

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues			
Property taxes	$ 244,273	$ -	$ (244,273)
Intergovernmental	350,000	-	(350,000)
Total Revenues	594,273	-	(594,273)
Expenditures			
Capital outlay	552,000	-	(552,000)
Total Expenditures	552,000	-	(552,000)
Other Financing Sources (Uses)			
Transfers out	-	(1,326,041)	(1,326,041)
Net Change in Fund Balance	-	(1,326,041)	(1,326,041)
Fund Balance, Beginning of Year	-	1,326,041	1,326,041
Fund Balance, End of Year	$ -	$ -	$ -