



# **Poudre Valley Fire Protection District**

## **Financial Statements and Supplementary Information**

For the Year Ended December 31, 2020

# Poudre Valley Fire Protection District

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## **Independent Auditor's Report**

Board of Directors  
Poudre Valley Fire Protection District  
Fort Collins, Colorado

### ***Opinions***

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Poudre Valley Fire Protection District (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Poudre Valley Fire Protection District as of December 31, 2020, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

### ***Basis for Opinions***

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

### ***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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



In performing an audit in accordance with GAAS we:

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

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

#### ***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 through 5, the budgetary comparison information for the General Fund on page 21, the Schedule of Changes in Net Pension Liability/(Asset) and Related Ratios - Volunteer Firefighters' Pension Plan on page 22, and the Schedule of District Contributions - Volunteer Firefighters' Pension Plan on page 23 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BDO USA, LLP

July 30, 2021

**Poudre Valley Fire Protection District  
Management’s Discussion and Analysis  
For the Year Ended December 31, 2020**

The Poudre Valley Fire Protection District (the District) offers the readers of the District’s financial statements this overview and analysis of the financial statements for the year ended December 31, 2020. In addition to this overview and analysis based on current facts, decisions and conditions, the District would encourage readers to consider the information presented in the District’s financial statements and required supplementary information, which begin on page 6.

**Financial Recap**

- The governmental net position of the District as of December 31, 2020 is \$506,819, which is a decrease of \$138,389 from the previous year. See PVFPD Net Position – Government Activities table below.
- The District has no long-term debt.
- The District’s primary source of income is from collection of property taxes, Tax Increment Financing (TIF), and Specific Ownership Taxes, which netted to \$7,956,503, an increase of \$1,036,299 from 2019.

**Poudre Valley Fire Protection District  
Net Position - Government Activities**

	<b>2020</b>	<b>2019</b>	<b>Year Comparison +/- change</b>
<b>Assets</b>			
Cash and Cash Equivalents	\$ 526,065	\$ 664,138	\$ (138,073)
Property taxes receivable	7,631,634	7,496,884	134,750
<b>Total assets</b>	<b>8,157,699</b>	<b>8,161,022</b>	<b>(3,323)</b>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources relating to pensions	7,669	10,556	(2,887)
<b>Liabilities</b>			
Non-current liabilities:			
Net pension liability	18,254	25,268	(7,014)
<b>Deferred inflows of resources</b>			
Deferred inflows of resources relating to pensions	8,661	4,278	4,383
Unearned revenue - property taxes	7,631,634	7,496,884	134,750
<b>Total deferred inflows of resources</b>	<b>7,640,295</b>	<b>7,501,162</b>	<b>139,133</b>
<b>Net position</b>			
Restricted for:			
Emergencies	238,826	208,425	30,401
Unrestricted	267,933	436,723	(168,790)
<b>Total net position</b>	<b>\$ 506,759</b>	<b>\$ 645,148</b>	<b>\$ (138,389)</b>
Change in net position	<b>\$ (138,389)</b>		<b>-21.45%</b>

## **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District operates as a special purpose governmental unit in a single governmental program under the laws of the State of Colorado. The financial statements are prepared to account for general government operations. Accordingly, the basic financial statements include the Statement of Net Position, Statement of Activities, Balance Sheet and Statements of Revenues, Expenditures and Changes in Fund Balance. The notes to the financial statements are considered to be an integral part of the basic financial statements since they provide additional information needed to gain a full understanding of the data provided.

## **Overall Financial Position and Results of the Operations**

In 1981, the District and the City of Fort Collins, Colorado formed the Poudre Fire Authority (the Authority) as an entity to facilitate fire and rescue services. The Authority provides these services within the combined territorial limits of the District and the City. Since the Authority appoints its own management, approves its own budget, and issues separate financial statements, it is considered a joint venture with an on-going financial responsibility separate from the District.

The District collects property tax revenues from residents within the District and remits quarterly payments for its portion of budgeted expenses to the Authority (totaling \$7,942,036 in 2020). The District remains responsible for funding the retirement benefits of the six retired volunteer firefighters who are participants in the Volunteer Firefighters' Pension Plan, arising from the District's separate operations.

Due to the simplicity of the District's financial statements and operations, a condensed Statement of Changes in Net Position is omitted from the management's discussion and analysis, as they would provide no further simplification.

## **Budgetary Commentary**

An increase in assessed valuation and mill levy adjustment contributed revenues higher than budgeted by \$13,358 due mostly to property tax collections higher than budgeted.

Operating expenditures were \$512,707 lower than budgeted due primarily to a short payment to the Authority, less treasurer fees, District management fees, and miscellaneous expenses lower than expected.

## **Conditions Impacting Future Operations**

The District is dependent upon continued property tax collections and related property values. Variations to the mill levy or increase/decrease in property valuation will directly affect the District's ability to fund the Authority. The District had a ballot issue related to the State of Colorado's Gallagher Amendment on the November 2018 election which was successful. This will allow the District to change its mill levy in conjunction with a change in the Residential Assessment Rate, set by the State, in order to keep the property tax collected at a constant level and avoid significant revenue losses which could have been caused by the State tax limitation requirements.

## **Contacting the District's Financial Management**

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances, and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information presented in this report, or to request additional information should be sent to the District Board Coordinator at the following address:

Tom DeMint, Fire Chief  
Patti Forsythe, District Board Coordinator  
102 Remington Street  
Fort Collins, Colorado 80524

## Basic Financial Statements

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**Poudre Valley Fire Protection District**  
**Statement of Net Position**  
**Governmental Activities**  
**December 31, 2020**

<b>Assets</b>	
Cash and cash equivalents	\$ 526,065
Property taxes receivable	7,631,634
<b>Total assets</b>	<b>8,157,699</b>
<b>Deferred outflows of resources</b>	
Deferred outflows of resources relating to pensions	7,669
<b>Total deferred outflows of resources</b>	<b>7,669</b>
<b>Liabilities</b>	
Non-current liabilities:	
Net pension liability	18,254
<b>Total liabilities</b>	<b>18,254</b>
<b>Deferred inflows of resources</b>	
Deferred inflows of resources relating to pensions	8,661
Unearned revenue - property taxes	7,631,634
<b>Total deferred inflows of resources</b>	<b>7,640,295</b>
<b>Net position</b>	
Restricted for:	
Emergencies	238,826
Unrestricted	267,993
<b>Total net position</b>	<b>\$ 506,819</b>

*The accompanying notes are an integral part of these financial statements.*

**Poudre Valley Fire Protection District**  
**Statement of Activities**  
**Governmental Activities**  
**Year Ended December 31, 2020**

Governmental activities	Expenses	Charges for Services	Program Revenues		Governmental Activities	Net Revenue (Expense) and Change in Net Position
			Operating Grants and Contributions	Capital Grants and Contributions		
Poudre Fire Authority						
fire and rescue services	\$ 7,942,036	\$ -	\$ -	\$ -		\$ (7,942,036)
Treasurers fees	130,604	-	-	-		(130,604)
District management	5,541	-	-	-		(5,541)
Pension expense	2,514	-	-	-		(2,514)
Miscellaneous	18,506	-	-	-		(18,506)
<b>Total governmental activities and primary government</b>	<b>\$ 8,099,201</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>		<b>(8,099,201)</b>
<b>General revenues</b>						
Property taxes						6,498,474
TIF Revenue						922,368
Specific ownership taxes						535,661
Earnings on investments						3,873
Miscellaneous						496
<b>Total general revenues</b>						<b>7,960,872</b>
<b>Change in net position</b>						<b>(138,329)</b>
<b>Net position at beginning of year</b>						<b>645,148</b>
<b>Net position at end of year</b>						<b>\$ 506,819</b>

*The accompanying notes are an integral part of these financial statements.*

# Poudre Valley Fire Protection District

## Balance Sheet

### General Fund

December 31, 2020

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**Assets**

Cash and cash equivalents	\$	526,065
Property taxes receivable		7,631,634

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Total assets	\$	8,157,699
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**Deferred inflows of resources and fund balance****Deferred inflows of resources**

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Unearned revenue - property taxes	\$	7,631,634
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Total deferred inflows of resources		7,631,634
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**Fund balance**

## Restricted:

Emergencies		238,826
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## Assigned:

Future operations		114,707
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Unassigned		172,532
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Total fund balance		526,065
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<b>Total deferred inflows of resources and fund balance</b>	\$	<b>8,157,699</b>
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Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - General Fund	\$	526,065
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Pension liability and related deferred inflows of resources and deferred outflows of resources are not current financial resources and, therefore, are not reported in the fund financial statements.

Net pension liability	\$	(18,254)
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Deferred outflows of resources relating to pensions		7,669
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Deferred inflows of resources relating to pensions	(8,661)	(19,246)
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<b>Total net position - governmental activities</b>	\$	<b>506,819</b>
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*The accompanying notes are an integral part of these financial statements.*

**Poudre Valley Fire Protection District**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**General Fund**  
**Year Ended December 31, 2020**

<b>Revenues</b>	
Taxes	\$ 7,956,503
Earnings on investments	3,873
Miscellaneous	496
<b>Total revenues</b>	<b>7,960,872</b>
<b>Expenditures</b>	
Operating	
Poudre Fire Authority fire and rescue services	7,942,036
Treasurers Fees	130,604
District management	5,541
Pension contribution	2,258
Miscellaneous	18,506
<b>Total expenditures</b>	<b>8,098,945</b>
<b>Net Change in fund balance</b>	<b>(138,073)</b>
<b>Fund balance at beginning of year</b>	<b>664,138</b>
<b>Fund balance at end of year</b>	<b>\$ 526,065</b>

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

Net change in fund balance - General Fund	\$ (138,073)
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Some expenses reported in the statement of activities do not require the use of current financial resources, and are not reported as expenditures in governmental funds. This includes items relating to the District's volunteer defined benefit retirement plan.

	(256)
<b>Change in net position - governmental activities</b>	<b>\$ (138,329)</b>

*The accompanying notes are an integral part of these financial statements.*

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2020**

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## **1. Summary of Significant Accounting Policies**

### ***Form of Organization***

The District is a special purpose government, engaged in a single governmental program that levies property taxes to provide fire and rescue services to taxpayers within the District's boundaries and to maintain benefits to those participating in its volunteer firefighter retirement plan. The District is governed by an elected board.

In 1981, the District and the City of Fort Collins, Colorado formed the Poudre Fire Authority (the "Authority") as an entity to facilitate fire and rescue services. The Authority provides these services within the combined territorial limits of the District and the City. Since the Authority appoints its own management, approves its own budget, and issues separate audited financial statements; it is considered a joint venture with an on-going financial responsibility from the District. Complete financial statements for the Authority can be obtained from the Authority's Finance and Budget Supervisor, 102 Remington Street, Fort Collins, Colorado 80524.

The District remits quarterly payments for its portion of budgeted expenses to the Authority. The District remains responsible for funding the retirement benefits of those volunteer firefighters who are participants in the Volunteer Firefighters' Pension Plan (see Note 4). All activities for which the District Board of Directors is responsible are included in this report.

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP") as applied to government units. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

### ***Reporting Entity***

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- 1) Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- 2) Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an "other stand alone government."

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2020**

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***Government-Wide and Fund Financial Statements***

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, charges for services, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The District does not report any business-type activities.

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

The fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. The District only has one governmental fund, the General Fund, which is a major 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. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balances presents increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby 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 recognized 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 recognized only when payment is due.

Property taxes and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the District.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2020**

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Governmental funds are used to account for all or most of a government's general activities. The following is the District's only major governmental fund: The General Fund is the District's primary operating fund. It accounts for all the financial resources of the District.

***Budgets***

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

- By October 15, the District staff submits to the Board of Directors (the "Board"), a proposed operating budget for the fiscal year beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them;
- A public hearing is conducted to obtain taxpayer comments;
- Prior to December 31, the budget is legally enacted through passage of a resolution;
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board through passage of a formal resolution;
- The District legally adopts budgets for all of the funds of the District on a basis consistent with GAAP;
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board. All appropriations lapse at year end.

The District's original budgeted appropriations was \$8,662,356. The District amended its budget to decrease the budget by \$50,705 for a total final budgeted appropriation of \$8,611,652 for the year ended December 31, 2020.

***Cash and Investments***

Cash and cash equivalents include cash on hand and demand deposits. All cash equivalents have an original maturity date of less than three months.

Investments are measured at net asset value, which approximates fair value, or at fair value in accordance with GASB Statement No. 72, Fair Value measurement and Application.

***Property Taxes Receivable***

Property taxes levied on December 31, 2020 are identified as property taxes receivable and deferred inflows of resources.

***Accrued Liabilities and Long-Term Obligations***

All payables are reported in the government-wide financial statements. In general, payables that will be paid from governmental funds are reported on the governmental fund financial statements, regardless of whether they will be liquidated with current resources. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2020**

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***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 represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The District reports a deferred outflow of resource relating to pension-related amounts. The District reports a deferred inflow of resources relating to pension-related amounts. See Note 4 for additional information related to the pension amounts.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The District reports a deferred inflow of resource relating to property taxes and pension-related amounts. See Note 4 for additional information related to the pension amounts.

***Fund Balance and Net Position***

In the government-wide financial statements, net position is classified in the following categories:

***Net Investment in Capital Assets*** - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce this category. The District currently does not have any net position classified as net investment in capital assets.

***Restricted Net Position*** - This category presents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments, and restrictions imposed by law through constitutional provisions or enabling legislation.

***Unrestricted Net Position*** - This category represents the net position of the District, which is not restricted for any project or other purpose. A deficit will require future funding.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

***Nonspendable*** - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

***Restricted*** - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

***Committed*** - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the "Board"). The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

***Assigned*** - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2020**

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**Unassigned** - all other amounts which are not restricted for any project or other purpose. A deficit will require future funding.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources to have been spent first. When an expenditure is incurred in governmental funds, the District's policy is to pay the expenditure from the restricted fund balance and then from less restrictive classifications - committed, assigned and then unassigned fund balances.

**Revenue Recognition/Property Taxes**

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which they are levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

**Pensions**

The District contributes to a defined benefit pension plan to provide retirement income for volunteer firefighters in recognition of their service to the District. This plan is an agent multiple-employer Public Employee Retirement System affiliated with the Fire and Police Pension Association of Colorado ("FPPA") for the purpose of administering the plan and managing the funds of the plan for investment. 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 plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Estimates**

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

**2. Cash and Investments**

**Custodial Credit Risk - Deposits**

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act ("PDPA") requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation ("FDIC") to create a single institutional collateral pool of obligations of the State of Colorado or

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2020**

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local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2020, the District had deposits with financial institutions with a carrying amount of \$174,715. The bank balances with the financial institutions were \$174,757, all of which was covered by federal depository insurance.

***Investments:***

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the District may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

***Custodial Credit Risk - Investments***

Colorado Revised Statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest. The allowed investments include participation in state regulated investment pools and money market funds. At December 31, 2020, the District had invested \$308,635 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by the Trust. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

***Interest Rate Risk***

The District limits its investments to savings accounts and investment pools where each share is equal to one dollar; thus, the District avoids interest rate risk.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2020**

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***Credit Risk***

State law and District policy limit investments to those authorized by CRS including state regulated investment pools. The District’s general investment policy is to apply the prudent-person rule: Investments are made, as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

At December 31, 2020, the District had cash and investment balances as follows:

Cash with county treasurer	\$	42,715
Bank deposits		174,715
Local government investment pools		308,635
Total cash and cash equivalents	\$	526,065

**3. Risk Management**

The District has no employees, as the Poudre Fire Authority employs all personnel; and owns no facilities or equipment, which are all owned and controlled by the Poudre Fire Authority. The direction, control and management of all facilities, personnel and apparatus are under control of the Poudre Fire Authority; therefore, the risk to the Poudre Valley Fire Protection District is minimal as the District’s role is primarily one of a taxing entity providing revenues to the Poudre Fire Authority and adoption of a model fire code for unincorporated portions of the Poudre Valley Fire Protection District. In turn, the Authority provides fire protection and emergency service to the residents of the District.

Public Official and Employees Liability insurance is provided for the elected members of the Board of Directors of the District and the District itself does not employ nor is it responsible for any other personnel.

**4. Volunteer Firefighters’ Pension Plan**

Plan description. The District has established the Volunteer Firefighters’ Pension Plan (the “Plan”), an agent multiple-employer defined benefit pension plan administered by FPPA. As of January 1, 2019, the Plan has 5 retirees and 1 beneficiary and no active current members. FPPA issues an annual, publicly available financial report that includes the assets of the Volunteer Plan. The report may be obtained on FPPA’s website at <http://www.fppaco.org>.

Benefits provided. The Plan provides for a monthly pension of \$300 for volunteers who have satisfied the normal age and service requirements and pro rata pensions for volunteers who have satisfied the normal age, but only a portion of the service requirement. It further provides death benefits and a partial pension (50% of the amount the volunteer has earned) for surviving spouses. The normal age and service requirement is the latest date a volunteer reaches 50 years of age or completes 20 years of service. Pro rata pensions would apply to volunteers who reached 50 years of age and had between 10 and 20 years of service. The plan also provides a funeral benefit, lump sum payment of \$100.

Funding Policy. The funding of the plan by the District and members is authorized by the Board of Directors. The District can contribute to this pension plan an annual amount, with a tax levy not to exceed one mill on the assessed valuation of the District. The contribution by the State of Colorado (the “State”) toward fire pension funds has been a fixed dollar amount established by the legislature and allocated pro rata to all fire pension funds in the State who apply for State matching funds, based upon the amounts contributed by the employer up to a maximum of one half (1/2) mill on the assessed valuation or 90% of District contributions, whichever is less. Since the District currently offers maximum retirement benefits of \$300 per month, the

**Poudre Valley Fire Protection District**  
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State will match at the level determined above but no greater than the maximum of: (1) the amount necessary to fund a pension of \$300 per month on an actuarially sound basis, and (2) the amount of State contributions provided in the prior year. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions.

The actuarial study as of January 1, 2019, indicated that the current level of contributions to the fund is adequate to support, on an actuarially sound basis, the prospective benefits for the present Plan.

Contributions to the Plan from the District were \$2,258 for the year ended December 31, 2020.

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

At December 31, 2020, the District reported a net pension liability of \$18,254. The net pension liability was measured as of December 31, 2019, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2019. This measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2019 and may be used for December 31, 2020 reporting purposes.

For the year ended December 31, 2020, the District recognized pension expense of \$7,947. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on pension plan investments	\$ 5,411	\$ 8,661
District contributions subsequent to measurement date	2,258	-
Total	\$ 7,669	\$ 8,661

The \$2,258 reported as deferred outflows of resources related to pensions resulting from District Contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b><i>Year Ended December 31,</i></b>	<b>Amortization</b>
2021	\$ (745)
2022	(1,239)
2023	187
2024	(1,453)
	\$ (3,250)

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
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*Actuarial assumptions.* The total pension asset at the December 31, 2019 measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Remaining Amortization Period	20 years
Asset Valuation Method	5-year smoothed fair value
Inflation	2.5%
Salary Increases	N/A
Investment Rate of Return	7.0%
Retirement Age Mortality	50% per year of eligibility until 100% at age 65. <b>Pre-retirement:</b> 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. <b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. <b>Disabled:</b> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

*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 rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits). For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 2.75% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
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*Long-term expected return on 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 nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2019 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Cash	2%	2.52%
Fixed Income	15%	5.20%
Managed Futures	4%	5.00%
Absolute Return	8%	5.50%
Long Short	8%	6.00%
Global Public Equity	38%	7.00%
Private Capital	25%	9.20%
<b>Total</b>	<b>100%</b>	

*Sensitivity of the District’s proportionate share of the net pension liability to changes in the discount rate.* The following presents the District’s proportionate share of the net pension liability/(asset) calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1-percentage-point higher (8.00 percent) than the current rate:

	1.00% Decrease 6.00%	Current Discount Rate 7.00%	1.00% Increase 8.00%
District’s proportionate share of the net pension liability/(asset)	\$27,588	\$18,254	\$10,104

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

**Poudre Valley Fire Protection District**  
**Notes to Financial Statements**  
**December 31, 2020**

*Change in Net Pension (Asset) Liability*

	Total Pension (Asset) Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balances at December 31, 2019	\$ 131,556	\$ 106,288	\$ 25,268
Changes for the year			
Contributions - Employer	-	1,826	(1,826)
State of Colorado discretionary payment	-	2,075	(2,075)
Interest on total pension liability	8,691	-	8,691
Difference between expected and actual experience	-	-	-
Changes of assumptions	-	-	-
Net investment income	-	14,234	(14,234)
Benefit payments	(15,045)	(15,045)	-
Administrative expenses	-	(2,430)	2,430
Net changes	(6,354)	660	(7,014)
Balances at December 31, 2020	\$ 125,202	\$ 106,948	\$ 18,254

## 5. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the Amendment or TABOR) to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local districts. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate.

The Amendment also requires local districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$238,826 for this purpose.

In November 1996, the voters in the District approved the removal of the revenue limitations for the District.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

## 6. Subsequent Events

Management of the District has evaluated subsequent events through July 30, 2021, the date that the financial statements were available to be issued.

## Required Supplementary Information

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**Poudre Valley Fire Protection District**  
**Schedule of Revenues, Expenditures and Changes in**  
**Fund Balance (Budget and Actual) - General Fund**  
**Year Ended December 31, 2020**

	<u>Budgeted Amounts</u>		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Revenues</b>				
Taxes	\$ 8,045,424	\$ 7,942,036	\$ 7,956,503	\$ 14,467
Earnings on investments	18,000	3,813	3,873	60
Miscellaneous	700	1,665	496	(1,169)
<b>Total revenues</b>	<b>8,064,124</b>	<b>7,947,514</b>	<b>7,960,872</b>	<b>13,358</b>
<b>Expenditures</b>				
Operating				
Poudre Fire Authority fire and rescue services	8,045,424	7,942,036	7,942,036	-
Treasurer fees	149,939	147,941	130,604	17,337
District management	7,000	5,541	5,541	-
Pension contribution	2,258	2,258	2,258	-
Miscellaneous	50,000	27,332	18,506	8,826
Contingency	15,000	15,000	-	15,000
Reserves	392,736	471,544	-	471,544
<b>Total expenditures</b>	<b>8,662,357</b>	<b>8,611,652</b>	<b>8,098,945</b>	<b>512,707</b>
<b>Change in fund balance</b>	<b>\$ (598,233)</b>	<b>\$ (664,138)</b>	<b>(138,073)</b>	<b>\$ 526,065</b>
<b>Fund balance at beginning of year</b>			<u>664,138</u>	
<b>Fund balance at end of year</b>			<u>\$ 526,065</u>	

*See accompanying Independent Auditor's Report.*

**Poudre Valley Fire Protection District**  
**Schedule of Changes in Net Pension Liability/(Asset)**  
**and Related Ratios - Volunteer Firefighters' Pension Plan**  
**Last Ten Fiscal Years**

Measurement Period Ended December 31,	2019	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>						
Service Cost	\$ -	\$ 630	\$ 630	\$ 629	\$ 629	\$ 238
Interest on the Total Pension Liability	8,691	8,977	9,240	9,376	9,478	7,533
Benefit Changes	-	-	-	-	-	66,620
Difference Between Expected and Actual Experience Assumption Changes	-	6,495	-	(6,449)	-	(37,547)
Benefit Payments	(15,045)	(15,045)	(11,745)	(11,445)	(11,477)	(10,745)
<b>Net Change in Total Pension Liability</b>	<b>(6,354)</b>	<b>4,780</b>	<b>(1,875)</b>	<b>(1,679)</b>	<b>(1,370)</b>	<b>26,099</b>
<b>Total Pension Liability - Beginning</b>	<b>131,556</b>	<b>126,776</b>	<b>128,651</b>	<b>130,330</b>	<b>131,700</b>	<b>105,601</b>
<b>Total Pension Liability - Ending</b>	<b>\$ 125,202</b>	<b>\$ 131,556</b>	<b>\$ 126,776</b>	<b>\$ 128,651</b>	<b>\$ 130,330</b>	<b>\$ 131,700</b>
<b>Plan Fiduciary Net Position</b>						
Employer Contributions	\$ 1,826	\$ 2,305	\$ 4,035	\$ 4,035	\$ 7,505	\$ 644
Pension Plan Net Investment Income	14,234	177	15,012	5,286	1,910	7,126
Benefit Payments	(15,045)	(15,045)	(11,745)	(11,445)	(11,477)	(10,745)
Pension Plan Administrative Expenses	(2,430)	(1,722)	(2,142)	(435)	(1,296)	(547)
State of Colorado Supplemental Discretionary Payme	2,075	3,632	3,632	6,755	580	580
<b>Net Change in Plan Fiduciary Net Position</b>	<b>660</b>	<b>(10,653)</b>	<b>8,792</b>	<b>4,196</b>	<b>(2,778)</b>	<b>(2,942)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>106,288</b>	<b>116,941</b>	<b>108,149</b>	<b>103,953</b>	<b>106,731</b>	<b>109,673</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>\$ 106,948</b>	<b>\$ 106,288</b>	<b>\$ 116,941</b>	<b>\$ 108,149</b>	<b>\$ 103,953</b>	<b>\$ 106,731</b>
<b>Net Pension Liability/(Asset) - Ending</b>	<b>\$ 18,254</b>	<b>\$ 25,268</b>	<b>\$ 9,835</b>	<b>\$ 20,502</b>	<b>\$ 26,377</b>	<b>\$ 24,969</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>85.42%</b>	<b>80.79%</b>	<b>92.24%</b>	<b>84.06%</b>	<b>79.76%</b>	<b>81.04%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability as a Percentage of Covered Payrol</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

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

*See accompanying Independent Auditor's Report.*

**Poudre Valley Fire Protection District**  
**Schedule of District Contributions**  
**Volunteer Firefighters' Pension Fund**  
**Last Ten Fiscal Years**

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2011	\$ 3,502	\$ 3,800	\$ (298)	N/A	N/A
2012	\$ 3,502	\$ 1,229	\$ 2,273	N/A	N/A
2013	\$ 1,224	\$ 1,224	-	N/A	N/A
2014	\$ 1,224	\$ 1,224	-	N/A	N/A
2015	\$ 7,335	\$ 8,085	\$ (750)	N/A	N/A
2016	\$ 2,539	\$ 10,790	\$ (8,251)	N/A	N/A
2017	\$ 2,539	\$ 7,667	\$ (5,128)	N/A	N/A
2018	\$ 2,305	\$ 5,937	\$ (3,632)	N/A	N/A
2019	\$ 2,305	\$ 5,411	\$ (3,106)	N/A	N/A
2020	\$ 2,305	\$ 3,901	\$ (1,596)	N/A	N/A

*See accompanying Independent Auditor's Report.*

**Notes to Schedule of Contributions:**

\*\* Actual contribution includes both employer and State of Colorado supplemental discretionary payment.