



LOUISVILLE FIRE PROTECTION DISTRICT

Louisville, Colorado

FINANCIAL REPORT

December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisville Fire Protection District
Louisville, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the general fund, and the fiduciary activities of Louisville Fire Protection District (LFPD) of Louisville, Colorado as of and for the year ended December 31, 2022, which collectively comprise LFPD's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Louisville Fire Protection District as of December 31, 2022, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Louisville Fire Protection 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 opinion.

Management's Responsibility for the Financial Statements

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

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 Louisville Fire Protection District's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibility

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 opinion. 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, 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 Louisville Fire 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 our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Louisville Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Management Discussion and Analysis - Unaudited

The Management's Discussion and Analysis on pages 3 through 5 is presented to supplement the basic financial statements and to provide operational, economic and historical context to the financial statements. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion or any other form of assurance on it.

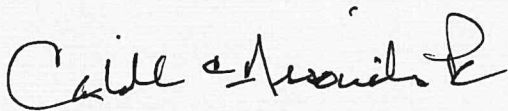
Individual Fund Statements

The Schedule of Revenues, Expenditures, Expenses and Changes in Fund Balance Budget and Actual - for the General Fund on page 23, with related notes on page 24, is presented to supplement the basic financial statements by providing general fund operational results (Non-GAAP Budgetary Basis) for the year.

The Schedule of Funding Progress for the Volunteer Firefighters Pension on page 25 reports funding progress and Pension Fund activity over time.

The Schedule of Changes in Net Position - Budget and Actual for the Fiduciary Fund on page 26 presents changes in net assets for the year compared to budgeted amounts (Non-GAAP Budgetary Basis).

We have applied certain limited procedures to the information presented on pages 23 - 26, which consisted principally of inquiries of management regarding the methods of measurement and presentation of these individual fund statements; however, we did not audit the information and express no opinion or any other form of assurance on them.



CAHILL & ASSOCIATES, P.C.
July 17, 2023

**LOUISVILLE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022**

This discussion and analysis of Louisville Fire Protection District's (LFPD) financial performance provides an overview of financial activities for the year ended December 31, 2022. This section is a summary of financial activities based on currently known facts, decisions, or conditions. This Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with LFPD's financial statements which follow this section.

FINANCIAL HIGHLIGHTS

Net assets (assets less liabilities, deferred resources and pension obligation) totaled \$14,195,370. Of the net assets, \$8,944,429 represents investment in capital assets; \$8,466,893 represents amounts reserved or committed for future capital asset improvements/acquisitions and \$238,303 for potential emergencies. A deficit of (\$3,454,255) represents the PE-RA retirement obligation plus related deferred resource inflows in excess of deferred resource outflows.

Total assets and deferred resources increased by \$1,693,682 which is net of the current year provision for depreciation of \$775,699. Total liabilities, pension liability and deferred resource inflows increased by \$644,729 and LFPD's total net position therefore increased by \$1,048,953.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Discussion and Analysis is intended to serve as an introduction of LFPD's basic financial statements. The financial statements report information using accounting methods similar to those used by private sector companies. These statements offer short-term and long-term information about LFPD's overall financial status. The Statement of Net Position presents information on all LFPD's assets, liabilities and deferred resources with the difference reported as net position. Over time, analysis of causes for increases and decreases in net position may serve as a useful indicator of whether the financial position is improving or deteriorating. The Statement of Activities and Governmental Fund Revenues, Expenditures, Expenses and Changes in Fund Balances and Net Position presents information showing how LFPD's net position changed during the fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows; thus revenues and expenses are recorded in this statement for some items that will result in cash flows in future fiscal periods (for example, property tax to be collected by the county and not yet remitted to LFPD). The basic financial statements can be found on pages 6-10 of this report. The notes to the financial statements provide additional information that is essential to a full understanding of the data provided within the financial statements. The notes to the financial statements can be found on pages 11-21 of this report.

FINANCIAL ANALYSIS

For the year ended December 31, 2022, assets exceeded liabilities and deferred resources by \$14,195,370. Firefighting is a capital-intensive enterprise, and approximately 100 percent of the net assets are invested in or committed for acquisition and improvements to capital assets. Following is a summary of LFPD's net assets.

	<u>2022</u>	<u>2021</u>
Assets		
Current assets	\$ 17,294,791	\$ 16,637,254
Capital assets (net)	<u>8,944,429</u>	<u>8,966,604</u>
Total assets	<u>26,239,220</u>	<u>25,603,858</u>
Deferred Outflow of Resources	<u>2,363,169</u>	<u>1,304,849</u>
Total Assets and Deferred Outflow of Resources	<u>28,602,389</u>	<u>26,908,707</u>
Liabilities		
Current liabilities	646,157	585,860
Pension Liability	<u>5,788,567</u>	<u>2,442,613</u>
Total Liabilities	<u>6,434,724</u>	<u>3,028,473</u>
Deferred Resources	<u>7,972,295</u>	<u>10,733,817</u>
Total Liabilities and Deferred Resources	<u>14,407,019</u>	<u>13,762,290</u>
Net Position		
Restricted for emergencies	238,303	224,630
Pension net obligation	(3,454,255)	(3,422,774)
Committed for capital improvements	8,466,893	7,377,957
Invested in capital assets	<u>8,944,429</u>	<u>8,966,604</u>
Total Net Position	<u>\$ 14,195,370</u>	<u>\$ 13,146,417</u>

**LOUISVILLE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

FINANCIAL ANALYSIS (Continued)

LFPD's General Fund balances increased by \$861,678 in 2022. The following Summary Statement of Revenues, Expenses and Changes in General Fund Balances shows how the 2022 and 2021 changes in net assets occurred. The revenues increased compared to the prior year due to an increase in property tax and ambulance transport revenue in the current year. Expenditures were up in 2022 due to the purchase of a new fire truck, a new vehicle and emergency response equipment. The hiring of additional personnel, promotions and wage increases for existing staff and increased expenses for health insurance and worker's compensation also contributed to increased expenses in 2022.

Summary Statement of Revenues and Expenditures - General Fund

	<u>2022</u>	<u>2021</u>
Program & General Revenues	\$ 9,585,245	\$ 8,901,181
Expenditures	<u>(8,723,567)</u>	<u>(7,142,954)</u>
Net	<u>\$ 861,678</u>	<u>\$ 1,758,227</u>

Operating Revenues

As shown below, revenue increased by approximately 7% while expenditures increased approximately 42%. The following table shows 2022 revenue compared to 2021.

	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>2021 Amount</u>	<u>Percent of Total</u>
Property taxes	\$ 8,517,962	88.8 %	\$ 7,845,215	88.1 %
Ambulance Service Revenue	810,379	8.4 %	745,722	8.4 %
Investment Earnings	6	.0 %	380	.0 %
Plan Review Revenue	106,807	1.1 %	110,615	1.2 %
Other Revenue/Grants	<u>150,091</u>	<u>1.7 %</u>	<u>199,249</u>	<u>2.3 %</u>
	<u>\$ 9,585,245</u>	<u>100.0 %</u>	<u>\$ 8,901,181</u>	<u>100.0 %</u>

Property tax revenue increased due to an increase in the assessed valuation of the district in 2021. Because Boulder County assesses and collects property taxes, LFPD is unable to determine the amount and timing of collection for delinquent taxes outstanding as of December 31, 2022; therefore, there is no accrual for delinquent taxes.

Operating Expenditures

	<u>2022 Amount</u>	<u>Percent of Total</u>	<u>2021 Amount</u>	<u>Percent of Total</u>
Building construction, improvements and repairs	\$ 158,918	1.8 %	\$ 130,060	1.8 %
Equipment purchases and repairs	1,182,855	13.5 %	396,191	5.5 %
Volunteer firefighter expenses	31,084	.3 %	49,547	.7 %
Firefighting Operations	2,181,167	27.4 %	1,903,315	26.6 %
Administration	786,462	6.6 %	733,320	10.3 %
Salaries - Firefighting Service	3,283,668	37.6 %	2,771,006	38.9 %
Salaries - Ambulance Service	<u>1,099,413</u>	<u>12.8 %</u>	<u>1,159,515</u>	<u>16.2 %</u>
	<u>\$ 8,723,567</u>	<u>100.0 %</u>	<u>\$ 6,128,014</u>	<u>100.0 %</u>

The increase in building improvements is due to fire mitigation from the Marshall fire in the current year. Equipment purchases and repairs were up in the current year mainly due to the purchase of a new pumper truck and an automobile in 2022 while 2021 added 1 heart monitor, three dual band portable radios and had an increase in maintenance costs. Volunteer firefighting expenses were lower in the current year due to a decrease in volunteer reimbursements. Administration expenses were up in 2022 due to an increase in payroll related costs. Health benefits also increased and added to the administration costs for the year. Firefighting salaries were higher in 2022 due to increased pay rates and promotions for existing staff and the hiring of additional staff.

**LOUISVILLE FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2022**

FINANCIAL ANALYSIS (Continued)

Capital Assets

LFPD's investment in capital assets (original cost less accumulated depreciation) as of December 31, 2022 was \$8,944,429. Capital assets consist of fire trucks, support vehicles, land, buildings, firefighting and ambulance equipment, and office furniture and equipment. Major asset acquisitions totaled \$753,524 and there were no capital dispositions during 2022. There was depreciation for the year of \$775,699. This results in a decrease of (\$22,175) in the net value of the capital assets.

	<u>2022</u>	<u>2021</u>	<u>Total Dollar Change</u>
Land	\$ 484,510	\$ 484,510	\$ -
Building and Improvements (net)	6,621,265	6,966,640	(345,375)
Firefighting and Other Equipment (net)	<u>1,838,654</u>	<u>1,515,454</u>	<u>323,200</u>
Total	\$ <u>8,944,429</u>	\$ <u>8,966,604</u>	\$ <u>(22,175)</u>

This year's additions were \$753,524 for a pumper truck and an automobile.

Economic Factors and Future Outlook

The economy and property values of the Colorado Front Range, and specifically the area served by LFPD, have remained strong, as has local support of LFPD. Growth within the area increases the complexity of issues faced in providing fire protection and ambulance services. These issues have resulted in the need to hire more full-time professional employees to support the volunteer firefighters.

The District's current mill levy of 10.586 mills was a result of voters of the District's approval in 2019 of an annual 3.9 mill increase for the purpose of enabling the District to continue providing critical fire, rescue and other emergency and non-emergency support services for the residents, property owners, and businesses served by the district including but not limited to:

Adding additional responders to improve response times and protect emergency services.

Schedule replacement of emergency equipment and apparatus to maintain reliability and protect first responders.

Retention and recruitment of firefighters and paramedics.

For 2023, LFPD has budgeted \$8,053,110, to the General Fund and \$238,328 to the Pension Fund from property tax revenue. The General Fund also includes \$500,000 from ambulance transports, \$70,000 from plan reviews/permits, \$20,000 in interest, \$246,396 from the capital reserve, and \$555,447 from General Fund reserves. The Pension Fund budget also includes projected interest income from investments of \$25,000, reserve funds of \$46,409 and State of Colorado funding of \$167,363. This results in total budgeted revenue of \$9,444,953 for the General Fund and \$477,100 for the Pension Fund.

General Fund expenditures have been budgeted to purchase and maintain firefighting equipment, provide firefighter training, maintain the ambulance service, implement computer upgrades, provide public education, purchase emergency medical service equipment and supplies, and fund additional full-time career personnel. Pension fund expenditures have been appropriated to fund volunteer firefighter pensions and related pension administrative costs.

LFPD maintains a web site at louisvillefire.com.

BASIC FINANCIAL STATEMENTS

LOUISVILLE FIRE PROTECTION DISTRICT
 General Fund Balance Sheet/Statements of Net Position
 December 31, 2022
 With Summarized Net Position at of December 31, 2022

	Primary Government - 2022			2021
	General Fund	Adjustments Note A (p 8)	Statement of Net Position	Statement of Net Position
ASSETS				
CURRENT ASSETS				
Cash and Equivalents	\$ 9,210,460	\$ -	\$ 9,210,460	\$ 8,026,316
Receivables	8,084,322	-	8,084,322	8,618,304
Interfund Receivable (Payable)	9	-	9	(7,366)
	<u>17,294,791</u>	<u>-</u>	<u>17,294,791</u>	<u>16,637,254</u>
CAPITAL ASSETS, NET OF DEPRECIATION				
Land	-	484,510	484,510	484,510
Buildings & Improvements	-	6,621,265	6,621,265	6,966,640
Firefighting/Ambulance Equipment and Furniture	-	1,838,654	1,838,654	1,515,454
Total Capital Assets, Net of Depreciation	<u>-</u>	<u>8,944,429</u>	<u>8,944,429</u>	<u>8,966,604</u>
TOTAL ASSETS	17,294,791	8,944,429	26,239,220	25,603,858
DEFERRED OUTFLOW OF RESOURCES				
Pension Related Amounts	<u>-</u>	<u>2,363,169</u>	<u>2,363,169</u>	<u>1,304,849</u>
TOTAL ASSETS AND DEFERRED OUTFLOWS	\$ 17,294,791	\$ 11,307,598	\$ 28,602,389	\$ 26,908,707
CURRENT LIABILITIES				
Accounts Payable	\$ 43,672	\$ -	\$ 43,672	\$ 17,944
Payroll Liabilities	35,512	-	35,512	35,424
Accrued Vacation and Payroll	476,984	-	476,984	449,514
Accrued Length of Service Award	89,989	-	89,989	82,978
Total Current Liabilities	<u>646,157</u>	<u>-</u>	<u>646,157</u>	<u>585,860</u>
PENSION OBLIGATION	-	5,788,567	5,788,567	2,442,613
DEFERRED INFLOW OF RESOURCES				
Pension Related Amounts	-	28,857	28,857	2,285,010
Deferred Tax Revenue	7,943,438	-	7,943,438	8,448,807
	<u>7,943,438</u>	<u>28,857</u>	<u>7,972,295</u>	<u>10,733,817</u>
TOTAL LIABILITIES, PENSION OBLIGATION & DEFERRED RESOURCES	\$ 8,589,595	\$ 5,817,424	\$ 14,407,019	\$ 13,762,290
GENERAL FUND BALANCE/NET POSITION				
Restricted - Emergency Funds	238,303	-	238,303	224,630
Pension Deficit Position	-	(3,454,255)	(3,454,255)	(3,422,774)
Restricted - Capital Improvements	8,466,893	-	8,466,893	7,377,957
Invested in Capital Assets	-	8,944,429	8,944,429	8,966,604
TOTAL GENERAL FUND BALANCE/NET POSITION	\$ 8,705,196	\$ 5,490,174	\$ 14,195,370	\$ 13,146,417

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Statement of Activities and Governmental Fund Revenues
Expenditures, Expenses, and Changes in Fund Balance/Net Position
For the Year Ended December 31, 2022
With Summarized Information for the Year Ended December 31, 2021

	Primary Government - 2022			2021
	General Fund	Adjustments Note B (p 8)	Statement of Activities	Statement of Activities
PROGRAM REVENUES				
Ambulance Transport Fees	\$ 810,379	-	\$ 810,379	\$ 745,722
Grants and Other Revenue	150,091		150,091	199,249
Plan Review Revenue	106,807	-	106,807	110,615
Total Program Revenues	\$ 1,067,277	\$ -	\$ 1,067,277	\$ 1,055,586
EXPENDITURES/EXPENSES				
Fire Protection-Operations	\$ 6,317,979	\$ (209,450)	\$ 6,108,529	\$ 5,546,831
Ambulance Transport Services	1,652,064	-	1,652,064	1,706,911
Capital Outlay	753,524	(753,524)	-	-
Depreciation	-	775,699	775,699	821,595
Total Expenditures/Expenses	8,723,567	(187,275)	8,536,292	8,075,337
NET (EXPENSE) REVENUE	(7,656,290)	187,275	(7,469,015)	(7,019,751)
GENERAL REVENUES				
Property Taxes	\$ 8,517,962	-	\$ 8,517,962	\$ 7,845,215
Investment Earnings	6	-	6	380
Total General Revenues	8,517,968	-	8,517,968	7,845,595
CHANGE IN FUND BALANCE/NET POSITION	861,678	\$ 187,275	\$ 1,048,953	825,844
FUND BALANCE/NET POSITION				
Beginning of year	7,602,587		13,146,417	12,320,573
End of Year	\$ 8,464,265		\$ 14,195,370	\$ 13,146,417

LOUISVILLE FIRE PROTECTION DISTRICT
Reconciliation of Government Fund Balance
To Net Position of Governmental Activities (Note A)
and
Reconciliation of Change in Fund Balance
To Statement of Activities Change in Net Position (Note B)
December 31, 2022

NOTE A
RECONCILIATION OF GOVERNMENTAL FUND BALANCE
TO NET POSITION OF GOVERNMENTAL ACTIVITIES

GENERAL FUND BALANCE	\$	8,705,196
Adjustments of General Fund Balance to Net Position:		
Capital assets of \$19,806,599, net of accumulated depreciation (\$11,615,694), are not financial resources and therefore not reportable in the General Fund		8,944,429
Deferred PERA pension outflows represent current costs that will offset future pension obligations		2,363,169
Deferred PERA pension inflows represent current revenues that will offset future pension obligations		(28,857)
Pension Obligation to be funded in future periods		<u>(5,788,567)</u>
NET POSITION	\$	<u>14,195,370</u>

NOTE B
RECONCILIATION OF CHANGE IN FUND BALANCES
TO STATEMENT OF ACTIVITIES CHANGE IN NET POSITION

CHANGE IN GENERAL FUND BALANCE	\$	861,678
Adjustments of Change in General Fund to Change in Net Position:		
Pension Plan net adjustment for accrual reporting		209,450
General Fund expenditures for Capital Asset acquisitions are reportable as assets to determine Net Position		753,524
Depreciation of Capital Assets spreading Capital Asset costs over anticipated service lives is a non-cash expense applied to estimate remaining value of the Capital Assets		<u>(775,699)</u>
CHANGES IN NET POSITION	\$	<u>1,048,953</u>

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Statements of Fiduciary Net Position
Fiduciary Fund - Traditional Volunteer Firefighter Program
December 31, 2022 and 2021

	2022	2021
ASSETS		
Cash and Cash Equivalents	\$ 203,695	\$ 177,812
Receivables:		
Interfund Receivable	-	7,366
Interest and Dividends	18,284	19,503
Investments, at fair value:		
U S Government Obligations - (fixed income)	1,791,394	2,482,605
TOTAL ASSETS	\$ 2,013,373	\$ 2,687,286

LIABILITIES AND NET POSITION

LIABILITIES

Interfund Payable	\$ 9	\$ -
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NET POSITION

Held in Trust and Restricted for Pension Benefits	2,013,364	2,687,286
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TOTAL LIABILITIES AND NET POSITION	\$ 2,013,373	\$ 2,687,286
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ESTIMATED UNFUNDED PENSION LIABILITY

	Jan 1, 2022 - Jan 1, 2023	Jan 1, 2021 - Jan 1, 2022
Unfunded Pension Liability - Beginning	\$ 77,061	\$ 0
Components of Changes		
Revenue - Property Tax and State of Colorado	(405,691)	(405,691)
Investment (Income) Expense	610,019	41,674
Benefits Paid	464,094	441,078
Administrative Expenses	5,500	-
Unfunded Pension Liability - Ending	\$ 750,983	\$ 77,061

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Statements of Changes in Fiduciary Net Position
Fiduciary Fund - Traditional Volunteer Firefighter Program
For the Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
ADDITIONS		
Contributions:		
Property Tax	\$ 238,328	\$ 238,328
State Contribution	<u>167,363</u>	<u>167,363</u>
Total Contributions	405,691	405,691
Investment Earnings:		
Net Increase (Decrease) in Fair Value of Investments	(603,168)	(100,852)
Interest and Dividends	66,585	59,166
Realized Gain on Sale of Investments	<u>(73,436)</u>	<u>12</u>
Total Investment Earnings	<u>(610,019)</u>	<u>(41,674)</u>
TOTAL ADDITIONS	(204,328)	364,017
DEDUCTIONS		
Benefits	464,094	441,078
Actuarial Study	<u>5,500</u>	<u>-</u>
TOTAL DEDUCTIONS	<u>469,594</u>	<u>441,078</u>
CHANGE IN NET POSITION	(673,922)	(77,061)
NET POSITION RESTRICTED FOR PENSIONS		
Beginning of Year	<u>2,687,286</u>	<u>2,764,347</u>
End of Year	\$ <u><u>2,013,364</u></u>	\$ <u><u>2,687,286</u></u>

See Accompanying Notes to Financial Statements

LOUISVILLE FIRE PROTECTION DISTRICT
Notes to Basic Financial Statements
December 31, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity

Louisville Fire Protection District (the "District") is governed pursuant to provisions of the Colorado Special District Act, by a five member Board of Directors. The District's service area is located within Boulder County, Colorado. The District was established in 1978 and provides fire protection, rescue, emergency medical services and emergency services within its boundaries. The District receives the major portion of its revenue from taxes assessed on the property within its boundaries.

The District operates out of three stations; one of the stations includes a training facility. Staffing includes fire-fighting and ambulance/paramedic force consisting of thirty-five full-time, career employees and approximately fifteen volunteer firefighters. The District also employs administrative staff members.

The District is the primary special purpose government responsible for all fire protection and emergency services within its service areas. As a result, all significant activities have been included in the basic financial statements. The District's financial statements represent those of a stand-alone government, as there are no component units.

The District's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP and used by the District are discussed below.

Basic Financial Statements - Government Statements

The governmental financial statements report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is reduced by program revenues. General revenues including property tax revenues, investment earnings and miscellaneous revenues are budgeted to meet the operational and capital requirements of the function.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, LFPD considers revenues to be available if they are measurable and available at the end of the fiscal period. Expenditures generally are recorded when a liability is incurred.

Property tax revenue, ambulance service revenue, and interest income associated with the current fiscal period are considered to be susceptible to accrual, and have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when the District receives payment. See Property Tax below.

Fund Accounting: The District uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The District only uses governmental funds.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund: Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance or net position.

The District reports one major government fund: The General Fund which is used to account for all financial resources of the District except those required to be accounted for in the Fiduciary Fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the District. The General Fund balance is further classified as being either invested in capital assets, restricted for emergencies or restricted for future capital acquisitions/improvements. Any commitments against these components of the General Fund are reported when the expense/expenditures are incurred.

Fiduciary Fund: Fiduciary Funds are used to report assets held in a trustee or agency capacity for others and therefore are not available to support District programs. The reporting focus is on net position and changes in net position that are reported using accounting principles similar to businesses in the private sector.

The District's Fiduciary Fund is presented in the fiduciary fund financial statements by type (pension - See Note 4). Since by definition these assets are being held for the benefit of a third party (pension participants) and cannot be used to address activities or obligations of the government, these funds have not been incorporated into the government-wide statements and are restricted to be used for covered individuals' pension benefits.

Tax, Spending, and Debt Limitations

The Colorado State Constitution, Article X, Section 20 sets limits and specific requirements for state and local governments covering revenue-raising, spending abilities and other areas. Fiscal year spending and revenue limits are determined based on the prior year's spending adjusted for inflation and local growth. Revenue in excess of the limit must be refunded unless the voters approve retention of such revenue.

Fiscal year spending is generally defined as expenditures plus reserve increases with certain exceptions. Spending excludes spending from certain revenue and financial sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves. The amendment requires, with certain exceptions, voter approval prior to imposing new taxes, increasing tax rates, 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.

Except for bond refinancing at lower interest rates or adding volunteer firefighters to existing pension plans, the Constitution specifically prohibits the creation of multiple-fiscal year debt or other financial obligations without voter approval or irrevocably pledging present cash reserves for all future payments.

The Constitution requires that emergency reserves be established. These reserves must be at least five percent of Fiscal Year Spending (excluding bonded debt service). Emergency reserves as of December 31, 2022 totaling \$253,464 are included in the fund balance in the General Fund. The District is not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary benefit increases.

An election was held May 7, 1996, in which the following ballot issue received voter approval:

The Louisville Fire Protection District shall be permitted to collect and spend for the purpose of funding capital projects, including the purchase of equipment, as a voter approved revenue change and property tax revenue change under Article X, Section 20 of the Colorado Constitution, whatever additional revenues are raised annually in 1996 and each year thereafter from its existing mill levy without any increase, and from specific ownership taxes, interest income, grants, and any other income of the District; such authority to collect and expend such amounts to constitute an exception to all limits which otherwise apply including the provisions of the 5.5% limitation of Section 29-1-201, Colorado Statutes.

This section of the Constitution is complex and subject to judicial interpretation. Based on certain interpretations of its language, the District believes it is in compliance with the requirements.

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

The District has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents. Highly liquid investments with a maturity of three months or less are also considered cash equivalents.

Investments

Investments are accounted for in the appropriate funds and are stated at market value. Investments consist of U.S. Treasury notes and bills, certificates of deposit, and money funds.

Deferred Resources

The District reports deferred resources in the governmental fund balance sheet. A deferral arises when potential revenue does not meet both the measurable and available criteria for recognition in the current period. In general, monies received within thirty-one days after year-end are considered to have been for prior year services. The District has accrued 2022 property taxes to be collected in 2023 as a deferred resource and a receivable in the accompanying governmental funds balance sheet. (See Property Tax below).

Encumbrances

Encumbrance accounting, under which purchase orders and other commitments for the expenditure of funds are tracked in order to reserve that portion of the applicable appropriation, is employed only in memorandum in the governmental funds. At year-end, open encumbrances are reported as reservations of fund balances since those commitments are accommodated through subsequent year's budget appropriations. Encumbrances do not constitute expenditures or liabilities. There were no encumbrances at December 31, 2022.

Property Tax

Annual property taxes are levied and assessed on property as of January 1 and are certified by the County by December 15th of the current year. On January 1 of the following year, the County Treasurer bills the property owners, thus establishing an enforceable lien on the property, and collects the property taxes on behalf of the District and remits them to the District on a monthly basis. The District has accrued the 2022 taxes to be collected in 2023 in the accompanying financial statements with a corresponding offset to deferred resources. Property tax revenues are recognized as revenue in the year in which they are intended to finance operating expenditures.

The Board of Directors designates the total mill levy to the general fund. The allocation to the pension fund is based on the prior year's contribution and the actuarial study's estimated required contribution.

Accumulated Unpaid Vacation and Sick Pay

Accumulated unpaid vacation and sick pay are accrued as earned.

Inter-fund Receivables and Payables

Lending and borrowing arrangements between funds that are outstanding at the end of the fiscal year are referred to as "inter-fund payables or receivables".

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Risk Management

All general fixed assets are covered by commercial insurance within limits deemed appropriate by management. The District also carries employee dishonesty and workers compensation covering employees, the Board of Directors' and the volunteer firefighters. There have been no significant reductions in insurance coverage, and there are no known claim liabilities required to be estimated and disclosed for which the District bears risk of loss.

NOTE 2 - CASH, DEPOSITS AND INVESTMENTS

Cash, deposits, and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

	<u>Book Balance</u>	<u>Bank Balance</u>
Governmental activities:		
Cash and Cash Equivalents	\$ 9,210,462	\$ 9,627,799
Total Governmental Activities	<u>\$ 9,210,462</u>	<u>\$ 9,627,799</u>
Fiduciary:		
Cash and Cash Equivalents	\$ 203,695	\$ 545,214
U.S. Government Securities	<u>1,791,394</u>	<u>1,791,394</u>
Total Fiduciary	<u>\$ 1,995,089</u>	<u>\$ 2,336,608</u>

Custodial Credit Risk

The custodial credit risk for deposits is the risk that the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. This risk is mitigated in that the District's deposits are subject to and in accordance with the State of Colorado's Public Deposit Protection Act (PDPA). Under this act, all uninsured deposits of public funds are to be fully collateralized. The eligible collateral pledged must be held in custody by any Federal Reserve Bank, or branch thereof, or held in escrow by some other bank in a manner as the banking commissioner shall prescribe by rule and regulation, or may be segregated from the other assets of the eligible public depository and held in its own trust department.

Investments

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

- Obligations of the United States and certain 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 mutual funds
- Guaranteed investment contracts
- Local government investment pools

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. As a means of limiting its exposure to fair value losses arising from prevailing market interest rates, the District currently limits the maturity of investment instruments to a maximum of five years for governmental funds.

NOTE 3 - CHANGES IN GENERAL FIXED ASSETS

A summary of changes in the cost of general fixed assets is as follows:

	<u>Balance</u> <u>Jan. 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>Dec. 31, 2022</u>
Land	\$ 484,510	\$ -	\$ -	\$ 484,510
Buildings & Improvements	10,956,874	-	-	10,956,874
Fire Fighting Equipment	6,226,724	753,524	-	6,980,248
Ambulance Equipment	1,267,192	-	-	1,267,192
Furniture and Equipment	<u>871,299</u>	<u>-</u>	<u>-</u>	<u>871,299</u>
Total General Fixed Assets	19,806,599	753,524	-	20,560,123
Less Accumulated Depreciation	<u>(10,839,995)</u>	<u>(775,699)</u>	<u>-</u>	<u>(11,615,694)</u>
NET GENERAL FIXED ASSETS	<u>\$ 8,966,604</u>	<u>\$ (22,175)</u>	<u>\$ -</u>	<u>\$ 8,944,429</u>

NOTE 4 – VOLUNTEER PENSION FUND

In 2006, the Pension Board of Trustees approved a resolution recognizing, ratifying, and approving: 1) the creation within the District's Volunteer Program of a Traditional Volunteer Firefighter Program and a Reserve Volunteer Firefighter Program, effective December 1, 2006; 2) the closing of the Traditional Volunteer Firefighter Program to new members effective December 2, 2006; and 3) the establishment of the Louisville Volunteer Firefighter Length of Service Award Plan for the Reserve Volunteer Firefighter Program effective January 1, 2007. The following paragraphs describe terms of the current Traditional Volunteer Firefighter Program.

The District sponsors the Louisville Volunteer Fire Protection District Pension Fund (the Fund), a single-employer defined benefit pension plan for volunteer firefighters who are eligible for the Traditional Volunteer Firefighter Program. The plan is administered and may be amended by the District's Board of Directors in accordance with the Colorado Revised Statutes. No contributions are required to be made by covered members. Amounts and types of investments held by the Fund at December 31, 2022, are reported at fair market value and are further described in Note 2.

Plan Provisions for the Traditional Volunteer Firefighter Program

Covered fire fighters who have completed ten years of active service shall be eligible for a monthly pension at age fifty. The pension benefit is earned \$45 per month per year of volunteer service with a maximum monthly benefit of \$900. The plan continues to pay fifty percent of the retiree's pension benefit to the surviving spouse of retired participants.

Funding Policy for the Traditional Volunteer Firefighter Program

The District contributes an amount to the pension plan from proceeds of a mill levy on the assessed valuation of taxable property in the District. The Fund also receives a contribution from the State of Colorado which was \$167,363 each year for 2022 and 2021. This State contribution has remained a constant amount.

Length of Service Award

This District no longer covers new volunteers by the above program. Beginning in 2007 annual deposits are made to accounts maintained for covered volunteers. Accumulated accounts are distributed when a covered individual leaves the District.

NOTE 4 - PENSION FUND (Continued)

Actuarial Study for the Traditional Volunteer Firefighter Program

A biennial actuarial valuation is prepared by an actuarial consulting firm. The January 1, 2020 actuarial study concluded the asset position of the Fund and the anticipated level of contributions to the Fund were considered adequate to support the benefits on an actuarially sound basis, and that the current contributions level were adequate to pay the current service cost and amortize the unfunded accrued liability over 20 years. The unfunded actuarial past service liability was determined to be \$3,987,456. A copy of the current study may be obtained by contacting Actuarial Solutions Corp., 9646 S. Cherryvale Drive, Highlands Ranch, CO 80126.

The net pension obligation shown below is a standardized disclosure which measures the difference between the cumulative annual pension costs and contributions made to the Fund. The annual required contribution is a disclosure measure of the annual pension cost. Both standardized measures were calculated as of January 1, 2020, based upon the normal entry age actuarial cost method and certain actuarial assumptions including: a 4.0% rate of investment return (net of expenses); all covered volunteers will retire when first eligible, 80% of volunteers are married to spouses two years younger; and using the RP-2000 (dynamic) Table for pre-retirement and post retirement mortality.

Plan membership as of January 1, 2020 totaled 72 individuals and their beneficiaries. Of that total, seven were Active not yet drawing benefits; forty-seven were Normal Retired drawing benefits; eight were Beneficiaries drawing benefits and ten were Vested Retired not drawing benefits.

The following is derived from actuarial studies performed as of the dates indicated in the column headings.

Defined Benefit Retirement Plan - Schedule of Funding Progress at January 1:

	<u>2020</u>	<u>2018</u>	<u>2016</u>
Actuarial accrued liability	\$ 6,717,349	\$ 7,553,327	\$ 7,519,633
Actuarial value of assets	<u>(2,729,893)</u>	<u>(2,679,596)</u>	<u>(2,784,178)</u>
Unfunded actuarial accrued liability	<u>\$ 3,987,456</u>	<u>4,873,731</u>	<u>4,735,455</u>
Funded Ratio	<u>41%</u>	<u>36%</u>	<u>37%</u>

Annual Pension Cost and Net Pension Obligation

Estimated annual required contribution to cover current service costs plus 20 year amortization of the Entry Age Normal Accrued Liability	\$ 232,847	\$ 281,461	\$ 383,427
Contributions made	\$ (405,691)	\$ (405,691)	\$ (405,691)

NOTE 5 – DEFINED BENEFIT PENSION PLAN

Louisville Fire Protection District participates in the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, 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 LGDTF are determined by the fund administrators 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.

NOTE 5 DEFINED BENEFIT PENSION PLAN (Continued)

General Information about the Pension Plan

Eligible employees of the Louisville Fire Protection District are provided with pensions through the Local Government Division Trust Fund (LGDTF)—a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

The fund provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the LFPD Benefit Structure is the greater of the

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first ten years of service credit plus \$20 times service credit over ten years plus a monthly amount equal to the annualized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the LFPD benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve for the LGDTF.

NOTE 5- DEFINED BENEFIT PENSION PLAN- (Continued)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Eligible employees and Louisville Fire Protection District are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate ¹	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f) ¹	(1.02)%
Amount Apportioned to the LGDTF ¹	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	1.50%
Total Employer Contribution Rate to the LGDTF ¹	12.68%

¹Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions revenue is recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Louisville Fire Protection District is statutorily committed to pay the contributions to the LGDTF. Employer contributions received by the LGDTF from Louisville Fire Protection District were \$687,885 for the year ended December 31, 2022.

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

At December 31, 2022, the Louisville Fire Protection District reported a liability of \$5,788,567 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2022, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The Louisville Fire Protection District's proportion of the net pension liability was based on LFPD's contributions to the LGDTF for the calendar year 2022 relative to the total contributions of participating employers to the LGDTF.

NOTE 5 - DEFINED BENEFIT PENSION PLAN- (Continued)

For the year ended December 31, 2022, the Louisville Fire Protection District recognized pension expense of \$478,824. At December 31, 2022, the Louisville Fire Protection District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Re- sources</u>	<u>Deferred Inflows of Re- sources</u>
Difference between expected and actual experience	-	28,857
Changes of assumptions or other inputs	-	-
Net difference between projected and actual earnings on pension plan investments	2,363,169	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	-	-
Contributions subsequent to the measurement date	-	-
Total	2,363,169	28,857

Deferred outflows of resources 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, 2022. The net of the differences between expected and actual experiences and changes in assumptions and other inputs will be as deferred outflows of resources and deferred inflows of resources related to pensions and will be recognized in pension expense for each of the subsequent five years and in the aggregate thereafter as follows:

Year ended December 31,	
2022	1,622,654
2023	1,622,648
2024	1,033,170
2025	519,616
Thereafter	-

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 – 10.45 percent
Long-term investment Rate of Return, net of pension plan investment expenses, including price inflation	7.25 percent
Discount Rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	1.25 percent

NOTE 5 - DEFINED BENEFIT PENSION PLAN- (Continued)

Mortality rates were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years.

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2012 through December 31, 2015, adopted by PERA's Board on November 18, 2016, and an economic assumption study, adopted by PERA's Board on November 18, 2016.

The LGDTF's long-term expected rate of return on pension plan investments was determined using a log-normal distribution analysis in which best estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the most recent analysis of the long-term expected rate of return, presented to the PERA Board on November 18, 2016, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00%	1.30%
Private Equity	8.50%	7.10%
Real Estate	8.50%	4.40%
Alternatives	6.00%	4.70%
Total	100.00%	

* In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the fixed statutory rates specified in law, including current and future AED and SAED, until the Actuarial Value Funding Ratio reaches 103 percent, at which point, the AED and SAED will each drop 0.50 percent every year until they are zero. Based on those assumptions, the LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current 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. The discount rate determination does not use the Municipal Bond Index Rate. There was no change in the discount rate from the prior measurement date.

The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Proportionate share of the net pension liability	9,717,547	5,788,567	2,499,361

Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

NOTE 5 - DEFINED BENEFIT PENSION PLAN- (Continued)

Voluntary Investment Program

Employees of the Louisville Fire Protection District that are also members of the LGDTF may voluntarily contribute to the Voluntary Investment Program, an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Title 24, Article 51, Part 14 of the C.R.S., as amended, assigns the authority to establish the Plan provisions to the PERA Board of Trustees. PERA issues a publicly available comprehensive annual financial report for the Program. That report can be obtained at www.copera.org/investments/pera-financial-reports.

The Voluntary Investment Program is funded by voluntary member contributions up to the maximum limits set by the Internal Revenue Service, as established under Title 24, Article 51, Section 1402 of the C.R.S., as amended. Louisville Fire Protection District did not contribute or make matching contributions to this plan for 2022. Employees are immediately vested in their own contributions, employer contributions and investment earnings. For the year ended December 31, 2022, program members contributed \$143,153 to the Voluntary Investment Program.

Other Post-Employment Benefits

Health Care Trust Fund

The Louisville Fire Protection District contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

The Louisville Fire Protection District is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Louisville Fire Protection District are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2022, December 31, 2021 and December 31, 2020, the Louisville Fire Protection District contributions to the HCTF were \$415,705, \$356,541 and \$279,731, respectively, equal to their required contributions for each year.

Required Supplementary Information

LOUISVILLE FIRE PROTECTION DISTRICT
 Required Supplementary Information
 Schedule of the District's Proportionate Share of the Net Pension Liability
 Last Ten Fiscal Years*

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's percentage of the total net pension liability	0.468717431%	0.563399570%	0.468717431%	0.384651485%	0.372361292%	0.368542089%	0.327018962%	0.347191617%	0.281800000%	0.259134125%
District's proportionate share of the net pension liability	\$ 5,788,567	\$ (483,042)	\$ 2,442,613	\$ 2,813,306	\$ 4,664,769	\$ 4,103,458	\$ 4,415,871	\$ 3,824,597	\$ 2,526,013	\$ 2,132,469
District's covered payroll	\$ 5,424,961	\$ 4,703,998	\$ 3,074,290	\$ 2,648,896	\$ 2,442,295	\$ 2,324,921	\$ 1,982,144	\$ 1,971,779	\$ 1,544,270	\$ 1,382,504
District's proportionate share of the net pension liability as a percentage of its covered payroll	107%	-10%	79%	106%	192%	176%	223%	194%	164%	154%
Plan fiduciary net position as a percentage of the total pension liability	-40.33%	-827.91%	77.49%	84.82%	72.92%	79.37%	73.65%	76.87%	80.72%	73.55%
District's Required Contribution	\$ 687,885	\$ 596,467	\$ 389,820	\$ 335,880	\$ 309,683	\$ 294,800	\$ 251,336	\$ 250,022	\$ 195,813	\$ 175,302

LOUISVILLE FIRE PROTECTION DISTRICT
Schedule of Revenues, Expenditures, Expenses and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
General Fund
Required Supplementary Information
For the Year Ended December 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>GENERAL and PROGRAM REVENUES</u>			
Property Taxes	\$ 8,210,479	\$ 8,517,962	\$ 307,483
Ambulance Transport Fees	500,000	810,379	310,379
Investment Earnings	-	6	6
Plan Review Revenue	-	106,807	106,807
Grants	-	5,716	5,716
Other Income	-	144,375	144,375
Total General and Program Revenues	<u>8,710,479</u>	<u>9,585,245</u>	<u>874,766</u>
<u>EXPENDITURES/EXPENSES</u>			
Fire Protection/Ambulance Transport - Operations	8,404,479	7,970,043	434,436
Capital Outlay	1,242,000	753,524	488,476
Total Expenditures/Expenses	<u>9,646,479</u>	<u>8,723,567</u>	<u>922,912</u>
Revenues Over (Under) Expenditures and Expenses	<u>(936,000)</u>	<u>861,678</u>	<u>\$ 1,797,678</u>
Budgeted from Prior Fund Balance Restricted for Capital Improvements	<u>842,000</u>	-	
	<u>\$ (94,000)</u>	-	
FUND BALANCE, BEGINNING OF YEAR		<u>7,602,587</u>	
FUND BALANCE, END OF YEAR		<u>\$ 8,464,265</u>	

LOUISVILLE FIRE PROTECTION DISTRICT
Notes to Required Supplementary Information
December 31, 2022

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

During September of each year, the Board of Directors for the District meets to prepare a proposed budget for the forthcoming year. At this meeting, requests from interested parties are heard and considered in the preparation of the budget. A notice as to the proposed budget is then published in a local newspaper, in order that interested citizens can voice their concerns about the proposed budget. In this notice, concerned citizens are requested to attend a Board of Directors meeting, usually held in October, at which time the proposed budget is considered by the Board.

After hearing any comments from concerned citizens, and after making any amendments to the proposed budget that may be forthcoming, the budget is approved by the entire Board of Directors and the mill levy request is certified to the County Treasurer.

At the same meeting that the budget is adopted, or at a meeting later in the year but prior to December 31, the necessary resolutions to adopt the budget, appropriate sums of money for the operation of the District, and to adopt the mill levy certification, are made by the Board.

The budget is used by the Board of Directors during the District's year to control expenditures and as a management device for assessment of how the District is meeting its obligations on a month-to-month basis. The Board of Directors is authorized to transfer budgeted amounts between accounts within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the entire Board of Directors and formalized by a resolution prior to the close of the budget year. The final amended budget is used in this report.

NOTE B - PROPERTY ACQUISITIONS AND IMPROVEMENTS

The 2022 budget included monies set aside for the purchase of new emergency response and firefighting equipment.

LOUISVILLE FIRE PROTECTION DISTRICT
Schedule of Funding Progress
Volunteer Firefighters' Pension Fund
Required Supplementary Information
December 31, 2022

ANALYSIS OF FUNDING PROGRESS

Actuarial Report January 1,	Actuarial Value of Assets	(AAL) Actuarial Accrued Liability	Excess (Shortfall) of Assets Over AAL	Funded Ratio	Annual Covered Payroll
2018	2,679,596	7,553,327	(4,873,731)	35%	N/A
2019	2,634,363	7,349,710	(4,715,347)	36%	N/A
2020	2,729,893	6,717,349	(3,987,456)	41%	N/A

REVENUES BY SOURCE

Year	Property Taxes	State Contributions	Investment Income	Total
2018	238,328	167,363	13,576	419,267
2019	238,328	167,363	145,281	550,972
2020	238,328	167,363	101,692	507,383

EXPENSES BY TYPE

Year	Benefits	Administrative Expenses	Total
2018	464,500	40,049	504,549
2019	455,442	40,049	495,491
2020	442,510	11,121	453,631

Other Supplementary Information

LOUISVILLE FIRE PROTECTION DISTRICT
Schedule of Changes in Net Assets
Budget and Actual (Non-GAAP Budgetary Basis)
Fiduciary Fund - Traditional Volunteer Firefighter Program
Other Supplementary Information
December 31, 2022

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
ADDITIONS			
Contributions:			
Property Tax	\$ 238,328	\$ 238,328	\$ -
State Contribution	167,363	167,363	-
Total Contributions	405,691	405,691	-
Investment Earnings:			
Net Increase in Fair Value of Investments	-	(603,168)	(603,168)
Realized Gain on Sale of Investments	-	(73,436)	(73,436)
Interest and Dividends	25,000	66,585	41,585
Total Investment Earnings	25,000	(610,019)	(635,019)
TOTAL ADDITIONS	430,691	(204,328)	(635,019)
DEDUCTIONS			
Benefits	484,200	464,094	20,106
Administrative Expenses	-	5,500	(5,500)
TOTAL DEDUCTIONS	484,200	469,594	14,606
CHANGE IN NET ASSETS	(53,509)	(673,922)	\$ (620,413)
Budgeted from Prior Year Fund Balance	53,509		
	\$ -		
NET POSITION, BEGINNING OF YEAR		2,687,286	
NET POSITION, END OF YEAR		\$ 2,013,364	