

LOWER VALLEY FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditor
For the Year Ended December 31, 2024

LOWER VALLEY FIRE PROTECTION DISTRICT

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December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Lower Valley Fire Protection District
P.O. Box 520
Fruita, Colorado 81521-0520

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lower Valley Fire Protection District, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Lower Valley Fire Protection 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 Lower Valley Fire Protection District, as of December 31, 2024, 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 Lower 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 the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 Lower 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 judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Lower 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, budgetary comparison information, statements related to the statewide defined benefit plan, and statements related to the volunteer pension plan 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.

Blair and Associates, P.C.

Cedaredge, Colorado
April 4, 2025

LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

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

USING THIS ANNUAL REPORT

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

- Statement of Net Position and governmental fund balance sheet – reports the District's current financial resources (short-term spendable resources with capital assets and short and long-term obligations). (See page 6)
- Statement of revenue, expenditures, and changes in fund balances – governmental and statement of activities – reports the District operating and non-operating revenues by major source along with operating and non-operating expenditures. (See page 7)
- Statement of revenues, expenditures, and change in fund balance actual and budget – compares the District's budgeted and actual revenues and expenditures for the year ended December 31, 2024 (See pages 31)

STATEMENT OF NET POSITION

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

Years ended December 31,	2024	2023
Current assets	\$ 6,609,750	\$ 5,695,976
Net Pension Assets:		
Statewide Plan	-	-
Volunteer Plan	697,532	612,972
Deferred Outflows of Resources	950,333	1,123,512
Capital assets (net of depreciation)	4,829,287	4,633,206
Total assets and Deferred Outflows	<u>13,086,902</u>	<u>12,065,666</u>
Current liabilities	86,366	77,026
Net Pension Liability-SWDB	-	125,695
Long-term liabilities	193,365	125,159
Total liabilities	<u>279,731</u>	<u>327,880</u>
Deferred Inflows of Resources		
Property Taxes	2,748,769	2,625,840
Statewide Pension Plan	12,268	15,428
Volunteer Pensin Plan	129,884	170,908
	<u>2,890,921</u>	<u>2,812,176</u>
Net Position		
Invested in capital assets	4,829,287	4,633,206
Restricted for Tabor emergency	121,830	139,674
Restricted for Pensions	1,505,713	1,424,453
Nonspendable	32,158	30,500
Unrestricted	3,427,262	2,697,777
Total Net Position	<u>\$ 9,916,250</u>	<u>\$ 8,925,610</u>

LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

The Net Position of the District increased \$990,640 in 2024 to \$9,916,250 in 2024.

REVIEW OF REVENUES

Years ended December 31,	<u>2024</u>	<u>2023</u>
Operating revenue		
Charges for services	\$ 1,028,847	\$ 1,256,850
Total	<u>1,028,847</u>	<u>1,256,850</u>
Non-operating revenue		
Specific ownership tax	323,082	305,456
General property tax	3,148,398	2,359,419
Interest income	200,688	86,711
Other revenue	354,262	438,986
Grants	<u>32,892</u>	<u>56,482</u>
Total	<u>4,059,322</u>	<u>3,247,054</u>
Total revenue	<u>\$ 5,088,169</u>	<u>\$ 4,503,904</u>

The District's total revenues increased in 2024 by \$584,265 from 2023. The increase in revenue was due mainly to an increase in property taxes, Colorado backfill tax, amount of \$366,045, and interest income.

REVIEW OF EXPENDITURES

	<u>2024</u>	<u>2023</u>
Operating expenditures:		
Fire & ambulance operations	\$ 4,374,869	\$ 3,869,417
Depreciation	394,956	352,578
Pension activity	(68,430)	(196,889)
Capital outlays	<u>(603,866)</u>	<u>(227,726)</u>
Total Expenditures	<u>\$ 4,097,529</u>	<u>\$ 3,797,380</u>

The District's total expenditures increased in 2024 by \$300,149, which was largely because of an increase in capital expense activity.

The major capital assets purchased, which are included in the \$603,866 total for 2024, were as follows:

Vehicles	\$ 577,110
Equipment	\$ 26,756

LOWER VALLEY FIRE PROTECTION DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2024

ECONOMIC AND OTHER FACTORS

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

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

FINANCIAL CONTACT

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

Lower Valley Fire Protection District
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2024

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 474,477	\$ -	\$ 474,477
Investments	3,166,710		3,166,710
Accounts receivable (less allowance of \$8,722)	177,623	-	177,623
Property taxes receivable	2,748,769	-	2,748,769
Other receivables	10,013	-	10,013
Prepaid Expenses	32,158	-	32,158
Net Pension Asset FPPA Volunteer	-	697,532	697,532
Capital Assets, being depreciation , net	-	4,829,287	4,829,287
TOTAL ASSETS	\$ 6,609,750	5,526,819	12,136,569
DEFERRED OUTFLOW OF RESOURCES			
Pension FPPA SWDB	-	743,623	743,623
Pension FPPA Volunteer	-	206,710	206,710
TOTAL DEFERRED OUTFLOWS OF RESOURCES	-	950,333	950,333
LIABILITIES			
Accounts payable	17,453	-	17,453
Other current liabilities	-	-	-
Accrued payroll	68,913	-	68,913
Compensated absences	-	193,365	193,365
Net Pension Liability-SWDB	-	-	-
TOTAL LIABILITIES	86,366	193,365	279,731
DEFERRED INFLOW OF RESOURCES			
Property taxes	2,748,769	-	2,748,769
Pension FPPA Volunteer	-	129,884	129,884
Pension FPPA SWDB	-	12,268	12,268
TOTAL DEFERRED INFLOW OF RESOURCES	2,748,769	142,152	2,890,921
FUND BALANCE			
Emergency reserve - TABOR	121,830	(121,830)	-
Nonspendable	32,158	(32,158)	-
Unassigned	3,620,627	(3,620,627)	-
FUND BALANCE	3,774,615	(3,774,615)	-
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES	\$ 6,609,750		
NET POSITION			
Invested in capital assets, net of related debt		4,829,287	4,829,287
Restricted for:			
TABOR emergency		121,830	121,830
Pension SWDB		774,358	774,358
Pension Volunteer		731,355	731,355
Nonspendable		32,158	32,158
Unassigned		3,427,262	3,427,262
TOTAL NET POSITION		\$ 9,916,250	\$ 9,916,250

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

Fund balance per general fund balance sheet	\$ 3,774,615
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	4,829,287
Compensated absences	(193,365)
Pension activity	1,505,713
Net Position	\$ 9,916,250

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

Lower Valley Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2024

	General Fund	Adjustments (See Page 8)	Statement of Activities
EXPENDITURES/EXPENSES			
Fire & ambulance-operation	\$ 3,702,798	\$ 68,205	\$ 3,771,003
Capital outlay	603,866	(603,866)	-
Pension Activity	-	(68,430)	(68,430)
Depreciation	-	394,956	394,956
Total expenditures/expenses	<u>4,306,664</u>	<u>(209,135)</u>	<u>4,097,529</u>
PROGRAM REVENUES			
Charges for services	1,028,847	-	1,028,847
Net program (expenses) revenue	<u>(3,277,817)</u>	<u>209,135</u>	<u>(3,068,682)</u>
GENERAL REVENUES			
Property taxes	3,148,398	-	3,148,398
Specific ownership	323,082	-	323,082
Public safety tax	107,317	-	107,317
Grant revenue	32,892	-	32,892
Interest income	200,688	-	200,688
Miscellaneous income	246,945	-	246,945
Total general revenues	<u>4,059,322</u>	<u>-</u>	<u>4,059,322</u>
Excess of Revenue over (Under) expenditures	781,505	209,135	
Change in net position			990,640
NET POSITION			
Beginning of the year	2,993,110	5,932,500	8,925,610
End of the year	<u>\$ 3,774,615</u>	<u>\$ 6,141,635</u>	<u>\$ 9,916,250</u>

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

Lower Valley Fire Protection District
Statement of Revenue, Expenditures, and Change in Net Position-Governmental
and Statement of Activities
For the Year Ended December 31, 2024

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

Excess of expenditures over revenues - general funds (page 7)	<u>\$ 781,505</u>
Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:	
Capital outlay	603,866
Depreciation	<u>(394,956)</u>
	<u>208,910</u>
Change in Compensated Absences	(68,205)
GASB 68 Activity	<u>68,430</u>
Change in net position of governmental activities (page 7)	<u><u>\$ 990,640</u></u>

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

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 1 - Summary of Significant Accounting Policies

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

Financial Reporting Entity

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

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. The District considers revenues to be available if they are collectible within 120 days except for property taxes, which are considered available, if they are collectible within 60 days after year-end.

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 1 - Summary of Significant Accounting Policies - continued

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

Property taxes, and interest associated with the current year are susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

The government reports the following major governmental fund:

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

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

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

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

Budgets and Budgetary Accounting

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

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

The detail of the budget calendar is outlined below:

October 15 – Deadline for Budget Officer to submit proposed budget to the government board. The Governing body must publish "Notice of Budget" upon receiving proposed budget.

December 15 – Deadline for certification of mil levy to the Board of County commissioners.

December 22 –Deadline for the Board of County Commissioners to levy taxes and to certify the levies to the Assessor.

December 31 - Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.

On or before

December 31 - The District shall enact an ordinance appropriating the budget for the ensuing year.

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 1 - Summary of Significant Accounting Policies - continued

Property Taxes Receivable

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

Risk of Loss

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

Capital Assets

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

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

Compensated Absences

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

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

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

Use of Estimates

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

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 1 - Summary of Significant Accounting Policies - continued

Fund Balance

The District has approved the following Fund Balance policies:

Committed fund balances are approved by the District's Board via a majority vote. The District does not use the assigned fund balance designation.

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

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

Net Position

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

Pensions

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

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

Deferred Outflows/Inflows of Resources

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

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 1 - Summary of Significant Accounting Policies - continued

Deferred Outflows/Inflows of Resources - continued

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

Subsequent Events

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

Note 2- Pension Plan –Non-Fire Fighter

The Lower Valley Fire Protection District provides a retirement plan for all its full-time non-Fire Fighter employees through the Colorado Retirement Association. The plan is a defined contribution money purchase plan. Employees participate in the plan immediately after employment. The employees and the District each contribute 6% of gross wages and the employee may voluntarily contribute from 6% to 10% of gross wages. In addition, to provide for past service benefits, participants may make lump sum contributions from time to time. Each employee is immediately vested 100% in his or her interest in the District's contribution. The total non-Fire Fighter payroll for the District for 2024 was \$167,605. Both the District and the covered employees made the required contributions in the amount \$10,056 (6%) for the District and \$10,056 (6%) for the employees.

Note 3 – Defined Benefit Pension Plan – Volunteer Pension

Plan Description

The Entity contributes to the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS) administered by the Fire & Police Pension Association (FPPA). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>. For the measurement period ending December 31, 2023, the LVFDP included membership of 23 retirees and beneficiaries, 5 terminated vested members, for a total of 28 members.

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 3 – Defined Benefit Pension Plan – Volunteer Pension

Benefits Provided

Normal Retirement

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

Vested Retirement

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

Disability Retirement Benefit

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

Survivor Benefits

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

Funeral Benefits

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

Contributions

The Entity contributes from proceeds of a property tax mill levy. The Plan is construed and enforced in accordance with Colorado Revised Statute Title 31, Article 30. Per CRS 31-30-1112, State contributions to any municipality or district must equal ninety percent of all amounts contributed by the municipality or district under section 31-30-1110 in the previous year, but, notwithstanding any other provision of this part 11, the state contribution shall not exceed one-half mill on the previous net valuation for assessment of the municipality or district assuming one hundred percent collection. For 2024, the Entity contributed \$0, and the state's matching contribution was \$0.

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 3 – Defined Benefit Pension Plan – Volunteer Pension-continued

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

On December 31, 2024, the Entity reported a net pension liability/ (asset) of (\$697,532). The net pension liability/ (asset) was measured as of December 31, 2023, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of January 1, 2023. The total pension liability as of December 31, 2023, is based upon the January 1, 2023, actuarial valuation. The Entity recognized pension expense(income) of \$(56,680).

On December 31, 2024, the Entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ -
-		
Assumption Changes		-
Net difference between projected and actual earnings on pension plan investments	206,710	129,884
Total	<u>\$ 206,710</u>	<u>\$ 129,884</u>

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

\$(0) is reported as net deferred outflows (inflows) of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2023. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$ 2,813
2026	25,821
2027	58,547
2028	(10,355)
2029	-
Thereafter	-
Total	<u>\$ 76,826</u>

Actuarial Assumptions

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2023, determines the contribution amounts for 2023 and 2024. The valuation used the following actuarial assumptions and other inputs:

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 3 – Defined Benefit Pension Plan – Volunteer Pension-continued

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

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

Long-term Expected Return of Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023, are summarized in the following table:

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 3 – Defined Benefit Pension Plan – Volunteer Pension-continued

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	35.00%	10.31%
Equity Long/Short	6.00%	7.27%
Fixed Income-Rates	10.00%	5.35%
Fixed Income-Credit	5.00%	5.89%
Absolute Return	9.00%	6.39%
Private Markets	34.00%	10.31%
Cash	1.00%	4.32%

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

Discount Rate

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

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$(560,333)	\$(697,532)	\$(813,162)

Note 4 – Fire & Police Statewide Defined Benefit Plan

Plan description

The Statewide Retirement Plan is a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 230 participating employer fire and police departments.

The Defined Benefit Component and Social Security Component cover substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978, provided that they are not already covered by a statutorily exempt plan. Employers once had the option to withdraw from the Plan, but a change in state statutes eliminated this option effective January 1, 1988, unless the employer elects and is determined to be eligible to participate in the Statewide Money Purchase Plan.

In 2003, legislation was enacted that allows departments who cover their firefighters and police officers in money purchase plans to elect coverage under the Plan. As of August 5, 2003, clerical and other personnel from fire districts whose services are auxiliary to fire protection may also participate in the Plan. As of January 1, 2020, Colorado police and sheriff departments who participate in Social Security have the option of affiliating for coverage under the Plan.

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 4 – Fire & Police Statewide Defined Benefit Plan - continued

The Plan assets are in the Fire & Police Members' Benefit Investment Fund Long-Term Pool and the Fire & Police Members' Self-Directed Investment Fund (for Deferred Retirement Option Plan (DROP) assets and Money Purchase Component assets). The Long-Term Pool is designed primarily for open plans with a longer time horizon, appropriate risk tolerance, and lower liquidity needs. The investment return assumption is 7.00 percent.

Members participating in DROP or in the Money Purchase Component choose among various investment options offered by an outside investment manager.

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

Description of Benefits

The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60. Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

A member is eligible for retirement after attainment of age 55 with at least five years of credited service.

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis.

The annual retirement benefit for the Defined Benefit Component is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent of the average of the member's highest three years' base salary for each year of service thereafter.

Beginning January 1, 2007, the annual normal retirement benefit for the Social Security Component is 1.0 percent of the average of the member's highest three years base salary for each year of credited service up to then years plus 1.25 percent of the average of the member's highest three years' base salary for each year thereafter. Prior to 2007, the benefit for members of the Social Security Component will be reduced by the amount of social security income the member receives annually, calculated as if the social security benefit started as of age 62.

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 4 – Fire & Police Statewide Defined Benefit Plan - continued

through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of

Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1. Upon termination, the vested account balance within the Money Purchase Component becomes available to the member. Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Contributions

Contribution rates for the Plan are set by state statute. The FPPA Board of Directors may further increase the required contributions, equally between employer and member, upon approval through an election of both employers and members.

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2023, the total combined member and employer contribution rate was 21.5 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2023, the total minimum required member and employer contribution rate was 21.7 percent.

Members of the Social Security Component contribute 6.0 percent of base salary. Per the 2020 legislation, employer contribution rates will increase 0.25 percent annually through 2030 to a total of 6.5 percent of base salary. These increases result in a combined contribution rate of 12.5 percent of base salary in 2030. In 2023, the total combined member and employer contribution rate was 10.75 percent.

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

The Hybrid Defined Benefit Component and Money Purchase Component members and their employers are currently each contributing at the rate determined by the individual employer. Effective January 1, 2023, the employer and member minimum contribution rates will increase by 0.125 percent annually until they reach a minimum rate of 9 percent each and at least a combined rate of 18 percent in 2030. In 2023, the total minimum combined member and employer contribution rate was 16.25 percent.

Note 4 – Fire & Police Statewide Defined Benefit Plan - continued

The Hybrid Defined Benefit Component sets contribution rates at a level that enables the defined benefits to be fully funded at the member's retirement date. The amount allocated to the Hybrid Defined Benefit Component is set annually by the FPPA Board of Directors. The Hybrid Defined Benefit Component contribution rate from July 1, 2023 through June 30, 2024 is 14.24 percent. The Hybrid Defined Benefit Component contribution rate from January 1, 2023 through June 30, 2023 was 13.90 percent. Contributions in excess of those necessary to fund the defined benefit are allocated to the member's self-directed account in the Money Purchase Component.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service and to be 100 percent vested after five years of service or the attainment of age 55. Employer and member contributions are invested in funds at the discretion of members.

A member of the Plan may elect to make voluntary after-tax contributions to the Money Purchase Component of the Plan. Additional voluntary contributions from the employer are made on a pre-tax basis.

Basis of Presentation

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

As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2023 Annual Report, employer contributions to

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 4 – Fire & Police Statewide Defined Benefit Plan - continued

the Statewide Retirement Plan were \$93,183,037 compared to total employer contributions of \$93,332,038 on the Schedule of Employer Contributions. Adjustments were made to annualize employer contributions related to employers newly contributing to the plan, including employer departments completing reentry, and for known significant adjustments of non-recurring amounts.

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

Contributions to the Plan from the Department were \$156,887 for the year ended December 31, 2024.

Actuarial Valuation Dates

The collective total pension liability as of December 31, 2023, is based upon the January 1, 2024, actuarial valuation. The actuarially determined contributions as of December 31, 2023, are based upon the January 2023 actuarial valuation.

Collective Net Pension Liability/(Asset)

The components of the calculation of the net pension liability/(asset) of the SWDB plan for participating departments as of December 31, 2023, are shown in the following table:

	Measurement Date
	December 31, 2022
Total Pension Liability/(Asset)	\$ 5,647,236
Plan Fiduciary Net Position	5,647,236
Employers' Net Pension Liability/(Asset)	0
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.0%

Actuarial Assumptions

The actuarial valuation for the Statewide Defined Benefit Plan was used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2023. The valuation used the following actuarial assumption and other inputs:

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 4 – Fire & Police Statewide Defined Benefit Plan - continued

	<u>Total Pension Liability</u>	<u>Actuarial Determined</u>
<u>Contributions</u>		
Actuarial Valuation Date	January 1, 2024	January 1, 2023
Actuarial Method Entry	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, net*	7.0%	7.0%
Projected Salary Increases*	25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

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

For determining the actuarially determined contributions, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables projected with the ultimate values of the MP-2020 projection scale. The pre-retirement off-duty mortality tables are adjusted to 60% of the MP-2020 mortality tables for active employees. The on-duty mortality rate is 0.00015

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2023 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2024. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2023, are summarized in the following table:

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 4 – Fire & Police Statewide Defined Benefit Plan - continued

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	35.0%	8.33%
Equity Long/Short	6.0%	7.27%
Private Markets	34.0%	10.31%
Fixed Income-Rates	10.0%	5.35%
Absolute Return	9.0%	6.39%
Fixed Income-Credit	5.0%	5.89%
Cash	1.0%	4.32%
Total	<u>100%</u>	

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

As of the measurement period ending December 31, 2023, the COLA assumption, which was previously 0.00%, was revised to reflect the true nature of Board's Benefits Policy which includes a variable COLA and supplemental payments. Consistent with Board's policy, the new COLA assumption will fluctuate from year to year depending on plan experience and is the long-term COLA assumption which results in no Net Pension Asset. If current assets do not support Total Pension Liabilities using a COLA assumption of greater than 0.00%, then a COLA assumption of 0.00% will be used and a Net Pension Liability will be reported.

Discount Rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 3.77 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00 percent.

Regarding the sensitivity of the net pension liability/(asset) to changes in the single discount rate, the following presents the plan's net pension liability/(asset), calculated using a single discount

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 4 – Fire & Police Statewide Defined Benefit Plan - continued

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

	1.00% Decrease 6.00%	Single discount Rate Assumption 7.00%	1.00% Increase 8.00%
Department's proportionate share of the net pension liability/(asset)	\$751,887	\$0	\$0

Reconciliation of Collective Deferred Outflows and Inflows of Resources

The following tables present the SWDB collective deferral reconciliations showing beginning deferrals as of December 31, 2019, adding the current year collective deferrals and adjusting for the

current year amortization of deferrals to arrive at the ending December 31, 2023, collective deferral amounts:

Deferred Outflows of Resources

	Difference Between Actual and Expected Experience	Changes in Assumptions	Net difference Between Projected and Actual Investment Earnings
Beginning Deferral Amounts as of Measurement Date, December 31, 2021	\$ 266,201	\$ 154,695	\$ 277,279
Deferral Amounts Added	48,947	26,322	(135,696)
Total Amortization Amounts Recognized in Pension Expense	(59,818)	(32,915)	41,721
Current Year contribution	156,887	-	-
Outstanding Deferral Amounts as of Measurement Date, December 31, 2023	\$ 412,217	\$ 148,102	\$ 183,304

Deferred Inflows of Resources

	Difference Between Actual and Expected Experience	Change in Assumptions	Net Difference Between Projected and Actual Investment Earnings
Beginning Deferral Amounts as of Measurement Date, December 31, 2021	\$ 14,607	\$ -	\$ -
Deferral Amounts Added	-	-	-
Total Amortization Amounts Recognized in Pension Expense	(2,339)	-	-
Outstanding Deferral Amounts as of Measurement Date, December 31, 2023	\$ 12,268	\$ -	\$ -

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 4 – Fire & Police Statewide Defined Benefit Plan - continued

\$743,623 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2024.

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

Year ended December 31,	
2024	\$ 99,133
2025	146,438
2025	209,367
2026	28,442
2027	35,095
Thereafter	55,994

Collective Pension Expense

Collective Pension Expense/(Income)	For the Plan Year Ended December 31, 2023
Service Cost	\$ 210,799
Interest on the Total Pension Liability	363,886
Current Period Benefit Charges	15,983
IRC 414(h)(2) Employer paid Member Contributions	(155,443)
Member Purchases of Service Credit	(18,612)
Projected earnings on Plan Investments	(357,344)
Pension Plan Administrative Expense	9,183
Other Charges in Plan fiduciary Net Position	(140)
Recognition of Outflow of Resources due to Liabilities	90,394
Recognition of Outflow of Resources due to Assets	(41,721)
Total Pension Expense/(Income)	\$ 116,985

Note 5 – Statewide Death and Disability Plan

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

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 5 – Statewide Death and Disability Plan-continued

Funding Policy – The District and/or employee is required to contribute at a rate of 3.6% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 3.6% contribution may be paid entirely by the employer or the member, or it may be split between the employer and employee. The total contribution made by the District on behalf of the employees was \$59,511 equal to the required contribution for the year.

Note 6 – Change in Fixed Assets

Governmental Activities:

	Balance 1/1/2024	Additions	Deletions	Balance 12/31/2024
Building & improvements	\$ 3,929,276	\$ -	\$ -	\$ 3,929,276
Vehicles	2,816,938	577,110	175,020	3,219,028
Equipment	873,324	26,756	43,056	857,024
Office furniture & equipment	52,357	-	19,635	32,722
Total	7,671,895	603,866	237,711	8,038,050
Less accumulated depreciation	(3,085,418)	(394,956)	(224,883)	(3,255,491)
Land	46,728	-	-	46,728
Governmental activities capital assets, net	<u>\$ 4,633,205</u>	<u>\$ 208,910</u>	<u>\$ 12,828</u>	<u>\$ 4,829,287</u>

Depreciation expense for 2024 was \$394,956.

Note 7 - Deposits and Investments

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determine eligibility. Amounts on deposit more than federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to the aggregate uninsured deposits. Collateral in the pool is equal to the depository insurance pursuant to definitions listed in GASB Standards. On December 31, 2024, the District's cash deposits had a bank balance of \$495,822, all of which \$250,000 is insured by FDIC and the balance is covered by PDPA. There was \$200 uninsured cash on hand.

On December 31, 2024, the deposits of the governmental activities consisted of the following:

Cash on hand	\$ 200
Cash in bank accounts	<u>474,277</u>
Total	<u><u>\$ 474,477</u></u>

Investments

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

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

Note 7 - Deposits and Investments

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

The District's investment policy follows Colorado statutes.

At year-end, the District had invested \$3,166,710 in Colorado Government Liquid Assets Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips, and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investment owned by COLOTRUST. This pool is not required to and is not registered with the SEC. COLOTRUST funds are rated AAA by Standard and Poor's, Fitch's, and Moody's rating services. This investment is measured at Net Asset Value.

Note 8 - Tax, Spending, and Debt Limitation

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

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

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

LOWER VALLEY FIRE PROTECTION DISTRICT

Summary of Significant Accounting Policies

December 31, 2024

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

	2023	2022
Department's proportion of the net pension liability/(asset)	.134%	.142%
Department's proportionate share of the net pension liability/(asset)	\$0	\$125,695
Department's covered payroll	\$1,372,158	\$1,228,265
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	0.0%	23.3%
Plan fiduciary net position as a percentage of the total pension liability	100.0%	97.6%

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

	2023	2022
Contractually required contribution	\$125,131	\$110,883
Contributions in relation to the contractually required contribution	\$130,355	\$109,998
Contribution deficiency (excess)	\$(5,204)	\$885
Department's covered payroll	\$1,372,158	\$1,228,265
Contributions as a percentage of covered payroll	9.5%	9.0%

Required Supplemental Information

LOWER VALLEY FIRE PROTECTION DISTRICT
SCHEDULES OF REQUIRED SUPPLEMENTARY INFORMATION-VOLUNTEER PENSION
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIO INFORMATION

Measurement period ending December 31,

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
\$	-	\$ 2,615	\$ 2,615	\$ 2,615	\$ 2,615	\$ 19,514	\$ 19,514	\$ 19,419	\$ 19,419	\$ 15,901
94,137		93,667	94,917	94,839	95344	97,817	96,146	82,871	81,415	67,336
-		-	-	-	-	-	-	101,042	-	201,699
-		18,294	-	14,219	-	(5,812)	-	21,918	-	(19,642)
-		11,792	-	-	-	53,842	-	40,012	-	-
(118,440)		(118,302)	(112,584)	(108,585)	(101,880)	(96,570)	(90,310)	(86,375)	(76,650)	(81,840)
(24,303)		8,066	(15,052)	3,088	(3,921)	68,791	25,350	178,887	24,184	183,454
1,403,029		1,394,963	1,410,015	1,406,927	1,410,848	1,342,057	1,316,707	1,137,820	1,113,636	930,182
\$ 1,378,726		\$ 1,403,029	\$ 1,394,963	\$ 1,410,015	\$ 1,406,927	\$ 1,410,848	\$ 1,342,057	\$ 1,316,707	\$ 1,137,820	\$ 1,113,636
\$	-	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 116,492	\$ -	\$ 105,151	\$ 105,270
188,483		(185,911)	309,208	251,206	259,442	1,411	252,370	85,606	27,470	93,057
(118,440)		(118,302)	(112,584)	(108,585)	(101,880)	(96,570)	(90,310)	(86,375)	(76,650)	(81,840)
(9,786)		(7,373)	(7,480)	(5,979)	(7,950)	(8,819)	(9,745)	(2,821)	(4,643)	(2,559)
-		-	-	-	-	-	29,406	29,406	29,406	29,406
60,257		(311,586)	189,144	136,642	149,612	(103,978)	298,213	25,816	80,734	143,334
2,016,021		2,327,607	2,138,463	2,001,821	1,852,209	1,956,187	1,657,974	1,632,158	1,551,424	1,408,090
\$ 2,076,278		\$ 2,016,021	\$ 2,327,607	\$ 2,138,463	\$ 2,001,821	\$ 1,852,209	\$ 1,956,187	\$ 1,657,974	\$ 1,632,158	\$ 1,551,424
(697,552)		(612,992)	(932,644)	(728,448)	(594,894)	(441,361)	(614,130)	(341,267)	(494,338)	(437,788)

Plan Fiduciary Net Position as a Percentage of Total Pension Liability

	150.59%	143.69%	166.86%	151.66%	142.28%	131.28%	145.76%	125.92%	143.45%	139.31%
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Covered Payroll

N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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Net Pension Liability as a Percentage of Covered Payroll

N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
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LOWER VALLEY FIRE PROTECTION DISTRICT
SCHEDULE OF CONTRIBUTIONS MULTIYEAR-VOLUNTEER PENSION
December 31, 2023

<u>FY Ending December 31,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Contribution*</u>	<u>Contribution Deficiency (Excess)</u>	<u>Covered Payroll</u>	<u>Actual Contribution as a % of Covered Payroll</u>
a	b	c	d=b-c	e	f
2014	\$ -	\$ 134,676	\$ (134,676)	N/A	N/A
2015	\$ -	\$ 134,557	\$ (134,557)	N/A	N/A
2016	\$ -	\$ 29,406	\$ (29,406)	N/A	N/A
2017	\$ -	\$ 145,898	\$ (145,898)	N/A	N/A
2018	\$ -	\$ -	\$ -	N/A	N/A
2019	\$ -	\$ -	\$ -	N/A	N/A
2020	\$ -	\$ -	\$ -	N/A	N/A
2021	\$ -	\$ -	\$ -	N/A	N/A
2022	\$ -	\$ -	\$ -	N/A	N/A
2023	\$ -	\$ -	\$ -	N/A	N/A

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

Lower Valley Fire Protection District
Statement of Revenues, Expenditures
Actual and Budget
For the Year Ended December 31, 2024

	General Fund			Variance
	Budget Original	Budget Amended	Actual	Favorable (Unfavorable)
Revenue:				
General property taxes	\$ 2,689,440	\$ 2,689,440	\$ 3,148,398	\$ 458,958
Specific ownership tax	200,000	200,000	323,082	123,082
Public safety tax	95,000	95,000	107,317	12,317
Ambulance	760,000	760,000	1,028,847	268,847
Fire & ambulance service contracts	36,827	36,827	37,718	891
Grant Revenue	158,716	158,716	32,892	(125,824)
Interest income	61,250	61,250	200,688	139,438
Miscellaneous	266,500	632,545	209,227	(423,318)
Total Revenues	4,267,733	4,633,778	5,088,169	454,391
Expenditures:				
Administrative:				
Salaries	2,202,902	2,332,465	2,252,461	(49,559)
Payroll benefits	716,266	734,217	707,951	8,315
Insurance	112,500	112,500	80,840	31,660
Office expense	27,700	27,700	24,776	2,924
Professional	29,000	29,000	31,385	(2,385)
Dues and fees	21,640	21,640	15,351	6,289
Travel and allowances	12,000	12,000	16,285	(4,285)
Treasurers fees	50,000	50,000	55,689	(5,689)
Education/training	43,000	43,000	25,183	17,817
Bad debt expense	-	-	39,217	(39,217)
Fire Prevention	10,500	10,500	8,577	1,923
Equipment Repairs and Maintenance				
Vehicles	10,350	10,350	7,648	2,702
Equipment	45,000	45,000	22,948	22,052
Fuel and oil	44,000	44,000	31,341	12,659
Communication:				
911 expense	94,470	94,470	94,470	-
Repairs land maintenance	12,000	12,000	5,181	6,819
Supplies				
EMS supplies	123,375	123,375	89,750	33,625
Fire supplies	156,349	156,349	125,630	30,719
Building and Grounds:				
Supplies and expense	70,000	70,000	68,115	1,885
Total Expenditures	3,781,052	3,928,566	3,702,798	78,254
Capital Outlay Major	872,000	872,000	603,866	268,134
Total	4,653,052	4,800,566	4,306,664	346,388
Revenue Over (Under) Expenditures	(385,319)	(166,788)	781,505	800,779
Beginning Net Position	1,035,155		2,993,110	1,957,955
Ending Net Position	\$ 649,836		\$ 3,774,615	\$ 2,758,734