

Loveland Rural Fire Protection District

FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT
CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2020

Table of Contents

	Page
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS	3
BASIC FINANCIAL STATEMENTS	
GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION	6
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE/ STATEMENT OF ACTIVITIES	7
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	8
NOTES TO FINANCIAL STATEMENTS	9
REQUIRED SUPPLEMENTARY INFORMATION	
VOLUNTEER FIREFIGHTERS' PENSION PLAN SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS	25



REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors
Loveland Rural Fire Protection District
Loveland, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities and the governmental fund of the Loveland Rural Fire Protection District (the "District"), as of and for the year ended December 31, 2020, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting our audit in accordance with auditing standards generally accepted in the United States of America as established by the American Institute of Certified Public Accountants ("US GAAS").

We conducted our audit in accordance with US GAAS. Those standards require that we plan and perform our audit to obtain reasonable assurance about whether these financial statements are free of material misstatement.

An audit includes 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 District'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 District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting principles used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions on the Financial Statements

In our opinion, the financial statements previously referred to, present fairly, in all material respects, the respective financial position of the governmental activities and the general fund of the Loveland Rural Fire Protection District, as of December 31, 2020, and the respective changes in financial position thereof, and the budgetary comparison for the general fund for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Omission of the Management's Discussion and Analysis

The Board of Directors has elected to omit the Management's Discussion and Analysis, information that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this omitted information.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the schedule of changes in net pension liability and related ratios on pages 25 and 26 are 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, which 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 this required supplementary information in accordance with US GAAS, which consist of inquires 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 this information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Marc, James and Associates, PC

Highlands Ranch, Colorado
July 7, 2021

BASIC FINANCIAL STATEMENTS

Loveland Rural Fire Protection District

GOVERNMENTAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2020

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 3,297,113	\$ -	\$ 3,297,113
Receivables			
Property taxes	5,225,622	-	5,225,622
County Treasurer	29,811	-	29,811
Other	691	-	691
Prepaid expenses	2,126	-	2,126
Capital assets, net of accumulated depreciation	-	607,978	607,978
Total assets	8,555,363	607,978	9,163,341
DEFERRED OUTFLOWS			
Volunteer firefighters' pension plan	-	79,045	79,045
Total assets and deferred outflows of resources	<u>\$ 8,555,363</u>	687,023	9,242,386
LIABILITIES			
Accounts payable	\$ 65,371	-	65,371
Accrued liabilities	154	-	154
Net pension liability - volunteer firefighters' pension plan	-	232,405	232,405
Total liabilities	65,525	232,405	297,930
DEFERRED INFLOWS			
Volunteer firefighters' pension plan	-	33,025	33,025
Property taxes	4,250,450	-	4,250,450
Total deferred outflows of resources	4,250,450	33,025	4,283,475
APPARATUS REIMBURSEMENT			
Due with one year	-	141,811	141,811
Due after one year	-	670,000	670,000
Total capital lease	-	811,811	811,811
FUND BALANCE			
Nonspendable	2,126	(2,126)	-
Restricted	104,000	(104,000)	-
Unassigned	4,133,262	(4,133,262)	-
Total fund balance	4,239,388	(4,239,388)	-
Total liabilities, deferred inflows and fund balance	<u>\$ 8,555,363</u>	(4,006,983)	4,548,380
NET POSITION			
Investment in capital assets		607,978	607,978
Restricted		104,000	104,000
Unrestricted		3,137,192	3,137,192
Total net position		<u>\$ 3,849,170</u>	<u>\$ 3,849,170</u>

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

Loveland Rural Fire Protection District

STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE/STATEMENT OF ACTIVITIES

For the Year ended December 31, 2020

	General Fund	Adjustments	Statement of Activities
EXPENDITURES			
PUBLIC SAFETY			
Administration	\$ 348,530	\$ -	\$ 348,530
Fire operations	3,079,988	-	3,079,988
Pension	40,000	6,676	46,676
Depreciation	-	21,085	21,085
DEBT SERVICE			
Apparatus reimbursement - principal	150,000	(150,000)	-
Apparatus reimbursement - interest	18,371	-	18,371
Total expenditures	3,636,889	(122,239)	3,514,650
CHARGE FOR SERVICES			
Intergovernmental agreements	41,041	-	41,041
Net expenditures	3,595,848	(122,239)	3,473,609
GENERAL REVENUES			
Property taxes	5,384,155	-	5,384,155
Specific ownership taxes	371,710	-	371,710
Grants	607	-	607
Investment income	49,493	-	49,493
Other	2,000	-	2,000
Total general revenues	5,807,965	-	5,807,965
CHANGE IN FUND BALANCE/NET POSITION	2,212,117	122,239	2,334,356
FUND BALANCE/NET POSITION			
Beginning of the year	2,027,271	(507,457)	1,514,814
End of the year	\$ 4,239,388	\$ (390,218)	\$ 3,849,170

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

Loveland Rural Fire Protection District

STATEMENT OF REVENUES, EXPENDITURES AND
CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year ended December 31, 2020

	Original and Final Budget	Actual	Variance
REVENUES			
Property taxes	\$ 3,720,600	\$ 5,384,155	\$1,663,555
Specific ownership taxes	240,000	371,710	131,710
Intergovernmental agreements	54,220	41,041	(13,179)
Grants	-	607	607
Investment income	-	49,493	49,493
Other	62,000	2,000	(60,000)
	<u>4,076,820</u>	<u>5,849,006</u>	<u>1,772,186</u>
EXPENDITURES			
PUBLIC SAFETY			
Administration	378,163	348,530	29,633
Firefighting operations	3,100,100	3,079,988	20,112
Pension	40,000	40,000	-
DEBT SERVICE			
Apparatus reimbursement - principal	150,000	150,000	-
Apparatus reimbursement - interest	26,000	18,371	7,629
	<u>3,694,263</u>	<u>3,636,889</u>	<u>57,374</u>
CHANGE IN FUND BALANCE	382,557	2,212,117	1,829,560
FUND BALANCE			
Beginning balance	<u>1,868,489</u>	<u>2,027,271</u>	<u>158,782</u>
Ending balance	<u>\$ 2,251,046</u>	<u>\$ 4,239,388</u>	<u>\$1,988,342</u>

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

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Loveland Rural Fire Protection District (the “District”) conform to the accounting principles generally accepted in the United States of America (“US GAAP”) as applicable to governmental entities. The following is a summary of the more significant policies consistently applied in the preparation of the basic financial statements of the District.

1. Reporting Entity

The Loveland Rural Fire Protection District was formed in 1950 and surrounds the City of Loveland, Colorado and covers approximately 194 square miles. From inception through 2011, the District relied upon a contractual relationship with the City of Loveland, and the volunteers of the Big Thompson Canyon Volunteer Fire Department to provide fire and emergency services within the District.

Effective January 2012, the City of Loveland and the District entered into an intergovernmental agreement establishing the Loveland Fire Rescue Authority (the “Authority”). Effective January 2017, the District leased its stations, and transferred its apparatus and equipment to the Authority. All fire and emergency services and related administration in the District is the responsibility of the Authority. The District is responsible for 18% of the annual expenses of the Authority. In addition, the District is responsible for the annual funding, as necessary of the Big Thompson Canyon Volunteer Fire Department including the pension obligations.

As required by US GAAP, these financial statements present the activities of the District, which is legally separate and financially independent of other state and local government entities. The District has no component units as defined by Governmental Accounting Standards Board (“GASB”), Statement No. 14, *The Reporting Entity* and GASB No. 39, *Determining Whether Certain Organizations are Component Units*.

2. Measurement Focus and Financial Accounting Framework

Government-Wide Financial Statements

The government-wide financial statements (the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government.

The Statement of Net 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 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 operation or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported as general revenues.

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – *continued*

2. Measurement Focus and Financial Accounting Framework - continued

Governmental Fund Financial Statements

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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, specific ownership taxes and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period.

For 2020, the District has one Governmental Fund, the *General Fund*, which accounts for all of the financial resources of the District.

3. Cash and Cash Equivalents

The District considers cash and cash equivalents to include cash on hand, demand deposits and money market accounts.

4. Fair Value of Financial Instruments

The District's financial instruments include cash and cash equivalents, accounts receivable, accounts payable and deferred outflows and inflows of resources. The District estimates that the fair value of these financial instruments as of December 31, 2020, do not differ materially from the aggregate carrying values used in the accompanying financial statements. The carrying amount of these financial instruments approximates the fair value due to the short maturity of these financial instruments.

5. Use of Estimates

The preparation of financial statements in conformity with US GAAP involves the use of management's estimates that affect the reported amounts of assets and liabilities as of the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. These estimates are based upon management's best judgment, after considering past events and assumptions about future events. Actual results could differ from those estimates. As of December 31, 2020, the District has estimated the useful lives of the District's capital assets.

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - *continued*

6. *Property Taxes Receivable*

Property taxes are levied on December 15 of each year, and attach as an enforceable lien on subject property as of January 1 of the following year. The property taxes are payable in full on April 30 or if paid in two installments, due on February 28 and June 15. Property taxes are considered to be delinquent as of August 1. Larimer County bills and collects the property taxes on behalf of the District and remits the collections, less the Treasurer's fees, to the District on a monthly basis. As the property taxes result in an enforceable lien on the subject property, in the event the property taxes are not paid, the subject property will be sold at public auction to collect the delinquent property taxes. Accordingly, no provision is deemed necessary for uncollected property taxes.

As of December 31, the District has recorded the levied property taxes and the related deferred inflow of resources.

7. *Capital Assets*

The District's capital assets are recorded at cost if purchased or constructed. Donated capital assets are valued at the estimated fair value at the time of donation. The District's capital assets consist of fire stations and other related grounds. The District has a capitalization policy of \$5,000. The District's Board of Directors has the option to capitalize certain items less than \$5,000 in certain circumstances. Depreciation is provided in amounts sufficient to relate the cost of depreciable capital assets to operations over the estimated useful lives of the assets. Depreciation is provided under the straight-line method, with estimated service lives of 39 years.

The cost of normal maintenance and repairs that do not add to the value of, or materially extend the life of, the related capital asset, are charged to expense as incurred.

NOTE B – BUDGET INFORMATION

The District's annual budget is prepared on a Non-GAAP basis for the District's General Fund. An annual appropriated budget is adopted for the General Fund. The annual appropriation lapses at the end of the District's fiscal year.

The District conforms to the following procedures, in accordance with the State of Colorado revised Statutes in the establishment of the budgetary information reflected in the accompanying financial statements.

Prior to October 15, the District's Treasurer submits a proposed operating budget for the subsequent fiscal year to the District's Board of Directors. The Board of Directors may change the proposed budget prior to the publication of the notice of budget. Within ten days of the submission, a notice of the proposed budget is published. The operating budget includes proposed expenditures and the means of financing the expenditures.

Public hearings are held at the regular District Board of Director's meetings to obtain taxpayer input on the proposed operating budget.

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE B – BUDGET INFORMATION - *continued*

On or before December 15, the operating budget is legally adopted through passage of a budget resolution. Upon adoption, the District's Treasurer is authorized to transfer the budgeted amounts within the function and objects of the Fund(s). The District's Board of Directors must approve revisions that change the total expenditures of the Fund(s).

Appropriations are controlled and the budget can be only amended in accordance with the State of Colorado Revised Statutes that allows the District to amend the budget and adopt a supplemental appropriation, if funds for a specific purpose, other than ad valorem taxes, become available.

State of Colorado Statutes requires a balanced budget. For 2020, the District's budgeted revenues exceeded budgeted expenditures by \$382,557.

NOTE C – CASH 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 the eligibility. Amounts on deposit in excess of the Federal Deposit Insurance Corporation ("FDIC") insurance levels must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows institutions 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 uninsured public deposits. The market value of the collateral must be equal to 102% of the aggregate uninsured public deposits.

As of December 31, 2020, all of the District's deposits were either insured by the FDIC or held in eligible depositories.

In addition, State of Colorado Statute specifies investments that meet defined rating and risk criteria in which local governments may hold. The allowed investments include participation in state regulated investment pools. The District participates in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"). As of December 31, 2020, the District had \$3,265,855 on deposit with COLOTRUST Plus+. The carrying value and market value of the COLOTRUST Plus+ are equal. The COLOTRUST Plus+ is rated AAAM by Standard and Poors.

COLOTRUST determines the net asset value ("NAV") of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with GASB guidance.

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE D – FUND BALANCE/NET POSITION

Fund Balance

The District utilizes a fund balance presentation as required under GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* for the District's fund financial statements. Fund balances are categorized as nonspendable, restricted, committed, assigned or unassigned.

Nonspendable – represents amounts that cannot be spent because they are either in nonspendable form or legally required to remain intact,

Restricted – represents amounts with external constraints placed on the use of these resources or imposed by enabling legislation,

Committed – represents amounts that can only be used for specific purposes imposed by a formal action of the District's highest level of decision-making authority, the District's Board of Directors. Committed resources cannot be used for any other purpose unless the District's Board of Directors removes or changes the specific use by the same type of action used to commit those amounts, either by resolution or by ordinance,

Assigned – represents amounts that the District intends to use for specific purposes as expressed by the District's Board of Directors or an official delegated the authority to assign amounts,

Unassigned – represents the residual classification for the general fund or deficit balances in other funds, as applicable.

Amounts are considered to have been spent when an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available. Unrestricted amounts are considered to have been spent when an expenditure is incurred for purposes for which amounts in any of these unrestricted fund balances classifications could be used.

As of December 31, 2020, the District's fund balance consisted of the following:

Fund balances:	
Nonspendable	
Prepaid expenses	\$ 2,126
Restricted	
TABOR reserve	104,000
Unassigned	<u>4,133,262</u>
Total fund balance	\$ <u>4,239,388</u>

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE D – FUND BALANCE/NET POSITION - *continued*

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows or resources related to those assets.

Restricted net position – net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows of resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the District.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District will use the most restrictive net position first.

NOTE E – CAPITAL ASSETS

The changes in the District’s capital assets for the year ended December 31, 2020 are as follows:

	Balance December 31, 2019	Additions	Disposals	Balance December 31, 2020
Capital assets				
Stations and grounds	\$ 822,309	\$ -	\$ -	\$ 822,309
Total	822,309	-	-	822,309
Accumulated depreciation				
Stations and grounds	(193,246)	(21,085)	-	(214,331)
Total	(193,246)	(21,085)	-	(214,331)
Net capital assets	\$ 629,063	\$ (21,085)	\$ -	\$ 607,978

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE F – COMMITMENTS

Apparatus Purchase Agreement

In November 2016, the District entered into the Apparatus Purchase Agreement with the Authority under which several pieces of firefighting apparatus were purchased by the Authority and the District agreed to reimburse the Authority the combined purchase price of the firefighting apparatus, including the associated equipment, up to a maximum total purchase price of \$1.5 million. The total purchase price for the firefighting apparatus and associated equipment was \$1,411,811. Under the terms of the Apparatus Purchase Agreement, the Authority shall be the sole owner of the firefighting apparatus and associated equipment.

The District is to pay the Authority on or before June 15 in each in each of the first ten calendar years following the date of the purchase a payment amount is equal to one-tenth of the total purchase price plus interest at an annual adjusting rate equal to the average return of the Authority's investments for the preceding twelve months, not to exceed an interest rate of 3%. The Authority shall provide the District with notice of the annual adjusted interest rate by March 31 of each calendar year in which a District reimbursement payment is due.

The activity under the Apparatus Purchase Agreement during 2020 is as follows:

Balance December 31, 2019	Borrowings	Payments	Balance December 31, 2020	Due in One Year
\$ 961,811	\$ -	\$ (150,000)	\$ 811,811	\$ 141,181

In 2020, the District also paid the Authority interest in the amount of \$18,371.

Due to the annual adjusting interest rate the interest to be paid in future years cannot be projected. As of December 31, 2020, the annual principal portions of the reimbursement payments are as follows:

<u>Year ended December 31,</u>		
2021	\$	141,181
2022		141,181
2023		141,181
2024		141,181
2025		141,181
2026		<u>105,906</u>
Total	\$	<u>811,811</u>

Intergovernmental Agreements ("IGA")

Pinewood Lake Fire Protection District ("Pinewood")

In 2004, the District entered into an Automatic Response and Mutual Aid IGA with Pinewood under which the District agreed to automatically respond and provide fire protection and emergency services occurring within Pinewood. In exchange, Pinewood pays the District quarterly payments for the automatic and mutual aid services. For the 2020, the total payments were \$14,220.

The Automatic Response and Mutual Aid IGA have been assumed by the Authority.

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE F – COMMITMENTS - *continued*

Intergovernmental Agreements (“IGA”) - continued

Berthoud Fire Protection District (“Berthoud”)

The District maintains an IGA with Berthoud under which the District was designated as the exclusive provider of fire protection and emergency services occurring within Berthoud. In exchange, Berthoud pays the District for fire protection and emergency services. For the 2020, the total payments were \$26,821.

The IGA has been assumed by the Authority.

NOTE G – PENSION PLAN

Description of the Plan and Benefits Provided

The District, on behalf of Big Thompson Canyon Volunteer Fire Department, contributes to the volunteer firefighters' pension plan, a defined benefit plan (the “Plan”) which is affiliated with the Colorado Fire and Police Pension Association (“FPPA”).

The District makes contributions based upon the established benefits and funding requirements based upon an actuarial study. Plan members do not make contributions.

Volunteer Firefighters’ Pension Plan

Description of the Plan and Benefits Provided

The State of Colorado also may make an annual contribution to the Plan in an amount established by statute.

The Plan provides retirement benefits for members and beneficiaries according to the Plan provisions as enacted and governed by the Pension Fund Board of Trustees as follows:

Normal Retirement Benefit at Age 50 with 20 years of service (monthly)	\$	400
Vested Retirement Benefit with 10 to 20 years of service per year (monthly)		20
Minimum vesting years - 10		
Survivor Benefits (monthly)		
Death in the line of duty, before retirement eligible		225
Death after normal retirement		200
Funeral Benefit, lump sum, one-time only		800

The above benefit provisions were also used to determine the total pension liability as of December 31, 2019, the measurement date.

Plan Participants Covered by the Plan

Retirees and beneficiaries	13
Inactive, non-retired members	3
Active	11
	<hr/>
Total Participants	27
	<hr/> <hr/>

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE G – PENSION PLAN - *continued*

Net Pension Liability and Change in the Net Pension Liability/(Asset)

As defined within GASB Statement No. 68, *Employer Reporting for Pension Plan*, (“GASB 68”) the Net Pension Liability/(Asset) (“NPL”/“NPA”) is the difference between the Total Pension Liability (“TPL”) and the Plan’s fiduciary Net Position. This is analogous to the Plan’s accrued liability less the market value of the Plan’s assets. The TPL is based upon an actuarial valuation performed as of January 1, 2019 and the measurement date of December 31, 2019. As permitted under GASB 68, the measurement date is within one year of the District’s fiscal year-end of December 31, 2020, and may be used to fulfill the December 31, 2020 reporting requirements.

Net Pension Liability and Change in the Net Pension Liability/(Asset) - continued

The change in the Plan’s NPL for 2019 consists of the following:

Service costs	\$	7,911
Interest on the TPL		45,243
District contribution		(30,000)
Net Plan investment income		(55,728)
Plan administrative expenses		8,108
		<u>8,108</u>
Change in the Net Plan Liability		(24,466)
Net Plan Liability – Beginning of the Year		<u>256,871</u>
Net Plan Liability – End of the Year	\$	<u><u>232,405</u></u>

As of December 31, 2019, the measurement date, the NPL consisted of the following:

Total Pension Liability	\$	673,014
Plan Net Position Available for Benefits		<u>440,609</u>
Net Position Liability	\$	<u><u>232,405</u></u>
Percentage of Plan Net Position to Total Pension Liability		<u><u>65.47%</u></u>

The Plan’s NPL is calculated using a Single Discount Rate of 7.00%. The Plan’s NPL calculated using a Single Discount Rate that is 1% lower or 1% higher is as follows:

1% Discount 6.00%	7.00%	1% Increase 8.00%
\$ <u>304,657</u>	\$ <u>232,405</u>	\$ <u>171,874</u>

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE G – PENSION PLAN - *continued*

Methods and Assumptions Used to Determine the Contribution Rates for Fiscal Year Ended December 31, 2019

The District makes contributions based upon the established benefits, as previously presented and funding requirements based upon an actuarial study. Plan members do not make contributions. The State of Colorado also makes contributions to the Plan in an amount established by statute.

The actuarially determined contributions are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, as such, the actuarial valuation as of January 1, 2019, determines the contribution amounts for 2019 and 2020.

Methods and Assumptions Used to Determine the Contribution Rates for Fiscal Year Ended December 31, 2019 - continued

The methods and assumptions used to determine the contribution rates are as follows:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar
Remaining Amortization Period	20 years
Asset Valuation Method	5-year smoothed market
Inflation	2.50%
Investment Rate of Return	7.50%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: PR-2014 Mortality Table for Blue Collar Employees, Post-retirement: For ages less than 55, RP-2014 Combined Mortality Table for Blue Collar Employees. For ages 65 and older, RP-2014 Mortality Tables for Blue Collar Healthy Annuitants

For the year ended December 31, 2019, the actuarial and District contributions were as follows:

Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)
\$ 29,466	\$ 30,000	\$ (534)

Assumption Changes

The assumptions shown above pertain to the actuarial valuation as of January 1, 2017 and the associated actuarial determined contribution for the year ending December 31, 2019. Following the experience study in 2018, the Plan Board adopted a new assumption set for first use in the January 1, 2019 valuations. The new assumption set used is used in determining the NPL as of December 31, 2018, and as of December 31, 2019.

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE G – PENSION PLAN - *continued*

Assumption Changes - continued

The primary changes, which can be observed in the January 1, 2019 valuation, as compared to the assumptions shown are as follows:

Investment Rate of Return 7.00%

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 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.

Deferred Outflows and Inflows of Resources

The deferred outflows and inflows of resources, as applicable, related to the Plan are amounts used under GASB 68 in developing the annual pension expense. The deferred outflows and inflows of resources arise from differences between expected and actual experiences and changes, as applicable, of assumptions. The portions of these amounts which are not included in the current pension expense (income) are reflected as deferred outflows and inflows of resources and consist of:

Deferred outflows of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income.	\$ 20,184
Deferred outflows of resources to be recognized in future pension expense resulting from the difference between expected and actual experience associated with the TPL.	6,220
Deferred outflows of resources to be recognized in future pension expense resulting from the change in Plan assumptions.	<u>12,641</u>
	39,045
Contributions to the Pension Plan subsequent to the measurement date of December 31, 2019	<u>40,000</u>
Total Deferred Outflows	\$ <u><u>79,045</u></u>
Deferred inflows of resources to be recognized in future pension expense resulting from differences between projected and actual Plan investment income.	\$ <u><u>33,025</u></u>

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE G – PENSION PLAN - *continued*

Deferred Outflows and Inflows of Resources – continued

The net deferred outflows and inflows of resources, excluding contributions to the Pension Plan subsequent to the measurement date of December 31, 2019, by year to be recognized in the future pension expense (income) as of December 31, 2020 are as follows:

<u>Year ended December 31,</u>	
2021	\$ 7,696
2022	3,369
2023	552
2024	<u>(5,597)</u>
Total	\$ <u>6,020</u>

Fire and Police Pension Association

The Fire and Police Pension Association ("FPPA") administers an agent multiple-employer Public Employee Retirement System ("PERS"). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The affiliated pension plans have elected to use FPPA for plan administration investment services only. FPPA issues a publically available comprehensive annual financial report. That report may be obtained through the FPPA website at www.fppaco.org.

NOTE H – TAX, SPENDING AND DEBT LIMITATIONS

Taxpayers' Bill of Rights

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

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. Cash equal to the required emergency reserve is reflected as restricted.

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 the calculation of the fiscal year spending limits will require judicial interpretation.

NOTE I – NOVEMBER 3, 2020 BALLOT ISSUES

With the November 3, 2020 election, the electors of the District approved the extension of the 2.9 property tax mill levy set to expire in 2022 for general operating purposes and beginning in 2021 and annually thereafter authorized the adjustment of the property tax mill levy at a rate sufficient to generate the property tax revenues equal to the amount levied in 2020.

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE J – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage to, or destruction of assets; errors or omissions; injuries to volunteers; or acts of God for which the District carries commercial insurance. The District's claims have not exceeded its coverage during the preceding three years.

NOTE K– RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS

The Governmental Fund Balance Sheet/Statement of Net Position includes an adjustments column which reconciles the differences between the government-wide and fund financial statements as follows:

Capital assets, net of accumulated depreciation, reflected in the Statement of Net Position are not financial resources in the general fund and accordingly are not reported in the general fund,	\$	607,978
Deferred outflows associated with the recording of the net pension liability in the Statement of Net Position are not resources in the general fund and are not reflected in the general fund.		79,405
The net pension liability reflected in the Statement of Net Position is not a liability in the general fund and is not reflected in the general fund.		232,405
Deferred inflows associated with the recording of the net pension liability in the Statement of Net Position are not liabilities in the general fund and are not reflected in the general fund.		33,025
The apparatus purchase reimbursement is due and payable in the current period, and, therefore are not reflected in the general fund		811,811

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE K– RECONCILIATION OF GOVERNMENT-WIDE AND GOVERNMENTAL FUND FINANCIAL STATEMENTS - *continued*

The Statement of Governmental Fund Revenues, Expenditures and Change in Fund Balance/Statement of Net Activities includes an adjustment column which reconciles the differences between the government-wide and fund financial statements as follows:

Depreciation expense on capital assets is reported in the Statement of Activities. However, it does not use current financial resources, as such, depreciation expense is not recorded as an expenditure in the general fund,	\$	21,085
---	----	--------

The difference between the pension expense as reflected in the Statement of Activities as calculated under GASB 68 and the actual District pension contribution as reflected in the general fund,		6,676
---	--	-------

The principal payments on debt are reported as expenditures in the general fund. However, in the government-wide statements, the principal payments on debt as a reduction in the corresponding debt.		150,000
---	--	---------

NOTE L– CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (“COVID-19”) originated in Wuhan, China and has since spread world-wide, including the United States. In March 2020, the World Health Organization characterized COVID-19 as a pandemic.

COVID-19 has adversely affected the economies and financial markets of the United States, including Colorado, resulting in a world-wide economic downturn, operational closures, and social restrictions that has impacted some of the operations of the District.

As a result of the unusual circumstances related to COVID-19, Larimer County granted extensions with interest for the payment of the 2020 property taxes through March 31, 2021. Due to the unusual circumstances and as permitted under US GAAP, as of December 31, 2020, the District recorded a receivable in the amount of \$975,039 for the 2020 property taxes and related interest collected during the period January 1, 2021 through March 31, 2021.

The District continues to monitor and assess the effects of the COVID-19 pandemic on the District; however, the ultimate impact of the COVID-19 outbreak or a similar health epidemic is highly uncertain and subject to change.

Loveland Rural Fire Protection District

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE M – MANAGEMENT’S EVALUATION OF SUBSEQUENT EVENTS

The preparation of the District’s financial statements and accompanying footnotes in conformity with generally accepted accounting principles requires management of the District to evaluate transactions and events subsequent to the financial statements date involving the District. Management has evaluated the subsequent transactions and events of the District through July 7, 2021, which is the date the financial statements and accompanying footnotes were available for issuance.

- In February 2021, the Pinewood Lake Fire Protection District held an inclusion election and the voters approved the inclusion of the Pinewood Lake Fire Protection District into the District effective January 2022.
- In April 2021, the District’s Board of Directors approved the payment of the remaining outstanding balance under the Apparatus Purchase Agreement between the District and the Loveland Fire and Rescue Authority. The payment totaled \$816,253, which included interest in the amount of \$4,442.

NOTE N – RESTATEMENT OF THE BEGINNING NET POSITION

The December 31, 2019 net position, beginning balance for 2020, was restated to eliminate the cost and accumulated depreciation of the fire apparatus and associated equipment purchased by the Loveland Fire Rescue Authority reflected on the District financial records in the net amount of \$988,267. Under the terms of the Apparatus Purchase Agreement, the fire apparatus and associated equipment is to remain the property of the Loveland Fire Rescue Authority. In addition, the deferred outflow associated with the District contribution subsequent to the December 31, 2018 measurement date was reduced \$5,000 to the actual 2019 contribution of \$30,000.

REQUIRED SUPPLEMENTARY INFORMATION

Loveland Rural Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
SCHEDULE OF CHANGE IN NET PENSION LIABILITY AND RELATED RATIOS

Year 6 (prospectively since 2014)

Measurement period ended December 31.

Total Pension Plan Liability

	2014	2015	2016	2017	2018	2019
Service cost	\$ 8,300	\$ 8,299	\$ 8,299	\$ 9,666	\$ 9,666	\$ 7,911
Interest on the total pension liability	37,021	36,241	36,906	43,955	44,765	45,243
Benefit changes	-	-	70,687	-	-	-
Difference between expected and actual experience of the total pension liability	(22,201)	-	3,867	-	13,294	-
Assumption changes	-	-	13,175	-	27,017	-
Benefit payments	(33,600)	(33,425)	(38,000)	(41,300)	(44,400)	(44,400)
Net change in total pension liability	(10,480)	11,115	94,934	12,321	50,342	8,754
Total pension plan liability - beginning	506,028	495,548	506,663	601,597	613,918	664,260
Total pension plan liability - ending	<u>\$ 495,548</u>	<u>\$ 506,663</u>	<u>\$ 601,597</u>	<u>\$ 613,918</u>	<u>\$ 664,260</u>	<u>\$ 673,014</u>

Pension Plan Fiduciary Net Position

District contributions	\$ 25,000	\$ 25,000	\$ 25,000	\$ 25,000	\$ 30,000	\$ 30,000
Pension plan net investment income	23,167	6,737	19,231	54,716	187	55,728
Benefit payments	(33,600)	(33,425)	(38,000)	(41,300)	(44,400)	(44,400)
Pension Plan administrative expenses	(923)	(2,871)	(851)	(7,764)	(5,808)	(8,108)
State of Colorado supplemental discretionary contribution	4,971	4,971	4,971	-	9,942	-
Net change in pension plan fiduciary net position	18,615	412	10,351	30,652	(10,079)	33,220
Pension plan fiduciary net position - beginning	357,438	376,053	376,465	386,816	417,468	407,389
Pension plan fiduciary net position - ending	<u>\$ 376,053</u>	<u>\$ 376,465</u>	<u>\$ 386,816</u>	<u>\$ 417,468</u>	<u>\$ 407,389</u>	<u>\$ 440,609</u>

Net Pension Liability

Net Pension Liability	<u>\$ (119,495)</u>	<u>\$ (130,198)</u>	<u>\$ (214,781)</u>	<u>\$ (196,450)</u>	<u>\$ (256,871)</u>	<u>\$ (232,405)</u>
Pension Plan Fiduciary Net Position as a % of Total Pension Plan Liability	<u>75.89%</u>	<u>74.30%</u>	<u>64.30%</u>	<u>68.00%</u>	<u>61.33%</u>	<u>65.47%</u>

Loveland Rural Fire Protection District

VOLUNTEER FIREFIGHTERS' PENSION PLAN
 SCHEDULE OF CHANGE IN NET PENSION LIABILITY AND RELATED RATIOS

Year 6 (prospectively since 2014)

<i>Measurement period ended December 31.</i>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<i>Net Pension Plan Liability as % of Covered Payroll</i>	N/A	N/A	N/A	N/A	N/A	N/A
<i>Covered Payroll</i>	N/A	N/A	N/A	N/A	N/A	N/A
<i>Schedule of Contributions</i>						
Actuarially determined contribution	\$ 23,900	\$ 23,900	\$ 19,056	\$ 19,056	\$ 29,466	\$ 29,466
Actual contributions	<u>29,971</u>	<u>29,971</u>	<u>29,971</u>	<u>25,000</u>	<u>39,942</u>	<u>30,000</u>
Contribution deficiency (excess)	<u>\$ (6,071)</u>	<u>\$ (6,071)</u>	<u>\$ (10,915)</u>	<u>\$ (5,944)</u>	<u>\$ (10,476)</u>	<u>\$ (534)</u>