
***BERTHOUD FIRE
PROTECTION DISTRICT
FINANCIAL STATEMENTS
DECEMBER 31, 2017***

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June 27, 2018

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Independent Auditors' Report

Board of Directors
Berthoud Fire Protection District
Berthoud, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the governmental activities and each major fund of the Berthoud Fire Protection District (the District), as of and for the year ended December 31, 2017 and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility For The Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the District as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v, the budgetary comparison schedule, the schedule of changes to the net pension liability, schedules of the District's contributions to the pension plans, schedule of the District's proportionate share of the net pension liability and notes to required supplementary information on pages 41 - 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The individual fund budgetary comparison schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparison schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the individual fund budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

RubinBrown LLP

June 15, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Berthoud Fire Protection District, we offer readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended December 31, 2017, as required under the Governmental Accounting Standards Board Statement No. 34 (GASB 34). A comparative analysis of government-wide data is included in this report.

Financial Highlights

- The total assets and deferred outflows of resources of the District exceeded its total liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$3,482,807. The District's increase of \$298,935 in total net position from 2016 can be attributed mainly to an increase in revenues from specific ownership, taxes, and wildland deployments resulting in an increase of cash flow and the reduction of capital long term debt.
- As of the close of the current fiscal year, the District's general fund reported an ending fund balance of \$874,212, a decrease of \$58,482 in comparison with the prior year. Of this total amount, \$119,280 is designated for the Emergency Fund per the TABOR Law.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: 1) financial statements; 2) notes to the financial statements; 3) required supplementary information. This report also contains other supplementary information in addition to the basic financial statements.

Financial Statements: The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all the District's assets, deferred outflows of resources, liabilities (both short-term and long-term), and deferred inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Activities shows how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. earned but unpaid salaries and benefits).

The District's financial statements can be found on pages i through v of this report.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10-47 of this report.

CONDENSED STATEMENT OF NET POSITION		
	FY 2016	FY 2017
Current Assets	\$4,869,833	\$4,793,501
Capital and Other Assets	\$2,073,002	\$2,291,413
Total Assets	\$6,942,835	\$7,084,914
Deferred Outflow of Resources		
Deferred Charge on Refunding	\$8,752	\$4,376
Deferred outflow Pension-Volunteer Plan	\$40,586	\$42,986
Deferred outflow Pension-Statewide Plan	\$422,195	\$496,758
Total Deferred Outflows of Resources	\$471,533	\$544,120
Current Liabilities	\$342,110	\$433,925
Long-term liabilities outstanding	\$577,674	\$387,486
Total Liabilities	\$919,784	\$821,411
Deferred Inflow of Resources		
Unearned Revenue – Property Taxes	\$3,293,819	\$3,285,229
Deferred inflows Pension-Statewide Plan	\$16,893	\$39,587
Total Deferred Inflows of Resources	\$3,310,712	\$3,324,816
Net Position:		
Net Investment in Capital Assets	\$1,471,259	\$1,978,671
Restricted for Emergencies	\$98,115	\$119,280
Restricted for Capital Projects	\$233,568	\$295,265
Restricted for debt service	\$374,147	\$219,631
Unrestricted	\$1,006,783	\$869,960
Total Net Position	\$3,183,872	\$3,482,807

Condensed Statements of Activities

	FY 2016	FY 2017
Program Revenues:		
Charges for Services	\$9,644	\$13,367
Operating Grants & Contributions	620,980	599,688
Capital Grants & Contributions		
Total Program Revenues	630,624	613,055
General Revenues:		
Taxes	2,852,563	3,287,482
Specific Ownership Taxes	212,517	284,354
Interest Earnings	10,890	19,334
Gain on Sale of capital assets	6,211	202
Other	25,446	0
Total General Revenues	3,107,627	3,591,372
Total Revenues	\$3,738,251	\$4,204,427
	FY 2016	FY 2017
Expenses:		
General Government	\$3,333,512	\$3,889,429
Interest	25,270	16,063
Total Expenses	3,358,782	3,905,492
Change in Net Position	379,469	298,935
Net Position– Beginning of Year	2,804,403	3,183,872
Net Position – End of Year	\$3,183,872	\$3,482,807

While the Statement of Net Position shows the change in the financial position, the Statement of Activities provides answers concerning the nature and source of these changes. The increase in net position was achieved by reducing the District's debt principal using property tax and specific ownership tax collected during the year and increased wildland and other revenues.

General Fund Budgetary Highlights

There was an amendment to the General Fund budget during the year. The District had budgeted for a wildland season that resulted in more deployments than originally forecast. The increase in deployments brought with them the cost of overtime and other expenses directly related to these deployments. The cost of backfilling staff was billed back to the State of Colorado.

Specific ownership taxes exceeded the original budgeted amount of \$170,000 by \$114,354 and along with increases in other revenues resulted in an overall increase in budgeted revenues by

\$639,409. The District amended the budget as stated in the previous paragraph through the increase in unbudgeted revenue and would have still increased the Fund balance, however due to safety issues required repairs to the exterior of Station #1 and replacement of required operational equipment the Fund reserves from the general fund were reduced by \$58,482. In the chart below, you will see both our original and final budgets compared to the actual revenues and expenditures.

The District continues to maintain the Berthoud Area Community Center which it owns and operates for the community at a total net annual cost of \$49,784 for the year 2017.

Budget Overview & Variances

General Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Total Taxes	\$3,172,485	\$3,262,790	\$3,276,261	13,471
Total Other	89,000	612,589	624,633	12,044
Total Revenues	\$3,261,485	\$3,875,379	\$3,900,894	25,515

Budget Overview & Variances

General Fund

Expenses	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Administration	\$ 581,335	\$572,533	\$574,112	(1,579)
Communications	61,160	75,235	61,746	13,489
Emergency Preparedness	6,200	23,684	34,512	(10,828)
EMS/Dive/Tac	6,905	6,905	3,559	3,346
Fire Bureau	37,258	39,563	39,863	(300)
Fire Fighting	2,165,725	2,247,733	2,220,202	27,531
Fleet Operations	389,985	117,088	112,165	4,923
Health & Safety	36,138	113,792	41,360	72,432
Recruitment	11,461	11,461	8,641	2,820
Stations & Grounds	83,001	117,612	93,864	23,748
Training	68,931	86,692	85,162	1,530
Wildland	16,500	338,379	347,373	(8,994)
Capital Outlay**	0	0	338,817	(338,817)
Total Expenditure	\$3,464,599	3,750,677	\$3,961,376	(210,699)

** At the time of the Supplemental Budget in December 2017 the Capital Outlay purchase was to be made from the Capital Fund. After evaluating the Fund Reserve/Balance it was determined to remain in the General Fund.

Capital Assets

The Capital Projects Fund provided the funding to purchase two new generators for Station #1 and Station #2. This year The District upgraded the phone system with digital technology. The Funding from the Capital Fund provided the funding for all scheduled lease payments to include all interest as well. Additional information on the District's capital assets can be found in Note 4 beginning on page 22.

Long-term Debt

In 2016 the Board of Directors approved the purchase of a new Engine to be purchased from fund reserves in the General Fund, to be repaid over a period from the Capital Fund. In 2018 the District will pay off four (4) of its lease purchases a total of \$109,411 for the Capital Fund. The outstanding bond debt from 2001 was refinanced in 2011 with significant saving to the District's taxpayers and decreasing the number of years from the year 2020 to 2018 as a payoff date. Currently the District has the funds in Colotrust to make the payments on the Bond through 2018 and therefore has set the mill levy for the Debt Service Fund to 0. All other capital leases and the bond remain unchanged and on schedule. Additional information on the District's long-term debt may be found in Note 5 beginning on page 23.

Economic Factors and Next Year's Budgets and Rates

Economic trends in the region are in line with the national indices. Northern Colorado has seen significant growth and homes are in high demand resulting in increased Assessed Values. State of Colorado in 1982 amended the state constitution enacting what is known as the Gallagher Amendment. It sets forth guide lines for determining the assessed values of property, 55% is to come from commercial and the remaining 45 % to come from residential. Due to the increase in values the residential property ratio having been set to 7.96 percent now must be lowered to 7.2% (this has the possibility to be lowered to 6.11%) to obtain the 55/45 ratio for commercial to residential. The effect this had on Berthoud Fire Protection District was to keep the District's revenues level not realizing a growth from Larimer County, of which the District receives 60% of its income from. The District did see a slight increase from Weld County's Oil & Gas properties. Boulder County's revenues remained even. The Oil and Gas revenues from Weld County increased which resulted in additional revenue of \$424,776. There was no change in tax rates for the 2017 budget adopted in December 2016.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Financial Officer, Berthoud Fire Protection District, 275 Mountain Ave., PO Box 570, Berthoud, CO, 80513.

BERTHOUD FIRE PROTECTION DISTRICT

STATEMENT OF NET POSITION December 31, 2017

	Governmental Activities
Assets	
Current Assets	
Cash and cash equivalents	\$ 38,871
Investments	1,195,765
Cash held with County Treasurer	21,049
Property taxes receivable	3,260,354
Other receivables	133,307
Restricted investments	119,280
Total Current Assets	<u>4,768,626</u>
Capital Assets	
Nondepreciable capital assets	807,361
Depreciable capital assets, net	1,484,052
Total Capital Assets	<u>2,291,413</u>
Total Assets	<u>7,060,039</u>
Deferred Outflows Of Resources	
Deferred charge on refunding	4,376
Deferred outflows pension - Volunteer Plan	42,986
Deferred outflows pension - SWDBP Plan	496,758
Total Deferred Outflows Of Resources	<u>544,120</u>
Liabilities	
Current Liabilities	
Accounts payable	55,997
Accrued wages	63,167
Accrued interest payable	5,709
Capital leases payable	140,741
Bonds payable	154,396
Compensated absences	13,915
Total Current Liabilities	<u>433,925</u>
Long-Term Liabilities	
Capital leases payable	21,981
Compensated absences payable	125,236
Net pension liability - SWDBP	92,270
Net pension liability - Volunteer Plan	147,999
Total Long-Term Liabilities	<u>387,486</u>
Total Liabilities	<u>821,411</u>
Deferred Inflows Of Resources	
Unearned revenue - property taxes	3,260,354
Deferred inflows pension - SWDBP Plan	39,587
Total Deferred Inflows Of Resources	<u>3,299,941</u>
Net Position	
Net investment in capital assets	1,978,671
Restricted for TABOR Amendment	119,280
Restricted for capital projects	295,265
Restricted for debt service	219,631
Unrestricted	869,960
Total Net Position	<u>\$ 3,482,807</u>

BERTHOUD FIRE PROTECTION DISTRICT

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2017

	Expenses	Program Revenues			Net Revenue (Expense) And Changes In Net Position Governmental Activities
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
Primary Government					
Governmental activities:					
Administration	\$ 586,656	\$ —	\$ 1,771	\$ —	\$ (584,885)
Communications	85,838	—	—	—	(85,838)
Emergency preparedness	34,512	—	—	—	(34,512)
EMS/Dive Team/Tac Team/Rescue	6,005	—	—	—	(6,005)
Fire and medical training	85,162	—	—	—	(85,162)
Fire bureau	39,863	—	—	—	(39,863)
Fire health and safety	41,360	—	—	—	(41,360)
Firefighting	2,395,146	13,367	—	—	(2,381,779)
Fleet operations	112,165	—	—	—	(112,165)
Recruitment	8,641	—	—	—	(8,641)
Stations and grounds	146,708	—	—	—	(146,708)
Wildland	347,373	—	597,917	—	250,544
Interest on long-term debt	16,063	—	—	—	(16,063)
Total Governmental Activities	\$ 3,905,492	\$ 13,367	\$ 599,688	\$ —	(3,292,437)
General revenues:					
Property taxes					3,287,482
Specific ownership taxes					284,354
Interest					19,334
Gain on sale of capital assets					202
Total General Revenues					3,591,372
Change In Net Position					298,935
Net Position, Beginning Of Year					3,183,872
Net Position, End Of Year				\$	3,482,807

BERTHOUD FIRE PROTECTION DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

December 31, 2017

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 35,500	\$ 3,371	\$ —	\$ 38,871
Investments	677,826	298,308	219,631	1,195,765
Cash held with County Treasurer	21,049	—	—	21,049
Property taxes receivable	2,964,788	295,566	—	3,260,354
Other receivables	133,307	—	—	133,307
Restricted investments	119,280	—	—	119,280
Total Assets	\$ 3,951,750	\$ 597,245	\$ 219,631	\$ 4,768,626
Liabilities				
Accounts payable	\$ 49,583	\$ 6,414	\$ —	\$ 55,997
Accrued wages	63,167	—	—	63,167
Total Liabilities	112,750	6,414	—	119,164
Deferred Inflows Of Resources				
Unavailable revenue - property taxes	2,964,788	295,566	—	3,260,354
Fund Balances				
Restricted:				
Statutory emergencies	119,280	—	—	119,280
Capital projects	—	295,265	—	295,265
Debt service	—	—	219,631	219,631
Unassigned	754,932	—	—	754,932
Total Fund Balances	874,212	295,265	219,631	1,389,108
Total Liabilities, Deferred Inflows Of Resources And Fund Balances	\$ 3,951,750	\$ 597,245	\$ 219,631	\$ 4,768,626

BERTHOUD FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION December 31, 2017

Total Governmental Fund Balances \$ 1,389,108

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

Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds. However, in the statement of net position, the costs of these assets are capitalized and expensed over their estimated lives through annual depreciation expense.

Cost of capital assets	\$ 6,342,561	
Less: Accumulated depreciation	(4,051,148)	2,291,413

Pension plan accounts, such as deferred outflows/inflows and net pension asset/liability, are not receivable or payable in the current period and, therefore, not reported in the funds.

Net pension liability - SWDBP	(92,270)	
Net pension liability - Volunteer Plan	(147,999)	
Deferred outflows of resources	539,744	
Deferred inflows of resources	(39,587)	259,888

Charges on advance refunding are not financial resources and, therefore, not reported in the funds. However, in the statement of net position, the amounts are deferred outflows of resources and are amortized over the life of the debt.

Deferred charge on refunding		4,376
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Liabilities, including bonds, notes and compensated absences, are not due in the current period and, therefore, are not reported in the governmental funds.

Bonds payable	(150,000)	
Premium	(4,396)	
Capital leases payable	(162,722)	
Compensated absences	(139,151)	
Accrued interest payable	(5,709)	(461,978)

Net Position Of Governmental Activities \$ 3,482,807

BERTHOUD FIRE PROTECTION DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS For The Year Ended December 31, 2017

	General Fund	Capital Projects Fund	Debt Service Fund	Total Governmental Funds
Revenues				
Property taxes	\$ 2,991,907	\$ 295,575	\$ —	\$ 3,287,482
Specific ownership taxes	284,354	—	—	284,354
Charges for services	13,367	—	—	13,367
Interest	11,578	3,821	3,935	19,334
Intergovernmental	597,917	—	—	597,917
Contributions and donations	1,771	—	—	1,771
Total Revenues	3,900,894	299,396	3,935	4,204,225
Expenditures				
Current:				
Administration	574,112	5,313	201	579,626
Communications	61,746	—	—	61,746
EMS/Dive Team/Tac Team/Rescue	3,559	—	—	3,559
Emergency preparedness	34,512	—	—	34,512
Fire bureau	39,863	—	—	39,863
Firefighting	2,220,202	—	—	2,220,202
Fleet operations	112,165	—	—	112,165
Fire and medical training	85,162	—	—	85,162
Fire health and safety	41,360	—	—	41,360
Recruitment	8,641	—	—	8,641
Stations and grounds	93,864	—	—	93,864
Wildland	347,373	—	—	347,373
Capital outlay	338,817	85,060	—	423,877
Debt service:				
Principal	—	134,847	150,000	284,847
Interest	—	12,479	8,250	20,729
Total Expenditures	3,961,376	237,699	158,451	4,357,526
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(60,482)	61,697	(154,516)	(153,301)
Other Financing Sources				
Proceeds from sale of capital assets	2,000	—	—	2,000
Excess (Deficiency) Of Revenues And Other Financing Sources Over (Under) Expenditures	(58,482)	61,697	(154,516)	(151,301)
Fund Balance, Beginning Of Year	932,694	233,568	374,147	1,540,409
Fund Balance, End Of Year	\$ 874,212	\$ 295,265	\$ 219,631	\$ 1,389,108

BERTHOUD FIRE PROTECTION DISTRICT

RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES For The Year Ended December 31, 2017

Net Changes In Fund Balances - Total Governmental Funds \$ (151,301)

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense in the current period.

Depreciation expense	\$ (199,534)	
Capital outlay	423,877	224,343

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to decrease net position. (1,798)

Pension expense does not use current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (33,732)

Repayments of long-term bonds and capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.

Bonds	150,000	
Capital leases	134,847	284,847

Interest expense reported in the statement of activities does not require the use of current financial resources and, therefore, is not reported as expenditures in governmental funds.

Liability at December 31, 2017	(5,709)	
Liability at December 31, 2016	10,355	4,646

The governmental funds report the effect of premiums, discounts and other similar items when debt is first issued, whereas these amounts are amortized in the statement of activities.

Deferred charge on refunding		(4,376)
Premium		4,396

Compensated absences reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Liability at December 31, 2017	(139,151)	
Liability at December 31, 2016	111,061	(28,090)

Change In Net Position Of Governmental Activities \$ 298,935

BERTHOUD FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

1. Summary Of Significant Accounting Policies

Organization

The Berthoud Fire Protection District (the District) was established on June 26, 1950 as a Special District to provide fire protection and prevention services to certain areas of Larimer, Boulder and Weld Counties.

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to governments. A summary of the District's significant accounting policies applied in the preparation of these financial statements follows.

Reporting Entity

For financial reporting purposes, management has considered all potential component units in defining the District. The basic criterion for including a potential component unit is the District's ability to exercise significant operational control or financial accountability with the District. Financial relationship or operational control is determined on the basis of the District's obligation to fund deficits, responsibility for debt, budgetary authority, fiscal management, selection of governing authority and/or management and the ability to significantly influence operations.

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Basis Of Presentation

The District's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities. The government-wide financial statements report information for the District as a whole. Individual funds are not displayed at this financial reporting level.

The statement of net position presents the financial position of the governmental activities of the District.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The statement of activities reports the expenses of a given function offset by program revenues directly connected with the functional program. A function is an assembly of similar activities and may include portions of a fund or summarize more than one fund to capture the expenses and program revenues associated with a distinct functional activity. Program revenues include: (1) charges for services, which report fees and other charges to users of the District's services; (2) operating grants and contributions, which finance annual operating activities, including restricted investment income and (3) capital grants and contributions, which fund the acquisition, construction or rehabilitation of capital assets. These revenues are subject to externally imposed restrictions on these program uses. For identifying to which function program revenue pertains, the determining factor for charges for services is which function generates the revenue. For grants and contributions, the determining factor is to which function the revenues are restricted.

The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District. Taxes and other revenue sources are reported as general revenues of the District.

Fund financial statements are designed to present financial information of the District at a more detailed level. Fund financial statements are provided for the District's governmental funds.

Fund Accounting

The accounts of the District are organized 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, deferred outflows of resources, liabilities, deferred inflows of resources, fund balance, revenues and expenditures, as appropriate. The District reports only governmental funds.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Fund liabilities are assigned to the fund from which they will be liquidated. The District reports the difference between governmental fund assets and deferred outflows of resources and liabilities and deferred inflows of resources as fund balance. The following are the District's major governmental funds:

General Fund - The General Fund is the general operating fund of the District. It is used to account for all financial resources except those required to be accounted for in another fund.

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition of equipment, apparatus or the construction of stations and station additions.

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term obligation principal, interest and related costs.

Measurement Focus

The government-wide financial statements are prepared using the economic resources measurement focus. All assets, deferred outflows of resources, liabilities and deferred inflows of resources are included on the statement of net position, and the statement of activities reports revenues and expenses.

All governmental funds are accounted for using a flow of current financial resources measurement focus. Within this measurement focus, only current assets, current liabilities and certain deferred inflows and outflows of resources generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the governmental fund statements.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Basis Of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. At the fund reporting level, the governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred inflows of resources and in the presentation of expenses versus expenditures. Under the accrual basis of accounting, revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Revenues are recognized under the modified accrual basis of accounting 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, revenues are considered to be available if they are collected within 60 days of the end of the current fiscal year. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. An exception to this general rule is principal and interest on long-term debt, which are recognized when due.

Property Tax Revenue And Recognition

Annual property taxes are levied and certified by each County's Treasurer in December of the current year. On January 1 of the following year, those County Treasurers bill the property owners, thus establishing an enforceable lien on the property. The County Treasurers collect the property taxes and remit the collections to the District, net of a 1.5% collection fee, on a monthly basis during the year that follows the levy. Property taxes receivable not collected within 60 days of year end have been recorded as a deferred inflow of resources in the fund financial statements. Since property taxes are levied in December for the next calendar year's operations, the total levy is reported as taxes receivable and a deferred inflow of resources in the government-wide financial statements.

Budget

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

1. Prior to October 31, the Fire Chief submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

3. Prior to January 1, the budget is legally enacted through passage of a resolution. This resolution authorizes a lump sum expenditure budget for each individual fund of the District. The aggregate expenditure budget, by fund, then becomes the level of control upon which expenditures cannot legally exceed appropriation. An appropriation resolution is also adopted which allocates the total revenue budget to each individual fund. The expenditure appropriation may be legally exceeded by line item within each individual fund, as long as the total expenditures of the individual fund do not exceed appropriations authorized in the budget resolution.
4. The Fire Chief is authorized to transfer amounts from contingency accounts, if any, to other accounts within the same fund.
5. Formal budgetary integration is employed as a management control device during the year for all funds.
6. All appropriations lapse at year end under state statutes.
7. Any revisions that alter the total expenditures of any fund must be approved by the Board.

Budgeted amounts for all funds included in the accompanying financial statements are based on the legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with GAAP for each fund type. Expenditures in certain governmental funds exceeded total appropriations, which may be a violation of state statute.

Cash And Cash Equivalents

The District maintains deposit accounts at local financial institutions. The District considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Investments

Investments are recorded and measured at fair value in accordance with Governmental Accounting Standards Board Statement No. 72, *Fair Value Measurement and Application*.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “interfund receivables/interfund payables.” These amounts are eliminated in the governmental activities column on the statement of net position.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources (uses) in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the government-wide financial statements.

Transfers between funds reported in the governmental activities column on the statement of net position are eliminated.

Capital Assets

General capital assets are long-lived assets of the District. When purchased, such assets are recorded as expenditures in governmental funds. The District reports these assets in the governmental activities column of the government-wide financial statement of net position, but does not report these assets in the fund financial statements.

Capital assets are recorded at cost, or estimated historical cost if actual cost is not available. Donated capital assets are recorded at acquisition value on the date donated. The District maintains a capitalization threshold of \$5,000. Improvements to capital assets are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are expensed.

All capital assets are depreciated except for land and construction in progress. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Buildings and improvements	20 - 50 years
Equipment and vehicles	3 - 15 years

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Compensated Absences

The District's policy permits employees to accumulate earned, but unused, vacation and sick pay benefits. Vacation pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

All employees earn vacation at varying annual rates based on years of employment. Nonexempt full-time uniformed employees working 24-hour shifts cannot accrue more than 120 hours above their annual allocation amounts. Nonexempt or exempt full-time uniformed employees and exempt administrative office staff working 40 hours a week may accumulate no more than 160 hours of vacation time above their annual allocation amounts.

Sick leave is earned and accumulated at a rate of 1 hour for every 16 hours worked, with the exception of fire suppression and emergency medical employees. Fire suppression and emergency medical employees accrue sick leave at a rate of 4.25 hours per pay period. Unused sick leave of up to 120 hours for permanent full-time uniformed employees and up to 96 hours for permanent part-time employees can be accumulated, but may only be used in the event of illness or injury and is not paid upon termination of employment with the District.

Pensions

The District participates in the Volunteer Firefighters' Pension Plan, an agent multiple-employer defined benefit pension plan administered by the Fire & Police Pension Association of Colorado (FPPA). In addition, the District participates in the Statewide Defined Benefit Plan (SWDBP), a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the plans 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.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Deferred Outflows 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 that time. The deferred charge on advanced refunding is recorded as deferred outflows. A deferred charge on advanced refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. In addition, the District has recognized deferred outflows of resources in the government-wide financial statements in accordance with presentation requirements for pension reporting.

Deferred Inflows Of Resources

In addition to liabilities, the statement of net position and governmental funds balance sheet 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. 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, at both the governmental fund level and in the period for which the taxes are levied at the statement of net position reporting level. In addition, the District has recognized deferred inflows of resources in the government-wide financial statements in accordance with presentation requirements for pension reporting.

Fund Balance/Net Position

Fund balance for governmental funds is reported in various categories based on the nature of limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment or an assignment. The following classifications describe the relative strength of the spending constraints.

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

Restricted - includes amounts restricted by external sources (creditors, laws of other governments, etc.) or by constitutional provision or enabling legislation

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Committed - includes amounts that can only be used for specific purposes. Committed fund balance is reported pursuant to resolutions passed by the Board of Directors, the District's highest level of decision-making authority. Commitments may be modified or rescinded only through resolutions approved by the Board of Directors.

Assigned - includes amounts the District intends to use for a specific purpose, but do not meet the definition of restricted or committed fund balance. Under the District's adopted policy, amounts may be assigned by the Fire Chief or designee.

Unassigned - includes amounts that have not been assigned to other funds or restricted, committed or assigned to a specific purpose within the General Fund

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the District considers restricted funds to have been spent first. Although not included in a formal policy, the District considers decreases to fund balance to first reduce committed, then assigned and then unassigned balances, in that order.

Net position represents the difference between assets, deferred outflows of resources, liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets, excluding unspent bond proceeds. Net position is reported as restricted when there are limitations imposed on their use, either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws or regulations of other governments. It is the District's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Management Estimates

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

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

2. Cash Deposits And Investments

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by 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 102% of the uninsured deposits.

Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. As of December 31, 2017, the District's deposits were not exposed to custodial credit risk as all deposits were insured by the Federal Deposit Insurance Corporation or collateralized in accordance with PDPA.

At December 31, 2017, the District's cash deposits were as follows:

	Book Balance	Bank Balance
Cash held with County Treasurer	\$ 21,049	\$ —
Cash on hand	100	—
Insured deposits	38,771	59,249
Total Deposits	\$ 59,920	\$ 59,249

Investments

Colorado statutes specify the instruments that units of local government may invest in, which include the following:

- 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 governments
- Certain bankers' acceptances
- Commercial paper
- Repurchase agreements
- Certain money market funds

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

- Certain guaranteed investment contracts, certificates of participation or lease-purchase agreement proceeds
- 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.

At December 31, 2017, the District has invested \$1,315,045 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST is valued using the net asset value per share (or its equivalent) of the investments, which approximates fair value. COLOTRUST investments do not have any unfunded commitments, redemption restrictions or redemptions notice periods.

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 scrips 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 investments held by COLOTRUST. Separate financial statements for COLOTRUST may be obtained at www.colotruster.com. The State Securities Commissioner administers and enforces all state statutes governing COLOTRUST.

Interest Rate Risk - The District's investment policy does not address interest rate risk.

Credit Risk - State statute limits investments in instruments listed above to the top two ratings issued by nationally recognized statistical rating organizations. As of December 31, 2017, the District's investments in the local government investment pool were rated AAAM by Standard & Poor's. The District's investment policy follows state statute in regards to credit risk.

Concentration of Credit Risk - The District places no limit on the amount the District may invest in any one issuer. At December 31, 2017, the District's investment portfolio consists of funds in COLOTRUST.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

The District categorizes its fair value measurements within the fair value hierarchy established by GAAP. The hierarchy is based on valuation inputs used to measure 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 and Level 3 inputs are significant unobservable inputs. At December 31, 2017, the District did not have any investments that require being categorized in the hierarchy.

Presentation

Cash and investments, as classified on the December 31, 2017 statement of net position, are as follows:

Cash and cash equivalents	\$	38,871
Cash held with County Treasurer		21,049
Investments		1,195,765
Restricted investments		<u>119,280</u>
Cash And Investments	\$	<u>1,374,965</u>

3. Restricted Investments

The Board of Directors has established an Emergency Reserve savings account pursuant to Article X, Section 20, of the Colorado Constitution, otherwise known as the Taxpayer Bill of Rights (TABOR). The District's emergency reserve, reported as restricted net position and restricted fund balance, is \$119,280 for the year ended December 31, 2017.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

4. Capital Assets

Capital asset activity for governmental activities for the year ended December 31, 2017 is as follows:

	December 31, 2016	Additions	Deletions	December 31, 2017
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 807,361	\$ —	\$ —	\$ 807,361
Construction in progress	217,556	—	(217,556)	—
Total Capital Assets Not Being Depreciated	1,024,917	—	(217,556)	807,361
Depreciable capital assets:				
Buildings and improvements	1,684,163	101,006	(39,763)	1,745,406
Trucks and vehicles	2,346,972	526,905	—	2,873,877
Firefighting equipment	275,340	—	—	275,340
Medical rescue equipment	74,691	—	—	74,691
Communication equipment	484,212	13,522	—	497,734
Office and administration: Equipment	76,555	—	(8,403)	68,152
Total Depreciable Capital Assets	4,941,933	641,433	(48,166)	5,535,200
Accumulated depreciation	(3,897,982)	(199,534)	46,368	(4,051,148)
Total Depreciable Capital Assets - Net	1,043,951	441,899	(1,798)	1,484,052
Total Capital Assets - Net	\$ 2,068,868	\$ 441,899	\$ (219,354)	\$ 2,291,413

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental Activities	
Administration	\$ 4,221
Firefighting	115,931
Emergency medical services	2,446
Communications	24,092
Station and grounds	52,844
Total Depreciation Expense	\$ 199,534

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

5. Long-Term Liabilities

Capital Leases

In June 2008, the District entered into a capital lease agreement for the purchase of a new fire engine and related apparatus. Payments are to be made in annual installments of \$47,204 beginning June 1, 2009 through June 1, 2013, and \$25,375 beginning June 1, 2014 through June 1, 2018. The lease bears interest at 4.509%. Principal and interest payments made in 2017 totaled \$25,375.

The following is a summary of debt service principal requirements to maturity:

	Total Payment	Less Imputed Interest	Principal
2018	\$ 25,375	\$ 1,095	\$ 24,280

In June 2008, the District entered into a capital lease agreement for the purchase of two Pierce IHC Wildland units. Payments are to be made in annual installments of \$65,729 beginning June 1, 2009, with final payment due June 1, 2018. The lease bears interest at 4.29%. Principal and interest payments made in 2017 totaled \$65,729. The following is a summary of debt service principal requirements to maturity:

	Total Payment	Less Imputed Interest	Principal
2018	\$ 65,729	\$ 2,704	\$ 63,025

In January 2014, the District entered into a capital lease agreement for the purchase of radio equipment. Payments are to be made in annual installments of \$36,828 beginning December 1, 2014, with final payment due December 1, 2018. The lease bears interest at 4.05%. Principal and interest payments made in 2017 totaled \$36,828. The following is a summary of debt service principal requirements to maturity:

	Total Payment	Less Imputed Interest	Principal
2018	\$ 36,828	\$ 1,434	\$ 35,394

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

In February 2014, the District entered into a capital lease agreement for the purchase of an air compressor. Payments are to be made in annual installments of \$11,522 beginning December 1, 2014, with final payment due December 1, 2018. The lease bears interest at 4.05%. Principal and interest payments made in 2017 totaled \$11,522. The following is a summary of debt service principal requirements to maturity:

	Total Payment	Less Imputed Interest	Principal
2018	\$ 11,522	\$ 447	\$ 11,075

In March 2016, the District entered into a capital lease agreement for the purchase of a Ford utility vehicle. Payments are to be made in annual installments of \$7,915 beginning April 1, 2017, with final payment due April 1, 2021. The lease bears interest at 3.20%. The following is a summary of debt service principal requirements to maturity:

	Total Payment	Less Imputed Interest	Principal
2018	\$ 7,915	\$ 948	\$ 6,967
2019	7,915	719	7,196
2020	7,915	481	7,434
2021	7,587	236	7,351
Total	\$ 31,332	\$ 2,384	\$ 28,948

Total assets under these lease agreements, with a cost of \$1,053,039 and accumulated amortization of \$624,060 as of December 31, 2017, are recorded in the District's governmental activities. Amortization is included in depreciation. The leases are related to the District's communications and firefighting operations.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Bonds Payable

General obligation refunding bonds, Series 2011, were issued on October 14, 2011 in the amount of \$980,000, with variable interest rates starting at 2% in 2012 and increasing to 3% in 2018. The bonds were issued to advance refund a portion of the outstanding Series 2001 general obligation bonds. Net proceeds of \$1,275,631, including \$55,142 of issuance costs including underwriter fees and other professional costs, and \$320,000 of District funds were deposited with an escrow agent to provide all future debt service payments on the Series 2001 bonds. As a result, the Series 2001 bonds are considered to be defeased, and the liability for those bonds has been removed from the statement of net position.

The advance refunding resulted in a difference between the reacquisition price and the carrying amount of the old debt of \$30,631. This difference, reported in the statement of net position as a deferred outflow of resources, is being amortized through operations through 2018 using the effective-interest method.

The bonds were issued at a premium (difference between the face value and issue price) of \$30,773. This difference, reported in the statement of net position as an addition to bond payable, is being amortized through operations through 2018 using the effective-interest method.

The bonds constitute general obligations of the District. All of the taxable property in the District is subject to the levy of an ad valorem tax to pay the principal and interest on the bonds. The net proceeds of the issuance are to be used to finance the costs of constructing a fire station and purchase firefighting trucks and equipment.

The following is a summary of the remaining debt service requirements of the bond:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>
<u>2018</u>	<u>\$ 150,000</u>	<u>\$ 4,500</u>

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

Changes In Long-Term Liabilities

A summary of long-term debt transactions of the District for the year ended December 31, 2017 is as follows:

	December 31, 2016	Additions	Retirements	December 31, 2017	Current Portion
Capital leases	\$ 297,569	\$ —	\$ (134,847)	\$ 162,722	\$ 140,741
Compensated absences	111,061	119,563	(91,473)	139,151	13,915
Bonds payable	300,000	—	(150,000)	150,000	150,000
Premium	8,792	—	(4,396)	4,396	4,396
Net Bonds Payable	308,792	—	(154,396)	154,396	154,396
Total	\$ 717,422	\$ 119,563	\$ (380,716)	\$ 456,269	\$ 309,052

Compensated absences are liquidated through the General Fund.

Line Of Credit

The District has a line of credit that matures on November 1, 2018. The line allows borrowing in the amount of \$200,000 and bears interest at a fixed rate of 4.50% per annum. The District did not draw on the line of credit during 2017, and there is no outstanding balance at December 31, 2017.

6. Operating Leases

In March 2017, the District entered into a 60-month lease for a copier. The District will make monthly payments of \$565 through February 2022, beginning March 2017. Payments made for the year ended December 31, 2017, not including taxes and additional supplies charges, totaled \$5,650. A summary of future lease requirements follows:

2018	\$ 6,780
2019	6,780
2020	6,780
2021	6,780
2022	1,130
Total	\$ 28,250

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

7. Volunteer Firefighters' Pension Plan

Plan Description

On January 1, 1990, the District's Volunteer Firefighters' Pension Plan (the Volunteer Plan) affiliated with FPPA's Fire and Police Members' Benefit Fund under the Colorado Revised Statutes (C.R.S.) 31-30-1005(l)(k), as amended, at which time all plan assets were transferred to FPPA for financial administration. FPPA administers an agent multiple-employer Public Employee Retirement System (PERS). 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 at <http://www.fppaco.org>.

Under the FPPA affiliation agreement, the District is responsible for the collection and transmission of all contributions to the Volunteer Plan. FPPA is responsible for the physical safekeeping and investing of such contributions, as well as for making the appropriate and legally authorized payments of pension benefits and other expenses of the Volunteer Plan.

All District volunteer firefighters participate in this agent-multiple employer noncontributing local defined benefit pension plan administered by FPPA. The Berthoud Fire Protection District Pension Board of Trustees (the Trustees), which includes Board members and two District volunteer firefighters, has authority to amend benefit payments.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Benefits Provided

The Volunteer Plan provides retirement, disability and death benefits. Volunteer firefighters with at least 10 years of service and who are at least 50 years of age are eligible to receive retirement benefits. Benefit terms are established and may be amended by the Volunteer Plan's Board of Trustees. Benefits provided under the Volunteer Plan are as follows:

Age and service retirement after age 50 with 20 years of credited service (monthly)	\$	400
Vested retirement benefit (monthly):		
With 10 to 20 years of service, amount per year of service per minimum vesting years	\$	20
Minimum vesting years		10
Disability retirement benefit:		
Temporary	\$	200
Permanent	\$	200
Surviving spouse death benefit:		
Following death before retirement eligible, death in the line of duty	\$	200
Following death after normal retirement	\$	200
Following death after vested retirement with 10 to 20 years of service, amount per year of service per minimum vesting years	\$	10
Funeral benefit, lump sum	\$	200

At December 31, 2017, the following members were covered by the benefit terms:

Retirees and beneficiaries	21
Inactive, nonretired members	1
Active members	1
	<hr/>
Total Members	23
	<hr/> <hr/>

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Actuarial Methods And Assumptions Used To Calculate Net Pension Liability

Method And Assumptions Used In Calculations Of Actuarially Determined Contributions:

Valuation date	January 1, 2017
Actuarial cost method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining amortization period years	20 Years
Asset valuation method	5-Year Smoothed Market
Actuarial assumptions:	
Investment rate of return	7.5%
Inflation	3.0%
Projected salary increases	N/A
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post-Retirement: RP 2000 Combined Mortality Table, with Blue Collar adjustment. Disabled: RP-2000 Disabled Mortality Table. All tables projected with Scale AA.
Retirement age	50% per year of eligibility until 100% at age 65

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 7.50%, the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the "state and local bonds" rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50%.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (Continued)

Changes In Net Pension Liability

	<u>2016</u>
Total Pension (Asset) Liability	
Service cost	\$ 336
Interest on the total pension liability	49,388
Differences between expected and actual experience	(28,086)
Changes of assumptions	22,704
Benefit payments	(66,760)
Net Change In Total Pension Asset	<u>(22,418)</u>
Total Pension Liability, Beginning Of Year	<u>691,123</u>
Total Pension Liability, End Of Year (a)	<u>\$ 668,705</u>
Plan Fiduciary Net Position	
Contributions - employer	\$ 13,114
Contributions - member	—
Net investment income	26,741
Benefit payments	(66,760)
Administrative expense	(994)
State of Colorado supplemental discretionary payment	13,884
Net Change In Plan Fiduciary Net Position	<u>(14,015)</u>
Plan Fiduciary Net Position, Beginning Of Year	<u>534,721</u>
Plan Fiduciary Net Position, End Of Year (b)	<u>\$ 520,706</u>
Net Pension Liability ((a)-(b))	\$ 147,999
Plan Fiduciary Net Position As A Percentage Of Total Pension Liability	77.87%
Covered Employee Payroll	N/A
Net Pension Liability As A Percentage Of Covered Employee Payroll	N/A

At December 31, 2017, the District reported a net pension liability of \$147,999. The net pension liability was measured as of December 31, 2016 and was determined by an actuarial valuation as of January 1, 2016.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Pension Expense And Deferred Outflows Of Resources

For the year ended December 31, 2017, the District recognized pension expense of \$10,803. At December 31, 2017, the District reported deferred outflows of resources related to this pension from the following sources:

Deferred Outflows Of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 29,872
Contributions subsequent to measurement date	<u>13,114</u>
Total Deferred Outflows Of Resources	<u><u>\$ 42,986</u></u>

The amount of \$13,114 reported as deferred outflows 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, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended December 31,	
2018	\$ 9,462
2019	9,462
2020	8,574
2021	<u>2,374</u>
Total	<u><u>\$ 29,872</u></u>

Contributions

The District makes contributions in accordance with C.R.S. based upon Trustees-established benefits and funding requirements based on an actuarial study. The District is contributing from General Fund revenues an amount that approximates one half of one mill annually. The State of Colorado contributes a matching share up to a maximum of 90% of the District's contribution. For the year ended December 31, 2017, the District contributed \$13,114, and the State contributed \$11,803 to the Volunteer Plan.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Sensitivity Of The District's Net Pension Liability To Changes In The Discount Rate

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the Volunteer Plan's net pension liability calculated using a single discount rate of 7.50%, as well as what the Volunteer Plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
<u>Net pension liability</u>	<u>\$ 208,773</u>	<u>\$ 147,999</u>	<u>\$ 96,110</u>

Pension Plan Fiduciary Net Position

Detailed information about the Volunteer Plan's fiduciary net position is available in FPPA's comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>. The Plan's fiduciary net position has been determined on the same basis used by the pension plan.

8. Employee Pension Plan: Statewide Fire Defined Benefit

Plan Description

Eligible employees of the District are provided with pensions through SWDBP, a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>.

Benefits Provided

SWDBP provides retirement and disability, annual increases and death benefits for members or their beneficiaries. A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The annual normal retirement benefit is 2.0% of the average of the member's highest 3-years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to SWDBP. Benefits paid to retired members are evaluated and may be redetermined every October 1. The amount of any increase is based on the Board's discretion and can range from 0.0% to the higher of 3.0% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5.0% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with the Volunteer Plan and remain eligible for a retirement pension at age 55 equal to 2.0% of the member's average highest 3 years' base salary for each year of credited service up to 10 years, plus 2.5% for each year of service thereafter.

Contributions

Contribution rates are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

The plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates are established by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of SWDBP and their employers are contributing at the rate of 9% and 8%, respectively, of base salary for a total contribution rate of 17% in 2016. In 2014, the members elected to increase the member contribution rate to SWDBP beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. Employer contributions will remain at 8.0% resulting in a combined contribution rate of 20% in 2022.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Contributions from members and employers or departments re-entering the system are established by resolution and approved by the FPPA Board of Directors. The re-entry group has a combined contribution rate of 20.5% of base salary through 2015. It is a local decision as to whether the member or employer pays the additional 4% contribution. Per the 2014 member election, the re-entry group could also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24% in 2022.

The contribution rate for members and employers of affiliated Social Security employers is 4.25% and 4%, respectively, of base salary for a total contribution rate of 8.25% through 2015. Per the 2014 member election, members of the affiliate Social Security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6% of base salary. Employer contributions will remain at 4% resulting in a combined contribution rate of 10% in 2022.

Employer contributions are recognized by SWDBP in the period in which the compensation becomes payable to the member and the District is statutorily committed to pay the contributions to SWDBP. Employer contributions recognized by SWDBP from the District were \$115,987 for the year ended December 31, 2017.

Pension Liability, Pension Expense, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions

At December 31, 2017, the District reported a net pension liability of \$92,270 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability was determined by an actuarial valuation as of January 1, 2017. The District's proportion of the net pension liability was based on District contributions to SWDBP for the calendar year 2016, relative to the total contributions of participating employers.

At December 31, 2017, the District's portion was 0.2553%, which was an increase of 0.0208% from its proportion measured as of December 31, 2016.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

For the year ended December 31, 2017, the District recognized a pension expense of \$44,535. At December 31, 2017, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Governmental Activities
Deferred Outflows Of Resources	
Net difference between projected and actual earnings on pension plan investments	\$ 234,614
Differences between expected and actual experience	79,738
Changes of assumptions	57,884
Changes in proportion and differences between contributions and proportionate share of contributions	8,535
Contributions subsequent to measurement date	<u>115,987</u>
Total Deferred Outflows Of Resources	<u>\$ 496,758</u>
Deferred Inflows Of Resources	
Differences between expected and actual experience	\$ 4,088
Changes in proportion and differences between contributions and proportionate share of contributions	<u>35,499</u>
Total Deferred Inflows Of Resources	<u>\$ 39,587</u>

The amount of \$115,987 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as an addition to the net pension asset in the year ended December 31, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For The Year Ended December 31,	
2018	\$ 86,138
2019	108,681
2020	77,558
2021	32,879
2022	8,075
Thereafter	<u>27,853</u>
Total	<u>\$ 341,184</u>

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

Actuarial Assumptions

The actuarial valuations for SWDBP were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2016. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarially Determined Contributions
Valuation date	January 1, 2017	January 1, 2017
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	Level % Payroll, Open	Level % Payroll, Open
Remaining amortization period	30 Years	30 Years
Actuarial assumptions:		
Investment rate of return*	7.50%	7.50%
Projected salary increases*	4.0% - 14.0%	4.0% - 14.0%
Cost of living adjustments	0.00%	0.00%
* Includes inflation at:	2.50%	3.00%

For determining the total pension liability, the RP-2014 Mortality Tables for Blue Collar Employees, projected with Scale BB, 55% multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2014 Mortality Table for Blue Collar Employees, projected with Scale BB, is used in the projection of post-retirement benefits for members under age 55. For post-retirement members ages 65 and older, the RP-2014 Mortality Tables for Blue Collar Healthy Annuitants, projected with Scale BB, are used. For post-retirement members ages 55 through 64, a blend of the previous tables is used.

For determining the actuarially determined contributions, the RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, with a 40% multiplier for off-duty mortality is used in the valuation for off-duty mortality of active members. On-duty related mortality is assumed to be 0.00020 per year for all members. The RP-2000 Combined Mortality Table with Blue Collar Adjustment, projected with Scale AA, is used in the projection of post-retirement benefits.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

At least every five years, the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2015 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the actuary, based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2017 and were used in the rollforward calculation of total pension liability as of December 31, 2016. Actuarial assumptions effective for actuarial valuations prior to January 1, 2017 were used in the determination of the actuarially determined contributions as of December 31, 2017. 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. 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, 2016 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Rate Of Return</u>
Global equity	38.50%	6.5%
Equity long/short	9.00%	4.7%
Illiquid alternatives	23.40%	8.0%
Fixed income	15.10%	1.5%
Absolute return	9.00%	4.1%
Managed futures	3.50%	3.0%
Cash	1.50%	0.0%
Total	100.00%	

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).

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

For the purpose of the valuation, the expected rate of return on pension plan investments is 7.50%, the municipal bond rate is 3.78% (based on the weekly rate closest to but not later than the measurement date of the “state and local bonds” rate from Federal Reserve statistical release (H.15)) and the resulting single discount rate is 7.50%.

Sensitivity Of The District’s Proportionate Share Of The Net Pension Asset To Changes In The Discount Rate

Regarding the sensitivity of the net pension asset to changes in the single discount rate, the following presents SWDBP’s net pension asset, calculated using a single discount rate of 7.50%, as well as what SWDBP’s net pension liability (asset) would be if it were calculated using a single discount rate that is one percent lower (6.50%) or one percent higher (8.50%):

	1% Decrease	Current Discount Rate	1% Increase
	(6.50%)	(7.50%)	(8.50%)
Proportionate share of the net pension liability	\$ 785,074	\$ 92,270	\$ (483,137)

Pension Plan Fiduciary Net Position

Detailed information about SWDBP’s fiduciary net position is available in FPPA’s comprehensive annual financial report, which can be obtained at <http://www.fppaco.org>. The plan’s fiduciary net position has been determined on the same basis used by the pension plan.

9. Deferred Compensation Plans

The District participates in a deferred compensation plan (the 457 Plan) as defined under the Internal Revenue Code Section 457, which allows employees to make an elective deferral of a portion of their earned compensation to the 457 Plan. The 457 Plan is a multi-employer plan administered by FPPA. Amendments to the 457 Plan may be made by the 457 Plan trustee. The District does not match employee contributions to the 457 Plan. For the year ended December 31, 2017, participating employees contributed \$46,347.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements (*Continued*)

The District also provides a 457 deferred compensation plan managed by a third-party administrator for the purpose of providing retirement income and other deferred compensation benefits to eligible employees and beneficiaries. Eligible employees include administrative employees who work more than 20 hours per week with 12 consecutive months of service and who are not eligible for coverage in the SWDBP offered by FPPA. The District will contribute an amount equal to the lesser of the amount agreed to by the participant and District or a percentage of participant compensation based on years of service. The District contributed \$13,457 in matching contributions, and employees who are participating members contributed \$22,313 for the year ended December 31, 2017.

10. Tax, Spending And Debt Limitations

In November 1992, Colorado voters passed the TABOR amendment, which limits the revenue-raising and spending abilities of state and local governments. The limits on property taxes, revenue and fiscal year spending include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards and fund reserves.

TABOR requires voter approval for any increase in mill levy or tax rates, new taxes or creation of multi-year debt. Revenue earned in excess of the spending limit must be refunded or approved to be retained by the District under specified voting requirements by the entire electorate. The amendment also requires that reserves of 1% of 1993 fiscal year spending, excluding bonded debt service, be established for declared emergencies, with 2% of fiscal year spending required in 1994 and 3% thereafter.

In 1996, the voters of the District approved the “de-Bruicing” ballot issue to authorize the District to collect, retain and spend all revenue generated by its existing mill levy and future mill levies, which cannot be increased without voter approval, and from all other sources of revenue in excess of the limitations provided in TABOR for the purpose of providing increased fire protection by the purchase of additional equipment, staffing and other general expenditures. The District’s management believes that it legally removed itself from TABOR’s requirements. However, TABOR is complex and subject to future judicial interpretation, including the ability of government entities to obtain voter approval to “de-Bruice,” including, but not limited to, the form and content of such ballot issues.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Financial Statements *(Continued)*

11. Risk Management

The District is exposed to various risks of loss related to lawsuits; torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees and natural disasters. The District carries commercial insurance for risks of loss, including workers' compensation and employee health and accident insurance.

There have been no settled claims resulting from these risks that have exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

12. Related Party

During 2017, the District purchased a new phone system from an entity owned by a Board Member of the District. The expenditures in connection with the purchase totaled \$6,414 and are recorded as capital assets in the statement of net position as of December 31, 2017.

Required Supplementary Information

BERTHOUD FIRE PROTECTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
GENERAL FUND**

For The Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 3,002,485	\$ 2,999,485	\$ 2,991,907	\$ (7,578)
Specific ownership taxes	170,000	263,305	284,354	21,049
Charges for services	7,500	—	13,367	13,367
Interest	1,500	10,573	11,578	1,005
Intergovernmental	80,000	595,417	597,917	2,500
Contributions and donations	—	955	1,771	816
Other	—	5,644	—	(5,644)
Total Revenues	3,261,485	3,875,379	3,900,894	25,515
Expenditures				
Current:				
Administration	581,335	572,533	574,112	(1,579)
Communications	61,160	75,235	61,746	13,489
EMS/Dive Team/Tac Team/Rescue	6,905	6,905	3,559	3,346
Emergency preparedness	6,200	23,684	34,512	(10,828)
Fire bureau	37,258	39,563	39,863	(300)
Firefighting	2,165,725	2,247,733	2,220,202	27,531
Fleet operations	389,985	117,088	112,165	4,923
Fire health and safety	36,138	113,792	41,360	72,432
Recruitment	11,461	11,461	8,641	2,820
Stations and grounds	83,001	117,612	93,864	23,748
Training	68,931	86,692	85,162	1,530
Wildland	16,500	338,379	347,373	(8,994)
Capital outlay	—	—	338,817	(338,817)
Total Expenditures	3,464,599	3,750,677	3,961,376	(210,699)
Excess Of Revenues Over Expenditures	(203,114)	124,702	(60,482)	(185,184)
Other Financing Sources (Uses)				
Proceeds from sale of capital assets	—	2,000	2,000	—
Excess (Deficiency) Of Revenues Over (Under) Expenditures And Other Financing Sources	(203,114)	126,702	(58,482)	(185,184)
Fund Balance, Beginning Of Year	766,681	932,694	932,694	—
Fund Balance, End Of Year	\$ 563,567	\$ 1,059,396	\$ 874,212	\$ (185,184)

Notes:

The basis of budgeting is the same as GAAP.
This schedule is presented on a GAAP basis.

BERTHOUD FIRE PROTECTION DISTRICT

SCHEDULE OF CHANGES TO THE NET PENSION LIABILITY - VOLUNTEER PENSION PLAN Last Three Measurement Periods⁽¹⁾

	2016	2015	2014
Total Pension (Asset) Liability			
Service cost	\$ 336	\$ 336	\$ 391
Interest on the total pension liability	49,388	50,712	50,401
Differences between expected and actual experience	(28,086)	—	24,322
Changes of assumptions	22,704	—	—
Benefit payments	(66,760)	(70,560)	(71,324)
Net Change In Total Pension Asset	(22,418)	(19,512)	3,790
Total Pension Liability, Beginning Of Year	691,123	710,635	706,845
Total Pension Liability, End Of Year (a)	\$ 668,705	\$ 691,123	\$ 710,635
Plan Fiduciary Net Position			
Contributions - employer	\$ 13,114	\$ 15,427	\$ 15,427
Contributions - member	—	—	—
Net investment income	26,741	9,954	36,816
Benefit payments	(66,760)	(70,560)	(71,324)
Administrative expense	(994)	(1,051)	(1,044)
State of Colorado supplemental discretionary payment	13,884	13,884	18,240
Net Change In Plan Fiduciary Net Position	(14,015)	(32,346)	(1,885)
Plan Fiduciary Net Position, Beginning Of Year	534,721	567,067	568,952
Plan Fiduciary Net Position, End Of Year (b)	\$ 520,706	\$ 534,721	\$ 567,067
Net Pension Liability ((a)-(b))	\$ 147,999	\$ 156,402	\$ 143,568
Plan Fiduciary Net Position As A Percentage Of Total Pension Liability	77.87%	77.37%	79.80%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability As A Percentage Of Covered Employee Payroll	N/A	N/A	N/A

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

BERTHOUD FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS TO
THE PENSION PLAN - VOLUNTEER PENSION PLAN
Last Three Fiscal Years⁽¹⁾**

Schedule Of Employers Net Pension Liability

	<u>2017</u>		<u>2016</u>		<u>2015</u>		<u>2014</u>
Actuarially determined contributions	\$ 13,114	\$	13,114	\$	15,427	\$	15,427
Contributions in relation to the actuarially determined contributions*	24,917		26,998		29,311		33,667
Contribution deficiency (excess)	\$ (11,803)	\$	(13,884)	\$	(13,884)	\$	(18,240)
Covered-employee payroll	N/A		N/A		N/A		N/A
Contribution as a percentage of covered-employee payroll	N/A		N/A		N/A		N/A

* Includes both employer and State of Colorado supplemental discretionary payment

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

BERTHOUD FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY - SWDBP
Last Three Measurement Periods⁽¹⁾**

	2016	2015	2014
District's portion of the net pension asset (liability)	0.23452%	0.22247%	0.23581%
District's proportionate share of the net pension asset (liability)	\$ (4,134)	\$ 251,075	\$ 266,129
District's covered-employee payroll	\$ 1,329,015	\$ 1,137,638	\$ 1,115,371
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	-0.31%	22.07%	23.86%
Plan fiduciary net position as a percentage of the total pension asset or liability	100.10%	106.80%	105.80%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

BERTHOUD FIRE PROTECTION DISTRICT

**SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
TO THE PENSION PLAN - SWDBP
Last Three Fiscal Years⁽¹⁾**

	2017	2016	2015
Statutorily required contributions	\$ 115,987	\$ 104,550	\$ 91,011
<u>Contributions in relation to the statutorily required contributions</u>	<u>115,987</u>	<u>104,550</u>	<u>91,011</u>
<u>Contribution deficiency (excess)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Covered-employee payroll	\$ 1,476,167	\$ 1,329,015	\$ 1,137,638
Contribution as a percentage of covered-employee payroll	7.9%	7.9%	8.0%

(1) This schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10-year trend is compiled, the District is presenting information for those years for which information is available.

BERTHOUD FIRE PROTECTION DISTRICT

NOTE TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

1. Budgets And Budgetary Accounting

The District Board adopts an annual budget for all funds, as required by C.R.S. Budgeted amounts for all funds are based on legally adopted budgets, including supplemental budget appropriations, if any, which are on a basis consistent with GAAP for each fund type. The Fire Chief is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter total expenditures for any of the funds must be approved by the District Board.

The budgetary comparison schedule included in the required supplementary information presents a comparison of budgetary data to actual results of operations for the General Fund, for which an annual operating budget is legally adopted. This fund utilizes the same basis of accounting for both budgetary purposes and actual results.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the District Board may approve supplemental appropriations if an occurrence, condition or need exists which was not known at the time the budget was adopted.

The District's 2017 budget was amended on December 12, 2017 by the Board of Directors at a public meeting.

On or before October 15 of each year, the District's budget officer must prepare and submit a proposed budget to the District Board for the next fiscal year. Thereupon, notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register any objection to the budget.

BERTHOUD FIRE PROTECTION DISTRICT

Notes To Required Supplementary Information (*Continued*)

Subject to certain exceptions and exclusions discussed hereafter, the District must submit a request for property tax increases in excess of the statutory limitation to the Division of Local Government (if within TABOR limits) or submit the question of an increased level directly to the electors of the District at a general or special election. State law requires that the District adopt a budget prior to the certification of its mill levy to the County and file a certified copy of its budget with the Division of Local Government within 30 days of such adoption. Failure to do so can result in the County Treasurer's withholding future property tax revenues pending compliance by the District. Budget appropriations lapse at the end of each year. The encumbrance method is not used.

Supplementary Information

BERTHOUD FIRE PROTECTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
CAPITAL PROJECTS FUND**

For The Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Property taxes	\$ 297,663	\$ 297,842	\$ 295,575	\$ (2,267)
Interest	280	3,456	3,821	365
Total Revenues	297,943	301,298	299,396	(1,902)
Expenditures				
Current:				
Administration	6,019	5,311	5,313	(2)
Capital outlay	71,259	373,557	85,060	288,497
Debt service:				
Principal	133,523	134,847	134,847	—
Interest	12,479	12,479	12,479	—
Total Expenditures	223,280	526,194	237,699	288,495
Excess (Deficiency) Of Revenues Over (Under) Expenditures	74,663	(224,896)	61,697	286,593
Other Financing Sources				
Operating transfer in	—	217,556	—	(217,556)
Total Other Financing Sources	—	217,556	—	(217,556)
Excess Of Revenues And Other Financing Sources Over Expenditures	74,663	(7,340)	61,697	69,037
Fund Balance, Beginning Of Year	233,848	233,568	233,568	—
Fund Balance, End Of Year	\$ 308,511	\$ 226,228	\$ 295,265	\$ 69,037

BERTHOUD FIRE PROTECTION DISTRICT

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -
DEBT SERVICE FUND**

For The Year Ended December 31, 2017

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues				
Interest	\$ 350	\$ 3,678	\$ 3,935	\$ 257
Expenditures				
Current:				
Administration	—	200	201	(1)
Debt service:				
Principal	150,000	150,000	150,000	—
Interest	8,250	8,250	8,250	—
Total Expenditures	158,250	158,450	158,451	(1)
Excess (Deficiency) Of Revenues Over (Under) Expenditures	(157,900)	(154,772)	(154,516)	256
Fund Balance, Beginning Of Year	371,418	374,147	374,147	—
Fund Balance, End Of Year	\$ 213,518	\$ 219,375	\$ 219,631	\$ 256