

**POUDRE VALLEY  
FIRE PROTECTION DISTRICT  
BASIC FINANCIAL STATEMENTS  
DECEMBER 31, 2022**



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**Rae & Co., CPAs, LLC**

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## **INDEPENDENT AUDITORS' REPORT**

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

### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Poudre Valley Fire Protection District (District) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Poudre Valley Fire Protection District, as of December 31, 2022, 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**

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 the Poudre Valley 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 opinions.

### **Responsibilities of Management 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, 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 Poudre Valley Fire 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.

## **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 judgement made by a reasonable user based on the financial statements.

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

- Exercise professional judgement 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 Poudre Valley 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 judgement, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Poudre Valley 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**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information 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. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Rae & Co., CPAs, LLC*

Timnath, Colorado  
March 28, 2023

**POUDRE VALLEY FIRE PROTECTION DISTRICT  
MANAGEMENT'S DISCUSSION & ANALYSIS**

This section of the annual financial report offers readers of the Poudre Valley Fire Protection District (the “District”) financial statements the District’s discussion and analysis of its financial performance during the year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District’s financial statements, which immediately follow this section.

## **Background Information**

The District was duly formed on April 14, 1950, with five elected Board members. The District entered an IGA with the City of Fort Collins (City) on December 22, 1981, to form Poudre Fire Authority (PFA). The District Board consists of five members elected at-large with two of those members appointed to the PFA Board to represent the District. The PFA Board consists of the two District Board members and two City Council members. These four Board members appoint the fifth Board member to the PFA Board of Directors. The District Board does not provide operational or day-to-day direction to PFA, rather its governance is to provide a funding stream to PFA.

The rationale was the District and the City desired to consolidate resources to provide fire and rescue services within respective territorial limits. The IGA was restated on July 15, 2014, to include a funding formula and Revenue Allocation Formula (RAF). The City funds PFA through a combination of sales and use tax and property tax. The sales and use tax portion are a percentage of the City’s base sales and use tax collection illustrated in the formula. The property tax portion equals 67% of all the City’s property tax collections. The District’s contribution to PFA includes all of its property tax collection minus some administrative costs.

In 2018, the District electors approved a Ballot Issue, 7D, approving the District to adjust the mill levy rate. The approval of Measure 7D allowed the District to offset the Gallagher Amendment revenue reduction and to allow the District to support fire protection, rescue, and emergency medical services.

## **2022 Financial Highlights**

- The District adopted a 2021 – 2023 Strategic Plan. The strategic objectives and goals set by the Board are evaluated at least annually. The plan includes a Vision and Mission Statement as well as four areas of strategic focus.
  - a) The District’s Vision is to position the District for a sustainable future in cooperation with our regional partners.
  - b) The District’s Mission statement is: the District provides life and property protection for residents, businesses and visitors of the District through a shared governance and response model.
  - c) The strategic focus areas include:
    - Governance Model
    - Service to Rural Areas
    - Population Growth
  - d) Outreach/Awareness

The District continually evaluates the progress of key milestones and objectives and is on track for achieving the established goals. The District held a Strategic Planning

## Work Session in April 2023.

- The District's gross property assessed value totaled \$794,156,137, an increase of \$83,559,906 from 2021 for both Larimer and Weld County combined. Continued increases in residential and commercial development, home sale prices, along with steady growth were contributing factors that influenced an increase of the 2022 assessed values. The 2023 gross assessed values also increased from 2022 totaling \$798,955,011, an overall increase of \$88,358,780, for the same reasons mention above.
- The District Board approved a new District logo and established District Board email addresses to conduct District business. This Board action aligned with its Strategic Goal #4 focusing on branding to better establish awareness and transparency in the District communities.
- The District Board approved the termination of Resolution 2020-03 A Continuation of Declaration of Local Disaster Emergency. Resolution 2020-03 was continued to ensure the District exercised all rights and powers granted to special districts, activated a response recovery effort, and to furnish aid and assistance pursuant to §24-33.5-709(1) C.R.S. The continuation of the resolution also allowed the District the ability to recover potential lost revenue. Staff determined the District had not incurred any recoverable cost associated with the COVID-19 pandemic. Poudre Fire Authority (PFA) incurred all the recoverable cost associated with the response to COVID-19.
- The District Board memorialized and approved the District's Financial Policies and Procedures, as a recommendation from the District's 2021 audit, that included:
  - a) Procedures surrounding the Board Treasurer's review of transactions and accounting policies and procedures. This was written to assist the District when changes to personnel or Board members occur. It may also highlight areas that need further review or that are a duplication of effort.
  - b) The District may never receive a federal grant. However, much like the Securities Exchange Commission (SEC) one of the requirements of Generally Accepted Government Auditing Standards (GAGAS) is that there are written policies and procedures to administer federal grants. While the District does not need these procedures now, it was written to be a useful tool in future years.
  - c) The District Board adopted an emergency management procedure to include where and how often the accounting system is backed up; where the backup information is stored, where work would be conducted if only the District, not the entire PFA, is affected. The written plan is approved and will be reviewed, assessed, and updated annually.
  - d) Investments - The District is now collecting a long-term revenue source for future PFA development; impact fees. If PFA does not need the revenue immediately, the funds may require investment for a prolonged period of time. In addition, due to their nature as capital expenditures, PFA and its

members may be able to determine when these funds will be needed and coordinate the sale date of investments. The District Board may want to decide what types of investments will be allowed and how much risk should be in the portfolio.

- e) Fund Balance – As noted in the audit presentation, the District had less than three weeks of operations in fund balance. In addition, over a longer period, equity has decreased to approximately one-quarter the equity balances it had 10 to 15 years ago. Given the nature of the District, that it collects revenues for PFA, this fund balance may be adequate. On the other hand, like all local governments, the District needs an adequate cushion to fall back on. The District Board approved a minimum reserve balance through the budget process and to review the financial policies annually.
- f) The Board will also need to consider the current IGA with PFA. The IGA states “The District’s contribution to PFA includes all of its property tax collection and Specific Ownership tax revenue, minus some administrative costs.

Subsection (5) of TABOR requires the state and all local governments to maintain an emergency reserve that equals at least three percent of fiscal year spending, excluding bonded debt service. The auditor recommended the Board approve a fund balance level with which it is comfortable and the Board did so through the budget process.

- g) Purchasing – This is a policy that the District Board may use only once a year. A written policy will inform potential vendors, bidders, staff, and member governments of the purchasing guidelines and the vendor selection process.
- The District entered into Intergovernmental Agreements (IGA) with the Larimer County on April 12, 2022 to assess, collect, and remit fire impact fees to the District, which includes a process to automatically adjust the fees annually, by utilizing the Denver-Aurora-Lakewood Consumer Price Index for all Urban Consumers (CPI-U) as a tool to determine inflation increases. Fire impact fees can only be used on new capital facilities development.
  - In accordance with GASB 84, the District will have, in addition, to the General Fund, a Fiduciary Fund that will present the fiduciary activities in holding the Fire Impact Fees on behalf of PFA as part of the District’s Annual Financial Report.
  - The District Board controlling the Fire Impact fiduciary activity entered into an IGA with PFA on September 26, 2022 as a mechanism for PFA to request the fiduciary funds for new capital facilities development.
  - The District approved Resolution 22-05 A Resolution Becoming a Participant in the Colorado Surplus Asset Fund Trust (CSAFE) to begin investing the Fire Impact Fee’s with other government entities. This authorizes the District to pool any moneys in its treasury, which are currently surplus funds and not immediately required to be disbursed, with similar moneys from other local

government entities, in order for these entities to take advantage of short-term investments and maximize net interest earnings.

- The District amended the District Bylaws moving their monthly Board meeting from the Monday preceding the fourth Tuesday of each month to the fourth Tuesday of each month. The change would assist the two appointed District Board members, to the Poudre Fire Authority (PFA) Board, from attending two separate days of Board meetings and to assist staff with workload preparing back-to-back days of Board meetings.
- The District's primary source of revenue is from collection of property taxes, Tax Increment Financing (TIF), and Specific Ownership Taxes. Property and Specific Ownership tax revenues accounted for \$9,050,581 or 99.0 percent of all revenues. The District had revenue of \$18,877 from interest earnings and other revenues.
- The fund approach for the District is comprised of two (2) funds; the General Fund (to include the Volunteer Firefighters' Pension Plan (the "Plan") and a fiduciary fund holding Fire Impact Fees on behalf of PFA. The Plan is a multiple-employer defined benefit pension plan administered by the District. As of January 1, 2022, the Plan had five (5) retirees.
- The District's financial status reflected a increase in net position during the 2022 fiscal year. The increase was \$74,144, a 17% percent increase over 2021.
- The final mill levy for the District was certified at 10.639 mills for general operations.
- The District has no long-term debt.
- The District has no bond debt.

## **Overview of the Financial Statements**

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

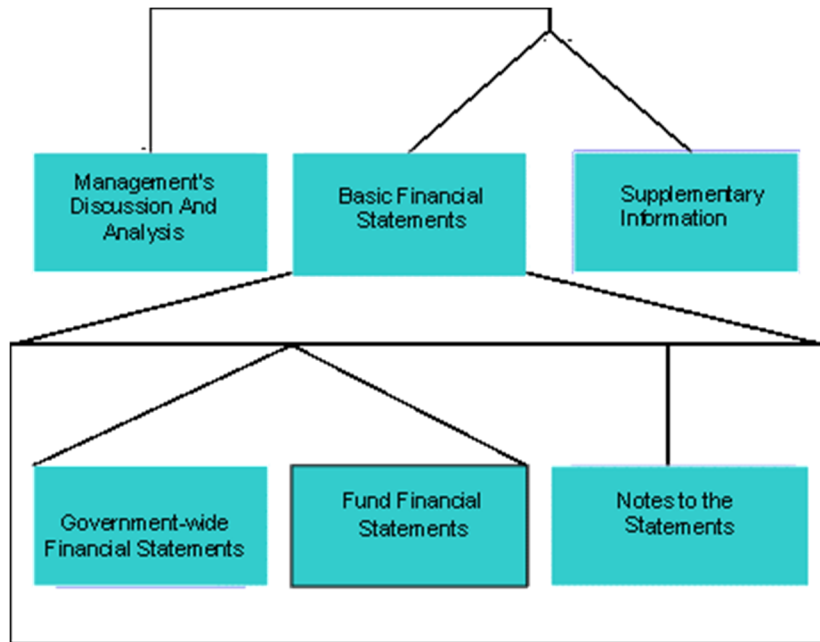
Table 1 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the two (2) types of financial statements, government-wide and fund, found in the basic financial statements.

Table 1

	Government-wide Statements	Governmental Fund Financial Statements
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary
Required Financial Statements	Statements of Net Position  Statement of Activities	Balance Sheet  Statement of Revenues, Expenditures and Changes in Fund Balances
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable

Detailed in the following diagram are how the various parts of this annual report are arranged and related to one another.

**Table 2  
Organization of the Poudre Valley Fire Protection District's  
Annual Financial Report**



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

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

The District collects property tax revenues from residents within the District and remits quarterly payments for its portion of budgeted expenses to PFA (totaling \$8,813,567 in 2022). The District remains responsible for funding the retirement benefits of retired volunteer firefighters who are participants in the Volunteer Firefighters' Pension Plan, arising from the District's separate operations.

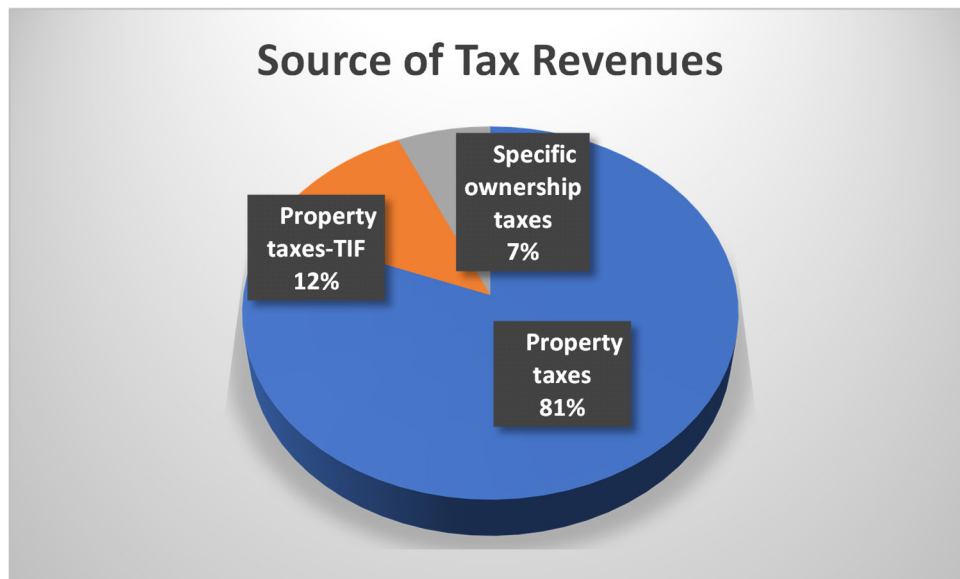
The District's net position increased \$266,058 in 2022 with the most significant increase in cash of \$61,045. District liabilities decreased \$8,039 as the pension liability decreased \$9,173 while accounts payable increased \$1,134. The following table summarizes the Statement of Net Position for the years ended December 31, 2022 and 2021.

	<u>2022</u>	<u>2021</u>
<b>Assets</b>		
Cash and cash equivalents	\$ 495,902	\$ 434,857
Cash with County Treasurer	44,252	38,100
Property tax receivable	8,647,888	8,449,027
Total Assets	<u>9,188,042</u>	<u>8,921,984</u>
<b>Deferred Outflows of Resources</b>		
Pension related deferred outflows	4,868	5,147
<b>Liabilities, Deferred Inflows of Resources and Fund Balance/New Position</b>		
<b>Liabilities</b>		
Accounts Payable	1,134	
Net pension liability	11,225	20,398
Total Liabilities	<u>12,359</u>	<u>20,398</u>
<b>Deferred Inflows of Resources</b>		
Unavailable property taxes	8,647,888	8,449,027
Pension related deferred inflows	12,059	9,837
Total Deferred Inflows of Resources	<u>8,659,947</u>	<u>8,458,864</u>
<b>Net Position</b>		
Restricted for		
Emergencies	279,451	244,999
Unrestricted	241,153	202,870
Total Net Position	<u>\$ 520,604</u>	<u>\$ 447,869</u>

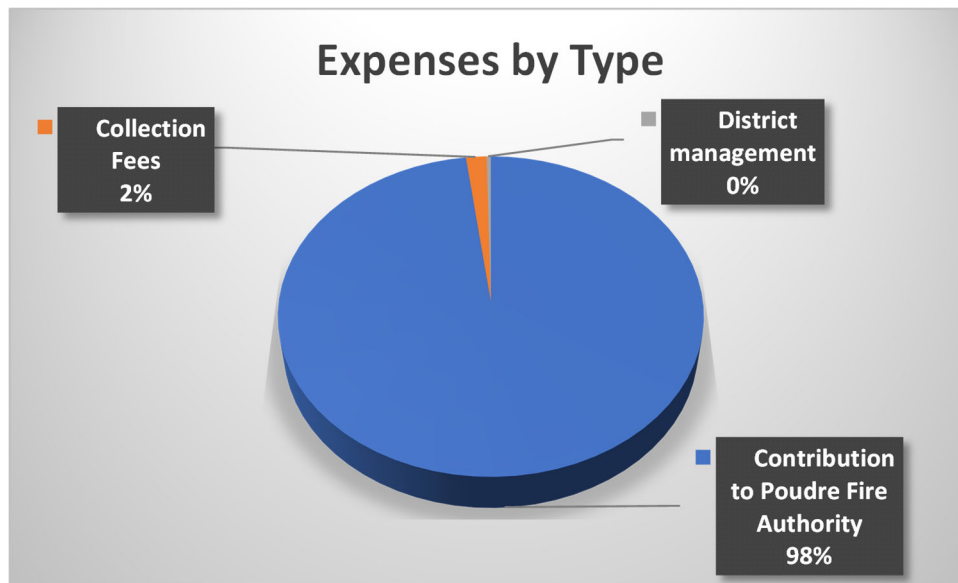
The District's net position increased \$72,735 in 2022 after decreasing \$58,950 in 2021. Property taxes increased \$943,416 which resulted in the District contributing \$833,879 to the Authority. The following table summarizes the Statement of Net Activities for the years ended December 31, 2022 and 2021. In addition, the Volunteer Pension Plan had a positive impact on the Statement of Activities in 2022.

	<u>2022</u>	<u>2021</u>
<b><u>General Revenues</u></b>		
Taxes	\$ 9,050,581	\$ 8,107,165
Earnings on investments	12,205	484
Other	8,433	5867
Total general revenues	<u>9,071,219</u>	<u>8,113,516</u>
<b><u>Expenditures/Expenses</u></b>		
<b>Current</b>		
Contributions to Poudre Valley Fire Authority	8,813,567	7,979,688
Collection fees	154,191	150,461
District management	7,008	6,136
Net Volunteer Pension Plan expense	-	7,711
Other	23,718	28,470
Total expenditures	<u>8,998,484</u>	<u>8,172,466</u>
Changes in net position	<u>\$ 72,735</u>	<u>\$ (58,950)</u>

Taxes are more than 99% of revenues. These taxes come from three sources as the following graph shows:



As the next graph shows the amount of revenues used for District operating expenses are two percent for the collection fees by the County Treasurer and the Town of Timnath and about 1/3 of one percent for District operating expenses.



### **Budgetary Commentary**

At the April 26, 2021 District Board meeting, the Board adopted Resolution 2021-02 Adopting Fire Impact Fees as a funding mechanism to pay for capital improvements that are necessary to serve new development within the boundaries of the District.

Fire Impact Fees are considered a fiduciary activity, per GASB 84, which establishes criteria for identifying fiduciary activities of all state and local governments based on (1) the control of assets (Fire Impact Fees) by a government organization (the District) and (2) the beneficiary (PFA) with whom the District has a fiduciary relationship.

In accordance with GASB 84, the District will have, in addition, to the General Fund, a Fiduciary Fund that will present the fiduciary activities in holding the Fire Impact Fees on behalf of PFA as part of the District's Annual Financial Report.

### **Conditions Impacting Future Operations**

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

However, Senate Bill 22-238 (SB22-238) changed the assessment rates for property tax years 2022, (payable in 2023) created under SB21-293, and subsequent years. Residential multi-family housing assessment rates are 6.8% and all other residential property assessment rates are 6.95%. These two residential property types will decrease for property tax year 2023 (payable in 2024) created under SB22-238, to 6.765% for both multi-family and all other residential property.

develop a plan for annexation of the East Mulberry enclave into the City of Fort Collins. The potential impact to the District could be significant with property tax revenue losses. Staff continues to monitor and engage City Officials regarding the annexation processes.

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

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

Patti Forsythe, District Board Coordinator  
102 Remington Steet  
Fort Collins, Colorado 80524

## **BASIC FINANCIAL STATEMENTS**

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**GOVERNMENTAL FUNDS BALANCE SHEET/STATEMENT OF NET POSITION**  
**DECEMBER 31, 2022**

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 495,902	\$ -	\$ 495,902
Cash with County Treasurer	44,252	-	44,252
Property tax receivable	8,647,888	-	8,647,888
Total Assets	<u>9,188,042</u>	<u>-</u>	<u>9,188,042</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension related deferred outflows	-	4,868	4,868
Total deferred outflows of resources	<u>-</u>	<u>4,868</u>	<u>4,868</u>
Total Assets, Deferred Outflows of Resources and Fund Balance	<u>\$ 9,188,042</u>		
<b>LIABILITIES DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE/NET POSITION</b>			
Liabilities			
Accounts payable	\$ 1,134	-	1,134
Net pension liability	-	11,225	11,225
Total Liabilities	<u>1,134</u>	<u>11,225</u>	<u>12,359</u>
<u>Deferred Inflows of Resources</u>			
Unavailable property taxes	8,647,888	-	8,647,888
Pension related deferred inflows	-	12,059	12,059
Total Deferred Inflows of Resources	<u>8,647,888</u>	<u>12,059</u>	<u>8,659,947</u>
<u>Fund Balance</u>			
Restricted			
Emergencies	279,451	(279,451)	
Assigned			
For subsequent years expenditures	22,116	(22,116)	
Unassigned			
Total Fund Balance	<u>539,020</u>	<u>(539,020)</u>	
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 9,188,042</u>		
<u>Net Position</u>			
Restricted for		279,451	279,451
Emergencies		241,153	241,153
Unrestricted		<u>\$ 520,604</u>	<u>\$ 520,604</u>
Total Net Position			

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

**POUDRE VALLEY FIRE PROTECTION DISTRICT  
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCES/STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2022**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>EXPENDITURES/EXPENSES</b>			
Current			
Contributions to Poudre Fire Authority	\$ 8,813,567	\$ -	\$ 8,813,567
Collection fees	154,191	-	154,191
District management	7,008	-	7,008
Contributions to Volunteer Pension Plan	4,911	(4,911)	-
Other	1,557	-	1,557
Legal	15,536	-	15,536
Audit	6,625	-	6,625
Total expenditures	<u>9,003,395</u>	<u>(4,911)</u>	<u>8,998,484</u>
<b>PROGRAM REVENUES</b>	<u>-</u>	<u>-</u>	<u>-</u>
Net program expense	9,003,395	(4,911)	8,998,484
<b>GENERAL REVENUES</b>			
Taxes			
Property taxes	\$ 7,323,542	\$ -	\$ 7,323,542
Property taxes-tax increment financing	1,124,106	-	1,124,106
Specific ownership taxes	602,933	-	602,933
Earnings on investments	10,444	1,761	12,205
Other	8,433	-	8,433
Total general revenues	<u>9,069,458</u>	<u>1,761</u>	<u>9,071,219</u>
Excess of revenues over (under) expenditures	66,063	(66,063)	-
Changes in net position	-	(72,735)	72,735
Fund balances/Net position			
Beginning of the year	<u>472,957</u>	<u>-</u>	<u>447,869</u>
End of the year	<u>\$ 539,020</u>	<u>\$ -</u>	<u>\$ 520,604</u>

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

**POUDRE VALLEY FIRE PROTECTION DISTRICT  
 FIDUCIARY FUND  
 STATEMENT OF FIDUCIARY NET POSITION  
 DECEMBER 31, 2022**

	<b>Custodial Funds</b>
	<b>Capital Impact Fees</b>
<b>ASSETS</b>	
Cash and investments	\$ 371,588
Cash with County Treasurer	705
Due from other governments	4,762
Total assets	377,055
 <b>NET POSITION</b>	
Restricted for individuals, organizations and other governments	\$ 377,055

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

**POUDRE VALLEY FIRE PROTECTION DISTRICT  
 FIDUCIARY FUND  
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
 DECEMBER 31, 2022**

	<u>Custodial Funds</u>
	<u>Capital Impact Fees</u>
<b>ADDITIONS</b>	
Impact fee collections for another government	\$ 243,170
Interest	2,391
Net increase in fiduciary net position	<u>245,561</u>
<b>DEDUCTIONS</b>	
General government	<u>30</u>
Net Increase in Fiduciary Net Position	245,531
Net position-beginning	<u>131,524</u>
Net position-ending	<u><u>\$ 377,055</u></u>

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

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Poudre Valley Fire Protection District (District) is an independent local governmental unit organized under the laws of the State of Colorado and provides fire protection rescue services within the boundaries of the District in both Larimer and Weld County, Colorado. During 1981 the District and the City of Fort Collins, Colorado (the City) formed the Poudre Fire Authority (the Authority) as a local government to facilitate the provision of services. The Authority appoints its own management and approves its own budget and is considered a joint venture. A five-member Board of Directors govern the District. Two members are appointed by the District's Board of Directors, two members are appointed by the City of Fort Collins' City Council, and the final member is appointed by the other four members. Of the Authority's adopted 2023 operating budget, the District and the City provided approximately 20% and 77% of the Authority's operating budget, respectively. The Authority's adopted 2023 General Fund budget projects a decrease in net fund balance of \$6.2 million dollars and ending fund balance of \$14.1 million dollars.

The District also provides retirement benefits to members of the Volunteer Pension Plan. The District has no employees. Authority staff performs all administrative and management duties. The District also began collecting capital impact fees for the Authority. Those amounts are reported in a fiduciary fund.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The District is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if the District officials appoint a voting majority of the organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District. The District may also be financially accountable for organizations that are fiscally dependent upon it. As required by generally accepted governmental accounting principles, the financial statements of the reporting entity include those of the District (the primary government) which has no component units. The District does not exercise oversight responsibility over any other entity, nor is the District a component of any other governmental entity.

The accounting policies of the District conform to generally accepted accounting principles as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for state and local governments in the United States. The following is a summary of the more significant policies.

Government-wide and fund financial statements

The government-wide financial statements (i.e., statement of net position column and the statement of activities column) report information on all of the non-fiduciary activities of the District.

Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues.

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation  
(Continued)

The in the statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities reflects all financial resources of the primary government. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the District is reported as net position. The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to 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 requirements of a particular function or segment. For the year ended December 31, 2022, the District has no program revenues. All revenues, such as taxes and investment earnings 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. Major individual governmental funds are reported as separate columns in the fund financial statements.

The District reports the following major governmental fund:

General Fund – The General Fund is used to account for all financial resources of the District except those required to be accounted for in another fund. The General Fund 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 District also reports one fiduciary fund, a custodial fund which collects and retains capital impact fees until requested by the member governments and the expenditures are approved by the District’s Board of Directors.

Measurement focus, basis of accounting, and financial statement presentation

The statement of net position column on the governmental fund balance sheet/statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance/statement of activities are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The governmental funds column on the governmental fund balance sheet/statement of net position and the statement of governmental revenues, expenditures, and changes in fund balance/statement of activities are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The District has determined that expenditure-driven grants should be recognized as soon as all eligibility criteria have been met. Revenue is recognized in the current period if the reimbursement is anticipated to be received within one year.

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation  
(Continued)

Property taxes, specific ownership taxes, grants and investment earnings associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues are considered measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. For most governments, debt service expenditures are recorded only when payment is due.

Fund accounting

The accounts of the District are organized and operated on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows/outflows of resources, fund balance or net position, revenues and expenditures or expenses as appropriate. The various funds are summarized by type within the financial statements.

Governmental funds

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses the balances of current financial resources. Expendable assets are assigned to the various 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.

Assets, Liabilities and Net Position/Fund Balances

*Cash and Investments* – Cash and investments are stated at fair value, with the exception of the local government investment pool and which is stated at the net asset value of the shares owned.

*Fair Value Hierarchy* The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. As described above, the local government investment pool, COLOTRUST, is measured at net asset value therefore no categorization of fair value is required.

The District follows State statutes which allow the following investments:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of the U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

*Receivables* – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. At December 31, 2022, all receivables are expected to be collected.

*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 of resources (expense/ expenditure) until then. Deferred outflows of resources include certain amounts related to the District's Volunteer Pension Plan which are to be amortized and recognized as revenue or expense in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include property taxes earned but levied for a subsequent period and certain amounts related to the District's defined benefit pension plan which are to be amortized and recognized as revenue or expense in future periods.

*Net Position/Fund Balances* – In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed.

When an expenditure is incurred for purposes for which both restricted and unrestricted net position is available, the District considers restricted funds to have been spent first.

*Fund Balances* – Fund balances of the governmental funds are classified as follows:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2022, the District had no nonspendable amounts.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2022, the District has \$279,451 restricted for emergencies.

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of District’s Board of Directors (Board). The Board is the highest level of decision-making body for the District. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2022, the District has no committed fund balance.

*Assigned* – Amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2022, the District has assigned funds for 2023 appropriations of \$22,116.

*Unassigned* – All other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the District considers restricted funds to have been spent first.

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Board has provided otherwise in its commitment or assignment actions.

Property taxes

Property taxes are levied by December 15, on assessed valuation as of December 10 of each year and attach as an enforceable lien on January 1 of the following year. Taxes are due in full by April 30, or in two installments by February 28, and June 15. Taxes become delinquent after those dates and are subject to interest charges. In addition, delinquent taxpayers are notified in August and generally sales of the tax liens on delinquent properties are held in November.

Property owners within the boundaries of the District have been assessed \$7,501,908 in taxes for 2023. This amount includes the tax increment financing from the Town of Timnath in the amount of \$1,145,980.

Property taxes are recognized in the year for which they are levied to support operations and at the fund level must also be measurable and available. Since these taxes are levied for operations during 2023, property taxes are recorded as a receivable which is offset by deferred inflows of resources. Taxes are collected and remitted monthly to the District by the Treasurer’s Offices of Larimer and Weld Counties.

Revenues – Exchange and non-exchange transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place.

Non-exchange transactions, in which the District receives value without directly giving value in return, include grants and donations. On an accrual basis, revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities and Net Position/Fund Balances (Continued)

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

Budgets

In accordance with the Colorado Budget Law, the Board holds public hearings in the fall of each year to approve the budget and appropriate the funds for the ensuing year. The Board can modify the budget and appropriation resolutions upon completion of notification and publication requirements. The appropriation is at the total fund expenditures level and lapses at year end. A budget is legally adopted for the General Fund on a basis consistent with U.S. generally accepted accounting principles. Prior to December 31, the budget is legally enacted through passage of a resolution.

District management is authorized to transfer budgeted amounts between departments within any fund. However, any revisions that alter the total expenditures of the General Fund must be approved by the Board.

The Custodial Fund does not present a budget to actual statement. After consultation with the State of Colorado and GASB, management believes that there is no requirement for the custodial funds to adopt a budget.

Pensions

The District contributes to a defined benefit plan, the Volunteer Pension Plan, to provide retirement income for those individuals. The Plan is an agent multiple employer plan affiliated with the Fire and Police Pension Association of Colorado (FPPA) who administers the plan and provides investment services for the Plan. For purposes of measuring the net pension liability, deferred inflows and outflows of resources related to the plan, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the plan fiduciary net position have been determined on the same basis as they are reported by FPPA. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value, based on the criteria set out by GASB.

Tax, spending, and debt limitations

In November, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government. In November 1996, the District's voters approved removal of the revenue limits for the District. TABOR is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of TABOR. However, the District has made certain interpretations of TABOR's language in order to determine its compliance.

The State Constitution also requires local governments to establish emergency reserves equal to at least 3% of fiscal year spending as defined in the amendment. These emergency reserves cannot be used to compensate for economic conditions, revenue short falls, or salary and benefit increases. As discussed above, the District has recorded \$279,451 of restricted net position for emergencies at December 31, 2022.

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 2 - CASH AND INVESTMENTS

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

Statement of net position	\$ 495,902
Statement of fiduciary net position	371,588
	\$ 867,490

A summary of deposits and investments at December 31, 2022, follows:

Cash deposits	\$ 251,269
Investments	616,221
Total cash and investments	\$ 867,490

Deposits

*Custodial Credit Risk – Deposits* - In the case of deposits, this is the risk that in the event of bank failure, the government’s deposits may not be returned to the District. The Colorado Public Deposit Protection Act (PDPA) requires all units of local government to deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. 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 102% of the uninsured deposits. At December 31, 2022, the carrying amount and bank balance of the District’s deposits were \$251,269, all of which was covered by FDIC insurance.

The District does have an investment policy. Items not specifically covered in the policy follow Colorado Revised Statutes.

Investments

The District invests funds in two pools, the Colorado Local Government Liquid Asset Trust (“COLOTRUST”) and Colorado Surplus Asset Fund Trust (CSAFE). These are investment vehicles established for local government entities in Colorado to pool surplus funds. The pool, COLOTRUST, operates similarly to a money market fund and each share is equal in value to \$1.00. The pool, CSAFE CORE, also operates somewhat similarly to a money market, but is limited to only three withdrawals per month, and is managed to a per share value of \$2.00. The designated custodial bank provides safekeeping and depository services to the pools in connection with the direct investment and withdrawal functions of the pools. All securities owned by the pools are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by the pools. Investments of the pools consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury Notes. The State securities commission administers and enforces all state statutes governing public trust pools. COLOTRUST and CSAFE CORE are external investment pools valued using the NAV per share (or its equivalent) of the investments. COLOTRUST and CSAFE CORE do not have any unfunded commitments, redemption restrictions (other than CSAFE CORE’s 24-hour redemption notice and limit of three monthly withdrawals) or redemption notice periods.

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 2 - CASH AND INVESTMENTS (CONTINUED)

CSAFE CORE is rated AA Af/S1 by Fitch. The S1 rating indicates a very low sensitivity to risk. The AA Af rating is the highest fund credit rating from Fitch. COLOTRUST is rated AA Am by S & P Global Ratings. This is also the highest fund credit rating from S & P Global Ratings.

*Interest Rate Risk* – The District has interest rate risk related to its investments in COLOTRUST and CSAFE. As of December 31, 2022, the District had the following investment:

	Weighted Average Maturity	Net Asset Value
COLOTRUST Plus+	27 days to reset 77 days to maturity	\$ <u>314,186</u>
CSAFE CORE	Weighted average maturity 34.82 days Weighted average life 97.60 days	\$ <u>302,035</u>

*Concentration of Credit Risk* - The District places no limit on the amount that may be invested in any one issuer. However, historically, the District’s investments have been in local government investment pools.

*Credit Risk* – The District is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

NOTE 3 - PENSION PLANS

The District maintains the following separately administered pension plan:

Plan Name	Plan Type
Volunteer Pension Plan	Agent multiple-employer defined benefit

As discussed above, the defined benefit plan is administered by FPPA. It is reported in the FPPA annual comprehensive financial report (ACFR). The ACFR of the FPPA may be obtained by contacting FPPA at 5290 DTC parkway, Suite 100, Greenwood Village, Colorado 80111-2721.

*Volunteer Pension Plan*

*Plan Description-* The District has established the Volunteer Pension Plan (the “Plan”), an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statute.

*Benefits Provided-* Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a full benefit monthly pension of \$300. Members who retire with at least ten years of service receive \$15 per month for each year of service. Short Term Disability benefits of \$225 per month are provided for in the plan. Long Term Disability for a line of duty injury is a lifetime benefit of \$450 per month.

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 6 - PENSION PLANS (CONTINUED)

The Volunteer Pension Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter.

Spouses of deceased firefighters receive benefits equal to one-half those of a firefighter. Benefits are determined by the Volunteer Pension Board.

*Contributions*- In addition to contributions from the District, the Volunteer Plan may receive contributions from the State of Colorado. For most plans, this amount will not exceed one-half mill of property tax revenue.

Since the District currently offers a maximum retirement benefit of \$300 per month, the State will match at the level determined above but no greater than the maximum of the amount necessary to fund a pension of \$300 per month on an actuarially sound basis and the amount of State contributions provided in the prior year. The Plan recognized \$1,682 in State contributions during 2022. This amount is reported as an on-behalf payment. An actuary is used to determine the adequacy of contributions.

Employees Covered by Benefit Terms- Employee membership data related to the Volunteer Plan, as of January 1, 2022 was as follows:

Retirees and beneficiaries currently receiving benefits	6
Total	6

Pension Assets and Liabilities- At December 31, 2022, the Volunteer Plan reported a net pension liability of \$11,225. The net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2021.

Pension Expense, Deferred Outflows of Resources, and Deferred Inflows of Resource- For the year ended December 31, 2022, the District recognized income of \$6,672 related to the Volunteer Pension Plan. In addition, the District reported deferred outflows of resources and deferred inflows of resources from the following sources:

	Deferred Outflow of Resources	Deferred Inflows of Resources
<u>Volunteer Plan</u>		
Net difference between projected and actual earnings on Plan investments	\$ 1,639	\$ 12,059
District contributions subsequent to the measurement date	3,229	-
Total	\$ 4,868	\$ 12,059

The District's contributions subsequent to the measurement date, \$3,229, for the volunteer plan will be recognized as a reduction of the net pension liability in the year ending December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 6 - PENSION PLANS (CONTINUED)

Year ending December 31:	Volunteer Plan
2023	\$ (2,354)
2024	(3,994)
2025	(2,543)
2026	(1,529)
Total	\$ (10,420)

Actuarial Assumptions - The significant actuarial assumptions used to measure the total pension liability are as follows.

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	16 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality :	<p><b>Pre-retirement:</b> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality.</p> <p><b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p> <p><b>Disabled:</b> 2006 central rates from the RP-2014 Disabled Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years.</p>

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

The long-term expected rate of return on investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 6 - PENSION PLANS (CONTINUED)

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate of Return</u>
Cash	2.00%	2.32%
Fixed Income -Rates	10.00%	4.00%
Fixed Income – Credit	5.00%	5.25%
Absolute Return	10.00%	5.60%
Long Short	8.00%	6.87%
Global Equity	39.00%	8.23%
Private Markets	26.00%	10.63%

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

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 1.84% (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)). The Plan’s fiduciary net position was projected to be available to make all projected future benefit payments of current retirees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability and the resulting Single Discount Rate is 7.00%.

*Changes in Department’s Net Pension Liability* - Changes in the Department’s net pension liability for the Volunteer Plan for the year ended December 31, 2022 were as follows:

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u> <u>[a]</u>	<u>Plan Fiduciary Net Position</u> <u>[b]</u>	<u>Net Pension Liabilities</u> <u>[a] - [b]</u>
<u>Volunteer Plan</u>			
Balance, December 31, 2021	\$ 124,871	\$ 104,473	\$ 20,398
Changes for the year:			
Interest	8,244	-	8,244
Net investment income	-	14,556	(14,556)
Contributions - employer	-	1,869	(1,869)
Benefit payments including refunds of employee contributions	(14,445)	(14,445)	-
Administrative expense		(2,683)	2,683
State of Colorado supplemental discretionary payment		3,675	(3,675)
Net changes	<u>(6,201)</u>	<u>2,972</u>	<u>9,173</u>
Balance, December 31, 2022	<u>\$ 118,670</u>	<u>\$ 107,445</u>	<u>\$ 11,225</u>

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2022**

NOTE 6 - PENSION PLANS (CONTINUED)

*Sensitivity of the District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate.* - The following presents the District's net pension liability or the District's proportionate share of the net pension liability calculated using the discount rate of 7.0 percent, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.0 percent) or 1-percentage-point higher (8.0 percent) than the current rate:

<u>1% Decrease</u>	<u>Current Discount rate</u>	<u>1% Increase</u>
6.00%	7.00%	8.00%
\$ 19,638	\$ 11,225	\$ 3,847

**REQUIRED SUPPLEMENTARY INFORMATION**

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**GENERAL FUND**  
**BUDGET AND ACTUAL**  
**DECEMBER 31, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actuals</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues</u>				
Taxes				
Property taxes	\$ 7,310,439	\$ 7,310,439	\$ 7,323,542	\$ 13,103
Property taxes-tax increment financing	1,138,588	1,138,588	1,124,106	(14,482)
Specific ownership taxes	550,000	525,000	602,933	77,933
Earnings on investments	470	4,000	10,444	6,444
Other	129,000	6,752	8,433	1,681
<b>Total revenues</b>	<b>9,128,497</b>	<b>8,984,779</b>	<b>9,069,458</b>	<b>84,679</b>
<u>Expenditures/Expenses</u>				
Current				
Contributions to Poudre Fire Authority from:				
Specific ownership taxes	364,540	364,540	602,933	(238,393)
Property taxes-tax increment financing	1,138,588	1,138,588	1,124,106	14,482
Property taxes	7,310,438	7,310,438	7,086,528	223,910
Collection fees for:				
Property taxes	146,208	145,939	146,068	(129)
Property taxes-tax increment financing	22,772	22,791	8,123	14,668
District management	100,000	35,000	7,008	27,992
Contributions to Volunteer Pension Plan				
Plan	2,352	2,352	4,911	(2,559)
Other	160,000	3,000	1,557	1,443
Legal	-	-	15,536	(15,536)
Audit	-	-	6,625	(6,625)
Contingency	15,000	-	-	-
Reserve funding	-	-	-	-
Emergency	274,046	270,679	-	270,679
Revenue reserve	100,000	100,000	-	100,000
Contingency reserve	38,657	38,314	-	38,314
<b>Total expenditures</b>	<b>9,672,601</b>	<b>9,431,641</b>	<b>9,003,395</b>	<b>428,246</b>
Excess of revenues over (under) expenditures	<u>\$ (544,104)</u>	<u>\$ (446,862)</u>	66,063	<u>\$ 512,925</u>
Fund balances				
Beginning of the year			<u>472,957</u>	
End of the year			<u>\$ 539,020</u>	

**POUDRE VALLEY FIRE PROTECTION DISTRICT**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**VOLUNTEER PENSION PLAN**  
**LAST TEN FISCAL YEARS**

Financial Reporting Period Ended December 31, Measurement Period Ended December 31,	2022 2021	2021 2020
<b>Total Pension Liability</b>		
Service Cost	\$ -	\$ -
Interest on the Total Pension Liability	8,244	8,246
Benefit Changes		-
Difference Between Expected and Actual Experience		6,468
Assumption Changes		-
Benefit Payments	(14,445)	(15,045)
<b>Net Change in Total Pension Liability</b>	<b>(6,201)</b>	<b>(331)</b>
<b>Total Pension Liability - Beginning</b>	<b>124,871</b>	<b>125,202</b>
<b>Total Pension Liability - Ending</b>	<b>118,670</b>	<b>124,871</b>
<b>Plan Fiduciary Net Position</b>		
Employer Contributions	1,869	2,258
Pension Plan Net Investment Income	14,556	12,053
Benefit Payments	(14,445)	(15,045)
Pension Plan Administrative Expenses	(2,683)	(1,741)
State of Colorado Supplemental Discretionary Payment	3,675	-
<b>Net Change in Fiduciary Net Position</b>	<b>2,972</b>	<b>(2,475)</b>
<b>Plan Fiduciary Net Position - Beginning</b>	<b>104,473</b>	<b>106,948</b>
<b>Plan Fiduciary Net Position - Ending</b>	<b>107,445</b>	<b>104,473</b>
<b>Net Pension Liability/(Asset) - Ending</b>	<b>11,225</b>	<b>20,398</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	<b>90.54%</b>	<b>83.66%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability as Percentage of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>

2020 2019	2019 2018	2018 2017	2017 2016	2016 2015	2015 2014
\$ -	\$ 630	\$ 630	\$ 629	\$ 629	\$ 238
8,691	8,977	9,240	9,376	9,478	7,533
-	-	-	-	-	66,620
-	6,495	-	(6,449)	-	(37,547)
-	3,723	-	6,210	-	-
(15,045)	(15,045)	(11,745)	(11,445)	(11,477)	(10,745)
(6,354)	4,780	(1,875)	(1,679)	(1,370)	26,099
131,556	126,776	128,651	130,330	131,700	105,601
125,202	131,556	126,776	128,651	130,330	131,700
1,826	2,305	4,035	4,035	7,505	644
14,234	177	15,012	5,286	1,910	7,126
(15,045)	(15,045)	(11,745)	(11,445)	(11,477)	(10,745)
(2,430)	(1,722)	(2,142)	(435)	(1,296)	(547)
2,075	3,632	3,632	6,755	580	580
660	(10,653)	8,792	4,196	(2,778)	(2,942)
106,288	116,941	108,149	103,953	106,731	109,673
106,948	106,288	116,941	108,149	103,953	106,731
18,254	25,268	9,835	20,502	26,377	24,969
85.42%	80.79%	92.24%	84.06%	79.76%	81.04%
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A

**POUDRE VALLEY FIRE PROTECTION DISTRICT  
SCHEDULE OF CONTRIBUTIONS  
VOLUNTEER PENSION PLAN  
LAST TEN FISCAL YEARS**

FY Ending December 31,	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a Percentage of Covered Payroll
2021	\$ 3,901	\$ 5,544	(1,643)	N/A	N/A
2020	2,305	3,901	(1,596)	N/A	N/A
2019	2,305	5,411	(3,106)	N/A	N/A
2018	2,305	5,937	(3,632)	N/A	N/A
2017	2,539	7,667	(5,128)	N/A	N/A
2016	2,539	10,790	(8,251)	N/A	N/A
2015	7,335	8,085	(750)	N/A	N/A
2014	1,224	1,224	-	N/A	N/A
2013	1,224	1,224	-	N/A	N/A
2012	\$ 3,502	\$ 1,229	\$ 2,273	N/A	N/A