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**BERTHOUD FIRE  
PROTECTION DISTRICT  
FINANCIAL STATEMENTS  
DECEMBER 31, 2020**

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CERTIFIED PUBLIC ACCOUNTANTS & BUSINESS CONSULTANTS

## **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, 2020 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, 2020, 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 - 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 note to required supplementary information on pages 40 - 45 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*

July 9, 2021

## 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, 2020, 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 \$8,198,586.00. The District's increase of \$2,385,377.00 in total net position from 2019 can be attributed mainly to an increase in revenues from growth of the District, specific ownership taxes, and gas & oil revenues, including a reduction in expenditures due to COVID-19 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 3,031,011.00, an increase of \$1,423,084.00 in comparison with the prior year. Of this total amount, \$144,100.00 is designated for the Emergency Fund per the TABOR Law.

### Overview of the Financial Statements

This discussion and analysis are 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 comparable 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 10-46 of this report.

<b>CONDENSED STATEMENT OF NET POSITION</b>		
	<b>FY 2019</b>	<b>FY 2020</b>
<b>Current Assets</b>	9,609,110	10,327,782
<b>Capital and Other Assets</b>	3,110,130	3,690,334
<b>Total Assets</b>	12,719,240	14,018,116
<b>Deferred Outflow of Resources</b>		
Deferred Charge on Refunding	0	0
Deferred outflow Pension-Volunteer Plan	53,688	42,498
Deferred outflow Pension-Statewide Plan	1,333,275	1,367,681
<b>Total Deferred Outflows of Resources</b>	1,386,963	1,410,179
<b>Current Liabilities</b>	192,779	319,111
Long-term liabilities outstanding	642,634	306,093
<b>Total Liabilities</b>	835,413	625,204
<b>Deferred Inflow of Resources</b>		
Unearned Revenue – Property Taxes	7,193,108	5,890,458
Deferred inflows Pension-Statewide Plan	243,466	672,019
Deferred inflows pension-Volunteer Plan	21,007	42,028
<b>Total Deferred Inflows of Resources</b>	7,457,581	6,604,505
<b>Net Position:</b>		
Net Investment in Capital Assets	3,095,170	3,525,073
Restricted for Emergencies	143,055	144,100
Restricted for Capital Projects	395,235	503,934
Restricted for debt service	0	0
Unrestricted	2,179,749	4,025,479
<b>Total Net Position</b>	5,813,209	8,198,586

**Condensed Statements of Activities**

	<b>FY 2019</b>	<b>FY 2020</b>
<b>Program Revenues:</b>		
Charges for Services	21,320	4,240
Operating Grants& Contributions & Contributions	333,590	765,049
Capital Grants & Contributions	0	0
<b>Total Program Revenues</b>	<u>354,910</u>	<u>769,289</u>
<b>General Revenues:</b>		
Taxes	5,116,677	6,383,443
Specific Ownership Taxes	399,479	421,010
Impact Fees	245,825	363,173
Interest Earnings	61,440	16,579
Gain on Sale of capital assets	0	3,650
Other	20,223	2,100
<b>Total General Revenues</b>	<u>5,843,644</u>	<u>7,189,955</u>
<b>Total Revenues</b>	<u>6,198,554</u>	<u>7,959,244</u>
	<b>FY 2019</b>	<b>FY 2020</b>
<b>Expenses:</b>		
General Government	4,440,620	5,573,867
Interest	542	297
<b>Total Expenses</b>	<u>4,441,162</u>	<u>5,573,570</u>
<b>Change in Net Position</b>	1,757,392	2,385,377
<b>Net Position– Beginning of Year</b>	4,055,817	5,813,209
<b>Net Position – End of Year</b>	<u>5,813,209</u>	<u>8,198,586</u>

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 other revenues.

**General Fund Budgetary Highlights**

The General Fund budget was not amended during 2020. The District anticipated, it might not collect all its planned revenues based on the effects of COVID-19 and cutback on any unnecessary expenditures for the year. Other savings came from cancelled classes, trainings and community service programs due to COVID. The continued Gas & Oil Revenues allowed the

district to complete the renovation of the Training and meeting rooms that began in 2019 and completed in March of 2020. The District still purchased the necessary, SCBA's, Alerting System and another command staff vehicle as budgeted for in 2020. The new water tender has met delays and will be delivered in 2021. To meet the growth of the District, seven additional career firefighters were hired in February of 2020,

Specific ownership taxes exceeded the original budgeted amount of \$200,000 by an additional \$221,010.00. The District experienced revenue increases in other revenues streams resulting in an overall revenue increase of \$166,755.00 from what was budgeted. The District met necessary employment expenses and replacement of operational equipment, the Fund reserves from the General Fund were increased by \$1,423,084.00. 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 former, Berthoud Area Community Center, now known as Berthoud Fire Protection District, Phil Pennock Training Facility & Public Meeting Rooms, which it owns, operates and budgets for within the General Operating Fund.

**Budget Overview & Variances**

General Fund

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
Revenues				
Total Taxes	\$6,362,854	\$6,745,491	\$6,222,814	\$ (522,677)
Total Other	611,542	100,999	790,432	689,433
Total Revenues	\$6,974,369	\$6,846,490	\$7,013,246	166,756

**Budget Overview & Variances**

General Fund

<b>Expenses</b>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Administration</b>	1,096,349	1,096,349	1,023,793	72,556
<b>Communications</b>	65,532	65,532	77,563	(12,031)
<b>Elections</b>	3,200	3,200	442	2,758
<b>Emergency Preparedness</b>	6,650	6,650	4,544	2,106
<b>EMS/Dive/Tac</b>	17,834	17,834	2,932	14,902
<b>Community Ser.</b>	169,787	169,787	158,556	11,231
<b>Fire Fighting</b>	3,948,330	3,948,330	3,343,091	605,238
<b>Fleet Operations</b>	125,025	125,025	77,628	47,397
<b>Health &amp; Safety</b>	94,217	94,217	64,918	29,299
<b>Recruitment</b>	17,308	17,308	8,138	9,170
<b>Stations &amp; Grounds</b>	87,436	87,436	166,176	(78,740)
<b>Training</b>	174,150	174,150	210,780	(36,630)
<b>Wildland</b>	69,885	69,885	451,601	(381,716)
<b>Total Expenditure</b>	5,875,703	5,875,703	5,590,162	285,540

## **Capital Assets**

The District completed the renovation of the Training and Meeting Rooms at Station 1 and the kitchen in the newly remodeled Training Annex. The District updated the emergency alert system and purchased an additional command staff vehicle. The outdated SCBA's were replaced to allow the firefighters to work under safer conditions, as well as a new Thermal Imager. The Capital Fund also allowed the District to replace windows and heating at Station 2 allowing the District to conserve and save on its energy bills. Two Air & Surface Disinfection Lamps were purchased keeping staff and those using the meeting rooms safe during COVID. The District upon review of the ISO, the Board approved the purchase of a new water tender to continue to meet ISO requirements. In 2019 the District put a down payment on a new Water Tender, with expectations for delivery in 2020, due to COVID the delivery has been moved out to 2021 with funding remaining to complete the purchase without the need of a lease. Additional information on the District's capital assets can be found in Note 4 beginning on page 22.

## **Long-term Debt**

No new Long-Term debt was entered into in 2020. One capital lease remains 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. The District due to the passing of the De-Gallagher ballot question in 2018 will maintain an assessed value of 7.15%. The Gas & Oil Revenues are expected to be decreasing over the next few years. In 2021 Weld County will see a drop 85% to 79.95% of taxes received from its Gas & Oil Industry. These percentages will change over the next two years and it is predicted the residential growth will have increased to offset the reduction of income from the Gas & Oil Sector.

## **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, 2020

	<u>Governmental Activities</u>
<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	\$ 62,522
Investments	3,495,873
Cash held with County Treasurer	33,116
Property taxes receivable	5,890,458
Other receivables	582,584
Prepaid items	119,129
Restricted investments	144,100
<b>Total Current Assets</b>	<u>10,327,782</u>
<b>Other Assets</b>	
Net pension asset - SWDBP Plan	157,735
<b>Total Other Assets</b>	<u>157,735</u>
<b>Capital Assets</b>	
Nondepreciable capital assets	807,361
Depreciable capital assets, net	2,725,238
<b>Total Capital Assets</b>	<u>3,532,599</u>
<b>Total Assets</b>	<u>14,018,116</u>
<b>Deferred Outflows Of Resources</b>	
Deferred outflows pension - Volunteer Plan	42,498
Deferred outflows pension - SWDBP Plan	1,367,681
<b>Total Deferred Outflows Of Resources</b>	<u>1,410,179</u>
<b>Liabilities</b>	
<b>Current Liabilities</b>	
Accounts payable	67,592
Accrued wages	222,251
Accrued interest payable	177
Capital leases payable	7,526
Compensated absences	21,565
<b>Total Current Liabilities</b>	<u>319,111</u>
<b>Long-Term Liabilities</b>	
Compensated absences payable	194,083
Net pension liability - Volunteer Plan	112,010
<b>Total Long-Term Liabilities</b>	<u>306,093</u>
<b>Total Liabilities</b>	<u>625,204</u>
<b>Deferred Inflows Of Resources</b>	
Unearned revenue - property taxes	5,890,458
Deferred inflows pension - Volunteer Plan	42,028
Deferred inflows pension - SWDBP Plan	672,019
<b>Total Deferred Inflows Of Resources</b>	<u>6,604,505</u>
<b>Net Position</b>	
Net investment in capital assets	3,525,073
Restricted for TABOR	144,100
Restricted for capital projects	503,934
Unrestricted	4,025,479
<b>Total Net Position</b>	<u>\$ 8,198,586</u>

# BERTHOUD FIRE PROTECTION DISTRICT

## STATEMENT OF ACTIVITIES For The Year Ended December 31, 2020

	Expenses	Program Revenues			Net Revenue (Expense) And Changes In Net Position
		Charges For Services	Operating Grants And Contributions	Capital Grants And Contributions	
<b>Primary Government</b>					
Governmental activities:					
Administration	\$ 765,658	\$ —	\$ 16,777	\$ —	\$ (748,881)
Communications	115,060	—	—	—	(115,060)
Emergency preparedness	4,544	—	7,012	—	2,468
EMS/Dive Team/Tac Team/Rescue	12,779	—	—	—	(12,779)
Fire and medical training	210,779	—	—	—	(210,779)
Fire bureau	77,793	—	—	—	(77,793)
Fire health and safety	64,919	—	—	—	(64,919)
Firefighting	3,545,304	4,240	—	—	(3,541,064)
Fleet operations	77,628	—	—	—	(77,628)
Recruitment	8,139	—	—	—	(8,139)
Stations and grounds	239,367	—	—	—	(239,367)
Wildland	451,600	—	741,260	—	289,660
Interest on long-term debt	297	—	—	—	(297)
<b>Total Governmental Activities</b>	<b>\$ 5,573,867</b>	<b>\$ 4,240</b>	<b>\$ 765,049</b>	<b>\$ —</b>	<b>(4,804,578)</b>
General revenues:					
Property taxes					6,383,443
Specific ownership taxes					421,010
Impact fees					363,173
Interest					16,579
Sale of assets					3,650
Miscellaneous					2,100
<b>Total General Revenues</b>					<b>7,189,955</b>
<b>Change In Net Position</b>					<b>2,385,377</b>
<b>Net Position, Beginning Of Year</b>					<b>5,813,209</b>
<b>Net Position, End Of Year</b>					<b>\$ 8,198,586</b>

**BERTHOUD FIRE PROTECTION DISTRICT**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**December 31, 2020**

	General Fund	Capital Projects Fund	Impact Fee Fund	Total Governmental Funds
<b>Assets</b>				
Cash and cash equivalents	\$ 45,953	\$ 6,645	\$ 9,924	\$ 62,522
Investments	2,407,733	497,289	590,851	3,495,873
Cash held with County Treasurer	33,116	—	—	33,116
Property taxes receivable	5,360,504	529,954	—	5,890,458
Other receivables	570,823	—	11,761	582,584
Prepaid items	119,129	—	—	119,129
Restricted investments	144,100	—	—	144,100
<b>Total Assets</b>	<b>\$ 8,681,358</b>	<b>\$ 1,033,888</b>	<b>\$ 612,536</b>	<b>\$ 10,327,782</b>
<b>Liabilities</b>				
Accounts payable	\$ 71,947	\$ —	\$ —	\$ 71,947
Accrued wages	217,896	—	—	217,896
<b>Total Liabilities</b>	<b>289,843</b>	<b>—</b>	<b>—</b>	<b>289,843</b>
<b>Deferred Inflows Of Resources</b>				
Unavailable revenue - property taxes	5,360,504	529,954	—	5,890,458
<b>Fund Balances</b>				
Nonspendable:				
Prepaid items	119,129	—	—	119,129
Restricted:				
Statutory emergencies	144,100	—	—	144,100
Capital projects	—	503,934	—	503,934
Unassigned	2,767,782	—	612,536	3,380,318
<b>Total Fund Balances</b>	<b>3,031,011</b>	<b>503,934</b>	<b>612,536</b>	<b>4,147,481</b>
<b>Total Liabilities, Deferred Inflows Of Resources And Fund Balances</b>	<b>\$ 8,681,358</b>	<b>\$ 1,033,888</b>	<b>\$ 612,536</b>	<b>\$ 10,327,782</b>

**BERTHOUD FIRE PROTECTION DISTRICT**  
**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET**  
**TO THE STATEMENT OF NET POSITION**  
**December 31, 2020**

**Total Governmental Fund Balances** \$ 4,147,481

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	\$ 8,298,559	
Less: Accumulated depreciation	(4,765,960)	3,532,599

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 asset - SWDBP	157,735	
Net pension liability - Volunteer Plan	(112,010)	
Deferred outflows of resources	1,410,179	
Deferred inflows of resources	(714,047)	741,857

Liabilities, including bonds, notes and compensated absences, are not due in the current period and, therefore, are not reported in the governmental funds.

Capital leases payable	(7,526)	
Compensated absences	(215,648)	
Accrued interest payable	(177)	(223,351)

**Net Position Of Governmental Activities** \$ 8,198,586

**BERTHOUD FIRE PROTECTION DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS**  
**For The Year Ended December 31, 2020**

	General Fund	Capital Projects Fund	Impact Fees Fund	Total Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 5,805,243	\$ 578,200	\$ —	\$ 6,383,443
Specific ownership taxes	421,010	—	—	421,010
Charges for services	4,240	—	363,173	367,413
Interest	11,954	2,307	2,318	16,579
Intergovernmental	741,260	—	—	741,260
Grants and awards	7,012	—	—	7,012
Contributions and donations	16,777	—	—	16,777
Other	2,100	—	—	2,100
<b>Total Revenues</b>	<b>7,009,596</b>	<b>580,507</b>	<b>365,491</b>	<b>7,955,594</b>
<b>Expenditures</b>				
Current:				
Administration	753,792	10,139	77	764,008
Communications	77,563	—	—	77,563
EMS/Dive Team/Tac Team/Rescue	2,932	—	—	2,932
Emergency preparedness	4,544	—	—	4,544
Fire bureau	77,793	—	—	77,793
Firefighting	3,423,856	—	—	3,423,856
Fleet operations	77,628	—	—	77,628
Fire and medical training	210,779	—	—	210,779
Fire health and safety	64,919	—	—	64,919
Recruitment	8,139	—	—	8,139
Stations and grounds	132,113	—	—	132,113
Wildland	451,600	—	—	451,600
Capital outlay - capital assets	34,062	723,754	—	757,816
Capital outlay - repairs and maintenance	—	—	—	—
Debt service:				
Principal	—	7,434	—	7,434
Interest	—	481	—	481
<b>Total Expenditures</b>	<b>5,320,162</b>	<b>741,808</b>	<b>77</b>	<b>6,062,047</b>
<b>Excess (Deficiency) Of Revenues Over (Under) Expenditures</b>	<b>1,689,434</b>	<b>(161,301)</b>	<b>365,414</b>	<b>1,893,547</b>
<b>Other Financing Sources</b>				
Transfer in (out)	(270,000)	270,000	—	—
Proceeds from sale of capital assets	3,650	—	—	3,650
<b>Total Other Financing Sources</b>	<b>(266,350)</b>	<b>270,000</b>	<b>—</b>	<b>3,650</b>
<b>Excess Of Revenues And Other Financing Sources Over Expenditures</b>	<b>1,423,084</b>	<b>108,699</b>	<b>365,414</b>	<b>1,897,197</b>
<b>Fund Balance, Beginning Of Year</b>	<b>1,607,927</b>	<b>395,235</b>	<b>247,122</b>	<b>2,250,284</b>
<b>Fund Balance, End Of Year</b>	<b>\$ 3,031,011</b>	<b>\$ 503,934</b>	<b>\$ 612,536</b>	<b>\$ 4,147,481</b>

**BERTHOUD FIRE PROTECTION DISTRICT**

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**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, 2020**

**Net Changes In Fund Balances - Total Governmental Funds** **\$ 1,897,197**

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	\$ (335,006)	
Capital outlay	757,816	422,810

The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, donations) is to decrease net position.		(341)

Pension expense and benefit does not use current financial resources and, therefore, is not reported as an expenditure in the governmental funds.		81,083

Repayments of capital leases are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Capital leases	7,434	7,434

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, 2020	(177)	
Liability at December 31, 2019	361	184

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, 2020	(215,648)	
Liability at December 31, 2019	192,658	(22,990)

**Change In Net Position Of Governmental Activities** **\$ 2,385,377**

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# BERTHOUD FIRE PROTECTION DISTRICT

## NOTES TO FINANCIAL STATEMENTS

December 31, 2020

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### 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**

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### 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**

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### 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.

*Impact Fee Fund* - The Impact Fee Fund is used to account for financial resources to be used for defraying projected impacts on capital facilities caused by new developments.

#### **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**

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### 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**

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### 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 of Directors.

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**

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### 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**

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### 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 (the Volunteer 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**

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### 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 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**

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### 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, 2020, 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, 2020, the District's cash deposits were as follows:

	<b>Book Balance</b>	<b>Bank Balance</b>
Cash held with County Treasurer	\$ 33,116	\$ —
Cash on hand	100	—
Insured deposits	62,422	106,557
<b>Total Deposits</b>	<b>\$ 95,638</b>	<b>\$ 106,557</b>

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

## **BERTHOUD FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

- 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, 2020, the District has invested \$3,639,973 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](http://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, 2020, the District's investments in the local government investment pool were rated AAA 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, 2020, the District's investment portfolio consists of funds in COLOTRUST.

## **BERTHOUD FIRE PROTECTION DISTRICT**

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### 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, 2020, the District did not have any investments that require being categorized in the hierarchy.

#### **Presentation**

Cash and investments, as classified on the December 31, 2020 statement of net position, are as follows:

Cash and cash equivalents	\$ 62,522
Cash held with County Treasurer	33,116
Investments	3,495,873
Restricted investments	<u>144,100</u>
<b>Cash And Investments</b>	<b><u>\$ 3,735,611</u></b>

### **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 \$144,100 for the year ended December 31, 2020.

**BERTHOUD FIRE PROTECTION DISTRICT**Notes To Financial Statements (*Continued*)**4. Capital Assets**

Capital asset activity for governmental activities for the year ended December 31, 2020 is as follows:

	December 31, 2019	Additions	Deletions	December 31, 2020
<b>Governmental Activities</b>				
Capital assets not being depreciated:				
Land	\$ 807,361	\$ —	\$ —	\$ 807,361
Depreciable capital assets:				
Buildings and improvements	2,446,054	149,657	(3,410)	2,592,301
Trucks and vehicles	3,312,336	63,498	—	3,375,834
Firefighting equipment	284,126	294,771	—	578,897
Medical rescue equipment	128,371	32,413	—	160,784
Communication equipment	506,345	217,477	—	723,822
Office and administration:				
Equipment	59,560	—	—	59,560
<b>Total Depreciable Capital Assets</b>	<b>6,736,792</b>	<b>757,816</b>	<b>(3,410)</b>	<b>7,491,198</b>
Accumulated depreciation	(4,434,023)	(335,006)	3,069	(4,765,960)
<b>Total Depreciable Capital Assets - Net</b>	<b>2,302,769</b>	<b>422,810</b>	<b>(341)</b>	<b>2,725,238</b>
<b>Total Capital Assets - Net</b>	<b>\$ 3,110,130</b>	<b>\$ 422,810</b>	<b>\$ (341)</b>	<b>\$ 3,532,599</b>

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

<b>Governmental Activities</b>	
Administration	\$ 867
Firefighting	179,541
Emergency medical services	9,847
Communications	37,497
Station and grounds	107,254
<b>Total Depreciation Expense</b>	<b>\$ 335,006</b>

**BERTHOUD FIRE PROTECTION DISTRICT**

Notes To Financial Statements (Continued)

**5. Long-Term Liabilities**

**Capital Leases**

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:

	<u>Principal</u>	<u>Less Imputed Interest</u>	<u>Total Payment</u>
2021	\$ 7,526	\$ 236	\$ 7,762
<b>Total</b>	<b>\$ 7,526</b>	<b>\$ 236</b>	<b>\$ 7,762</b>

Total assets under these lease agreements, with a cost of \$35,469 and accumulated amortization of \$21,622 as of December 31, 2020, 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.

**Changes In Long-Term Liabilities**

A summary of long-term debt transactions of the District for the year ended December 31, 2020 is as follows:

	<u>December 31, 2019</u>	<u>Additions</u>	<u>Retirements</u>	<u>December 31, 2020</u>	<u>Current Portion</u>
Capital leases	\$ 14,960	\$ —	\$ (7,434)	\$ 7,526	\$ 7,526
Compensated absences	192,658	146,214	(123,224)	215,648	21,565
<b>Total</b>	<b>\$ 207,618</b>	<b>\$ 146,214</b>	<b>\$ (130,658)</b>	<b>\$ 223,174</b>	<b>\$ 29,091</b>

Compensated absences are liquidated through the General Fund.

**Line Of Credit**

The District has a line of credit with a bank that matures on November 1, 2021. The line allows borrowing in the amount of \$500,000 and bears interest at the greater of 4.950% or the index plus 1.00% (5.75% as of December 31, 2020). The District did not draw on the line of credit during 2020, and there is no outstanding balance at December 31, 2020.

## BERTHOUD FIRE PROTECTION DISTRICT

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Notes To Financial Statements (*Continued*)

### 6. Operating Leases

In March 2017, the District entered into a 60-month lease for a copier. The District makes monthly payments through February 2022. Payments made for the year ended December 31, 2020, including taxes and additional supplies charges, totaled \$7,014. A summary of future lease requirements follows:

2021	\$	6,780
2022		<u>1,130</u>
<b>Total</b>	<b>\$</b>	<b><u>7,910</u></b>

### 7. Volunteer Firefighters' Pension Plan

#### Plan Description

On January 1, 1990, 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 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 District 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 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 (monthly):	
Temporary	\$ 200
Permanent	\$ 200
Surviving spouse death benefit (monthly):	
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, 2019, the following members were covered by the benefit terms:

Retirees and beneficiaries	20
Inactive, nonretired members	2
Active members	<u>—</u>
<b>Total Members</b>	<b><u>22</u></b>

## **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, 2019
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	7.0%
Inflation	2.5%
Projected salary increases	N/A
Mortality	Pre-retirement: RP-2014 Combined Mortality Table with Blue Collar Adjustment, 50% multiplier for off-duty mortality. Post-Retirement: RP 2014 Combined Mortality Table, with Blue Collar adjustment. Disabled: RP-2014 Disabled Mortality Table. All tables projected with Scale BB.
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 Volunteer 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 Volunteer Plan's projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the long-term expected rate of return on pension plan investments is 7.00%, the municipal bond rate is 2.75% (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 7.00%.

**BERTHOUD FIRE PROTECTION DISTRICT**Notes To Financial Statements (*Continued*)**Changes In Net Pension Liability**

	<u>2019</u>
<b>Total Pension (Asset) Liability</b>	
Service cost	\$ —
Interest on the total pension liability	43,797
Differences between expected and actual experience	—
Changes of assumptions	—
Benefit payments	(60,960)
<b>Net Change In Total Pension Asset</b>	<b>(17,163)</b>
<b>Total Pension Liability, Beginning Of Year</b>	<b>655,641</b>
<b>Total Pension Liability, End Of Year (a)</b>	<b>\$ 638,478</b>
<b>Plan Fiduciary Net Position</b>	
Contributions - employer	\$ 11,746
Contributions - member	—
Net investment income	68,700
Benefit payments	(60,960)
Administrative expense	(7,065)
State of Colorado supplemental discretionary payment	10,571
<b>Net Change In Plan Fiduciary Net Position</b>	<b>22,992</b>
<b>Plan Fiduciary Net Position, Beginning Of Year</b>	<b>503,476</b>
<b>Plan Fiduciary Net Position, End Of Year (b)</b>	<b>\$ 526,468</b>
<b>Net Pension Liability ((a)-(b))</b>	<b>\$ 112,010</b>
<b>Plan Fiduciary Net Position As A Percentage Of Total Pension Liability</b>	<b>82.46%</b>
<b>Covered Payroll</b>	<b>N/A</b>
<b>Net Pension Liability As A Percentage Of Covered Payroll</b>	<b>N/A</b>

At December 31, 2020, the District reported a net pension liability of \$112,010. The net pension liability was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019.

## BERTHOUD FIRE PROTECTION DISTRICT

### Notes To Financial Statements (Continued)

#### **Pension Liability, Pension Benefit, Deferred Outflows Of Resources And Deferred Inflows Of Resources**

For the year ended December 31, 2020, the District recognized pension benefit of \$7,944. At December 31, 2020, the District reported deferred outflows and inflows 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	\$ 25,618
Contributions subsequent to measurement date	<u>16,880</u>
<b>Total Deferred Outflows Of Resources</b>	<b><u>\$ 42,498</u></b>

##### **Deferred Inflows Of Resources**

Net difference between projected and actual earnings on pension plan investments	\$ 42,028
<b>Total Deferred Inflows Of Resources</b>	<b><u>\$ 42,028</u></b>

There were \$16,880 in deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, that will be recognized as a reduction of the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<b>For The Year Ended December 31,</b>	
2021	\$ (3,885)
2022	(6,260)
2023	741
2024	(7,006)
<b>Total</b>	<b><u>\$ (16,410)</u></b>

#### **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 State of Colorado contributes a matching share up to a maximum of 90% of the District's contribution. For the year ended December 31, 2020, the District contributed \$16,880, and the state contributed \$10,571 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 7.00%, 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 (6.00%) or one percent higher (8.00%):

	<b>1% Decrease (6.00%)</b>	<b>Discount Rate (7.00%)</b>	<b>1% Increase (8.00%)</b>
Net pension liability	\$ 168,731	\$ 112,010	\$ 63,452

#### **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 Volunteer 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 or 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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (rule of 50).

## **BERTHOUD FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

The annual normal retirement benefit is 2% 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 at the FPPA Board of Directors' discretion and can range from 0% to the higher of 3% or the Consumer Price Index for Urban Wage Earners and Clerical Workers.

A member is eligible for an early retirement after completion of 20 years or service or attainment of age 50 with at least 5 years of credited services. 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% as interest, returned as a lump sum distribution. Alternatively, a member with at least 5 years of accredited service may leave contributions with SWDBP and remain eligible for a retirement pension at age 55 equal to 2% 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**

The plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Through December 31, 2020, contribution rates for the plan are set by state statute. Empower contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of SWDBP and their employers are contributing at the rate of 10.5% and 8%, respectively, of base salary for a total contribution rate of 18.5% in 2019. 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 pensionable earnings. Employer contributions remained at 8.0% through 2020, but will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings.

## **BERTHOUD FIRE PROTECTION DISTRICT**

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### 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 22.5% and 23.0% of pensionable earnings in 2019 and 2020, respectively. It is a local decision as to whether the member or employer pays the additional 4% contribution. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reduce the additional 4% contribution, to reflect the actual cost of reentry by department, to the plan for reentry contributions. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors-approved resolution.

The contribution rate for members and employers of affiliated Social Security employers is 5.25% and 4%, respectively, of pensionable earnings for a total contribution rate of 9.25% in 2019 and 9.50% in 2020. 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 pensionable earnings. Employer contributions are 4% in 2019 and 2020. Employer contributions will increase 0.25% annually beginning in 2021 through 2030 to a total of 6.5% of pensionable earnings.

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 \$197,619 for the year ended December 31, 2020.

#### **Pension Asset, Pension Benefit, Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

At December 31, 2020, the District reported a net pension asset of \$157,735 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2019, and the total pension asset was determined by an actuarial valuation as of January 1, 2020. The District's proportion of the net pension asset was based on District contributions to SWDBP for the calendar year 2019, relative to the total contributions of participating employers.

At December 31, 2020, the District's portion was 0.2789%, which was an increase of 0.0341% from its proportion reported as of December 31, 2019.

## **BERTHOUD FIRE PROTECTION DISTRICT**

### Notes To Financial Statements (*Continued*)

For the year ended December 31, 2020, the District recognized a pension benefit of \$73,139. At December 31, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Governmental Activities</u>
<b>Deferred Outflows Of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 335,370
Differences between expected and actual experience	533,804
Changes of assumptions	299,505
Changes in proportion and differences between contributions and proportionate share of contributions	1,383
Contributions subsequent to measurement date	<u>197,619</u>
<b>Total Deferred Outflows Of Resources</b>	<b><u>\$ 1,367,681</u></b>
<b>Deferred Inflows Of Resources</b>	
Net difference between projected and actual earnings on pension plan investments	\$ 583,333
Differences between expected and actual experience	3,088
Changes in proportion and differences between contributions and proportionate share of contributions	<u>85,598</u>
<b>Total Deferred Inflows Of Resources</b>	<b><u>\$ 672,019</u></b>

The amount of \$197,619 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a decrease to the net pension liability in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (benefit) as follows:

<b>For The Year Ended December 31,</b>	
2021	\$ 44,904
2022	23,429
2023	104,097
2024	(535)
2025	104,760
Thereafter	<u>221,388</u>
<b>Total</b>	<b><u>\$ 498,043</u></b>

## BERTHOUD FIRE PROTECTION DISTRICT

### Notes To Financial Statements (*Continued*)

#### Actuarial Assumptions

The actuarial valuations for SWDBP were used to determine the total pension asset and actuarially determined contributions for the fiscal year ending December 31, 2020. The valuations used the following actuarial assumption and other inputs:

	<b>Total Pension Liability</b>	<b>Actuarially Determined Contributions</b>
Valuation date	January 1, 2020	January 1, 2019
Actuarial cost method	Entry Age Normal	Entry Age Normal
Amortization method	N/A	Level % Payroll, Open
Remaining amortization period	30 Years	30 Years
Actuarial assumptions:		
Investment rate of return*	7.00%	7.00%
Projected salary increases*	4.25% - 11.25%	4.25% - 11.25%
Cost of living adjustments	0.00%	0.00%
* Includes inflation at:	2.50%	2.50%

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

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

## **BERTHOUD FIRE PROTECTION DISTRICT**

### Notes To Financial Statements (*Continued*)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). 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, 2019 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate Of Return</b>
Global equity	38.00%	7.0%
Equity long/short	8.00%	6.0%
Illiquid alternatives	25.00%	9.2%
Fixed income	15.00%	5.2%
Absolute return	8.00%	5.5%
Managed futures	4.00%	5.0%
Cash	2.00%	2.5%
<b>Total</b>	<b>100.00%</b>	

#### **Discount Rate**

The discount rate used to measure the total pension asset was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDBP fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset.

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 7.00%, the municipal bond rate is 1.59% (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 7.00%.

#### **Sensitivity Of The District's Proportionate Share Of The Net Pension Liability (Asset) To Changes In The Discount Rate**

Regarding the sensitivity of the net pension liability (asset) to changes in the single discount rate, the following presents SWDBP's net pension asset, calculated using a single discount rate of 7.00%, 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 (6.00%) or one percent higher (8.00%):

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
<u>Proportionate share of the net pension liability (asset)</u>	\$ 956,381	\$ (157,735)	\$ (1,081,746)

#### **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. Statewide Death And Disability Plan**

The District contributes to the Statewide Death and Disability Plan (SWD&DP), a cost-sharing multiple-employer defined benefit death and disability plan administered by FPPA. All full-time police officers are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by state statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for SWD&DP. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

## **BERTHOUD FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

The plan provides pre-retirement death benefits, as follows:

- Off-duty: 40% of the base salary paid to the member prior to death, with an additional 10% of base salary if a surviving spouse has two or more dependent children
- On-duty: 70% of the base salary paid to the member prior to death

Disability benefits are as follows:

- Total disability: 70% of the base salary preceding disability
- Permanent occupational disability: 50% of the base salary preceding disability
- Temporary occupational disability: 40% of the base salary preceding disability for up to five years

Benefit adjustments are granted periodically at the discretion of the FPPA Board of Directors. Total disability retirees receive an automatic increase of 3%. For other annuitants, the increase may reflect the Consumer Price Index for Urban Wage Earners and Clerical Workers, but in no case may be higher than 3%.

Once a member is eligible to retire, contributions to the plan and plan benefit obligations cease.

### **Contributions**

The contribution requirements are established by state statutes. However, in accordance with C.R.S. 31-31-811(4), the FPPA Board of Directors, based on an annual actuarial valuation, may adjust the contribution rate every two years, but in no event may the adjustment for any two-year period exceed one-tenth of one percent of the member's salary.

Any decision regarding whether the employer or member contributes to the plan, or whether the contribution is paid jointly by the employer and the member, is determined by the District.

No contributions are required for members hired prior to January 1, 1997. For members hired on or after January 1, 1997, the District contributed 2.8% of base salaries on behalf of the members during the year ended December 31, 2020. Contributions to the plan for the year ended December 31, 2020 were \$65,027, equal to the required contributions.

Based on the 2018 actuarial results, the FPPA Board of Directors agreed to increase the contribution rate from 2.7% to 2.8%, effective January 1, 2019 through December 31, 2020.

## **BERTHOUD FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **Pension Liabilities, Pension Expense And Deferred Outflows Of Resources And Deferred Inflows Of Resources Related To Pensions**

The District has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity. Therefore, the District does not report a net other post-employment benefits (OPEB) liability, or deferred outflows of resources and deferred inflows of resources related to OPEB.

#### **OPEB Plan Fiduciary Net Position**

Detailed information about the plan's fiduciary net position is available in FPPA's separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

### **10. 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, 2020, participating employees contributed \$110,723.

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 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 \$8,299 in matching contributions, and employees who are participating members contributed \$37,999 for the year ended December 31, 2020.

## **BERTHOUD FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **11. Tax, Spending And Debt Limitations**

In November 1992, Colorado voters passed TABOR, 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.

#### **12. 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.

## **BERTHOUD FIRE PROTECTION DISTRICT**

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### Notes To Financial Statements (*Continued*)

#### **13. Subsequent Events**

Management evaluates subsequent events through the date the financial statements are available to be issued, which is the date of the Independent Auditors' Report.

#### **14. Risks And Uncertainties**

In December 2019, a novel strain of coronavirus (COVID-19) surfaced. The spread of COVID-19 around the world has caused significant volatility in U.S. and international markets. The District has taken a number of measures to monitor and mitigate the effects of COVID-19. There continues to be uncertainty around the breadth and duration of business disruptions related to COVID-19, as well as its impact on the U.S. and international economies, and as such, the District is unable to determine if it will have a material impact to its operations in future years.

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**Required Supplementary Information**

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**BERTHOUD FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**GENERAL FUND**  
**For The Year Ended December 31, 2020**

	Original And Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Property taxes	\$ 6,518,663	\$ 5,805,243	\$ (713,420)
Specific ownership taxes	200,000	421,010	221,010
Charges for services	3,000	4,240	1,240
Grants	—	7,012	7,012
Interest	12,000	11,954	(46)
Intergovernmental	80,000	741,260	661,260
Contributions and donations	—	16,777	16,777
Other	6,000	2,100	(3,900)
<b>Total Revenues</b>	<b>6,819,663</b>	<b>7,009,596</b>	<b>189,933</b>
<b>Expenditures</b>			
<b>Current:</b>			
Administration	821,349	753,792	67,557
Communications	65,532	77,563	(12,031)
Election expense	3,200	442	2,758
EMS/Dive Team/Tac Team/Rescue	17,834	2,932	14,902
Emergency preparedness	6,650	4,544	2,106
Fire bureau	169,787	158,556	11,231
Firefighting	3,948,330	3,343,093	605,237
Fleet operations	125,025	77,628	47,397
Fire health and safety	94,217	64,919	29,298
Recruitment	17,308	8,139	9,169
Stations and grounds	87,436	132,113	(44,677)
Training	174,150	210,779	(36,629)
Wildland	69,885	451,600	(381,715)
Capital outlay	—	34,062	(34,062)
<b>Total Expenditures</b>	<b>5,600,703</b>	<b>5,320,162</b>	<b>280,541</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>1,218,960</b>	<b>1,689,434</b>	<b>470,474</b>
<b>Other Financing Uses</b>			
Transfer out	(275,000)	(270,000)	(5,000)
Proceeds from sale of capital assets	—	3,650	(3,650)
<b>Total Other Financing Uses</b>	<b>(275,000)</b>	<b>(266,350)</b>	<b>(8,650)</b>
<b>Excess Of Revenues Over Expenditures And Other Financing Sources</b>	<b>943,960</b>	<b>1,423,084</b>	<b>461,824</b>
<b>Fund Balance, Beginning Of Year</b>	<b>1,607,927</b>	<b>1,607,927</b>	<b>—</b>
<b>Fund Balance, End Of Year</b>	<b>\$ 2,551,887</b>	<b>\$ 3,031,011</b>	<b>\$ 461,824</b>

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 PLAN**  
**Last Six Measurement Periods<sup>(1)</sup>**

	2019	2018	2017	2016	2015	2014
<b>Total Pension (Asset) Liability</b>						
Service cost	\$ —	\$ 317	\$ 317	\$ 336	\$ 336	\$ 391
Interest on the total pension liability	43,797	46,635	47,795	49,388	50,712	50,401
Differences between expected and actual experience	—	(3,768)	—	(28,086)	—	24,322
Changes of assumptions	—	22,760	—	22,704	—	—
Benefit payments	(60,960)	(62,760)	(64,360)	(66,760)	(70,560)	(71,324)
<b>Net Change In Total Pension Asset</b>	<b>(17,163)</b>	<b>3,184</b>	<b>(16,248)</b>	<b>(22,418)</b>	<b>(19,512)</b>	<b>3,790</b>
<b>Total Pension Liability, Beginning Of Year</b>	<b>655,641</b>	<b>652,457</b>	<b>668,705</b>	<b>691,123</b>	<b>710,635</b>	<b>706,845</b>
<b>Total Pension Liability, End Of Year (a)</b>	<b>\$ 638,478</b>	<b>\$ 655,641</b>	<b>\$ 652,457</b>	<b>\$ 668,705</b>	<b>\$ 691,123</b>	<b>\$ 710,635</b>
<b>Plan Fiduciary Net Position</b>						
Contributions - employer	\$ 11,746	\$ 11,746	\$ 13,114	\$ 13,114	\$ 15,427	\$ 15,427
Contributions - member	—	—	—	—	—	—
Net investment income	68,700	662	72,374	26,741	9,954	36,816
Benefit payments	(60,960)	(62,760)	(64,360)	(66,760)	(70,560)	(71,324)
Administrative expense	(7,065)	(5,163)	(6,449)	(994)	(1,051)	(1,044)
State of Colorado supplemental discretionary payment	10,571	11,803	11,803	13,884	13,884	18,240
<b>Net Change In Plan Fiduciary Net Position</b>	<b>22,992</b>	<b>(43,712)</b>	<b>26,482</b>	<b>(14,015)</b>	<b>(32,346)</b>	<b>(1,885)</b>
<b>Plan Fiduciary Net Position, Beginning Of Year</b>	<b>503,476</b>	<b>547,188</b>	<b>520,706</b>	<b>534,721</b>	<b>567,067</b>	<b>568,952</b>
<b>Plan Fiduciary Net Position, End Of Year (b)</b>	<b>\$ 526,468</b>	<b>\$ 503,476</b>	<b>\$ 547,188</b>	<b>\$ 520,706</b>	<b>\$ 534,721</b>	<b>\$ 567,067</b>
<b>Net Pension Liability ((a)-(b))</b>	<b>\$ 112,010</b>	<b>\$ 152,165</b>	<b>\$ 105,269</b>	<b>\$ 147,999</b>	<b>\$ 156,402</b>	<b>\$ 143,568</b>
<b>Plan Fiduciary Net Position As A Percentage Of Total Pension Liability</b>	<b>82.46%</b>	<b>76.79%</b>	<b>83.87%</b>	<b>77.87%</b>	<b>77.37%</b>	<b>79.80%</b>
<b>Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>
<b>Net Pension Liability As A Percentage Of Covered Payroll</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>	<b>N/A</b>

(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 PLAN**  
**Last Seven Fiscal Years<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contributions	\$ 16,880	\$ 11,746	\$ 11,746	\$ 13,114	\$ 13,114	\$ 15,427	\$ 15,427
Contributions in relation to the actuarially determined contributions*	22,317	23,549	24,917	24,917	26,998	29,311	33,667
Contribution deficiency (excess)	\$ (5,437)	\$ (11,803)	\$ (13,171)	\$ (11,803)	\$ (13,884)	\$ (13,884)	\$ (18,240)
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contribution as a percentage of covered payroll	N/A	N/A	N/A	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 (ASSET) LIABILITY - SWDBP**  
**Last Six Measurement Periods<sup>(1)</sup>**

	2019	2018	2017	2016	2015	2014
District's portion of the net pension asset (liability)	0.27890%	0.24485%	0.24910%	0.25536%	0.23452%	0.22247%
District's proportionate share of the net pension (asset) liability	\$ (157,735)	\$ 309,551	\$ (358,370)	\$ (92,270)	\$ 4,134	\$ (251,075)
District's covered payroll	1,992,293	1,698,539	1,476,167	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	7.92%	18.22%	-24.28%	-6.94%	0.36%	-22.51%
Plan fiduciary net position as a percentage of the total pension asset or liability	101.40%	106.30%	98.21%	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 Six Fiscal Years<sup>(1)</sup>**

	2020	2019	2018	2017	2016	2015
Statutorily required contributions	\$ 197,619	\$ 159,383	\$ 132,047	\$ 115,987	\$ 104,550	\$ 91,011
Contributions in relation to the statutorily required contributions	197,619	159,383	132,047	115,987	104,550	91,011
Contribution deficiency (excess)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Covered payroll	\$ 2,470,236	\$ 1,992,293	\$ 1,698,539	\$ 1,476,167	\$ 1,329,015	\$ 1,137,638
Contribution as a percentage of covered payroll	8.0%	8.0%	7.8%	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.

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**BERTHOUD FIRE PROTECTION DISTRICT**  
**NOTE TO REQUIRED SUPPLEMENTARY INFORMATION**  
**December 31, 2020**

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**1. Budgets And Budgetary Accounting**

The District's Board of Directors 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's Board of Directors.

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's Board of Directors 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 2020 budget was amended on December 10, 2020 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 of Directors 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.

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.

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**Supplementary Information**

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**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, 2020**

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>				
Property taxes	\$ 575,749	\$ 575,749	\$ 578,200	\$ 2,451
Interest	2,256	2,256	2,307	51
<b>Total Revenues</b>	<b>578,005</b>	<b>578,005</b>	<b>580,507</b>	<b>2,502</b>
<b>Expenditures</b>				
Current:				
Administration	10,091	10,091	10,139	(48)
Capital outlay	747,544	747,544	723,754	23,790
Debt service:				
Principal	7,354	7,354	7,434	(80)
Interest	560	561	481	79
<b>Total Expenditures</b>	<b>765,549</b>	<b>765,550</b>	<b>741,808</b>	<b>23,741</b>
<b>Excess Of Revenues Over Expenditures</b>	<b>(187,544)</b>	<b>(187,545)</b>	<b>(161,301)</b>	<b>26,243</b>
<b>Other Financing Sources</b>				
Operating transfer in	275,000	275,000	270,000	(5,000)
<b>Excess Of Revenues And Other Financing Sources Over Expenditures</b>	<b>87,456</b>	<b>87,455</b>	<b>108,699</b>	<b>21,243</b>
<b>Fund Balance, Beginning Of Year</b>	<b>395,235</b>	<b>395,235</b>	<b>395,235</b>	<b>—</b>
<b>Fund Balance, End Of Year</b>	<b>\$ 482,691</b>	<b>\$ 482,690</b>	<b>\$ 503,934</b>	<b>\$ 21,243</b>

**BERTHOUD FIRE PROTECTION DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL -**  
**IMPACT FEE FUND**  
**For The Year Ended December 31, 2020**

	<b>Original And Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues</b>			
Impact fee revenue	\$ 334,225	\$ 363,173	\$ 28,948
Earnings on deposits	2,558	2,318	(240)
<b>Total Revenues</b>	<b>336,783</b>	<b>365,491</b>	<b>(240)</b>
<b>Expenditures</b>			
Current:			
Administration	6,200	77	6,123
<b>Deficiency Of Revenues Under Expenditures</b>	<b>330,583</b>	<b>365,414</b>	<b>34,831</b>
<b>Fund Balance, Beginning Of Year</b>	<b>247,122</b>	<b>247,122</b>	<b>—</b>
<b>Fund Balance, End Of Year</b>	<b>\$ 577,705</b>	<b>\$ 612,536</b>	<b>\$ 34,831</b>