

LOWER VALLEY FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditor
For the Year Ended December 31, 2021

LOWER VALLEY FIRE PROTECTION DISTRICT

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December 31, 2021

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Paul D. Miller CPA, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors'
Lower Valley Protection District
Clifton, CO

Opinions

I have audited the accompanying financial statements of the governmental activities and the aggregate remaining fund information of the Lower Valley Protection District as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Lower Valley Protection District's basic financial statements as listed in the table of contents.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the aggregate remaining fund information of the Lower Valley Protection District, as of December 31, 2021, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

I conducted my audit in accordance with auditing standards generally accepted in the United States of America. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am required to be independent of the Lower Valley Protection District, and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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 Lower Valley Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- 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 Lower Valley Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lower Valley Protection District's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, pages 3-5, required pension information, pages 27 & 28, and budgetary comparison information, page 29 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Paul D. Miller, CPA, LLC

Grand Junction, CO

July 27, 2022

**LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

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

USING THIS ANNUAL REPORT

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

- Statement of Net Position and governmental fund balance sheet – reports the District's current financial resources (short-term spendable resources with capital assets and short and long-term obligations). (See page 6)
- Statement of revenue, expenditures, and changes in fund balances – governmental and statement of activities – reports the District operating and non-operating revenues by major source along with operating and non-operating expenditures. (See page 7)
- Statement of revenues, expenditures, and change in fund balance actual and budget – compares the District's budgeted and actual revenues and expenditures for the year ended December 31, 2021 (See pages 29)

STATEMENT OF NET POSITION

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

Years ended December 31,	2021	2020
Current assets	\$ 4,638,815	\$ 3,901,226
Net Pension Assets:		
Statewide Plan	252,415	66,972
Volunteer Plan	728,428	594,874
Deferred Outflows of Resources	473,134	546,885
Capital assets (net of depreciation)	3,895,225	3,969,687
Total assets and Deferred Outflows	9,988,017	9,079,644
Current liabilities	85,737	74,215
Net Pension Liability-SWDB	-	-
Long-term liabilities	91,769	114,162
Total liabilities	177,506	188,377
Deferred Inflows of Resources		
Property Taxes	2,042,408	2,067,704
Statewide Pension Plan	198,451	106,593
Volunteer Pensions Plan	260,270	160,000
	2,501,129	2,334,297
Net Position		
Invested in capital assets	3,895,225	3,969,687
Restricted for Labor emergency	94,072	94,072
Restricted for Pensions	995,256	942,138
Nonspendable	9,719	58,822
Unrestricted	2,315,110	1,492,251
Total Net Position	\$ 7,309,382	\$ 6,556,970

**LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

The Net Position of the District increased \$752,412 from \$6,556,970 in 2020 to \$7,309,382 in 2021. The District's total assets increased from \$9,079,644 in 2020 to \$9,988,017 in 2021 for a difference of \$908,373. The District's total liabilities increased in 2021 by \$174,572.

REVIEW OF REVENUES

Years ended December 31,	<u>2021</u>	<u>2020</u>
Operating revenue		
Charges for services	\$ 1,062,384	\$ 1,487,298
Total	<u>1,062,384</u>	<u>1,487,298</u>
Non-operating revenue		
Specific ownership tax	301,497	301,173
General property tax	2,136,037	2,100,825
Interest income	3,458	7,242
Other revenue	291,036	192,928
Grants	132,020	24,020
Total	<u>2,864,048</u>	<u>2,626,188</u>
Total revenue	<u>\$ 3,926,432</u>	<u>\$ 4,113,486</u>

The District's total revenues decreased in 2021 by \$187,054 from 2020. The decrease in revenue was due mainly to a decrease in ambulance revenues the District received.

REVIEW OF EXPENDITURES

	<u>2021</u>	<u>2020</u>
Operating expenditures:		
Fire & ambulance operations	\$ 3,152,676	\$ 3,669,328
Depreciation	241,666	252,576
Pension activity	(51,804)	(344,630)
Capital outlays	(168,518)	(275,353)
Total Expenditures	<u>\$ 3,174,020</u>	<u>\$ 3,301,921</u>

The District's total expenditures decreased in 2021 by \$127,901, which was largely because of a decrease in pension activity and a decrease in operating expenses.

The major capital assets purchased, which are included in the \$168,518 total for 2021, were as follows:

Vehicles	\$ 62,562
Trailer	\$ 4,499
Equipment	\$ 5,150
Loma Station	\$ 87,937
Office Equipment	\$ 8,370

**LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

ECONOMIC AND OTHER FACTORS

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

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

FINANCIAL CONTACT

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

Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2021

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 2,267,866	\$ -	\$ 2,267,866
Accounts receivable rescue (less allowance of \$250,706)	282,296	-	282,296
Property taxes receivable	2,042,408	-	2,042,408
Other receivables	36,526	-	36,526
Prepaid Expenses	9,719	-	9,719
Net Pension Asset FPPA SWDB	-	252,415	252,415
Net Pension Asset FPPA Volunteer	-	728,428	728,428
Capital Assets, being depreciation , net	-	3,895,225	3,895,225
TOTAL ASSETS	<u>\$ 4,638,815</u>	<u>4,876,068</u>	<u>9,514,883</u>
DEFERRED OUTFLOW OF RESOURCES			
Pension FPPA SWDB	-	406,948	406,948
Pension FPPA Volunteer	-	66,186	66,186
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>-</u>	<u>473,134</u>	<u>473,134</u>
LIABILITIES			
Accounts payable	19,629	-	19,629
Other current liabilities	39,359	-	39,359
Accrued payroll	26,749	-	26,749
Compensated absences	91,769	-	91,769
Net Pension Liability-SWDB	-	0	-
TOTAL LIABILITIES	<u>177,506</u>	<u>-</u>	<u>177,506</u>
DEFERRED INFLOW OF RESOURCES			
Property taxes	2,042,408	-	2,042,408
Pension FPPA Volunteer	-	198,451	198,451
Pension FPPA SWDB	-	260,270	260,270
TOTAL DEFERRED INFLOW OF RESOURCES	<u>2,042,408</u>	<u>458,721</u>	<u>2,501,129</u>
FUND BALANCE			
Emergency reserve - TABOR	94,072	(94,072)	-
Nonspendable	9,719	(9,719)	-
Unassigned	2,315,110	(2,315,110)	-
FUND BALANCE	<u>2,418,901</u>		
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE	<u>\$ 4,638,815</u>	<u>(2,418,901)</u>	<u>-</u>
NET POSITION			
Invested in capital assets, net of related debt	\$ -	3,895,225	3,895,225
Restricted for:			
TABOR emergency	-	94,072	94,072
Pensions	-	995,256	995,256
Nonspendable	-	9,719	9,719
Unassigned	-	2,315,110	2,315,110
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 7,309,382</u>	<u>\$ 7,309,382</u>

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

Fund balance per general fund balance sheet	\$ 2,418,901
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	3,895,225
GASB 68 Pension Adjustment	995,256
Net Position	<u>\$ 7,309,382</u>

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

Lower Valley Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2021

	General Fund	Adjustments (See Page 8)	Statement of Activities
EXPENDITURES/EXPENSES			
Fire & ambulance-operation	\$ 2,984,158	\$ -	\$ 2,984,158
Capital outlay	168,518	(168,518)	-
Pension Activity	-	(51,804)	(51,804)
Depreciation	-	241,666	241,666
Total expenditures/expenses	<u>3,152,676</u>	<u>21,344</u>	<u>3,174,020</u>
PROGRAM REVENUES			
Charges for services	1,062,384	-	1,062,384
Net program (expenses) revenue	<u>(2,090,292)</u>	<u>(21,344)</u>	<u>(2,111,636)</u>
GENERAL REVENUES			
Property taxes	2,136,037	-	2,136,037
Specific ownership	301,497	-	301,497
Public safety tax	93,448	-	93,448
Grant revenue	132,021	-	132,021
Interest income	3,458	-	3,458
Miscellaneous income	197,587	-	197,587
Total general revenues	<u>2,864,048</u>	<u>-</u>	<u>2,864,048</u>
Excess of Revenue over (Under) expenditures	773,756	(21,344)	
Change in net position			752,412
NET POSITION			
Beginning of the year	1,645,145	4,911,825	6,556,970
End of the year	<u>\$ 2,418,901</u>	<u>\$ 4,890,481</u>	<u>\$ 7,309,382</u>

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

Lower Valley Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2021

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

Excess of expenditures over revenues - general funds (page 7)	<u>\$ 773,756</u>
Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	168,518
Depreciation	<u>(241,666)</u>
	<u>(73,148)</u>
 GASB 68 Activity	 <u>51,804</u>
 Change in net position of governmental activities (page 7)	 <u><u>\$ 752,412</u></u>

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2020

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

Financial Reporting Entity

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

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and statement of activities) report information on all the non-fiduciary activities of the primary government and its component units. For the most part, the effect of inter-fund activities has been removed from these statements. *Governmental activities*, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support. Likewise, the *primary government is reported separately from certain legally separate component units* for which the primary government is financially accountable. The District has no business-type activities or component units.

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met.

LOWER VALLEY FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2020

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The District considers revenues to be available if they are collectible within 120 days except for property taxes, which are considered available, if they are collectible within 60 days after year-end. Property taxes, and interest associated with the current year are susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting, However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

The government reports the following major governmental fund:

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

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

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

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

Budgets and Budgetary Accounting

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

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

The detail of the budget calendar is outlined below:

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2021

Property Taxes Receivable

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

Risk of Loss

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

Capital Assets

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

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

Compensated Absences

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

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

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

Use of Estimates

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2021

Fund Balance

The District has approved the following Fund Balance policies:
Committed fund balances are approved by the District's Board via a majority vote. The District does not use the assigned fund balance designation.

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

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

Net Position

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

Pensions.

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

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

Deferred Outflows/Inflows of Resources

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

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2021

Subsequent Events

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

Note 1- Pension Plan –Non-Fire Fighter

The Lower Valley Fire Protection District provides a retirement plan for all its full-time non-Fire Fighter employees through the Colorado Retirement Association. The plan is a defined contribution money purchase plan. Employees participate in the plan immediately after employment. The employees and the District each contribute 6% of gross wages and the employee may voluntarily contribute from 6% to 10% of gross wages. In addition, to provide for past service benefits, participants may make lump sum contributions from time to time. Each employee is immediately vested 100% in his or her interest in the District's contribution. The total non-Fire Fighter payroll for the District for 2021 was \$258,263 and the District's contributions were based on a payroll of \$258,263. Both the District and the covered employees made the required contributions in the amount \$15,496 (6%) for the District and \$15,496 (6%) for the employees.

Note 2 – Defined Benefit Pension Plan – Volunteer Pension

General Information about the Pension Plan

Plan Description

The Entity contributes to the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS) administered by the Fire & Police Pension Association (FPPA). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>. For the measurement period ending December 31, 2020, the VFDP included membership of 21 retirees and beneficiaries, 7 inactive, non-retired members, and 3 active members for a total of 31 members.

Benefits Provided.

Normal Retirement

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

Vested Retirement

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

Disability Retirement Benefit

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

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

General Information about the Pension Plan-continued

Survivor Benefits

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

Funeral Benefits

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

Contributions.

The Entity contributes from proceeds of a property tax mill levy. The Plan is construed and enforced in accordance with Colorado Revised Statute Title 31, Article 30. Per CRS 31-30-1112, State contributions to any municipality or district must equal ninety percent of all amounts contributed by the municipality or district under section 31-30-1110 in the previous year, but, notwithstanding any other provision of this part 11, the state contribution shall not exceed one-half mill on the previous net valuation for assessment of the municipality or district assuming one hundred percent collection. For 2021, the Entity contributed \$0, and the state's matching contribution was \$0.

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

On December 31, 2020, the Entity reported a net pension liability/ (asset) of \$(728,428). The net pension liability/ (asset) was measured as of December 31, 2020, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of January 1, 2021. The total pension liability as of December 31, 2020 is based upon the January 1, 2021 actuarial valuation.

On December 31, 2021, the Entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 1,039
Assumption Changes	9,616	-
Net difference between projected and actual earnings on pension plan investments	<u>56,570</u>	<u>197,412</u>
Total	<u>\$ 66,186</u>	<u>\$ 198,451</u>

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

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

General Information about the Pension Plan-continued

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

\$132,265 reported as net deferred outflows (inflows) of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2022	\$ (38,118)
2023	\$ (21,427)
2024	\$ (49,714)
2025	\$ (23,006)
2026	\$ -
Thereafter	\$ -

Actuarial Assumptions.

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2019 determines the contribution amounts for 2020 and 2021. The valuation used the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed market
Inflation	2.50%
Investment Rate of Return	7.00%
Projected Salary Increases	N/A
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. Post-retirement: 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years. Disabled: 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

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

General Information about the Pension Plan-continued

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

Long-term Expected Return of Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Fixed Income-Rates	10.00%	5.25%
Fixed Income-Credit	5.00%	5.00%
Absolute Return	10.00%	5.60%
Private Markets	26.00%	10.63%
Cash	2.00%	2.32%

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

Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$(578,273)	\$(728,428)	\$(853,790)

Note 3 – Fire & Police Statewide Defined Benefit Plan

General Information about the Fire & Police Statewide Defined Benefit Plan

Plan description.

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

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

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

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

Description of Benefits

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

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

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

Contributions

Through December 31, 2020, contribution rates for the SWDB plan are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12 percent of pensionable earnings. Employer contributions are 8.0 percent and 8.50 percent in 2020 and 2021, respectively. Employer contributions will increase 0.5 percent annually beginning in 2021 through 2030 to a total of 13.0 percent of pensionable earnings. In 2020, members of the SWDB plan and their employers are contributing at the rate of 11.0 percent and 8.0 percent, respectively, of pensionable earnings for a total contribution rate of 19.0 percent.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 23.0 percent and 23.5 percent of pensionable earnings in 2020 and 2021, respectively. It is a local decision as to whether the member or employer pays the additional 4 percent contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4 percent contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.5 percent and 4 percent, respectively, of pensionable earnings for a total contribution rate of 9.50 percent in 2020 and 9.75 percent in 2021. Per the 2014-member election, members of the affiliate social security group had their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6 percent of pensionable earnings. Employer contributions are 4.0 percent and 4.25 percent in 2020 and

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

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

2021, respectively. Employer contributions will increase 0.25 percent annually beginning in 2021 through 2030 to a total of 6.5 percent of pensionable earnings.

Basis of Presentation

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

Employer contributions received and processed within the year ended December 31, 2020 are used as the basis for reporting within the Schedule of Employer Contributions. As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2020 Annual Report, employer contributions to the SWDB plan were \$64,276,546 compared to total employer contributions of \$64,256,705 on the Schedule of Employer Contributions. Adjustments were made to reduce employer contributions to zero for departments that had no remaining members at year end and for known significant adjustments of non-recurring amounts.

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

Contributions to the Plan from the Department were \$85,519 for the year ended December 31, 2021.

Actuarial Valuation Dates

The collective total pension liability as of December 31, 2020 is based upon the January 1, 2021 actuarial valuation. The actuarially determined contributions as of December 31, 2020 are based upon the January 2020 actuarial valuation.

Actuarial Assumptions

The actuarial valuation for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2020. The valuation used the following actuarial assumption and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2021	January 1, 2020
Actuarial Method Entry	Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, net*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

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

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

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

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

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 (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	39.0%	8.23%
Equity Long/Short	8.0%	6.87%
Private Markets	26.0%	10.63%
Fixed Income-Rates	10.0%	4.01%
Absolute Return	10.0%	5.60%
Fixed Income-Credit	5.0%	5.60%
Cash	<u>2.0%</u>	2.32%
Total	<u>100%</u>	

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

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 expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 2.00 percent (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 percent.

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

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

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

	1.00% Decrease 6.00%	Single discount Rate Assumption 7.00%	1.00% Increase 8.00%
Department's proportionate share of the net pension liability/(asset)	\$254,015	\$(252,415)	\$(671,800)

Reconciliation of Collective Deferred Outflows and Inflows of Resources

The following tables present the SWDB collective deferral reconciliations showing beginning deferrals as of December 31, 2019 adding the current year collective deferrals and adjusting for the current year amortization of deferrals to arrive at the ending December 31, 2020 collective deferral amounts:

Deferred Outflows of Resources

	Difference Between Actual and Expected Experience	Changes in Assumptions	Net difference Between Projected and Actual Investment Earnings
Beginning Deferral Amounts as of Measurement Date, December 31, 2019	\$ 222,530	\$ 124,856	\$ -
Deferral Amounts Added	25,187	-	-
Total Amortization Amounts Recognized in Pension Expense	(33,645)	(17,501)	-
Current Year contribution	<u>85,521</u>	-	-
Outstanding Deferral Amounts as of Measurement Date, December 31, 2020	<u>\$ 299,593</u>	<u>\$ 107,355</u>	<u>\$</u>

LOWER VALLEY FIRE PROTECTION DISTRICT
Notes to Financial Statements
December 31, 2021

Deferred Inflows of Resources

	Difference Between Actual and Expected Experience	Change in Assumptions	Net Difference Between Projected and Actual Investment Earnings
Beginning Deferral Amounts as of Measurement Date, December 31, 2019	\$ 1,287	\$-	\$ 103,370
Deferral Amounts Added	-	-	226,167
Total Amortization Amounts Recognized in Pension Expense	<u>(283)</u>	:	(70,271)
Outstanding Deferral Amounts as of Measurement Date, December 31, 2020	<u>\$ 1,004</u>	<u>\$ -</u>	<u>\$259,266</u>

\$85,521 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2021.

The following table presents the SWDB plan net amount of collective deferred inflows and outflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

Year ended December 31,	
20210	\$ (28,360)
2022	5,268
2023	-(38,351)
2024	5,758
2025	46,316
Thereafter	, 70,526

Note 4 – Statewide Death and Disability Plan

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

Funding Policy – The District and/or employee is required to contribute at a rate of 3.0% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 3.0% contribution may be paid entirely by the employer or the member, or it may be split between SWD & DP on behalf of the employees was \$30,183 equal to the required contribution for each year.

LOWER VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2021

Note 5 – Change in Fixed Assets

Governmental Activities:

	Balance 1/1/2021	Additions	Deletions	Balance 12/31/2021
Buildings & improvements	\$ 3,800,848	\$ 87,937	\$ -	\$ 3,888,785
Vehicles	1,814,030	67,060	(20,891)	1,860,199
Equipment	787,478	5,151	(116,998)	675,631
Office furniture & equipment	79,223	8,370	(35,236)	52,357
Total	6,481,579	168,518	(173,125)	6,476,972
Less accumulated depreciation	(2,558,619)	(241,666)	171,810	(2,628,475)
Land	46,728	-	-	46,728
Governmental activities capital assets, Net	\$ 3,969,688	\$ (73,148)	\$ (344,935)	\$ 3,895,225

Depreciation expense for 2021 was \$241,666.

Note 6 - Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is considered to be equal to the depository insurance pursuant to definitions listed in GASB Standards. On December 31, 2020, the District's cash deposits had a bank balance of \$788,765, all of which \$250,000 is insured by FDIC and the balance is covered by PDPA. There was \$200 was uninsured cash on hand.

On December 31, 2020, the deposits of the governmental activities consisted of the following:

Cash on hand	\$ 199
Cash in bank accounts	1,271,268
Total	\$ 1,271,467

Investments

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

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

The District's investment policy follows Colorado statutes.

LOWER VALLEY FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2021

Note 6 - Deposits and Investments-continued

At year-end, the District had invested \$996,399 in Colorado Government Liquid Assets Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investment owned by COLOTRUST. This pool is not required to and is not registered with the SEC. COLOTRUST funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services. This investment is measured at Net Asset Value.

Note 7 - Tax, Spending, and Debt Limitation

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

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

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

Note 8 – Use of Restrict Funds and Unrestricted Funds

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

REQUIRED SUPPLEMENTAL INFORMATION

LOWER VALLEY FIRE PROTECTION DISTRICT

Required Supplemental Information

December 31, 2021

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

	2021	2020
Department's proportion of the net pension liability/(asset)	.116%	.118%
Department's proportionate share of the net pension liability/(asset)	\$(252,415)	\$(66,972)
Department's covered payroll	\$1,006,102	\$970,243
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	25.09%	6.9%
Plan fiduciary net position as a percentage of the total pension liability	106.7%	101.9%

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

	2021	2020
Contractually required contribution	\$85,519	\$76,939
Contributions in relation to the contractually required contribution	\$85,519	\$76,939
Contribution deficiency (excess)	\$-	\$ -
Department's covered payroll	\$1,006,102	\$970,243
Contributions as a percentage of covered payroll	8.50%	8.00%

LOWER VALLEY FIRE PROTECTION DISTRICT

Required Supplemental Information

December 31, 2021

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

Subsequent Event

Subsequent Event-SWDB Plan

During 2020, legislation was passed effective January 1, 2021 that amended the Statewide Defined Benefit Plan. Amendments to the related contribution rates and benefits of this plan are described in Notes 2 and 3 above. Additionally, the stabilization reserve accounts (SRA) of the Defined Benefit System became self-directed accounts with assets of \$123.6 million transferred to the FPPA Members' Self-Directed Investment Fund after the January 1, 2021 actuarial valuation date. This transfer does not impact the net pension liability/(asset) of the plan as the transfer of assets will reduce both the total pension liability and the plan fiduciary net position.

SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIO INFORMATION

Measurement period ending December 31,	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 2,615	\$ 2,615	\$ 19,514	\$ 19,514	\$ 19,419	\$ 19,419	\$ 15,901
Interest on the Total Pension Liability	94,839	95,344	97,817	96,146	82,871	81,415	67,336
Benefit Changes	-	-	-	-	101,042	-	201,699
Difference between Expected and Actual Experience	14,219	-	(5,812)	-	21,918	-	(19,642)
Assumption Changes	-	-	53,842	-	40,012	-	-
Benefit Payments	(108,585)	(101,880)	(96,570)	(90,310)	(86,375)	(76,650)	(81,840)
Net Change in Total Pension Liability	<u>3,088</u>	<u>(3,921)</u>	<u>68,791</u>	<u>25,350</u>	<u>178,887</u>	<u>24,184</u>	<u>183,454</u>
Total Pension Liability - Beginning	<u>1,406,927</u>	<u>1,410,848</u>	<u>1,342,057</u>	<u>1,316,707</u>	<u>1,137,820</u>	<u>1,113,636</u>	<u>930,182</u>
Total Pension Liability -Ending (a)	<u>\$1,410,015</u>	<u>\$ 1,406,927</u>	<u>\$ 1,410,848</u>	<u>\$ 1,342,057</u>	<u>\$ 1,316,707</u>	<u>\$ 1,137,820</u>	<u>\$ 1,113,636</u>
Plan Fiduciary Net Position							
Employer Contribution	\$ -	\$ -	\$ -	\$ 116,492	\$ -	\$ 105,151	\$ 105,270
Pension Plan Net Investment Income	251,206	259,442	1,411	252,370	85,606	27,470	93,057
Benefit Payments	(108,585)	(101,880)	(96,570)	(90,310)	(86,375)	(76,650)	(81,840)
Pension Plan Administrative Expense	(5,979)	(7,950)	(8,819)	(9,745)	(2,821)	(4,643)	(2,559)
State of Colorado Supplemental Discretionary Payment	-	-	-	29,406	29,406	29,406	29,406
Net Change in Plan Fiduciary Net Position	<u>136,642</u>	<u>149,612</u>	<u>(103,978)</u>	<u>298,213</u>	<u>25,816</u>	<u>80,734</u>	<u>143,334</u>
Plan Fiduciary Net Position - Beginning	<u>2,001,821</u>	<u>1,852,209</u>	<u>1,956,187</u>	<u>1,657,974</u>	<u>1,632,158</u>	<u>1,551,424</u>	<u>1,408,090</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$2,138,463</u>	<u>\$ 2,001,821</u>	<u>\$ 1,852,209</u>	<u>\$ 1,956,187</u>	<u>\$ 1,657,974</u>	<u>\$ 1,632,158</u>	<u>\$ 1,551,424</u>
Net pension Liability/(Asset) - Ending (a)-(b)	<u>\$ (728,448)</u>	<u>\$ (594,894)</u>	<u>\$ (441,361)</u>	<u>\$ (614,130)</u>	<u>\$ (341,267)</u>	<u>\$ (494,338)</u>	<u>\$ (437,788)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	151.66%	142.28%	131.28%	145.76%	125.92%	143.45%	139.31%
Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Net Pension Liability as a Percentage of Covered Payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A

LOWER VALLEY FIRE PROTECTION DISTRICT
 SCHEDULE OF CONTRIBUTIONS MULTIYEAR
 12/31/20201

FY Ending December 31, a	Actuarially Determined Contribution b	Actual Contribution* c	Contribution Deficiency (Excess) d=b-c	Covered Payroll e	Actual Contribution as a % of Covered Payroll f
2014	\$ -	\$ 134,676	\$ (134,676)	N/A	N/A
2015	\$ -	\$ 134,557	\$ (134,557)	N/A	N/A
2016	\$ -	\$ 29,406	\$ (29,406)	N/A	N/A
2017	\$ -	\$ 145,898	\$ (145,898)	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2019	\$ -	\$ -	\$ -	N/A	N/A
2020	\$ -	\$ -	\$ -	N/A	N/A

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

Lower Valley Fire Protection District
Statement of Revenues, Expenditures
Actual and Budget
For the Year Ended December 31, 2021
General Fund

	Budget Original & Final	Actual	Variance Favorable (Unfavorable)
Revenue:			
General property taxes	\$ 2,176,631	\$ 2,136,037	\$ (40,594)
Specific ownership tax	336,182	301,497	(34,685)
Public safety tax	77,436	93,448	16,012
Ambulance	1,629,096	1,062,384	(566,712)
Fire & ambulance service contracts	36,023	49,430	13,407
Grant Revenue	145,000	132,021	(12,979)
Interest income	8,358	3,458	(4,900)
Miscellaneous	93,359	148,157	54,798
Total Revenues	<u>4,502,085</u>	<u>3,926,432</u>	<u>(575,653)</u>
Expenditures:			
Administrative:			
Salaries	1,732,358	1,554,724	177,634
Payroll benefits	643,788	509,684	134,104
Insurance	96,060	84,932	11,128
Office expense	43,752	43,904	(152)
Professional	20,250	25,077	(4,827)
Dues and fees	13,775	18,846	(5,071)
Travel and allowances	2,350	3,408	(1,058)
Treasurers fees	46,281	42,776	3,505
Education/training	19,947	12,563	7,384
Bad debt expense	1,080,483	290,991	789,492
Fire Prevention	8,500	43,434	(34,934)
Equipment Repairs and Maintenance			
Vehicles	17,600	10,488	7,112
Equipment	48,885	30,931	17,954
Fuel and oil	18,333	24,952	(6,619)
Communication:			
911 expense	64,769	64,769	-
Repairs land maintenance	800	2,176	(1,376)
Supplies			
EMS supplies	87,606	80,666	6,940
Fire supplies	123,962	85,789	38,173
Building and Grounds:			
Supplies and expense	72,590	54,048	18,542
Total Expenditures	<u>4,142,089</u>	<u>2,984,158</u>	<u>1,157,931</u>
Capital Outlay Major			
Total	<u>904,844</u>	<u>168,518</u>	<u>736,326</u>
Total	<u>5,046,933</u>	<u>3,152,676</u>	<u>1,894,257</u>
Revenue Over (Under) Expenditures	(544,848)	773,756	1,318,604
Beginning Net Position	545,208	1,645,145	\$ 1,099,937
Ending Net Position	<u>\$ 360</u>	<u>\$ 2,418,901</u>	<u>\$ 2,418,541</u>