

LOWER VALLEY FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditors
For the Year Ended December 31, 2019

LOWER VALLEY FIRE PROTECTION DISTRICT

TABLE OF CONTENTS
December 31, 2019

	<u>Page Number</u>
MANAGEMENT'S DISCUSSION AND ANALYSIS	1
INDEPENDENT AUDITOR'S REPORT	4
FINANCIAL STATEMENTS	
Statement of Net Position and Governmental Fund Balance Sheet	6
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	6
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Fund and Statement of Activities	7
Reconciliation of Statement of Revenues, Expenditures and Change in the Fund Balances of the Governmental Fund to the Statement of Activities	8
Notes to the Financial Statements	9
REQUIRED SUPPLEMENTAL INFORMATION	
Statewide Defined Benefit Plan	
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)	24
Schedule of the District's Contributions	24
Volunteer Pension Plan	
Schedule of change in Net Pension Liability/(Asset) and Related Ratios Multiyear	26
Schedule of Contributions Multiyear	27
Statement of Revenue, Expenditures –Budget and Actual General Fund	28

LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

The discussion and analysis is designed to provide an analysis of the District's financial condition and operating results and to inform the reader on District financial issues and activities. Please read it in conjunction with the District's financial statements that follow the Management's Discussion and Analysis.

USING THIS ANNUAL REPORT

The financial statements included in this annual report are those of a special-purpose government engaged only in a Government-type activity. The following statements and schedules are included:

- Statement of Net Position and governmental fund balance sheet – reports the District's current financial resources (short-term spendable resources with capital assets and short and long-term obligations). (See page 6)
- Statement of revenue, expenditures, and changes in fund balances – governmental and statement of activities – reports the District operating and non-operating revenues by major source along with operating and non-operating expenditures. (See page 7)
- Statement of revenues, expenditures, and change in fund balance actual and budget – compares the District's budgeted and actual revenues and expenditures for the year ended December 31, 2019 (See pages 27)

STATEMENT OF NET POSITION

The following table shows the condensed statement of Net Position for the past two years.

Years ended December 31,	2019	2018
Current assets	\$ 3,527,492	\$ 2,677,658
Net Pension Assets:		
Statewide Plan	245,395	160,154
Volunteer Plan	441,361	614,130
Deferred Outflows of Resources	625,456	257,475
Capital assets (net of depreciation)	3,849,916	3,827,138
Total assets	8,689,620	7,536,555
Current liabilities	233,506	118,107
Net Pension Liability-SWDB	-	-
Long-term liabilities	93,913	65,645
Total liabilities	327,419	183,752
Deferred Inflows of Resources		
Property Taxes	1,769,377	1,528,653
Statewide Pension Plan	80,021	44,399
Volunteer Pensis Plan	1,269	101,067
	1,850,667	1,674,119
Net Position		
Invested in capital assets	4,122,830	3,827,138
Restricted for Tabor emergency	109,128	111,009
Restricted for Pensions	1,230,922	886,293
Nonspendable	60,567	52,953
Unrestricted	988,087	801,291
Total Net Position	\$ 6,511,534	\$ 5,678,684

**LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019**

The Net Position of the District increased \$832,850 from \$6,511,534 in 2018 to \$5,678,684 in 2019. The District's total assets increased from \$7,536,555 in 2018 to \$8,962,534 in 2019 for a difference of \$1,425,979. The District's total liabilities increased in 2019 by \$416,581.

REVIEW OF REVENUES

Years ended December 31,	<u>2019</u>	<u>2018</u>
Operating revenue		
Charges for services	\$ 1,583,657	\$ 1,220,995
Total	<u>1,583,657</u>	<u>1,220,995</u>
Non-operating revenue		
Specific ownership tax	327,225	207,432
General property tax	1,820,287	1,205,344
Interest income	21,104	15,158
Other revenue	236,617	187,364
Grants	<u>145,881</u>	<u>38,812</u>
Total	<u>2,551,114</u>	<u>1,654,110</u>
Total revenue	<u>\$ 4,134,771</u>	<u>\$ 2,875,105</u>

The District's total revenues increased in 2019 by \$1,259,666 from 2018. The increase in revenue was due mainly to an increase in property taxes the District received.

REVIEW OF EXPENDITURES

	<u>2019</u>	<u>2018</u>
Operating expenditures:		
Fire & ambulance operations	\$ 3,669,328	\$ 2,943,930
Depreciation	252,576	242,486
Pension activity	(344,630)	(150,258)
Capital outlays	<u>(275,353)</u>	<u>(70,238)</u>
Total Expenditures	<u>\$ 3,301,921</u>	<u>\$ 2,965,920</u>

The District's total expenditures increased in 2019 by \$932,993, which was largely because of an increase in payroll expense and equipment repairs.

The major capital assets purchased, which are included in the \$275,353 total for 2019, were as follows:

- Fire equipment \$98,660
- Vehicle \$37,930
- Loma Station \$138,763

LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2019

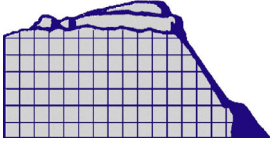
ECONOMIC AND OTHER FACTORS

Lower Valley Fire Protection District was set up as an independent District and began operations in 1980. The District began receiving property tax revenues during 1980.

The economy of the Fire District's has started to grow slowly over the past several years. With the upward trend in the economy, we are starting to see an increase in not only growth but also call volume. Although there has been an increase in activities in the area of oil and gas production, most of the increase has been due to residential housing and tourism.

FINANCIAL CONTACT

The District's financial statements are designed to present users (service users, taxpayers, and creditors) with a general overview of the District's finances and to demonstrate the District's accountability. If you have any questions concerning this report or need additional financial information, please contact the Fire Chief, Lower Valley Fire Protection District, P.O. Box 520, Fruita, Colorado 81521, or 970-858-3133.



INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lower Valley Fire Protection District
Fruita, CO

I have audited the accompanying financial statements of the governmental activities and the major fund of the Lower Valley Fire Protection District, State of Colorado (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility 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.

Auditor's Responsibility

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Lower Valley Fire Protection District, State of Colorado, as of December 31, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3-5, required pension schedules on pages 23-26, and budgetary comparison information on pages 27 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

Paul D. Miller, CPA, LLC

Grand Junction, Colorado

March 6, 2020

Lower Valley Fire Protection District
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2019

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 1,317,663	\$ -	\$ 1,317,663
Accounts receivable rescue (less allowance of \$52,540)	218,491	-	218,491
Property taxes receivable	1,769,377	-	1,769,377
Other receivables	161,394	-	161,394
Prepaid Expenses	60,567	-	60,567
Net Pension Asset FPPA SWDB	-	245,395	245,395
Net Pension Asset FPPA Volunteer	-	441,361	441,361
Capital Assets, being depreciation , net	-	3,849,916	3,849,916
TOTAL ASSETS	<u>\$ 3,527,492</u>	<u>4,536,672</u>	<u>8,064,164</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension FPPA SWDB	-	433,777	433,777
Pension FPPA Volunteer	-	191,679	191,679
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>625,456</u>	<u>625,456</u>
LIABILITIES			
Accounts payable	179,308	-	179,308
Other current liabilities	2,015	-	2,015
Accrued payroll	52,183	-	52,183
Compensated absences	93,913	-	93,913
Net Pension Liability-SWDB	-	-	-
TOTAL LIABILITIES	<u>327,419</u>	<u>-</u>	<u>327,419</u>
DEFERRED INFLOW OF RESOURCES			
Property taxes	1,769,377	-	1,769,377
Pension FPPA Volunteer	-	80,021	80,021
Pension FPPA SWDB	-	1,269	1,269
TOTAL DEFERRED INFLOW OF RESOURCES	<u>1,769,377</u>	<u>81,290</u>	<u>1,850,667</u>
FUND BALANCE			
Emergency reserve - TABOR	109,128	(109,128)	-
Nonspendable	60,567	(60,567)	-
Unassigned	1,261,001	(1,261,001)	-
TOTAL LIABILITEIS, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 1,430,696</u>	<u>(1,430,696)</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ -	3,849,916	3,849,916
Restricted for:			
TABOR emergency	-	109,128	109,128
Pensions	-	1,230,922	1,230,922
Nonspendable	-	60,567	60,567
Unassigned	-	1,261,001	1,261,001
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 6,511,534</u>	<u>\$ 6,511,534</u>

Adjustments to reconcile the governmental fund balance sheet to the statement of net position are as follows:

Fund balance per general fund balance sheet	\$ 1,430,696
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,849,916
GASB 68 Pension Adjustment	1,230,922
Net Position	<u>\$ 6,511,534</u>

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

Lower Valley Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2019

	General Fund	Adjustments (See Page 4)	Statement of Activities
EXPENDITURES/EXPENSES			
Fire & ambulance-operation	\$ 3,393,975	\$ -	\$ 3,393,975
Capital outlay	275,353	(275,353)	-
Pension Activity	-	(344,630)	(344,630)
Depreciation	-	252,576	252,576
Total expenditures/expenses	3,669,328	(367,407)	3,301,921
PROGRAM REVENUES			
Charges for services	1,583,657	-	1,583,657
Net program (expenses) revenue	(2,085,671)	367,407	(1,718,264)
GENERAL REVENUES			
Property taxes	1,820,287	-	1,820,287
Specific ownership	327,225	-	327,225
Public safety tax	74,772	-	74,772
Grant revenue	145,881	-	145,881
Interest income	21,104	-	21,104
Miscellaneous income	161,845	-	161,845
Total general revenues	2,551,114	-	2,551,114
Excess of Revenue over (Under) expenditures	465,443	367,407	
Change in net position			832,850
NET POSITION			
Beginning of the year	965,253	4,713,431	5,678,684
End of the year	\$ 1,430,696	\$ 5,080,838	\$ 6,511,534

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

Lower Valley Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2019

Amounts reported for the governmental activities in the statement of activities (page 6) are different because:

Excess of expenditures over revenues - general funds (page 7)	\$ 465,443
<p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:</p>	
Capital outlay	275,353
Depreciation	(252,576)
	22,777
GASB 68 Activity	344,630
Change in net position of governmental activities (page 7)	\$ 832,850

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

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2019

The town of Fruita, Colorado, organized a Fire Protection Unit in 1972. This unit was split from the town in 1980 and became its own separate district known as the Lower Valley Fire Protection District. The purpose of the district is the prevention of fire and the protection of life and property in the event of fire, accident, disaster, and to provide emergency medical services.

Financial Reporting Entity

The Lower Valley Fire Protection District is a special district as defined by Colorado statutes and is governed by an elected board of directors. The Board of Directors has oversight responsibility and control over all activities within its boundaries. The board is not included in any other governmental "reporting entity" as defined by GASB pronouncement, since board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activities has been removed from these statements.

Governmental activities, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support. Likewise, the *primary government is reported separately from certain legally separate component units* for which the primary government is financially accountable. The District has no business-type activities or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with the 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 as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has only one governmental fund, the *General Fund*

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 as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met.

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2019

Measurement Focus, Basis of Accounting and Financial Statement Presentation - continued

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 revenues to be available if they are collectible within 120 days except for property taxes, which are considered available, if they are collectible within 60 days after year-end. Property taxes, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

The government reports the following major governmental fund:

The General Fund is the District's operating fund. It accounts for all financial resources of the government. Additionally, the District reports the following fund type:

Fiduciary funds account for resources held for other parties outside the government. The District has one fiduciary fund the Pension Trust Fund that accounts for the activities of the assets held in the Fire and Police Member's Benefit Fund, an agent multi-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA).

As a rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are certain charges between the District's Fiduciary Fund and various other functions of the government as these are considered external to the government.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Budgets and Budgetary Accounting

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 appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The detail of the budget calendar is outlined below:

- October 15 – Deadline for Budget Officer to submit: proposed budget to the government board. The Governing body must publish "Notice of Budget" upon receiving proposed budget.
- December 15 – Deadline for certification of mil levy to the Board of County commissioners.
- December 22 – Deadline for the Board of County Commissioners to levy taxes and to certify the levies to the Assessor.
- December 31 - Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.
- On or before
December 31 - The District shall enact an ordinance appropriating the budget for the ensuing year.

LOWER VALLEY FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2019

Property Taxes Receivable

Property taxes are levied on December 22 of each year and attach as an enforceable lien on the property as of January 1. They are payable in full April 30, or in two equal installments due February 28 and July 31. The County bills and collects property taxes for the district. Property taxes collected by the County are remitted to the District in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

Risk of Loss

The District is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees and volunteers; and natural disasters. The District maintains commercial insurance coverage for general liability, workers compensation, property, vehicles damage and liability, umbrella, management liability and public official bond. The District did not have any claim settlements in excess of coverage for each of the last three years.

Capital Assets

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

All capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. The assets have a useful life of 5 to 40 years and are depreciated on the straight-line method. It is the District's policy to capitalize individual items costing \$1,000 or more. The District has no infrastructure assets.

Compensated Absences

A total of 12 to 21 days' vacation and 6 days for 40 hour employees to 16.8 days for 56 hour employees of sick leave per year may be accumulated by each employee; however, employees are not paid for the accumulated sick leave upon retirement or other termination. Each employee may accumulate a maximum of 208 hours of vacation. The District accrues a liability for the compensated absences, which meet the following criteria:

1. The District's obligation relating to employees' rights to receive compensation for future absences is attributable to employee's service already rendered.
2. The obligation relates to rights that vest or accumulate.
3. Payment of the compensation is probable.
4. The amount can be reasonably estimated.

In accordance with the above criteria, the District has accrued a liability for the vacation pay, which has been earned but not taken by District employees.

Use of Estimates

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2019

Fund Balance

The District has approved the following Fund Balance policies:

Committed fund balances are approved by the District's Board via a majority vote. The District does not use the assigned fund balance designation.

The District considers restricted amounts to have been spent for purposes for which both restricted and unrestricted fund balance is available

The District considers committed amounts to have been spent for purposes which any unrestricted fund balance classifications could have been used.

Net Position

Net position represents the difference between assets and liabilities. The balance invested in capital assets net of related debt consists of capital assets net of accumulated depreciation and related debt. Amounts are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

Pensions.

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

The Entity also participates in the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS), administered by FPPA, which represents the assets of numerous separate plans that have been pooled for investment purposes. The net pension liabilities or assets, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the pensions have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow (expense) until that time. The District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements of GASB Statement No. 68, Accounting and Financial Reporting for Pensions – An amendment of GASB statement No. 17 (GASB68) and GASB Statement No. 71, Pension Transition for Contributions made Subsequent to the Measurement Date – An amendment of GASB 68 (GASB 71).

In addition to liabilities, the statement of net position and fund balance sheets will sometimes report a separate section for deferred inflows of resources. This separate financial element, deferred inflows of resources, represents an acquisition of net position/fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Property tax revenue that is related to a future period is recorded as deferred inflows. These amounts are deferred and will be recognized as an inflow of resources in the period that the amounts become available. The District has also recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for GASB 68 and GASB 71.

LOWER VALLEY FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2019

Subsequent Events

Management has reviewed subsequent events through the date of the audit report.

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 1- Pension Plan –Non-Fire Fighter

The Lower Valley Fire Protection District provides a retirement plan for all of its full time non-Fire Fighter employees through the Colorado Officials and Employees Retirement association Retirement Plan. The plan is a defined contribution money purchase plan. Employees participate in the plan immediately after employment. The employees and the District each contribute 6% of gross wages and the employee may voluntarily contribute from 6% to 10% of gross wages. In addition, in order to provide for past service benefits, participants may make lump sum contributions from time to time. Each employee is immediately vested 100% in his or her interest in the District's contribution. The total non-Fire Fighter payroll for the District for 2019 was \$235,941 and the District's contributions were based on a payroll of \$235,941. Both the District and the covered employees made the required contributions and voluntary contributions in the amount \$14,156 (6%) for the District and \$14,156 (6%) for the employees.

Note 2 – Defined Benefit Pension Plan – Volunteer Pension

General Information about the Pension Plan

Plan Description

The Entity contributes to the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS) administered by the Fire & Police Pension Association (FPPA). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>. For the measurement period ending December 31, 2018, the VFDP included membership of 20 retirees and beneficiaries, 9 inactive, non-retired members, and 3 active members for a total of 32 members.

Benefits Provided.

Normal Retirement

A member is eligible for a normal retirement pension once the member has completed twenty years of credited service and has attained the age of 50. The monthly regular retirement benefit is \$600. A supplemental monthly pension payment to a volunteer who has attained the age of 50 years and who has been in active service in excess of 20 years can receive an extended service amount up to 5% of the monthly pension amount per additional year of service. The amount cannot exceed a maximum of ten additional years.

Vested Retirement

A member with 10 or more but less than 20 years of service is eligible to receive a benefit of \$30 per month times the number of vesting years.

Disability Retirement Benefit

A member is eligible for long-term disability for injuries in the line of duty. Long-term disability is a lifetime amount after one year of service of \$400 per month.

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 2 – Defined Benefit Pension Plan – Volunteer Pension-continued

General Information about the Pension Plan-continued

Survivor Benefits

Survivor benefits are available at one-half of the amount of the normal retirement pension, or \$300 per month. This amount is available to a survivor following death after normal retirement, following death in the line of duty as a volunteer firefighter before retirement eligible, and \$300 following death after disability retirement. An additional amount of \$15 per month is available following death after normal retirement with extended service amount per year of service and following death after vested retirement with 10 to 20 years of service per year of service. Survivors may include spouse, child under 18 years of age, or dependent parent. This annuity shall cease if the surviving spouse or dependent parent remarries and dissolution of a subsequent marriage does not reinstate the annuity. Whenever the pension board increases the retirement pension payable to volunteer firefighters, that increase will also be applied to the pension benefits of survivors of firefighters killed in the line of duty.

Funeral Benefits

A one-time funeral benefit is paid of \$310 in the event of a death of a member.

Contributions.

The Entity contributes from proceeds of a property tax mill levy. The Plan is construed and enforced in accordance with Colorado Revised Statute Title 31, Article 30. Per CRS 31-30-1112, State contributions to any municipality or district must equal ninety percent of all amounts contributed by the municipality or district under section 31-30-1110 in the previous year, but, notwithstanding any other provision of this part 11, the state contribution shall not exceed one-half mill on the previous net valuation for assessment of the municipality or district assuming one hundred percent collection. For 2019, the Entity contributed \$0 and the state's matching contribution was \$0.

Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2019, the Entity reported a net pension liability/ (asset) of \$(441,361). The net pension liability/ (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of January 1, 2019. The total pension liability as of December 31, 2018 is based upon the January 1, 2019 actuarial valuation.

For the year ended December 31, 2019, the Entity recognized pension expense of \$(45,623). At December 31, 2019, the Entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ 2,631	\$ 4,221
Assumption Changes	43,901	-
Net difference between projected and actual earnings on pension plan investments	<u>145,147</u>	<u>75,800</u>
Total	<u>\$ 191,679</u>	<u>\$ 80,021</u>

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 2 – Defined Benefit Pension Plan – Volunteer Pension-continued

General Information about the Pension Plan-continued

Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued

\$29,406 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2020	\$ 48,689
2021	\$ 23,088
2022	\$ 11,595
2023	\$ 28,286
2024	\$ -
Thereafter	\$ -

Actuarial Assumptions.

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2018 determines the contribution amounts for 2019 and 2019. The valuation used the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed market
Inflation	2.50%
Investment Rate of Return	7.5%
Projected Salary Increases	N/A
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2014 Combined Mortality Table with Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality. Post retirement: For ages less than 55, RP-2014 Table, for Blue Collar Employees For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants. For ages 55 through 64, a blend of the previous tables. All tables are projected with Scale BB.

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

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 2 – Defined Benefit Pension Plan – Volunteer Pension-continued

General Information about the Pension Plan-continued

Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued

Long-term Expected Return of Plan Assets

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 real rates of return which eliminates the 2.5%inflation assumption, for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	37.00%	8.03%
Equity Long/Short	9.00%	6.45%
Fixed Income	15.00%	2.90%
Managed Futures	4.00%	5.35%
Absolute Return	9.00%	5.08%
Private Capital	24.00%	10.0%
Cash	<u>2.00%</u>	2.52%

The figures in the above table were supplied by Fire and Police Pension Association Staff.

Discount Rate-continued

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following presents the plan's net pension liability/ (asset), calculated using a Single Discount Rate of 7.50%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$(284,807)	\$(441,361)	\$(571,562)

Note 3 – Fire & Police Statewide Defined Benefit Plan

General Information about the Fire & Police Statewide Defined Benefit Plan

Plan description.

The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of august 5, 2003, the Plan may include clerical and other personnel from the districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 3 – Fire & Police Statewide Defined Benefit Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

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

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 obtained the age of 55.

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.

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

Contributions

Contribution rates for the 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 by election of the membership.

Members of this Plan and their employers are contributing at the rate of 10.0 percent and 8 percent, respectively, of base salary for a total contribution rate of 18.0 percent in 2018. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of base salary. Employer contributions will remain at 8 percent resulting in a combined contribution rate of 20 percent in 2022.

Contributions from members and employers of plans re-entering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22 percent of base salary in 2018. It is a local decision on who pays the additional 4 percent contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24 percent in 2022.

Basis of Presentation

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which the contributions are due

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 3 – Fire & Police Statewide Defined Benefit Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Basis of Presentation-continued

Employer contributions received and processed within the year ended December 31, 2018 are used as the basis for reporting within the Schedule of Employer Contributions. As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2018 Comprehensive Annual Financial Report (CAFR), employer contributions to the SWDB plan were \$51,566,486 compared to total employer contribution of \$53,588,582 on the Schedule of Employer Contributions. Significant adjustments of approximately \$2.0 million were made to the total employer contribution to annualize departments that joined the plan during the year, to reduce employer contributions to zero for departments that had no remaining members at year end, and for known significant adjustments of non-recurring amounts.

The Schedule of Collective Pension Amounts represent total pension amounts for the SWDB plan. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with Governmental Accounting /standards Board (GASB) Statement No. 68, Accounting and Financial Reporting for Pensions. Specifically, this schedule excludes deferral amounts arising from changes in employer proportion, differences between contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date as defined in paragraph 54 through 57 of GASB Statement No. 68.

Contributions to the Plan from the Department were \$72,732 for the year ended December 31, 2019.

Actuarial Valuation Dates

The collective total pension liability as of December 31, 2018 is based upon the January 1, 2019 actuarial valuation. The actuarially determined contributions as of December 31, 2018 are based upon the January 2018 actuarial valuation.

Actuarial Assumptions

The actuarial valuation for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuation used the following actuarial assumption and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level % of Payroll, Open
Amortization Period	30 Years*
Investment Rate of Return	7.5% (includes inflation at 2.5%)
Projected Salary Increases	4.0% - 14.0%

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

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 3 – Fire & Police Statewide Defined Benefit Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan

Actuarial Assumptions-continued

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 investments expense and inflation) are developed for each major class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	37.0%	8.03%
Equity Long/Short	9.0%	6.45%
Illiquid Alternatives	24.0%	10.0%
Fixed Income	15.0%	2.90%
Absolute Return	9.0%	5.08%
Managed Futures	4.0%	5.35%
Cash	<u>2.0%</u>	2.52%
Total	<u>100%</u>	

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

At December 31, 2019, the Department reported a net asset of \$245,395 for its proportionate share of the net pension liability/ (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of that date. **The Department’s proportion of the net pension liability/ (asset) was based on a projection of the Department’s long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined.** At December 31, 2018, the Department’s proportion was 0.094 percent, which was an increase/ (decrease) of 0.006)percent from its proportion measured as of December 31, 2017.

Discount Rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments in 7.0%; the municipal bond rate is 3.71% (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 7.0%.

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 3 – Fire & Police Statewide Defined Benefit Plan-continued

General Information about the Fire & Police Statewide Defined Benefit Plan-continued

Discount rate-continued

Regarding the sensitivity of the net pension liability/ (asset) to change in the Single Discount Rate, the following presents the plan's net pension liability using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1.00% Decrease*	Current Discount Rate*	1.00% Increase*
Department's proportionate share of the net pension liability/(asset)	\$460,550	\$118,763	\$(164,743)

For the year ended December 31, 2019, the Department recognized pension expense of \$50,357. At December 31, 2019, the Department 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
Differences between actual and expected experience	\$ 152,601	\$ 1,269
Changes in assumptions	115,018	-
Net difference between actual and projected earnings on pension plan investments	93,426	-
Changes in proportion and differences between Department contributions and proportionate share of contributions	-	-
Department contributions subsequent to the measurement date	72,732	
Total	\$ 433,777	\$ 1,269

\$72,732 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31,	
2019	\$ 68,248
2020	48,744
2021	-41,511
2022	-68,682
2023	33,440
Thereafter	99,151

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2019

Note 4 – Statewide Death and Disability Plan

Plan Description – The District contributes to the Statewide Death and disability Plan (SWD&DP), a cost sharing multiple-employer death and disability plan administered by FPPA. The SWD&DP covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD&DP may include part-time police and fire employees. Contributions to the SWD&DP are used solely for the payment of death and disability benefits. Employers who are covered by Social security may elect supplementary coverage by the Plan. The Plan was established in Section 1098 pursuant to Colorado Revised Statutes. FPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWD&DP. That report can be obtained at www.fppaco.org.

Funding Policy – The District and/or employee is required to contribute at a rate of 2.8% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 2.8% contribution may be paid entirely by the employer or the member, or it may be split between SWD&DP on behalf of the employees was \$25,456 equal to the required contribution for each year

Note 5 – Change in Fixed Assets

Governmental Activities:

	Balance 1/1/2019	Additions	Deletions	Balance 12/31/2019
Land	\$ 16,543	\$ -	\$ -	\$ 16,543
Buildings & improvements	3,359,777	-	-	3,359,777
Vehicles	1,868,610	37,930	-	1,906,540
Equipment	834,693	98,660	-	933,353
Office furniture & equipment	69,051	-	-	69,051
Total	<u>6,148,674</u>	<u>136,590</u>	<u>-</u>	<u>6,285,264</u>
Less accumulated depreciation	<u>(2,321,535)</u>	<u>(252,576)</u>	<u>-</u>	<u>(2,574,111)</u>
Construction-in-process	-	138,763	-	138,763
Governmental activities capital assets, Net	<u>\$ 3,827,139</u>	<u>\$ 22,777</u>	<u>\$ -</u>	<u>\$ 3,849,916</u>

Depreciation expense for 2019 was \$252,576.

Note 6 - Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to the depository insurance pursuant to definitions listed in GASB Standards. At December 31, 2019, the District's cash deposits had a bank balance of \$554,209, all of which was covered by federal depository insurance. There was \$200 was uninsured cash on hand.

At December 31, 2019, the deposits of the governmental activities consisted of the following:

Cash on hand	\$ 200
Cash in bank accounts	<u>554,009</u>
Total	<u>\$ 554,209</u>

LOWER VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 6 - Deposits and Investments-continued

Investments

Colorado statutes specify in which instruments the units of local government may invest, this includes:

- Repurchase agreements;
- Obligations of the United States or obligations unconditionally guaranteed by the United States;
- Obligations of the State of Colorado and most general obligations of units of local government;
- Federally insured mortgages and student loans;
- Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments.

The District's investment policy follows Colorado statutes

At year-end, the District had invested \$763,454 in Colorado Government Liquid Assets Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investment owned by COLOTRUST. This pool is not required to and is not registered with the SEC. COLOTRUST funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services. This investment is measured at Net Asset Value.

Note 7 - Tax, Spending, and Debt Limitation

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

On May 2, 2000, the voters approved authorization for Lower Valley Fire Protection District to collect all sources of revenue and support without regard to any limitations contained within the amendment to the State Constitution, Article X, Section 20.

Note 8 – Use of Restrict Funds and Unrestricted Funds

It is the District's policy to apply restricted assets first then unrestricted when restricted funds can be applied to that item.

REQUIRED SUPPLEMENTAL INFORMATION

LOWER VALLEY FIRE PROTECTION DISTRICT

Required Supplemental Information

December 31, 2019

Schedule of the Department's Proportionate Share of the Net Pension Liability/ (Asset)
Fire & Police Statewide Defined Benefit Plan as of December 31,

	2019	2018
Department's proportion of the net pension liability/(asset)	.094%	.088%
Department's proportionate share of the net pension liability/(asset)	\$(118,842)	\$(171,896)
Department's covered payroll	\$909,152	\$629,250
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	13.1%	27.3%
Plan fiduciary net position as a percentage of the total pension liability	95.2%	106.3%

Schedule of Department Contributions Fire & Police Statewide Defined Benefit Plan
As of December 31,

	2019	2018
Contractually required contribution	\$72,732	\$50,340
Contributions in relation to the contractually required contribution	\$72,732	\$50,340
Contribution deficiency (excess)	\$-	\$ -
Department's covered payroll	\$909,152	\$629,250
Contributions as a percentage of covered payroll	8.00%	8.00%

LOWER VALLEY FIRE PROTECTION DISTRICT

Required Supplemental Information

December 31, 2019

Notes to Required Supplementary Information - Fire & Police Statewide Defined Benefit Plan

Changes in plan provisions.

The plan provisions have not changed since the prior valuation. The member contribution rate was increased to 10.0% in 2019 as a result of the member election.

Benefit Adjustments.

Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 percent to 3 percent. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

LOWER VALLEY FIRE PROTECTION DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIO INFORMATION
Last 10 Fiscal Years (to be built prospectively)

Measurement period ending December 31,	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Total Pension Liability					
Service Cost	\$ 19,514	\$ 19,514	\$ 19,419	\$ 19,419	\$ 15,901
Interest on the Total Pension Liability	97,817	96,146	82,871	81,415	67,336
Benefit Changes	-	-	101,042	-	201,699
Difference between Expected and Actual Experience	(5,812)	-	21,918	-	(19,642)
Assumption Changes	53,842	-	40,012	-	-
Benefit Payments	(96,570)	(90,310)	(86,375)	(76,650)	(81,840)
Net Change in Total Pension Liability	<u>68,791</u>	<u>25,350</u>	<u>178,887</u>	<u>24,184</u>	<u>183,454</u>
Total Pension Liability - Beginning	1,342,057	1,316,707	1,137,820	1,113,636	930,182
Total Pension Liability -Ending (a)	<u>\$ 1,410,848</u>	<u>\$ 1,342,057</u>	<u>\$ 1,316,707</u>	<u>\$ 1,137,820</u>	<u>\$ 1,113,636</u>
Plan Fiduciary Net Position					
Employer Contribution	\$ -	\$ 116,492	\$ -	\$ 105,151	\$ 105,270
Pension Plan Net Investment Income	1,411	252,370	85,606	27,470	93,057
Benefit Payments	(96,570)	(90,310)	(86,375)	(76,650)	(81,840)
Pension Plan Administrative Expense	(8,819)	(9,745)	(2,821)	(4,643)	(2,559)
State of Colorado Supplemental Discretionary Payment	-	29,406	29,406	29,406	29,406
Net Change in Plan Fiduciary Net Position	<u>(103,978)</u>	<u>298,213</u>	<u>25,816</u>	<u>80,734</u>	<u>143,334</u>
Plan Fiduciary Net Position - Beginning	1,956,187	1,657,974	1,632,158	1,551,424	1,408,090
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,852,209</u>	<u>\$ 1,956,187</u>	<u>\$ 1,657,974</u>	<u>\$ 1,632,158</u>	<u>\$ 1,551,424</u>
Net pension Liability/(Asset) - Ending (a)-(b)	<u>\$ (441,361)</u>	<u>\$ (614,130)</u>	<u>\$ (341,267)</u>	<u>\$ (494,338)</u>	<u>\$ (437,788)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>131.28%</u>	<u>145.76%</u>	<u>125.92%</u>	<u>143.45%</u>	<u>139.31%</u>
Covered Payroll	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A

LOWER VALLEY FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS MULTIYEAR

December 31, 2019

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution*	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
a	b	c	d=b-c	e	f
2014	\$ -	\$ 134,676	\$ (134,676)	N/A	N/A
2015	\$ -	\$ 134,557	\$ (134,557)	N/A	N/A
2016	\$ -	\$ 29,406	\$ (29,406)	N/A	N/A
2017	\$ -	\$ 145,898	\$ (145,898)	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2019	\$ -	\$ -	\$ -	N/A	N/A

* Includes both employer and State of Colorado Supplemental Discretionary Payment.

Lower Valley Fire Protection District
Statement of Revenues, Expenditures
Actual and Budget
For the Year Ended December 31, 2019

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
	Original & Final		
Revenue:			
General property taxes	\$ 1,559,273	\$ 1,820,287	\$ 261,014
Specific ownership tax	246,240	327,225	80,985
Public safety tax	68,951	74,772	5,821
Ambulance	1,314,947	1,583,657	268,710
Fire & ambulance service contracts	34,685	37,913	3,228
Grant Revenue	235,000	145,881	(89,119)
Interest income	16,019	21,104	5,085
Miscellaneous	127,654	123,932	(3,722)
Total Revenues	3,602,769	4,134,771	532,002
Expenditures:			
Administrative:			
Salaries	1,522,186	1,335,598	186,588
Payroll benefits	675,948	571,531	104,417
Insurance	113,916	80,524	33,392
Office expense	45,577	37,351	8,226
Professional	7,350	7,254	96
Dues and fees	10,340	6,752	3,588
Travel and allowances	3,035	768	2,267
Treasurers fees	28,972	37,575	(8,603)
Education/training	17,412	10,920	6,492
Bad debt expense	714,784	953,360	(238,576)
Fire Prevention	3,500	15,014	(11,514)
Equipment Repairs and Maintenance			
Vehicles	40,325	6,625	33,700
Equipment	82,632	49,096	33,536
Fuel and oil	26,833	21,975	4,858
Communication:			
911 expense	58,584	58,668	(84)
Repairs land maintenance	-	64	(64)
Supplies			
EMS supplies	47,300	55,661	(8,361)
Fire supplies	25,500	102,491	(76,991)
Building and Grounds:			
Supplies and expense	59,450	42,748	16,702
Total Expenditures	3,483,644	3,393,975	89,669
Capital Outlay Major	250,800	275,353	(24,553)
Total	3,734,444	3,669,328	65,116
Revenue Over (Under) Expenditures	(131,675)	465,443	597,118
Beginning Net Position	652,498	965,253	\$ 312,755
Ending Net Position	\$ 520,823	\$ 1,430,696	\$ 909,873