

PAWNEE FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2024

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Hoover, Harris and Co.
CERTIFIED PUBLIC ACCOUNTANTS

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Ron Marshall, C.P.A.

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Pawnee Fire Protection District
Grover, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of Pawnee Fire Protection District as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Pawnee Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Pawnee Fire Protection District as of December 31, 2024, and the respective financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Statement of Revenues, Expenditures and Changes in Fund Balances – Budget to Actual, Schedule of Contributions, and the Schedule of Changes in Net Pension Liability / (Asset) and Related Ratios, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Hoover, Harris, and Co.

Greeley, CO

September 26, 2025

PAWNEE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

The Management's Discussion and Analysis (MD&A) of the Pawnee Fire Protection District's financial performance provides the reader an overview and analysis of the District's financial activities for the year ended December 31, 2024. It should be read in conjunction with the District's basic financial statements which begin on Page 7.

Overview of the Financial Statements

The audited financial statements of the District consist of:

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

The District's financial statements are presented as those of a special-purpose government engaged in governmental activities. The statements distinguish the functions of the District that are primarily dependent upon property tax revenues, which consist principally of fire protection services and emergency services. The District does not engage in business-type activities and, accordingly, no proprietary funds are presented in these financial statements.

The **Statement of Net Position** presents information on all of the District's assets, liabilities, deferred inflows of resources, deferred outflows of resources, and the equity in assets (Net Position). Over time, the increases and 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** provides information about how the District's net position changed during the most recent 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows for future fiscal periods.

The **Balance Sheet – Governmental Funds** presents the financial position of the District's funds using the modified accrual method of accounting, which does not reflect capital assets or debt obligations and focuses on the near-term inflow and outflow of spendable resources, as well as balances on spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financial requirements.

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

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 of the Balance Sheet – Governmental Funds and the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District only maintains one governmental fund (general) and adopts an annually appropriated budget for this governmental fund. Budgetary comparison statements are required to be presented and are included as part of the required supplemental information of this report.

The **Notes to the Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

This is the District's first year of presenting financial statements in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB). As a result, comparative financial information for prior years is not available. The condensed data below only represents the financial activities and position of the District for the current fiscal year only.

**Condensed Statement of Net Position
As of December 31, 2024**

Assets:	
Current and other assets	\$ 4,263,678
Capital assets, net	1,110,769
Total Assets	5,374,447
Deferred Outflows of Resources:	
Pension plans	34,486
Liabilities:	
Current and other liabilities	151
Total Liabilities	151
Deferred Inflows of Resources:	
Deferred property taxes	696,988
Pension plans	20,763
Total Deferred Inflows	717,751
Net Position:	
Net investment in capital assets	1,110,149
Restricted	94,789
Unrestricted	3,486,093
Total Net Position	\$ 4,691,031

The \$3,486,093 represents unrestricted net assets that may be used to meet the District’s ongoing obligations to their patrons.

The \$1,110,149 represents the District’s net investment in capital assets. These assets include land, buildings, equipment, and vehicles. These capital assets are used to provide services to patrons and are not available for future spending.

The \$94,789 represents the resources that are reserved for emergencies in accordance with TABOR requirements.

**Condensed Statement of Activities
Year Ended December 31, 2024**

Revenues:		
Property and specific ownership taxes	\$	760,416
Investments		42,677
Other revenues		21,617
Total Revenues		824,710
Expenses:		
Administrative & operation expenses		182,742
Depreciation		142,400
Total expenses		325,142
Increase (decrease) in Net Position		499,568

General Fund Budgetary Highlights

Actual revenues for 2024 were \$92,641 higher than the final budget due to the District receiving more property tax revenue than expected and due to higher earnings on investments. Actual expenditures were \$538,293 less than the final budgeted expenditures due to capital outlay that was not fully expended. The budget and actual comparison schedules included in the required supplementary information show the budget compared to the actual results in more detail. There were no differences between the original adopted budget and the final budget.

Capital Assets

Land	\$	10,000
Buildings		1,107,018
Equipment		314,233
Vehicles		1,479,515
Total Capital Assets		2,910,766
Less Accumulated Depreciation		(1,799,997)
Net Capital Assets	\$	1,110,769

Capital assets – net of depreciation decreased during 2024 due to capital outlay of \$3,058 (assets acquired) and depreciation of \$142,400.

Economic Factors

The District's revenues generally are not dependent on economic factors. Approximately 93.1% of the District's revenues for 2024 were from property taxes levied upon real and personal property within the District. Other revenues are comprised of earnings on investments and miscellaneous donations.

Requests for Information

This financial report is designed to provide a general overview of Pawnee Fire Protection District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Pawnee Fire Protection District, PO Box 66, Grover, CO 80729.

BASIC FINANCIAL STATEMENTS

PAWNEE FIRE PROTECTION DISTRICT
STATEMENT OF NET POSITION
DECEMBER 31, 2024

ASSETS

Current Assets

Cash and investments	\$ 2,942,549
Property tax receivable	696,988
Prepaid items	24,486
Total Current Assets	3,664,023

Noncurrent Assets

Investments	454,357
Net pension asset	145,298
Capital assets:	
Land	10,000
Buildings	1,107,018
Equipment	314,233
Vehicles	1,479,515
Total capital assets	2,910,766
Less accumulated depreciation	(1,799,997)
Net capital assets	1,110,769
Total Noncurrent Assets	1,710,424

TOTAL ASSETS 5,374,447

DEFERRED OUTFLOWS OF RESOURCES

Deferred outflows related to pension	34,486
Total Deferred Outflows of Resources	34,486

LIABILITIES

Current Liabilities

Accounts payable	151
Total Current Liabilities	151

TOTAL LIABILITIES 151

DEFERRED INFLOWS OF RESOURCES

Unearned property tax revenue	696,988
Deferred inflows related to pension	20,763
Total Deferred Inflows of Resources	717,751

NET POSITION

Net investments in capital assets	1,110,149
Restricted	94,789
Unrestricted	3,486,093
Total Net Position	\$ 4,691,031

See accompanying notes to financial statements.

PAWNEE FIRE PROTECTION DISTRICT
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

EXPENSES	
Fire protection & emergency services	\$ 138,943
Fire administration	43,799
Depreciation	142,400
Total Expenses	<u>325,142</u>
 REVENUES	
Property taxes	734,295
Specific ownership taxes	26,121
Investment earnings	42,677
Other	21,617
Total Revenues	<u>824,710</u>
CHANGE IN NET POSITION	499,568
NET POSITION - BEGINNING OF YEAR	<u>4,191,463</u>
NET POSITION - END OF YEAR	<u><u>\$ 4,691,031</u></u>

See accompanying notes to financial statements.

PAWNEE FIRE PROTECTION DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

ASSETS

Current Assets

Cash and investments	\$ 2,942,549
Property tax receivable	696,988
Prepaid items	24,486
	24,486

TOTAL ASSETS	\$ 3,664,023
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LIABILITIES

Current Liabilities

Accounts payable	\$ 151
	151

TOTAL LIABILITIES	151
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DEFERRED INFLOWS OF RESOURCES

Unearned property tax revenue	696,988
Total Deferred Inflows of Resources	696,988

FUND EQUITY

Fund Balance	
Restricted	94,789
Assigned	28,608
Nonspendable	24,486
Unassigned	2,819,001
Total Fund Balance	2,966,884

TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCE	\$ 3,664,023
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Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance	\$ 2,966,884
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.	1,110,769
Net pension asset and deferred outflows/inflows of resources are not current financial resources.	159,021
Investments that are not current financial resources.	454,357
Total Net Position	\$ 4,691,031

See accompanying notes to financial statements.

PAWNEE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

REVENUES	
Property taxes	\$ 734,295
Specific ownership taxes	26,121
Investment earnings	42,677
Other	13,641
Total Revenues	816,734
 EXPENSES	
Fire protection & emergency services	138,943
Fire administration	43,799
Capital outlay	3,058
Total Expenses	185,800
NET CHANGE IN FUND BALANCE	630,934
FUND BALANCE - BEGINNING OF YEAR	2,335,950
FUND BALANCE - END OF YEAR	\$ 2,966,884

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement of Activities

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance	\$ 630,934
 Governmental funds report capital outlays as expenditures while governmental activities report depreciation expense to allocate those expenditures over the life of those assets:	
Expenditures for capital outlays	3,058
Depreciation expense	(142,400)
Net pension asset and deferred outflows/inflows of resources related to pensions are not recorded in the governmental fund but are recorded in the Statement of Net Position.	7,976
Change in net position of governmental activities	\$ 499,568

See accompanying notes to financial statements.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Pawnee Fire Protection District (the “District”) was formed in 1964 to provide fire protection and other emergency services for the population within the District. The financial statements conform to the accounting principles generally accepted in the United States of America.

Reporting Entity

The District is considered a primary government, distinct and legally separate, with financial independence from other state and local governments. In accordance with the relevant governmental accounting standards, the District has evaluated the possibility of including additional entities in its financial statements. The District is reported as a special-purpose government, engaged in a single governmental program.

Government-wide Financial Statements

The government-wide financial statements consist of the Statement of Net Position and the Statement of Activities. These statements report the financial activities of the overall District.

The Statement of Net Position presents the District's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and the financial position of the governmental activities at the end of the year.

The Statement of Activities presents the revenues and expenses for each function of the District's governmental activities, collectively reflecting the District's change in net position.

Fund Financial Statements

The fund financial statements consist of the Balance Sheet and Statement of Revenues, Expenditures, and Changes in Fund Balance for all major governmental funds. The District reports the following major governmental fund:

- The *General Fund* is the District's primary operating fund. It accounts for all financial resources of the District.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of Accounting and Measurement Focus

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the cash flows take place.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. Acquisitions of general capital assets are recorded as expenditures in the governmental fund statements. A reconciliation is presented with the governmental fund financial statements to explain the differences between the governmental fund reporting and the government-wide financial statements.

Cash and Cash Equivalents

For purposes of the basic financial statements, the District defines cash equivalents to be highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash.

Investments

Investments are reported at fair value, including accrued interest. Investment earnings consist primarily of interest income.

Receivables

Receivables outstanding consist of amounts due for property taxes and specific ownership taxes.

Prepaid Items

Certain payments to vendors represent costs applicable to future accounting periods and are reported as prepaid items in both the government-wide and fund financial statements.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital Assets

Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported at historical or estimated historical cost if historical records are not available. Donated capital assets are recorded at the estimated fair value of the asset at the date of the donation.

Repairs and maintenance that do not add value to the asset or materially extend the asset’s life are expensed when incurred. Capital assets are defined as assets with an initial, individual cost of \$2,500 or more and an estimated useful life in excess of one year.

Property and equipment of the District is depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Lives</u>
Land	Non-depreciable
Buildings	15-40 years
Equipment	5-20 years
Vehicles	5-20 years

Deferred Outflows and Inflows of Resources

The Statement of Net Position and the Governmental Funds Balance Sheet include separate sections, where applicable, for deferred outflows of resources and deferred inflows of resources. Deferred outflows of resources represent a consumption of net assets that is applicable to future reporting periods and will be recognized as an expense or expenditure in those periods. Deferred inflows of resources represent an acquisition of net assets that is applicable to future reporting periods and will be recognized as revenue in those periods.

Property Taxes

Property taxes are levied prior to December 31 and are payable in full on April 30, or in two installments due February 28 and June 15. The County Treasurer’s Office is responsible for the collection of property taxes and remits collections to the District on a monthly basis. As property taxes are collected, the related receivable and deferred inflows of resources are reduced, and revenue is recognized in the appropriate period.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as investment in capital assets, restricted, and unrestricted.

Net Investment in Capital Assets represents the portion of net position associated with capital assets that are not liquid in nature, net of any outstanding debt that is directly attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Position consists of assets that are subject to externally imposed constraints on their use, either by creditors, grantors, contributors, laws, or regulations of other governments.

Unrestricted Net Position represents the portion of net position that is not subject to externally imposed restrictions. Although management may designate or allocate these funds for specific purposes, such designations are subject to change at the discretion of the District's Board of Directors.

Fund Balance

Nonspendable – This consists of amounts that are not in a spendable form or are legally or contractually required to be maintained intact. As of December 31, 2024, the District reported a nonspendable fund balance of \$24,486, which is related to prepaid expenses.

Restricted – In accordance with Article X, Section 20 of the Constitution of the State of Colorado (the Taxpayer's Bill of Rights, or TABOR), the District is required to establish emergency reserves. As of December 31, 2024, the District has reserved \$94,789 to comply with this constitutional requirement.

Committed – This includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These constraints can only be modified or removed by taking the same type of formal action used to initially commit the funds. This classification also includes amounts committed under contractual obligations to the extent that existing resources have been specifically designated for satisfying those requirements. As of December 31, 2024, the District did not report any committed fund balance.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fund Balance (continued)

Assigned – This represents amounts that are intended to be used for specific purposes, but do not meet the criteria to be classified as restricted or committed. The intent is expressed by the Board of Directors, or by an official or body to which the Board has delegated the authority. Constraints imposed on the use of assigned amounts are less formal and may be modified or removed more easily than those related to committed fund balance. As of December 31, 2024, the District reported an assigned balance of \$28,608.

Unassigned – The residual portion for the General Fund and includes all amounts not restricted, committed, or assigned to specific purposes. This classification represents resources that are available for any purpose and are not constrained in any manner.

When more than one classification of fund balances is available for use when an expenditure is incurred, it is the District’s practice to use the most restrictive classification first.

Budgets and Budgetary Accounting

The District adopts an annual budget on a modified cash basis, under which capital outlays are treated as expenditures. An annually appropriated budget is adopted for the fund, and all appropriations lapse at year-end.

The District follows the procedures outlined below in establishing the budgetary data reflected in the financial statements:

- Budgets are required by state law for all funds. The budget includes proposed expenditures and the means of financing them.
- In October, the Board submits a proposed budget for the fiscal year beginning January 1. The Board of Directors may change the proposed budget prior to the publication of the notice of budget.
- On or around December 15, the operating budget is legally adopted through the passage of a budget resolution.
- Expenditures may not legally exceed appropriations at the fund level and any revisions that alter the total expenditures must be approved by the Board.

Budgeted amounts presented in the accompanying financial statements are initially adopted by the District’s Board of Directors and may be subsequently revised through formal Board action.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Use of Estimates

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

NOTE 2 – CASH AND INVESTMENTS

As of December 31, 2024, the District had deposits with financial institutions with a carrying amount of \$2,942,549. The deposits are held in multiple financial institutions. Of the total carrying amount, \$1,804,631 was in excess of FDIC coverage. These deposits are collateralized under the Colorado Public Deposit Protection Act. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified under the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

The District has no policy regarding custodial risk for deposits.

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

- 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
- Written repurchase agreements collateralized by certain authorized securities
- Local government investment pools
- Certain money market funds
- Commercial paper
- Guaranteed investment contracts

The above instruments are authorized for all funds and fund types used by Colorado local governments.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 3 – CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2024, is summarized below:

	Balance, 1/1/24	Additions	Deletions	Balance, 12/31/24
Land	\$ 10,000	\$ -	\$ -	\$ 10,000
Buildings	1,119,672	3,058	(15,714)	1,107,016
Equipment	439,196	-	(124,963)	314,233
Vehicles	1,541,515	-	(62,000)	1,479,515
Total Capital Assets	<u>3,110,383</u>	<u>3,058</u>	<u>(202,677)</u>	<u>2,910,764</u>
Less Accumulated Depreciation				
Buildings	(594,038)	(30,226)	15,714	(608,550)
Equipment	(239,676)	(33,034)	124,963	(147,747)
Vehicles	(1,026,560)	(79,140)	62,000	(1,043,700)
Total Accumulated Depreciation	<u>(1,860,274)</u>	<u>(142,400)</u>	<u>202,677</u>	<u>(1,799,997)</u>
Capital Assets, net	<u>\$ 1,250,109</u>	<u>\$ (139,342)</u>	<u>\$ -</u>	<u>\$ 1,110,767</u>

NOTE 4 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains insurance for all such risks of loss, including workers' compensation and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 5 – VOLUNTEER PENSION PLAN

The District sponsors a defined benefit pension plan that provides retirement, disability, and death benefits to its volunteer members and their beneficiaries. The plan is affiliated with the Fire and Police Members' Benefit Fund, an agent multiple-employer pension plan administered by the Fire and Police Pension Association (FPPA) of Colorado. FPPA issues a publicly available annual financial report that includes information on the assets and financial activities of the Volunteer Plan. The report may be obtained on FPPA's website at <http://fppaco.org>.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 – VOLUNTEER PENSION PLAN (continued)

Any firefighter who has both attained age fifty and completed twenty years of service shall be eligible for a monthly pension. Any firefighter that has reached age fifty and completed at least ten years of service will receive a pension benefit that is prorated. Surviving spouses of deceased firefighters may receive benefits as authorized by state statute. The Plan also provides for a lump-sum burial benefit upon death of an active or retired firefighter.

As of December 31, 2024, the membership of the pension plan consisted of 3 retired members and 10 active members.

In accordance with applicable funding agreements and actuarial valuations, the District contributes to the plan through the FPPA. Plan members are not required to make contributions. Additionally, the State of Colorado may provide annual contributions as established by state statute. For the year ended December 31, 2024, the District contributed \$4,000 to the plan.

As of December 31, 2024, the District reported a net pension asset of \$145,298. The net pension asset was measured as of December 31, 2023, and was determined by an actuarial valuation as of December 31, 2023.

The significant actuarial assumptions used to measure total net pension are as follows:

Actuarial valuation date	December 31, 2023
Actuarial cost method	Entry age normal
Amortization method	Level dollar, open*
Remaining amortization period	20 years*
Asset valuation method	5-year smoothed fair value
Inflation	2.5%
Salary increases	N/A
Investment rate of return	7%
Retirement age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 – VOLUNTEER PENSION PLAN (continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included the Fund’s target asset allocation as of December 31, 2023, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Nominal Rate of Return
Cash	1%	4.32%
Fixed income – rates	10%	5.35%
Fixed income – credit	5%	5.89%
Absolute return	9%	6.39%
Long short	6%	7.27%
Global equity	35%	8.33%
Private markets	34%	10.31%
Total	100%	

Changes in Net Pension Asset:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Changes for the year:			
Service cost	\$ 3,642	\$ -	\$ 3,642
Interest on the total pension liability	12,167	-	12,167
Benefit changes	-	-	-
Difference between expected and actual expense	-	-	-
Changes to assumptions	-	-	-
Benefit payments	(3,120)	(3,120)	-
Contributions – employer	-	4,000	(4,000)
Net investment income	-	29,115	(29,115)
Pension plan administrative expense	-	(3,810)	3,810
State supplemental discretionary payment	-	3,600	(3,600)
Net change	12,689	29,785	(17,096)
Beginning balance	173,562	301,764	(128,202)
Ending balance	\$ 186,251	\$ 331,549	\$ (145,298)

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 5 – VOLUNTEER PENSION PLAN (continued)

The total pension liability for FPPA was measured using a discount rate of 7%. The discount rate was determined based on the projection of cash flows that assumed contributions would continue at the current statutory rates. Under these assumptions, the fiduciary net position of the plan is projected to be sufficient to make all projected future benefit payments to current plan members.

The following presents the plan’s net pension liability/(asset) calculated using a discount rate of 7%, as well as what the District’s net pension liability/(asset) would be if it were calculated using a discount rate that is one percent lower (6%) or one percent higher (8%) than the current rate:

	1% Decrease 6%	Current Rate 7%	1% Increase 8%
Net pension liability (asset)	\$ (122,351)	\$ (145,298)	\$ (164,343)

As of December 31, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources	Net Deferred Outflows/ Inflows of Resources
Differences between expected and actual experience	\$ 2,867	\$ 2,482	\$ 385
Changes in assumptions	2,155	-	2,155
Net difference between projected and actual earnings on pension plan investments	29,464	18,281	11,183
Total	\$ 34,486	\$ 20,763	\$ 13,723

Deferred Outflows/Inflows of Resources by year to be recognized in the future:

Fiscal Year Ending December 31	Net Deferred Outflows/ (Inflows) of Resources
2025	\$ 314
2026	5,099
2027	9,902
2028	(1,592)
2029	-
Thereafter	-
Total	\$ 13,723

PAWNEE FIRE PROTECTION DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2024

NOTE 6 – SUBSEQUENT EVENTS

The District has evaluated subsequent events through September 26, 2025, which is the date the financial statements were issued. Based on this evaluation, no events or transactions were identified that would require adjustment to or disclosure in the financial statements.

REQUIRED SUPPLEMENTAL INFORMATION

PAWNEE FIRE PROTECTION DISTRICT
STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET TO ACTUAL
YEAR ENDED DECEMBER 31, 2024

	Original and Final Budget	Actual	Variance - Favorable (Unfavorable)
REVENUES			
Property taxes	\$ 724,093	\$ 734,295	\$ 10,202
Specific ownership taxes	-	26,121	26,121
Investment earnings	-	42,677	42,677
Other	-	13,641	13,641
Total Revenues	724,093	816,734	92,641
EXPENSES			
Fire protection & emergency services	422,593	138,943	283,650
Fire administration	101,500	43,799	57,701
Capital outlay	200,000	3,058	196,942
Total Expenses	724,093	185,800	538,293
NET CHANGE IN FUND BALANCE	\$ -	630,934	\$ 630,934
FUND BALANCE - BEGINNING OF YEAR		2,335,950	
FUND BALANCE - END OF YEAR		\$ 2,966,884	

See accompanying Independent Auditor's Report

PAWNEE FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS
FOR THE LAST 10 FISCAL YEARS

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
2024	\$ 4,000	\$ 4,000	\$ -	N/A	N/A
2023	\$ 7,600	\$ 7,600	\$ -	N/A	N/A
2022	\$ 7,150	\$ 7,150	\$ -	N/A	N/A
2021	\$ 9,800	\$ 9,800	\$ -	N/A	N/A
2020	\$ 3,500	\$ 3,500	\$ -	N/A	N/A
2019	\$ 6,650	\$ 6,650	\$ -	N/A	N/A
2018	\$ 3,500	\$ 3,500	\$ -	N/A	N/A
2017	\$ 6,650	\$ 6,650	\$ -	N/A	N/A
2016	\$ 6,650	\$ 6,650	\$ -	N/A	N/A
2015	\$ 6,650	\$ 6,650	\$ -	N/A	N/A

See accompanying Independent Auditor's Report

PAWNEE FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET) AND RELATED RATIOS
FOR THE LAST 10 FISCAL YEARS

Measurement Date Ending December 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability:										
Service cost	\$ 3,642	\$ 831	\$ 831	\$ 1,042	\$ 1,042	\$ 679	\$ 679	\$ 614	\$ 614	\$ 608
Interest	12,167	3,143	2,984	3,488	3,243	3,276	3,054	2,917	2,725	2,618
Benefit changes	-	117,920	-	-	-	-	-	-	-	-
Differences between expected and actual experience	-	4,777	-	(10,846)	-	(3,225)	-	(1,710)	-	(1,025)
Assumption changes	-	3,591	-	-	-	2,519	-	762	-	-
Benefit payments	(3,120)	(2,340)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)
Net Change in Pension Liability	12,689	127,922	3,035	(7,096)	3,505	2,469	2,953	1,803	2,559	1,421
Total Pension Liability - Beginning	173,562	45,640	42,605	49,701	46,196	43,727	40,774	38,971	36,412	34,991
Total Pension Liability - Ending	<u>\$ 186,251</u>	<u>\$ 173,562</u>	<u>\$ 45,640</u>	<u>\$ 42,605</u>	<u>\$ 49,701</u>	<u>\$ 46,196</u>	<u>\$ 43,727</u>	<u>\$ 40,774</u>	<u>\$ 38,971</u>	<u>\$ 36,412</u>
Plan Fiduciary Net Position										
Employer contribution	\$ 4,000	\$ 4,000	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500
Pension plan net investment income	29,115	(26,231)	41,755	32,659	30,701	(89)	27,129	9,317	2,844	10,097
Benefit payments	(3,120)	(2,340)	(780)	(780)	(780)	(780)	(780)	(780)	(780)	(780)
Pension plan administrative expense	(3,810)	(2,495)	(4,218)	(2,164)	(4,515)	(2,797)	(3,082)	(551)	(1,387)	(619)
State supplemental discretionary payment	3,600	3,150	6,300.00	-	3,150	-	3,150	3,150	3,150	3,150
Net Change in Plan Fiduciary Position	29,785	(23,916)	46,557	33,215	32,056	(166)	29,917	14,636	7,327	15,348
Plan Fiduciary Net Position - Beginning	301,764	325,680	279,123	245,908	213,852	214,018	184,101	169,465	162,138	146,790
Plan Fiduciary Net Position - Ending	<u>\$ 331,549</u>	<u>\$ 301,764</u>	<u>\$ 325,680</u>	<u>\$ 279,123</u>	<u>\$ 245,908</u>	<u>\$ 213,852</u>	<u>\$ 214,018</u>	<u>\$ 184,101</u>	<u>\$ 169,465</u>	<u>\$ 162,138</u>
Net Pension Liability/(Asset)	\$ 145,298	\$ 128,202	\$ 280,040	\$ 236,518	\$ 196,207	\$ 167,656	\$ 170,291	\$ 143,327	\$ 130,494	\$ 125,726
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	178.01%	173.87%	713.58%	655.14%	494.77%	462.92%	489.44%	451.52%	434.85%	445.29%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability/(Asset) as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

See accompanying Independent Auditor's Report