KIOWA FIRE PROTECTION DISTRICT

FINANCIAL STATEMENTS

With Independent Auditor's Report

December 31, 2023

KIOWA FIRE PROTECTION DISTRICT

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Kiowa Fire Protection District
Elbert County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Kiowa Fire Protection District (the District), as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2023, and the respective changes in financial position thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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

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

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

Fiscal Focus Partners, LLC

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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

Management has omitted management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the pension information on pages 26 through 27 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.

Fiscal Focus Parnters, LLC

Arvada, Colorado
August 15, 2024

BASIC FINANCIAL STATEMENTS

KIOWA FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION

December 31, 2023

	Governmental Activities
Assets	
Cash and investments	$ 820,810
Cash and investments - restricted	19,800
Receivable - County Treasurer	6,159
Property taxes receivable	601,969
Capital assets being depreciated, net	861,125
Net pension asset- FPPA volunteer pension fund	261,904
Total assets	2,571,767
Deferred Outflows of Resources	
Pension related amounts - FPPA volunteer pension fund	127,028
Total deferred outflows of resources	127,028
Liabilities	
Total liabilities	-
Deferred inflows of resources	
Property tax revenue	601,969
Pension related amounts - FPPA volunteer pension fund	87,616
Total deferred inflows of resources	689,585
Net position	
Net investment in capital assets	861,125
Restricted	
Emergency reserve	19,800
Unrestricted	1,128,285
Total net position	$ 2,009,210

The accompanying Notes to Financial Statements are an integral part of these statements.

KIOWA FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2023

		Program Revenues			Net (Expense) Revenue and Change in Net Position
Functions/Programs:	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Governmental Activities**
Primary government					
Public safety	$ (753,296)	$ 191,134	$ 16,442	$ 35,369	$ (510,351)
Interest on long-term debt	(5,591)	-	-	-	(5,591)
Total primary government	$ (758,887)	$ 191,134	$ 16,442	$ 35,369	$ (515,942)
		General Revenues:			
		Property taxes			459,175
		Specific ownership tax			74,213
		Impact fees			48,856
		Net investment income			25,459
		Other income			24,702
		Total general revenues			632,405
		Change in net position			116,463
		Net position - beginning			1,892,747
		Net position - ending			$ 2,009,210

The accompanying Notes to Financial Statements are an integral part of these statements.

KIOWA FIRE PROTECTION DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS

December 31, 2023

		General Fund
Assets		
Cash and investments	$	820,810
Cash and investments - restricted		19,800
Receivable - County Treasurer		6,159
Property taxes receivable		601,969
Total assets	$	1,448,738
Liabilities, deferred inflows of resources and fund balances		
Liabilities		
Total liabilities	$	-
Deferred inflows of resources		
Property tax revenue		601,969
Total deferred inflows of resources		601,969
Fund balance		
Restricted for emergencies		19,800
Assigned for subsequent year's expenditures		749,860
Unassigned		77,109
Total fund balances		846,769
Total liabilities, deferred inflows of resources, and fund balances	$	1,448,738
Total fund balance		846,769
Amounts reported for governmental activities in the statement of net position are different because:		
Other long-term assets are not available to pay for current period expenditures and, therefore, are not reported in the funds:		
Capital assets, net of accumulated depreciation		861,125
Net pension asset - FPPA volunteer pension fund		261,904
Deferred outflows and inflows of resources that represent acquisition or consumption of net position that applies to future periods and, therefore, are not reported in the funds:		
Deferred Outflows - FPPA volunteer pension fund		127,028
Deferred Inflows - FPPA volunteer pension fund		(87,616)
Net position of governmental activities	$	2,009,210

The accompanying Notes to Financial Statements are an integral part of these statements.

KIOWA FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

For the Year Ended December 31, 2023

	General Fund
Revenues	
Property taxes	$ 459,175
Specific ownership tax	74,213
Emergency medical services	190,046
Permits	1,088
Impact fees	48,856
Grants and donations	51,811
Interest income	25,459
Other income	24,702
Total revenues	875,350
Expenditures	
Public safety	
Administration	168,281
Firefighting and emergency medical services	345,997
Training	6,873
Repairs and maintenance	33,242
Stations buildings and grounds	42,448
Grant expenditures	37,568
Durable equipment	28,267
Capital outlay	
Equipment	71,704
Debt service	
Principal payments	134,382
Interest	5,591
Total expenditures	874,353
Net change in fund balance	997
Fund balances - beginning	845,772
Fund balances - ending	$ 846,769

The accompanying Notes to Financial Statements are an integral part of these statements.

KIOWA FIRE PROTECTION DISTRICT

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

For the Year Ended December 31, 2023

Net change in fund balance - total governmental funds	$	997
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital asset additions		71,704
Depreciation expense		(114,687)
The issuance of long-term debt provides current financial resources to governmental funds while the repayment of the principal long-term debt consumes the current financial resouces of governmental funds. Neither transaction, however, has any effect on net position.		
Lease principal payments		134,382
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.		
Pension expense		24,067
Change in net position of governmental activities	$	116,463

The accompanying Notes to Financial Statements are an integral part of these statements.

KIOWA FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2023

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget - Positive (Negative)
REVENUES			
Property taxes	$ 460,277	$ 459,175	$ (1,102)
Specific ownership tax	70,000	74,213	4,213
Emergency medical services	75,000	190,046	115,046
Permits	1,000	1,088	88
Impact fees	25,000	48,856	23,856
Grants and donations	427,529	51,811	(375,718)
Interest income	2,000	25,459	23,459
Other income	3,999	24,702	20,703
Total revenues	1,064,805	875,350	(189,455)
EXPENDITURES			
Public safety			
Administration	207,040	168,281	38,759
Firefighting and emergency medical services	355,954	345,997	9,957
Training	6,500	6,873	(373)
Repairs and maintenance	27,000	33,242	(6,242)
Stations buildings and grounds	46,000	42,448	3,552
Grant expenditures	314,320	37,568	276,752
Durable equipment	28,000	28,267	(267)
Contingencies and emergencies	359,006	-	359,006
Capital outlay			
Building and improvements	245,248	-	245,248
Equipment	251,900	71,704	180,196
Debt service			
Principal payments	25,210	134,382	(109,172)
Interest	4,301	5,591	(1,290)
Total expenditures	1,870,479	874,353	996,126
Net change in fund balance	(805,674)	997	806,671
Fund balance - beginning	805,674	845,772	40,098
Fund balance - ending	$ -	$ 846,769	$ 846,769

The accompanying Notes to Financial Statements are an integral part of these statements.

Note 1 – Reporting entity

Kiowa Fire Protection District (District), a quasi-municipal corporation and political subdivision of the State of Colorado, is governed pursuant to provisions of the Colorado Special District Act (Title 32, Article 1, Colorado Revised Statutes). The District's service area is located in Elbert County, Colorado. The District was established to provide fire protection, rescue operations, and emergency medical services within the District.

The District follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the 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, a 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.

Note 2 – Summary of significant accounting policies

The more significant accounting policies of the District are described as follows:

Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. The Governmental activities are normally supported by taxes and intergovernmental revenues.

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

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

Separate financial statements are provided for governmental funds.

Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Property taxes are recognized as revenues in the year for which they are levied. Grants are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Interest associated with the current fiscal period is considered to be susceptible to accrual and so has been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures, other than interest on long-term obligations, generally are recorded when a liability is incurred or the long-term obligation is due.

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 general government.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first, then unrestricted resources as they are needed.

Property taxes

Property taxes are levied based on assessed valuations determined by the County Assessor generally as of January 1 of each year. The levy is normally set by December 15 by certification to the County Commissioners to put the tax lien on the individual properties as of January 1 of the following year. The County Treasurer collects the determined taxes during the ensuing calendar year. The taxes are payable by April or in equal installments, at the taxpayer's election, in February and June. Delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November and December. The County Treasurer remits the taxes collected monthly to the District.

Property taxes, net of estimated uncollectible taxes, are recorded initially as deferred inflows of resources in the year they are levied and measurable. The property tax revenues are recorded as revenue in the year they are available or collected.

Budgets

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The total appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting.

Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental activities column of the government-wide financial statements. Capital assets are defined by the District as those assets with a cost of $5,000 or greater and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Major outlays for capital assets and improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Depreciation expense has been computed using the straight-line method over the following estimated economic useful lives:

Buildings and improvements	10-40 years
Equipment	5-20 years
Vehicles	5-20 years
Furnishings	7 years

Deferred outflows and inflows of resources

In addition to assets and liabilities, the Statement of Net Position will sometimes report separate sections for deferred outflows and deferred inflows of resources. A deferred outflow of resources is a consumption of net position by the District that is applicable to a future reporting period, and a deferred inflow of resources is an acquisition of net position by the District that is applicable to a future reporting period. Both deferred outflows and inflows are reported in the Statement of Net Position, but are not recognized in the financial statements as revenues and expenses until the period(s) to which they relate.

The District has certain items that relate to its pension plans that qualify for reporting as deferred outflows of resources and deferred inflows of resources. Deferred inflows of resources also consist of deferred property tax revenue. The deferred property tax revenue is deferred and recognized as an inflow of resources in the period that the amount becomes available.

Use of estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that District management make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosures of contingent assets, deferred outflows of resources, liabilities and deferred inflows of resources at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

Fund balances

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: non-spendable, restricted, committed, assigned and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. The following classifications describe the relative strength of the spending constraints:

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

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

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

Assigned fund balance – The portion of fund balance that is constrained by the government's intent to be used for specific purposes, but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.

Unassigned fund balance – The residual portion of fund balance that does not meet any of the above criteria.

If more than one classification of fund balance is available for use when expenditure is incurred, it is the District's policy to use the most restrictive classification first.

Fire Protection Postemployment Benefits Plan

The Governmental Accounting Standards Board (GASB) released Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions that was effective for the District for fiscal year ending December 31, 2018. This statement details the reporting requirements for employers regarding other post-employment benefit (OPEB) plans.

FPPA administers the Statewide Death & Disability Plan discussed in Note 7, which qualifies as a cost sharing multiple-employer defined benefit OPEB plan under the standard. This plan covers substantially all active full-time (and some part-time) employees of fire and police departments in Colorado. As it pertains to the requirements in Statement No. 75 regarding the FPPA Statewide Death & Disability Plan and the District, FPPA concluded that because all contributions to the plan are considered member contributions (and not employer), the employers' proportionate share of any Net OPEB liability (asset) is $-0-.

Note 3 – Cash and investments

Cash and investments are reflected on the December 31, 2023 statement of net position as follows:

Cash and investments	$	820,810
Cash and investments- restricted		19,800
Total cash and investments	$	840,610

Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	$	381,496
Investments		459,114
Total cash and investments	$	840,610

Deposits with financial institutions

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. As of December 31, 2023, the federal insurance limit was $250,000. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least 102% of the aggregate uninsured deposits.

The State Commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2023, the District's cash deposits had a bank balance of $384,381 and a carrying balance of $381,496.

Custodial credit-risk deposits

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. The District has adopted a deposit policy, which follows states statutes, for custodial credit risk. As of December 31, 2023, all of the District's bank balances and carrying balances were fully insured or collateralized.

Investments

The District has not adopted a formal investment policy but follows state statutes regarding investments.

The District primarily limits its investments to money market funds, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the District is not subject to concentration risk disclosure requirements or subject to custodial credit risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

As of December 31, 2023, the District had the following investments:

Investment	Maturity	Amount
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	$ 459,114

Colotrust

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to $1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a $10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AAAf/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period. At December 31, 2023, the District had all investments held in COLOTRUST PLUS+.

Cash and investments - restricted

Article X, Section 20 of the Constitution of the State of Colorado requires the District to establish emergency reserves (see Note 12). At December 31, 2023, $19,800 of cash and investments were restricted in compliance with this requirement.

KIOWA FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS
(continued)

December 31, 2023

Note 4 – Capital assets

An analysis of the changes in capital assets for the year ended December 31, 2023 are as follows:

	Balance at December 31, 2022	Increases	Decreases	Balance at December 31, 2023
Capital assets, not being depreciated				
Land	$ 55,125	$ -	$ -	$ 55,125
	55,125	-	-	55,125
Capital assets being depreciated				
Stations, buildings and grounds	689,283	-	-	689,283
Furnishings	14,473	-	-	14,473
Vehicles	1,284,619	-	-	1,284,619
Equipment	536,955	71,704	71,609	537,050
Total capital assets being depreciated	2,525,330	71,704	71,609	2,525,425
Less accumulated depreciation for				
Stations, buildings and grounds	239,032	24,833	-	263,865
Furnishings	7,752	2,068	-	9,820
Vehicles	1,011,806	63,613	-	1,075,419
Equipment	417,757	24,173	71,609	370,321
Total accumulated depreciation	1,676,347	114,687	71,609	1,719,425
Total capital assets being depreciated, net	848,983	(42,983)	-	806,000
Capital assets, net	$ 904,108	$ (42,983)	$ -	$ 861,125

Depreciation expense of $114,687 for the year ended December 31, 2023 was charged to the Public Safety function.

Note 5 – Long-term obligations

The following is an analysis of the changes in the District's long-term obligations for the year ended December 31, 2023:

	Balance at December 31, 2022	Additions	Reductions	Balance at December 31, 2023	Due Within One Year
2017 Lease Purchase	$ 134,382	$ -	$ 134,382	$ -	$ -
Total long-term obligations	$ 134,382	$ -	$ 134,382	$ -	$ -

The detail of the District's long-term obligations is as follows:

2017 Lease Purchase Agreement

In June 2017, the District entered into a lease-purchase collateralized by equipment as defined in the Series 2017 Lease Purchase Agreement ("2017 Lease Purchase"). Under the terms of the 2017 Lease Purchase, the lease payments shall constitute a current expenditure/expense of the District payable in the current year and in any other year so as to not be construed as a multiple fiscal year obligation.

Provided the District has complied with the terms and conditions of the 2017 Lease Purchase, the District shall have the option, upon any payment date as specified in the 2017 Lease Purchase, to prepay not less than the amount due on all of the equipment which is subject to the 2017 Lease Purchase.

The 2017 Lease Purchase requires annual rental payments of $29,510 including interest at a rate of 3.2%, with a final payment due May 1, 2027. The District paid off the lease in full during 2023.

Debt authorization

At December 31, 2023, the District had no authorized but unissued debt.

Note 6 – Net position

The District reports net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of leases, bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets. As of December 31, 2023 the District had net investment in capital assets of $861,125.

Restricted net position is restricted for use either externally imposed by creditors, grantors, contributors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2023, the District has restricted net position of $19,800.

The District had unrestricted net position of $1,128,285 as of December 31, 2023.

Note 7 – Employee retirement plan

State Fire and Police Pension Plan (FPPA)

The District contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA). The Statewide Defined Benefit Plan (SWDB) provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Statewide Death and Disability Plan, which is also administered by the FPPA. This is a noncontributory plan. All full-time, employees of the District are members of the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. Local revenue sources are responsible for funding of the Death and Disability benefits for firefighters hired on or after January 1, 1997.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for both the Statewide Defined Benefit Plan and the Statewide Death and Disability Plan. FPPA's comprehensive annual financial report that can be at http://www.fppaco.org.

Subsequent to the measurement date, the assets and liabilities of the Statewide Defined Benefit Plan and Statewide Hybrid Plan were combined to form the Statewide Retirement Plan effective January 1, 2023, based on House Bill 22-1034. The Statewide Defined Benefit Plan became the Defined Benefit Component of the Statewide Retirement Plan.

Description of Benefits

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3 percent or the Consumer Price Index or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of the SWDB plan and their employers are contributing at the rate of 12.0 percent and 9.5 percent, respectively, of base salary for a total contribution rate of 21.5 percent in 2023. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates are 12.0 percent of pensionable earnings for the foreseeable future. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. Contributions to the SWDB plan from the District were $13,796 for the year ended December 31, 2023.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The SWDB plan is also subject to the provisions of GASB 68 which provide guidance for the potential recognition of the District's proportionate share of the SWDB plans net pension asset/(liability) and any related deferred outflows or deferred inflows. The District has evaluated the impact of GASB 68 and has determined the District's proportionate share of the

SWDB plans net pension asset/(liability) and any related deferred outflows or deferred inflows are immaterial. As such, as permitted under US GAAP, the District's proportionate share of the SWDB plans net pension asset/(liability) and any related deferred outflows or deferred inflows are not reflected.

Pension Plan Fiduciary Net Position

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

Note 8 - Volunteer Pension Fund

Description of the Plan and Benefits Provided

The District, on behalf of its volunteer firefighters, maintains the District's Volunteer Firefighters' Pension Plan, a single-employer defined benefit plan (the "Plan") which is affiliated with the Colorado Fire and Police Pension Association ("FPPA").

Volunteer firefighters who maintain an average training participation in the department of 36 hours per year are eligible to participate in the plan for that year. Volunteers' rights to benefits fully vest after 20 years of service. Volunteers, who retire at, or after the age of fifty with ten years of credited service, are entitled to a reduced benefit. In addition, the Plan provides death and disability benefits funded by insurance policies.

Effective March 2017, the District elected to close the Volunteer Firefighters' Pension Plan to new members.

Previously, the District made contributions based upon District established benefits and funding requirements based upon an actuarial study. Plan members did not make contributions. The State of Colorado also made an annual contribution to the Plan in an amount established by statute.

Volunteers Covered by Benefit Terms
As of January 1, 2023, the following employees were covered by the benefit terms:

Retirees and Beneficiaries	13
Inactive, Non-retired Members	6
Active Members	3
Total	22

Benefits Provided
The Plan provides retirement benefits for Plan participants and beneficiaries according to the Plan provisions as enacted and governed by the Plan Board of Trustees as follows:

Normal Retirement Benefit at Age 50 with 20 years of service (monthly)	$	400
Disability Retirement Benefit (monthly)		
Short-term disability for line of duty injury, not to exceed 1 year		225
Long-term disability for line of duty injury, lifetime benefit		450
Survivor Benefits (monthly)		
Death in the line of duty, before retirement eligible		225
Death after normal retirement		200
Death after disability retirement		225
Funeral Benefit, lump sum, one-time only		500

The above benefit provisions were also used to determine the total pension asset (liability).

Funding Policy
The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. The Actuarial study as of January 1, 2023, indicated that the current level of contributions to the fund are adequate to support, on an actuarially sound basis, the prospective benefits for the present plan.

Contributions
For the year ended December 31, 2023, the District contributed $0 to the plan.

Net Pension Liability/(Asset)
The total pension liability/(asset) is based on an actuarial valuation performed as of January 1, 2023 and a measurement date of December 31, 2022. This measurement date is within two years of the plan sponsor's fiscal year-end of December 31, 2023 and may be used for December 31, 2023 reporting purposes.

Actuarial Assumptions. The total pension liability/(asset) in the January 1, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation method	5-year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65

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

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.

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 4.05% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount rate is 7.00%.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits). Being that the plan’s fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

Changes in the Net Pension Liability/(Asset)

	Increase (Decrease)		
	Total Pension Liability (Asset)	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2022	$ 660,806	$ 1,043,966	$ (383,160)
Changes for the Year:			
Service cost	2,437	–	2,437
Interest	44,858	–	44,858
Changes in benefit terms	–	–	–
Difference between expected and actual experience	(22,301)	–	(22,301)
Changes in assumptions	7,570	–	7,570
State of Colorado supplemental discretionary payment	–	–	–
Contributions - employer	–	–	–
Net investment income	–	(83,487)	83,487
Benefit payments	(43,090)	(43,090)	–
Administrative expenses	–	(5,205)	5,205
Net changes	(10,526)	(131,782)	121,256
Balance at December 31, 2023	$ 650,280	$ 912,184	$ (261,904)

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

	1% Decrease 6.00%	Current Discount Rate 7.00%	1% Increase 8.00%
District's Net Pension Liability (Asset)	$ (192,626)	$ (261,904)	$ (319,737)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions.

For the year ended December 31, 2023, the district recognized pension income of $24,067 for the Volunteer Pension Plan. At December 31, 2023, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ –	$ 11,228
Changes of Assumptions	3,106	–
Net difference between projected and actual earnings on pension plan investments	123,922	76,388
Total	$ 127,028	$ 87,616

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense (income) as follows:

Year Ended December	Deferred Amounts
2024	$ (13,964)
2025	6,056
2026	16,341
2027	30,979
Total	$ 39,412

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued FPPA financial report.

Note 9 – Impact fees

Under Colorado Revised Statutes, Fire Districts are permitted to impose an impact fee on the construction of new buildings, structures, facilities, or improvements, including oil and gas wells, on previously improved or unimproved real property for reasonable costs of fire protection services from the Fire Districts.

Note 10 – Emergency medical services (EMS)

The District grants credits to residents, visitors and third party medical payers for EMS and EMS response services provided by the District. Due to the uncertainty related to the various third-party payer adjustments and the timing of the actual collection of the EMS and EMS support response fees, the District recognizes revenue associated with the EMS and EMS support response services on the cash basis, thereby recognizing the revenue when the payment for EMS and EMS support services is received.

As of December 31, 2023, the balance billed by and outstanding to the District, before third-party payer adjustments, was $60,497. The actual revenue to be recognized will be determined at the time final payment is received by the District.

Note 11 – Risk management

The District is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees; or acts of God. The District maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

Note 12 – Tax, spending and debt limitations

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR) contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments.

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

In 1996, the voters of the District voted to allow the District to retain revenues in excess of the limits established by TABOR.

The District's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including interpretation of how to calculate Fiscal Year Spending limits, will require judicial interpretation.

REQUIRED SUPPLEMENTAL INFORMATION

KIOWA FIRE PROTECTION DISTRICT
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service Cost	$ 2,437	$ 2,437	$ 6,153	$ 6,153	$ 5,075	$ 5,075	$ 5,480	$ 5,480	$ 9,466
Interest on the Total Pension Liability	44,858	44,594	45,392	44,862	34,450	34,337	33,706	33,245	34,202
Benefit Changes	-	-	-	-	158,794	-	-	-	-
Differences Between Expected and Actual Experience	(22,301)	-	(17,682)	-	(2,437)	-	(9,930)	-	(21,898)
Changes of Assumptions	7,570	-	-	-	28,607	-	11,947	-	-
Benefit Payments	(43,090)	(43,440)	(43,440)	(43,440)	(43,440)	(32,580)	(32,580)	(32,580)	(32,580)
Net Change in Total Pension Liability	(10,526)	3,591	(9,577)	7,575	181,049	6,832	8,623	6,145	(10,810)
Total Pension Liability - Beginning of Year	660,806	657,215	666,792	659,217	478,168	471,336	462,713	456,568	467,378
Total Pension Liability - End of Year	$ 650,280	$ 660,806	$ 657,215	$ 666,792	$ 659,217	$ 478,168	$ 471,336	$ 462,713	$ 456,568
Plan Fiduciary Net Position									
District Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ 20,000	$ 20,000	$ 20,000
Pension Plan Net Investment Income	(83,487)	138,328	112,083	115,520	664	114,930	41,161	13,291	47,936
Benefit Payments	(43,090)	(43,440)	(43,440)	(43,440)	(43,440)	(32,580)	(32,580)	(32,580)	(32,580)
Pension Plan Administrative Expenses	(5,205)	(5,384)	(4,178)	(7,533)	(7,099)	(6,927)	(1,489)	(2,318)	(1,485)
State of Colorado supplemental discretionary payment	-	-	-	-	-	-	13,530	13,521	14,075
Net Change in Plan Fiduciary Net Position	(131,782)	89,504	64,465	64,547	(49,875)	75,423	40,622	11,914	47,946
Plan Fiduciary Net Position - Beginning of Year	1,043,966	954,462	889,997	825,450	875,325	799,902	759,280	747,366	699,420
Plan Fiduciary Net Position - End of Year	$ 912,184	$ 1,043,966	$ 954,462	$ 889,997	$ 825,450	$ 875,325	$ 799,902	$ 759,280	$ 747,366
Net Pension Liability (Asset) - End of Year	$ (261,904)	$ (383,160)	$ (297,247)	$ (223,205)	$ (166,233)	$ (397,157)	$ (328,566)	$ (296,567)	$ (290,798)
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	140.28%	157.98%	145.23%	133.47%	125.22%	183.06%	169.71%	164.09%	163.69%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
District's Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.

KIOWA FIRE PROTECTION DISTRICT
SCHEDULE OF DISTRICT CONTRIBUTIONS
STATE FIRE AND POLICE PENSION PLAN (FPPA) - VOLUNTEER PENSION FUND

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially Determined Contribution	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Contributions in Relation to the Actuarially Determined Contribution	-	-	-	-	-	-	33,530	33,521	34,075
Contribution Deficiency (Excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ (33,530)	$ (33,521)	$ (34,075)
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A

This schedule is presented to show information for 10 years. Until information for the full 10-year period is available, information will be presented for the years information is available.