

Berthoud Fire Protection District
Financial Statements and Supplementary Information
For the year ended December 31, 2025



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Independent Auditors' Report

To the Board of Directors
Berthoud Fire Protection District

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund of Berthoud Fire Protection District, ("the District"), as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund, of Berthoud Fire Protection District, as of December 31, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Berthoud Fire Protection District and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Berthoud Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Berthoud Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Berthoud Fire Protection District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison schedule for the General Fund, and pension related schedules, as listed in the table of contents, 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, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Berthoud Fire Protection District's basic financial statements. The budgetary comparison schedules for the Capital Projects and Impact Fee funds are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 budgetary comparison schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

A handwritten signature in black ink, appearing to read "Haynie", is positioned above the typed name.

Littleton, CO

June 10, 2026

Management's Discussion & Analysis

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, 2025, 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 \$18,292,084. Total net position increased \$2,332,783 from 2024 which can be attributed to an increase in the sales tax revenue passed by voters in 2025.
- As of the close of the current fiscal year, the District's general fund reported an ending fund balance of \$7,502,984, an increase of \$2,037,065 in comparison with the prior year. Of this total amount, \$193,761 is designated for the Emergency Fund per the TABOR Law. The increase in fund balance was due to increases in property tax and sales tax revenue.

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:

- Government wide financial statements
- Fund financial statements
- Notes to the financial statements

This report also contains other supplementary information in addition to the basic financial statements.

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

The statement of net position presents information on all the District's assets, deferred outflows of resources and liabilities and deferred inflows of resources, with the difference between the two 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.

The government wide financial statements can be found on pages 1 through 6 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Berthoud Fire Protection District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, the Capital Fund, and the Impact Fees Fund.

The District adopts an annual appropriated budget for each fund. Budgetary comparison schedules have been provided as supplemental information for the general fund, the capital fund, and the impact fees fund to demonstrate compliance with these budgets.

Notes to the financial statements. The notes 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 7-37 of this report.

Condensed Statement of Net Position

	Governmental Activities		
	2024	2025	Increase/Decrease
Cash and investments	\$ 7,939,488	\$10,244,280	\$ 2,304,792
Other assets	7,376,448	7,864,182	487,734
Capital assets	7,849,442	7,486,456	(362,986)
Total assets	23,165,378	25,594,918	2,429,540
Deferred outflows of resources	1,728,593	1,504,534	(224,059)
Current and other liabilities	499,547	551,053	51,506
Long-term liabilities	1,196,515	1,073,599	(122,916)
Total liabilities	1,696,062	1,624,652	(71,410)
Deferred inflows of resources	7,238,608	7,182,716	(55,892)
Net investment in			
Capital assets	6,887,221	6,625,012	(262,209)
Restricted for TABOR	185,570	193,761	8,191
Unrestricted	8,886,510	11,473,311	2,586,801
Total net position	\$ 15,959,301	\$18,292,084	\$ 2,332,783

Condensed Statement of Activities

	Governmental Activities		Increase/ Decrease
	2024	2025	
Program Revenues			
Operating grants and contributions	\$ 593,880	\$ 34,329	\$ (559,551)
Capital grants and contributions	300,000	-	(300,000)
General Revenues			
Property Taxes	7,594,488	7,268,097	(326,391)
Specific Ownership Taxes	402,667	430,586	27,919
Sales Taxes	-	1,493,874	1,493,874
Impact Fees	538,615	331,293	(207,322)
Investment Earnings	458,359	422,782	(35,577)
Charges for services	362,214	277,778	(84,436)
Gain on sale of asset	-	140,220	140,220
Other income	13,493	18,282	4,789
Total Revenues	10,263,716	10,417,241	153,525
Expenses			
Fire protection and emergency services	7,322,390	8,084,459	762,069
Total Expenses	7,322,390	8,084,459	762,069
Increase (decrease) in Net Position	2,941,326	2,332,782	(608,544)
Beginning Net Position	13,017,975	15,959,301	2,941,326
Ending Net Position	\$ 15,959,301	\$ 18,292,084	\$ 2,332,782

While the Statement of Net Position shows an increase in the District's financial position, the Statement of Activities provides answers concerning the nature and source of these changes.

- Property tax revenue remained stable.
- The sales tax ballot question passed in May 2025, resulting in increased revenue of approximately \$1,493,874 for 2025.
- Wildland deployments were less in comparison to 2024 which resulted in lower charges for services revenue in 2025.

General Fund Budgetary Highlights

The table below will illustrate the difference of the original budget to actuals for 2025. The district was in a reasonable position for budget vs actual for all revenue line items.

- The amount collected for property tax revenue was \$119,501 over budget.
- Interest revenue was \$12,112 over budget due to continued higher interest rates.
- Sales tax revenue was \$1,493,874 for 2025.
- Managerial expenses were over budget \$115,197 due to the sales tax election and legal costs.

Overall revenues were over budget for 2025, due to the sales tax collected. Expenditures were under budget. This resulted in a favorable position of \$89,184 for expenditures.

Revenues Budget Overview & Variances
General Fund

	2025 Original and Final Budget	Actual	Variance
Revenues			
Total Taxes	\$ 6,894,152	\$ 8,540,908	\$ 1,646,756
Interest	300,000	312,112	12,112
Total Other	139,418	364,755	225,337
Total Revenues	\$ 7,333,570	\$ 9,217,775	\$ 1,884,205

Expenditures Budget Overview & Variances
General Fund

	Original and Final Budget	Actual	Variance
Expenditures			
Personnel	\$ 5,781,175	\$ 5,756,942	\$ 24,233
Building & Land	203,295	161,873	41,422
Vehicles & Equipment	347,720	184,648	163,072
Communications & IT	158,706	134,845	23,861
Travel & Training	127,560	166,731	(39,171)
Managerial	664,392	779,589	(115,197)
Capital Outlay	-	5,936	(5,936)
Debt Service	-	3,100	(3,100)
Total Expenditure	\$ 7,282,848	\$ 7,193,664	\$ 89,184

Capital Assets

The District completed an ongoing project for remodeling Station 1 in 2024, and finalized some remaining items in early 2025. The District also sold two fleet apparatus and purchased a new vehicle for service.

Long-term Debt

The District entered into a lease agreement during 2022 to purchase apparatus. The district continued to make scheduled payments of principal and interest during 2025. This lease is scheduled to be paid off in 2029. See note 5 on page 20 for more information regarding this lease agreement and long-term liabilities.

Economic Factors and Next Year's Budgets and Rates

In 1982, the State of Colorado amended the Gallagher Amendment; however, due to a successful ballot question in 2018 to 'de-gallagherize', the district's assessed value will maintain 7.15%. Recent legislative changes in Colorado have reduced residential and commercial assessment rates, which are expected to constrain future property tax revenue growth. These factors, combined with continued legislative activity related to property taxation, introduce uncertainty for long-term revenue growth.

In May 2025, Berthoud Fire Protection District voters authorized the fire district to impose a 1% sales tax on sales occurring within its boundaries effective July 1, 2025. Actual collections in 2025 were \$1,493,874. This will support the District in continuing to provide the necessary level of staffing and apparatus to support our mission and vision.

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 Administrative Director, Berthoud Fire Protection District, 248 Welch Ave, PO Box 570, Berthoud, CO, 80513.

Basic Financial Statements

Berthoud Fire Protection District

Statement of Net Position

December 31, 2025

Assets	Governmental Activities
Current assets:	
Cash and cash equivalents	\$ 357,553
Cash held with county treasurer	28,734
Restricted cash	193,761
Investments	9,664,232
Property taxes receivable	7,122,335
Other receivables	554,115
Prepaid items	187,732
Total current assets	<u>18,108,462</u>
Long-Term assets:	
Capital assets, non depreciable	807,361
Capital assets, net of accumulated depreciation	<u>6,679,095</u>
Total long-term assets	<u>7,486,456</u>
Total assets	<u><u>\$ 25,594,918</u></u>
Deferred Outflows of Resources	
Deferred outflows related to pension - Volunteer Plan	30,224
Deferred outflows related to pension - SRP Plan	<u>1,474,310</u>
Total deferred outflows of resources	1,504,534
Liabilities	
Current liabilities:	
Accounts payable	\$ 56,598
Accrued wages	<u>187,196</u>
Total current liabilities	<u>243,794</u>
Noncurrent liabilities:	
Due within one year	307,259
Due in more than one year	993,264
Net pension liability - Volunteer plan	<u>80,335</u>
Total noncurrent liabilities	<u>1,380,858</u>
Deferred Inflows of Resources	
Deferred property tax revenue	7,122,335
Deferred inflows related to pension - SRP Plan	<u>60,381</u>
Total deferred inflows of resources	<u>7,182,716</u>
Net Position	
Net investment in capital assets	6,625,012
Restricted for TABOR	193,761
Unrestricted	<u>11,473,311</u>
Total net position	<u><u>\$ 18,292,084</u></u>

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

Berthoud Fire Protection District
Statement of Activities
For the Year Ended December 31, 2025

Functions/Program Activities	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities					
Administration	\$ 2,766,100	\$ -	\$ 34,329	\$ -	\$ (2,731,771)
Firefighting	4,051,509	-	-	-	(4,051,509)
Deployment	24,327	277,778	-	-	253,451
Community Services	175,566	-	-	-	(175,566)
Communications	92,993	-	-	-	(92,993)
Training	70,162	-	-	-	(70,162)
Fire Repair Services	134,727	-	-	-	(134,727)
EMS	16,993	-	-	-	(16,993)
Stations and Grounds	456,474	-	-	-	(456,474)
Health and Safety	53,944	-	-	-	(53,944)
Interest on long-term debt	241,664	-	-	-	(241,664)
Total governmental activities	<u>\$ 8,084,459</u>	<u>\$ 277,778</u>	<u>\$ 34,329</u>	<u>\$ -</u>	<u>(7,772,352)</u>
General revenues:					
Property taxes					7,268,097
Specific ownership taxes					430,586
Sales taxes					1,493,874
Impact fees					331,293
Interest					422,782
Gain on sale of capital assets					140,220
Miscellaneous					<u>18,282</u>
Total General Revenues					<u>10,105,134</u>
Change in net position					2,332,783
Net position - beginning of year					<u>15,959,301</u>
Net position - end of year					<u>\$ 18,292,084</u>

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

Berthoud Fire Protection District
Governmental Funds Balance Sheet
December 31, 2025

	General Fund	Capital Projects Fund	Impact Fee Fund	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 356,253	\$ 1,100	\$ 200	\$ 357,553
Investments	7,088,341	363,558	2,212,333	9,664,232
Cash held with county treasurer	28,734	-	-	28,734
Property taxes receivable	6,484,944	637,391	-	7,122,335
Other receivables	554,115	-	-	554,115
Due from other governmental funds	-	738,906	21,919	760,825
Prepaid items	187,732	-	-	187,732
Restricted cash	193,761	-	-	193,761
Total assets	<u>\$ 14,893,880</u>	<u>\$ 1,740,955</u>	<u>\$ 2,234,452</u>	<u>\$ 18,869,287</u>
Liabilities				
Accounts payable	\$ 56,598	\$ -	\$ -	\$ 56,598
Due to other governmental funds	662,158	-	98,667	760,825
Accrued wages	187,196	-	-	187,196
Total liabilities	905,952	-	98,667	1,004,619
Deferred Inflows of Resources				
Deferred property tax revenue	6,484,944	637,391	-	7,122,335
Total deferred inflows of resources	<u>6,484,944</u>	<u>637,391</u>	<u>-</u>	<u>7,122,335</u>
Fund Balances				
Nonspendable:				
Prepaid items	187,732	-	-	187,732
Restricted:				
Statutory emergencies	193,761	-	-	193,761
Assigned	-	1,103,564	2,135,785	3,239,349
Unassigned	7,121,491	-	-	7,121,491
Total fund balance	<u>7,502,984</u>	<u>1,103,564</u>	<u>2,135,785</u>	<u>10,742,333</u>
Total liabilities, deferred inflows of resources and fund balance	<u>\$ 14,893,880</u>	<u>\$ 1,740,955</u>	<u>\$ 2,234,452</u>	<u>\$ 18,869,287</u>

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

Berthoud Fire Protection District

Reconciliation of the Governmental Fund Balance Sheet to the Government-Wide Statement of Net Position

December 31, 2025

Fund Balance - Total Governmental Fund	\$ 10,742,333
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported as assets in the governmental fund financial statements.

Cost of capital assets	13,118,876	
Less accumulated depreciation and amortization	<u>(5,632,420)</u>	7,486,456

Long-term liabilities, consisting of long-term debt, financed purchases, and compensated absences, are not due from current financial resources, and therefore are not reported as liabilities in the governmental funds balance sheet.

Accrued compensated absences	(439,079)	
Right-to-use lease liability	(1,595)	
Right-to-use SBITA liability	(82,177)	
Lease purchase	<u>(777,672)</u>	(1,300,523)

Net pension asset and liability amounts and the related deferred inflows and deferred outflows of resources are not current financial resources or due and payable in the current period and therefore are not reported in the fund financial statements.

Net pension liability- Volunteer	(80,335)	
Deferred outflows of resources related to pension	1,504,534	
Deferred inflows of resources related to pension	<u>(60,381)</u>	<u>1,363,818</u>

Net position of governmental activities	\$ <u>18,292,084</u>
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The accompanying notes are an integral part of these financial statements.

Berthoud Fire Protection District
Statement of Revenues, Expenditures,
and Changes in Fund Balances
December 31, 2025

	General Fund	Capital Projects Fund	Impact Fee Fund	Total Governmental Funds
Revenues				
Property taxes	\$ 6,623,418	\$ 644,679	\$ -	\$ 7,268,097
Specific ownership taxes	423,616	6,970	-	430,586
Sales taxes	1,493,874	-	-	1,493,874
Charges for services	34,366	-	296,927	331,293
Interest	312,112	23,722	86,948	422,782
Intergovernmental	277,778	-	-	277,778
Grant revenue	34,329	-	-	34,329
Other income	18,282	-	-	18,282
Total Revenues	<u>9,217,775</u>	<u>675,371</u>	<u>383,875</u>	<u>10,277,021</u>
Expenditures				
Current:				
Personnel expenses	5,756,942	-	-	5,756,942
Building and land	161,873	-	-	161,873
Vehicles and equipment	184,648	-	-	184,648
Communications and IT	118,914	-	-	118,914
Travel and training	166,731	-	-	166,731
Managerial	779,589	12,118	971	792,678
Capital outlay	5,936	187,132	-	193,068
Debt service:				
Principal	19031	97,971	81,883	198,885
Interest	-	20,081	16,784	36,865
Total Expenditures	<u>7,193,664</u>	<u>317,302</u>	<u>99,638</u>	<u>7,610,604</u>
Excess (Deficiency) of Revenues over (under) Expenditures	<u>2,024,111</u>	<u>358,069</u>	<u>284,237</u>	<u>2,666,417</u>
Other Financing Sources (Uses)				
Gain on sale of assets	37,000	115,000	-	152,000
Interfund Transfers	(24,046)	7,605	16,441	-
Total Other Financing Sources (Uses)	<u>12,954</u>	<u>122,605</u>	<u>16,441</u>	<u>152,000</u>
Net Change in fund balance	<u>2,037,065</u>	<u>480,674</u>	<u>300,678</u>	<u>2,818,417</u>
Fund balance:				
Beginning of the year	<u>5,465,919</u>	<u>622,890</u>	<u>1,835,107</u>	<u>7,923,916</u>
End of the year	<u>\$ 7,502,984</u>	<u>\$ 1,103,564</u>	<u>\$ 2,135,785</u>	<u>\$ 10,742,333</u>

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

Berthoud Fire Protection District

Reconciliation of the Statement of Revenues, Expenditures and Changes In Fund Balances of Governmental Activities To The Statement of Activities December 31, 2025

Net Change in Fund Balance - Governmental Funds \$ 2,818,417

Governmental funds report capital outlays as expenditures. In the statement of activities, capital outlay is not reported as an expenditure. However, the statement of activities will report depreciation and amortization expense, the allocation of the cost of any depreciable asset over their estimated useful life of the asset. Therefore, this is the amount of capital outlay, net of depreciation and amortization expense, in the current period.

Capital outlay	107,955	
Depreciation and amortization expense	<u>(557,269)</u>	(449,314)

The issuance of long-term debt (e.g. lease purchases and other debt) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal repayment of long-term debt	198,885
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Changes in liabilities, deferred outflows of resources, and deferred inflows of resources related to the District's defined benefit and volunteer retirement plans are recognized on the statement of activities and are not reflected as an expense on the statement of revenues, expenditures, and changes in fund balance.

(222,859)

Net value of disposed capital assets	(11,780)
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Some expenses 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.

Change in compensated absences	<u>(566)</u>
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Change in net position of governmental activities	<u>\$ 2,332,783</u>
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The accompanying notes are an integral part of these financial statements.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

1. Definition of Reporting Entity

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 state and local governments. A summary of the District's significant accounting policies applied in the preparation of these financial statements follows.

2. Summary of Significant Accounting Policies (continued)

The financial statements of the District have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to governmental units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing government accounting and financial reporting principles. The more significant of the District’s accounting policies are described below.

Reporting Entity

In conformity with GASB financial reporting standards, the District is the reporting entity for financial reporting purposes. The District is the primary government financially accountable for all activities of the District. The District meets the criteria of a primary government: its Board of Directors is the publicly elected governing body; it is a legally separate entity; and it is fiscally independent. The District is not included in any other governmental reporting entity.

As defined by GAAP established by the GASB, the financial reporting entity consists of the primary government, as well as component units, which are legally separate organizations for which elected officials of the primary government are financially accountable. Financial accountability is defined as:

- A. Appointment of a voting majority of the component unit's governing board, and either, a) the ability to impose its will by the primary government, or b) there is a potential for the component unit to provide specific financial benefits to, or impose specific financial burdens on, the primary government; or
- B. Fiscal dependency on the primary government and there is a potential for the organization to provide specific benefits to or impose specific financial burdens on the primary government regardless of whether the organization has (1) a separately elected governing board, (2) a governing board appointment by a higher level of government, or (3) a jointly appointed board.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Based on the above criteria, there are no other organizations that would be considered component units of the District. The District meets the criteria of an "other standalone government."

Basic Financial Statements

The District's basic financial statements include the accounts and funds of all District operations. The accounting policies of the District conform to accounting principles generally accepted in the United States of America. The following is a summary of such significant policies:

The financial statements of the Berthoud Fire Protection District (District) have been prepared in conformity with accounting principles generally accepted in the United States (GAAP) as applied to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for governmental accounting and financial reporting.

Government-wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the District. Governmental activities are generally supported by taxes, charges for services and intergovernmental revenues. There are no business-type activities in the District for the year ended December 31, 2025.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts which constitute its assets, liabilities, fund balance, revenues and expenditures/expenses. The focus of governmental fund financial statements is on the major funds rather than the reporting funds by type. Funds are organized into three major categories: governmental, proprietary and fiduciary. The District has three governmental funds.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are taken into account when they are earned, regardless of when they are collected; expenditures are reflected as soon as the liabilities are incurred, regardless of when they are paid.

Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are accounted for using the current financial resources measurement focus and these funds use the modified accrual basis of accounting whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when the payment is due.

Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, ("GASB No. 33") the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying nonexchange transaction occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Governmental funds are used to account for all or most of the government's general activities.

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.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

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

Budgets and Budgetary Accounting

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

- By October 15, the District staff 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.
- A public hearing is conducted by the District Board of Directors to obtain taxpayer comments.
- In most years, prior to December 31, the budget is legally enacted through passage of a resolution. The resolutions can be adjusted by the Board for unforeseen circumstances. Equal line-item adjustments must be approved by the Board.
- Any budget revisions that alter the total expenditures of any fund must be approved by the District Board of Directors through passage of a resolution.
- The District legally adopts a budget for the governmental funds on its basis of accounting.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.
- At December 31, 2025, expenditures in the capital reserve fund exceeded appropriations, which may be a violation of State statutes.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, demand deposits and participation in local government investment pools. All cash equivalents have an original maturity date of less than three months.

Receivables

In the government-wide financial statements, receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2025. Property taxes levied on December 31, 2025 are identified as property taxes receivable and deferred inflows of resources.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable District activities in the government-wide financial statements.

Capital assets are defined by the District as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed on the straight-line basis over the estimated useful lives of the assets, which are as follows:

Building/Improvements	20-50 years
Fire apparatus and equipment	3-15 years

Accrued Absences

The District's policy permits employees to accumulate earned, but unused, vacation and sick pay benefits. Vacation pay is accrued when incurred and more likely than not to be used or paid 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 4.62 hours per pay period. Unused sick leave of up to 336 hours for permanent full-time uniformed employees and up to 32 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.

Accrued Liabilities and Long-Term Obligations

All payables are reported in the government-wide financial statements. In general, payables that will be paid from governmental funds are reported on the governmental fund financial statements, regardless of whether they will be liquidated with current resources. However, claims and judgments that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable and available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources.

This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources at the District primarily relate to pensions.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources.

Net Position and Fund Balance

In the government-wide financial statements, net position is classified in the following categories:

- *Net Investment in Capital Assets* – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.
- *Restricted Net Position* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* – This category represents the net position of the District, which are not restricted for any project or other purpose. A deficit will require future funding.

Fund balance for governmental funds should be reported in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which spending can occur. Governmental funds report up to five classifications of fund balance: nonspendable, restricted, committed, assigned, and unassigned. Because circumstances differ among governments, not every government or every governmental fund will present all of these components. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified as follows:

- *Nonspendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid amounts or inventory) or legally or contractually required to be maintained intact.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

2. Summary of Significant Accounting Policies (continued)

- *Restricted fund balance* - The portion of fund balance that is constrained to being used for a specific purpose by external parties (such as bondholders), constitutional provisions, or enabling legislation.
- *Committed fund balance* - The portion of fund balance that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision-making authority, the Board of Directors. The constraint may be removed or changed only through formal action of the Board of Directors.
- *Assigned fund balance* - The portion of fund balance that is constrained by the government's intent to be used for specific purposes but is neither restricted nor committed. Intent is expressed by the Board of Directors to be used for a specific purpose. Constraints imposed on the use of assigned amounts are more easily removed or modified than those imposed on amounts that are classified as committed.
- *Unassigned fund balance* – amounts that are available for any purpose.

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

Revenue Recognition/Property Taxes

Property taxes attach an enforceable lien on property as of January 1. Taxes are levied in December, payable in the following year in full by April 30, or in two equal installments due on the last day of February and June 15. The county treasurer bills and collects property taxes for all taxing entities within the county. Property tax receipts collected by the county treasurer each month are remitted to the District by the tenth day of the subsequent month. Property tax revenues are recognized in the government-wide financial statements in the year that the property taxes are used to fund the operations of the District.

In the fund financial statements, property taxes are recognized in the year for which they are levied provided they become available and measurable. Property tax revenues are considered available when they become due or past due and are received by the District within 60 days of the end of the fiscal year.

Leases

The District is a lessee for a noncancellable lease of equipment. The District recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide statements.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Subscription Based Information Technology Arrangements (SBITAs)

The District has one long term subscription agreement for resource management software. SBITA assets are initially measured as the sum of the present value of payments expected to be made during the subscription term, payments associated with the SBITA contract made to the SBITA vendor at the commencement of the subscription term, when applicable, and capitalizable implementation costs, less any SBITA vendor incentives received from the SBITA vendor at the commencement of the SBITA term. The District recognizes SBITA assets with an initial value of \$5,000. SBITA assets are amortized in a systematic and rational manner over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

2. Summary of Significant Accounting Policies (continued)

- The District uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the District is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The District monitors changes in circumstances that would require a remeasurement of its SBITA liability and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the liability. Subscription assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Pensions

The District participates in the Volunteer Firefighters' Pension Plan (the Volunteer Plan), an agent multiple-employer Public Employee Retirement System affiliated with the Fire and Police Pension Association of Colorado (FPPA) for the purpose of administering the plan and managing the funds of the plan for investment.

In addition, the District participates in the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan administered by FPPA. The net pension asset or 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.

Estimates

The presentation 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 revenue and expense during the reporting period. Actual results could differ from those estimates.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

3. Cash and Investments

Custodial Credit Risks – Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes (CRS) require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit Protection Act (PDPA) requires state regulators to certify eligible depositories for public deposit.

PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (FDIC) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the State. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits.

As of December 31, 2025, the District had cash deposits with a bank balance of \$357,159 and a carrying balance of \$357,553.

Investments

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

- certificates of deposit with an original maturity in excess of three months
- obligations of the United States and certain U.S. government agency securities,
- certain international agency securities,
- general obligation and revenue bonds of U.S. local government entities,
- bankers' acceptances of certain banks,
- commercial paper,
- written repurchase agreements collateralized by certain authorized securities,
- certain money market funds,
- guaranteed investment contracts, and
- local government investment pools.

Custodial Credit Risk - Investments

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the District would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District does not have a specific policy for custodial credit risk.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

3. Cash and Investments (continued)

As of December 31, 2025, 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.

Interest Rate Risk

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investments is the means of limiting exposure to fair value losses arising from increasing interest rates.

Local Government Investment Pools

The District invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust); an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers three portfolios – COLOTRUST PRIME, COLOTRUST PLUS+, and COLOTRUST EDGE.

COLOTRUST PRIME and COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

COLOTRUST EDGE, a variable Net Asset Value (NAV) Local Government Investment Pool, offers weekly liquidity and is managed to approximate a \$10.00 transactional share price. COLOTRUST EDGE may invest in securities authorized by CRS 24-75-601, including U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals.

The custodian's internal records segregate investments owned by the Trust. COLOTRUST PRIME and COLOTRUST PLUS+ are rated AAAm by Standard & Poor's. COLOTRUST EDGE is rated AA Af/S1 by Fitch Ratings. COLOTRUST records its investments at fair value and the District records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

3. Cash and Investments (continued)

Cash and investments as of December 31, 2025 are classified on the Statement of Net Position as follows:

As reported on statement of net position:

Cash with county treasurer	\$ 28,734
Cash and cash equivalents	357,553
Restricted cash	193,761
Investments	<u>9,664,232</u>
Total cash and investments	<u>\$ 10,244,280</u>

Cash and investments as of December 31, 2025 consist of the following:

Petty cash	\$ 394
Cash with the County Treasurer	28,734
Deposits with financial institutions	357,159
Investments	<u>9,857,993</u>
	<u>\$ 10,244,280</u>

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 TABOR. The District's emergency reserve, reported as restricted net position and restricted fund balance, is \$193,761 as of December 31, 2025.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

4. Capital Assets

The following table presents capital asset activity of the District for the year ended December 31, 2025:

	Balance at December 31, 2024	Additions	Disposals/ Retirements	Balance at December 31, 2025
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 807,361	\$ -	\$ -	\$ 807,361
Total Capital assets, not being depreciated	807,361	-	-	807,361
Capital assets, being depreciated:				
Buildings and improvements	6,371,885	66,336	-	6,438,221
Trucks and vehicles	4,890,397	-	(751,548)	4,138,849
Fire apparatus and equipment	659,182	36,433	-	695,615
Medical rescue equipment	182,343	5,186	(43,500)	144,029
Communication equipment	723,822	-	-	723,822
Office and administration	59,560	-	-	59,560
Right-to-use leased copier asset	13,311	-	-	13,311
Right-to-use SBITA asset	-	98,108	-	98,108
Total capital assets being depreciated/amortized	12,900,500	206,063	(795,048)	12,311,515
Accumulated depreciation/amortization	(5,858,419)	(557,269)	783,268	(5,632,420)
Total Capital Assets, Depreciated/Amortized, Net	7,042,081	(351,206)	(11,780)	6,679,095
Total Capital Assets, Net	\$ 7,849,442	\$ (351,206)	\$ (11,780)	\$ 7,486,456

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

Governmental activities:	
Administration	\$ 19,223
Firefighting	266,905
Emergency medical services	11,079
Communications	23,431
Station and grounds	236,631
Total depreciation and amortization expense	<u>\$ 557,269</u>

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

5. Long-Term Liabilities

Changes in Long-Term Liabilities

The following is an analysis of the changes in long-term obligations:

	Balance at December 31, 2024	Additions	Reductions	Balance at December 31, 2025	Amounts Due Within One Year
Financed purchase	\$ 957,526	\$ -	\$ (179,854)	\$ 777,672	\$ 186,778
Right-to-use lease liability	4,695	-	(3,100)	1,595	1,595
Right-to-use SBITA liability	-	98,108	(15,931)	82,177	13,507
Compensated absences	438,513	566	-	439,079	105,379
Total Long-Term Debt	<u>\$ 1,400,734</u>	<u>\$ 98,674</u>	<u>\$ (198,885)</u>	<u>\$ 1,300,523</u>	<u>\$ 307,259</u>

Leases

Financed purchase liability

Effective June 21, 2022, the District entered into a lease purchase obligation with Zions Bancorporation, N.A. in the amount of \$1,502,715 to finance the purchase of vehicles. The lease requires annual payments of principal and interest according to a payment schedule reflecting interest at 3.85%.

Annual debt service requirements for the outstanding lease obligation as of December 31, 2025 are as follows:

Lease purchase amortization

Year Ending December 31,

2026	\$ 217,246
2027	217,246
2028	217,246
2029	<u>203,541</u>
Total minimum lease payments	855,279
Less amount representing interest	<u>(77,607)</u>
Present value of future minimum lease payments	<u>\$ 777,672</u>

Right-to-use lease liability

The District has entered into a lease agreement for a copier allowing the right-to-use of the equipment over the term of the lease. The District is required to make monthly payments at its incremental borrowing rate or the interest rate stated or implied within the lease.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

5. Long-Term Liabilities (continued)

The lease rate, term and ending lease liability are as follows:

	<u>Interest rate</u>	<u>Liability at Commencement</u>	<u>Lease Term in Years</u>	<u>Ending Balance</u>
Leased copier	3.85%	\$ 13,311	2.5	\$ 1,595

The future principal and interest payments as of December 31, 2025, are as follows:

Right-to-use lease amortization	
Year Ending December 31,	
2026	\$ 1,607
Total minimum lease payments	1,607
Less amount representing interest	(12)
Present value of future minimum lease payments	<u>\$ 1,595</u>

Right-to-use subscription based information technology (SBITA) liability

The District has entered into a SBITA agreement for resource management software allowing the right-to-use of the software over the term of the lease. The District is required to make annual payments at its incremental borrowing rate or the interest rate stated or implied within the lease.

The SBITA rate, term and ending lease liability are as follows:

	<u>Interest rate</u>	<u>Liability at Commencement</u>	<u>Lease Term in Years</u>	<u>Ending Balance</u>
Software subscription	3.85%	\$ 98,108	6	\$ 82,177

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

5. Long-Term Liabilities (continued)

The future principal and interest payments as of December 31, 2025, are as follows:

Right-to-use SBITA amortization	
Year Ending December 31,	
2025	\$ 16,728
2026	17,564
2027	18,442
2028	19,364
2029	<u>20,333</u>
Total minimum lease payments	92,431
Less amount representing interest	<u>(10,254)</u>
Present value of future minimum lease payments	<u><u>\$ 82,177</u></u>

Line of credit

The District has a line of credit with a bank that matures on April 7, 2026. The line allows borrowing in the amount of \$500,000 and bears interest at the greater of 4.500% or the New York Prime Rate as published in the *Wall Street Journal* plus 1.00% (6.75% as of December 31, 2025). The District did not draw on the line of credit during 2025, and there is no outstanding balance at December 31, 2025.

6. Risk Management

The District is exposed to various risks of loss related to various torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The District carries commercial insurance for all risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not 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

Notes to Financial Statements (continued)

December 31, 2025

7. Defined Benefit Pension Plans

The District currently maintains two separate defined benefit pension plans. The plans cover paid participating firefighters hired prior to associating with Fire and Police Pension Association (FPPA) of Colorado including new hires, paid administrative personnel and all volunteer firefighters. The 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 plan.

Volunteer Firefighters' Plan

Plan Description

The District has established the Volunteer Firefighters' Pension Plan (the "Plan"), an agent multiple-employer defined benefit pension plan administered by the Fire and Police Pension Association of Colorado ("FPPA") under their Public Employee Retirement System (PERS). PERS represents the assets of numerous separate plans that have been pooled for investment purposes.

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

The Fire & Police Pension Association (FPPA) administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available annual comprehensive financial report that can be obtained at FPPAco.org. Once in the site, locate the site map at the bottom of the web page and you will find the 'Annual Report' link.

As of December 31, 2025, the Plan has 20 retirees and beneficiaries, 1 inactive, nonretired members, and no active members, for a total of 21 members. FPPA issues an annual, publicly available financial report that includes the assets of the Volunteer Plan. The report may be obtained on FPPA's website at www.fppaco.org.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

7. Defined Benefit Pension Plans (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):	
Short term	\$ 200
Long term	\$ 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, one time only	\$ 200

Funding Policy. The District makes contributions in accordance with Colorado Revised Statutes (C.R.S.), based upon Trustees-established benefits and funding requirements based on 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, 2025, the District contributed \$20,790 to the Plan.

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions. At December 31, 2025, the District reported a net pension liability of \$80,335 for this Plan.

The net pension liability was measured as of December 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2025. The measurement date is within one year of the plan sponsor's fiscal year end of December 31, 2025. For the year ended December 31, 2025, the District recognized pension expense of \$34,648.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

7. Defined Benefit Pension Plans (continued)

At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual investment earnings	\$9,434	\$0
District contributions subsequent to the measurement date	\$20,790	\$0
Total	\$30,224	\$0

The \$20,790 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2025. Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2026	\$4,395
2027	\$12,306
2028	\$(4,908)
2029	\$(2,359)
Total	\$9,434

Actuarial assumptions

The total pension liability and actuarially determined contributions as of the measurement date was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

7. Defined Benefit Pension Plans (continued)

	Actuarially Determined Contributions
Actuarial Valuation Date	January 1, 2023*
Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open
Amortization Period	20 years
Investment Rate of Return	7.00%
Asset Valuation Method	5-Year smoothed fair value
Retirement Age	50% per year of eligibility until 100% at age 65
Includes Inflation at	2.50%
Mortality	Pre-retirement: Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale, 60% multiplier for off-duty mortality. Post-retirement: Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, projected with the MP-2020 Ultimate projection scale. Disabled: Pub-2010 Public Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, set forward five years projected with the MP-2020 Ultimate projection scale, with minimum probability of 3.5% for males and 2.5% for females.

* Actuarial determined contribution rates are calculated as of January 1 of odd numbered years. The contributions rates have a one-year lag, so the actuarial valuation as of January 1, 2023, determines the contribution amounts for 2024 and 2025.

Discount Rate

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

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

7. Defined Benefit Pension Plans (continued)

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 4.08% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)). Based on the assumption that the pension plan’s fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees, the resulting Single Discount Rate is 7.00%.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2024, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Liquidity	4.0%	4.2%
Fixed Income - Rates	7.0%	5.0%
Fixed Income - Credit	7.0%	6.5%
Diversifiers	9.0%	5.7%
Long Short	6.0%	6.2%
Global Public Equity	33.0%	7.0%
Private Markets	34.0%	8.8%
Total	100.0%	

Plan Description

The following presents the District’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the District’s proportionate share of the net pension liability would be if it were calculated using a discount rate this is 1-percentage-point lower or 1-percentage-point higher than the current rate:

Discount Rate	Projected Net Pension (Asset) Liability
1% Decrease to 6%	\$132,466
Single Discount Rate (7%)	\$80,335
1% Increase to 8%	\$35,501

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

7. Defined Benefit Pension Plans (continued)

State Fire and Police Pension Plan (FPPA)

The following information presented is from the Statewide Retirement Plan (SRP) GASB 68 report which has a measurement date of December 31, 2024.

Plan Description

The District participates in the Statewide Retirement Plan (SRP), a cost-sharing multiple-employer defined benefit pension plan. The Plan consists of four components: Defined Benefit Component, Hybrid Defined Benefit Component, Social Security Component and Money Purchase Component. The Plan currently has 229 participating employer fire and police departments.

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

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

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

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

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

Description of Benefits

The FPPA Board of Directors may change the retirement age on an annual basis, depending upon the results of the actuarial valuation and other circumstances. The Normal Retirement Age should not be less than age 55 or more than age 60.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

7. Defined Benefit Pension Plans (continued)

Any member with at least 25 years of service may retire at any time after age 55 and shall be eligible for a normal retirement pension. Members with combined age and years of service totaling 80 or more, with a minimum age of 50 also qualify for a normal retirement pension.

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

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

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

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

The annual retirement benefit of the Hybrid Defined Benefit Component is 1.9 percent of the average of the member's highest three years' base salary for each year of credited service through December 31, 2022 and 1.5 percent of the average of the member's highest three years' base salary for each year of credited service after January 1, 2023.

Benefits paid to retired members and beneficiaries may be increased annually on October 1 via cost of living adjustment (COLA). COLAs may be compounding or non-compounding. The increase in benefits, if any, is based on the FPPA Board of Director's discretion. Compounding COLAs can range from 0 percent to the higher of 3 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers. Non-compounding COLAs take into consideration the investment returns, compounding COLAs and other economic factors. COLAs may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

Upon termination, the vested account balance within the Money Purchase Component becomes available to the member.

Upon termination, a member may elect to have their member contributions, along with 5.0 percent as interest, returned as a lump sum distribution in lieu of a retirement benefit.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

7. Defined Benefit Pension Plans (continued)

Contributions

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

Members of the Defined Benefit Component contribute 12.0 percent of base salary. In 2020, legislation was enacted to increase the employer contributions rate to the Plan beginning in 2021. Employer contribution rates will increase 0.5 percent annually through 2030 to a total of 13.0 percent of base salary. These increases result in a combined contribution rate of 25.0 percent of base salary in 2030. In 2024, the total combined member and employer contribution rate was 22.0 percent.

Contributions from Defined Benefit Component members and employers of plans reentering the Defined Benefit Component are established by resolution and approved by the FPPA Board of Directors. The continuing rate of contribution for reentry groups is determined for each reentry group. The additional contribution amount is determined locally and may be paid by the member, the employer or split 50/50. Per the 2020 legislation, the required employer contribution rate for reentry departments also increases 0.5 percent annually. These increases result in a minimum combined contribution rate of 25.2 percent in 2030. In 2024, the total minimum required member and employer contribution rate was 22.2 percent.

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

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

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

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Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

7. Defined Benefit Pension Plans (continued)

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

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

The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2024, the District's proportion was approximately 0.3116 percent, an increase of 0.0052 percent from the prior year.

Actuarial Assumptions

The actuarial valuations for the Statewide Retirement Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2024. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2025	January 1, 2024
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return, net*	7.0%	7.0%
Projected Salary Increases*	4.25% - 11.75%	4.25% - 11.75%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the Pub-2010 Safety Healthy Annuitant Mortality Tables for males and females, amount-weighted, and then projected using the ultimate values of the MP-2020 projection scale for all years. The pre-retirement mortality assumption uses Pub-2010 Safety Healthy Employee Mortality Tables for males and females, amount-weighted, and then projected with the MP-2020 Ultimate projection scale. The pre-retirement non-duty mortality tables are adjusted to 60% multiplier. The on-duty mortality rate is 0.00015.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

7. Defined Benefit Pension Plans (continued)

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	33%	7.00%
Equity Long/Short	6%	6.20%
Private Markets	34%	8.80%
Fixed Income - Rates	7%	5.00%
Fixed Income - Credit	7%	6.50%
Absolute Return	9%	5.70%
Cash	4%	4.20%
Total	100%	

Discount Rate

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

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

7. Defined Benefit Pension Plans (continued)

Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00 percent; the municipal bond rate is 4.08 percent (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting single discount rate is 7.00 percent.

Sensitivity Analysis

Regarding the sensitivity of the net pension liability to changes in the single discount rate, the following presents the plan's net pension liability, calculated using a single discount rate of 7.00 percent, as well as what the plan's net pension liability would be if it were calculated using a single discount rate that is one percent lower or one percent higher:

Discount Rate	Projected Net Pension (Asset) Liability
1% Decrease to 6%	\$1,520,723
Single Discount Rate (7%)	\$0
1% Increase to 8%	\$0

The net pension liability of \$0 reflects a reserve for cost of living adjustments and to manage adverse experience of \$143,757,639 at a 7.00 percent discount rate and \$666,904,279 at a 8.00 percent discount rate.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

7. Defined Benefit Pension Plans (continued)

Other Information

For the year ended December 31, 2025, the District recognized a pension expense of \$560,117. At December 31, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$748,841	\$23,423
Changes in assumptions	\$268,003	\$0
Net difference between projected and actual investment earnings	\$106,830	\$0
Change in proportionate share	\$0	\$36,957
Contributions subsequent to the measurement date	\$351,085	\$0
Total	\$1,474,310	\$60,381

The \$351,085 reported as deferred outflows of resources related to pensions resulting from District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2026.

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	
2025	\$291,123
2026	\$437,393
2027	\$16,859
2028	\$38,107
2029	\$106,412
Thereafter	\$172,949
	\$1,062,844

Average Remaining Expected Service Life

The average of the expected remaining service lives of all members in the plan, including active and inactive members, is 8.3043 years determined as of the beginning of the December 31, 2024 measurement period.

Pension plan fiduciary net position

Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

Berthoud Fire Protection District

Notes to Financial Statements (continued)

December 31, 2025

8. 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. Employees who are participating members contributed \$162,717 pre-tax and \$33,280 after tax for the year-ended December 31, 2025.

The District also provides a 457 deferred compensation plan managed by a third-party administrator, Empower, 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 SRP 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. Employees who are participating members contributed \$34,223 pre-tax the District contributed \$24,251 pre-tax for the year-ended December 31, 2025.

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 firefighters 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.

The plan is funded by member contributions or contributions made on behalf of members. The District has no requirement to contribute to the plan and does not receive contributions from a nonemployer entity.

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

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

9. Statewide Death and Disability Plan (continued)

Disability benefits, 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 3.0% of base salaries on behalf of the members during the year ended December 31, 2025. Contributions to the plan for the year ended December 31, 2025, were \$123,839, equal to the required contributions.

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.

Berthoud Fire Protection District
Notes to Financial Statements (continued)
December 31, 2025

10. TABOR Compliance

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 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-Brucing" 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-Bruce," including, but not limited to, the form and content of such ballot issues.

11. Subsequent Events

Management of the District has evaluated subsequent events through June 10, 2026, the date that the financial statements were available to be issued. No items were identified that require adjustments to or disclosures in the financial statements.

BERTHOUD FIRE PROTECTION DISTRICT

Required Supplementary Information

Berthoud Fire Protection District
Schedule of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Governmental Fund Type—General Fund
December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 6,503,917	\$ 6,623,418	\$ 119,501
Specific ownership taxes	390,235	423,616	33,381
Sales taxes	-	1,493,874	1,493,874
Charges for services	-	34,366	34,366
Interest	300,000	312,112	12,112
Intergovernmental	111,441	277,778	166,337
Grant revenue	-	34,329	34,329
Other Income	27,977	18,282	(9,695)
Total Revenues	<u>7,333,570</u>	<u>9,217,775</u>	<u>1,884,205</u>
Expenditures:			
Personnel	5,781,175	5,756,942	24,233
Building & Land	203,295	161,873	41,422
Vehicles & Equipment	347,720	184,648	163,072
Communications & IT	158,706	118,914	39,792
Travel & Training	127,560	166,731	(39,171)
Managerial	664,392	779,589	(115,197)
Capital outlay	-	5,936	(5,936)
Debt service:			
Principal	-	19,031	(19,031)
Interest	-	-	-
Total Expenditures	<u>7,282,848</u>	<u>7,193,664</u>	<u>89,184</u>
Excess Revenue Over (Under)			
Expenditures	<u>50,722</u>	<u>2,024,111</u>	<u>1,973,389</u>
Other financing sources and (uses)			
Gain on sale of assets	-	37,000	37,000
Transfer out	-	(24,046)	(24,046)
Total other financing sources and (uses)	<u>-</u>	<u>12,954</u>	<u>12,954</u>
Net Change in fund balance	50,722	2,037,065	1,986,343
Fund Balance—Beginning of year	<u>5,625,550</u>	<u>5,465,919</u>	<u>(159,631)</u>
Fund Balance—End of Year	<u>\$ 5,676,272</u>	<u>\$ 7,502,984</u>	<u>\$ 1,826,712</u>

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

Berthoud Fire Protection District
Required Supplementary Information
Volunteer Pension Fund
Schedule of Changes in Net Pension Liability and Related Ratios
Last 10 Measurement Periods

Measurement period ended December 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Total pension liability										
Service cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 317	\$ 317	\$ 336	\$ 336
Interest on the total pension liability	38,299	39,547	38,090	39,963	42,754	43,797	46,635	47,795	49,388	50,712
Difference between expected and actual experience	(9,675)	-	39,076	-	(17,629)	-	(3,768)	-	(28,086)	-
Changes of assumptions	44,834	-	2,738	-	-	-	22,760	-	22,704	-
Benefit Payments	(55,840)	(58,880)	(59,280)	(73,906)	(56,380)	(60,960)	(62,760)	(64,360)	(66,760)	(70,560)
Net change in total pension liability	17,618	(19,333)	20,624	(33,943)	(31,255)	(17,163)	3,184	(16,248)	(22,418)	(19,512)
Total pension liability - Beginning	574,571	593,904	573,280	607,223	638,478	655,641	652,457	668,705	691,123	710,635
Total pension liability - Ending (a)	592,189	574,571	593,904	573,280	607,223	638,478	655,641	652,457	668,705	691,123
Plan fiduciary net position										
Contributions - employer	27,759	-	12,264	16,880	16,880	11,746	11,746	13,114	13,114	15,427
Net investment income	45,310	45,859	(46,439)	76,458	63,230	68,700	662	72,374	26,741	9,954
Benefit payments	(55,840)	(58,880)	(59,280)	(73,906)	(56,380)	(60,960)	(62,760)	(64,360)	(66,760)	(70,560)
Administrative expense	(6,921)	(8,059)	(6,018)	(5,854)	(4,708)	(7,065)	(5,163)	(6,449)	(994)	(1,051)
State of Colorado supplemental discretionary payment	11,038	11,038	15,192	25,763	-	10,571	11,803	11,803	13,884	13,884
Net change in plan fiduciary net position	21,346	(10,042)	(84,281)	39,341	19,022	22,992	(43,712)	26,482	(14,015)	(32,346)
Plan fiduciary net position - beginning	490,508	500,550	584,831	545,490	526,468	503,476	547,188	520,706	534,721	567,067
Plan fiduciary net position - end (b)	511,854	490,508	500,550	584,831	545,490	526,468	503,476	547,188	520,706	534,721
District's net pension liability - ending (a)-(b)	80,335	84,063	93,354	(11,551)	61,733	112,010	152,165	105,269	147,999	156,402
Plan fiduciary net position as a percentage of the total pension liability	86.43%	85.37%	84.28%	102.01%	89.83%	82.46%	76.79%	83.87%	77.87%	77.37%

Note: This schedule is intended to show information for ten years.

Berthoud Fire Protection District

Required Supplementary Information

Schedules of Employer Contributions

<u>Volunteer Plan</u>						
<u>Measurement Period Ended</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions ***</u>	<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>	
* 12/31/2024	\$ 11,274	\$ 38,797	\$ 27,523	N/A **	N/A **	
12/31/2023	12,264	11,038	(1,226)	N/A **	N/A **	
12/31/2022	12,264	27,456	15,192	N/A **	N/A **	
12/31/2021	12,264	12,264	-	N/A **	N/A **	
12/31/2020	16,880	16,880	-	N/A **	N/A **	
12/31/2019	16,880	22,317	5,437	N/A **	N/A **	
12/31/2018	11,746	23,549	11,803	N/A **	N/A **	
12/31/2017	11,746	24,917	13,171	N/A **	N/A **	
12/31/2016	13,114	24,917	11,803	N/A **	N/A **	
12/31/2015	13,114	26,998	13,884	N/A **	N/A **	
12/31/2014	15,427	29,311	13,884	N/A **	N/A **	

Note: This schedule shows information for ten years.

Actuarially determined contributions rates are calculated as of January 1 of odd years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2023, determines the contribution amounts for 2022 and 2023.

* The measurement date is one-year is arrears to the current reporting period

** Ratio not applicable (N/A) since payroll is zero due to the plan covering volunteers.

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

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

Berthoud Fire Protection District
Required Supplementary Information
FPPA - Statewide Retirement Plan
Schedules of Proportionate Share of the Net Pension and Related Ratios

Statewide Retirement Plan					
Period Ended*	Proportion of the Net Pension	Proportionate	Actual Covered Payroll	Net Pension Liability (Asset) as a Percentage of Covered Payroll	Fiduciary Net Position as a Percentage of Total Pension Liability/(Asset)
	Liability/(Asset)	Share of the Net Pension Liability (Asset)			
12/31/2024	0.31163%	\$	\$ 3,374,840	0.00%	100.00%
12/31/2023	0.30642%	-	3,016,142	0.00%	100.00%
12/31/2022	0.34623%	307,313	3,009,265	10.21%	97.60%
12/31/2021	0.32885%	(1,782,142)	2,712,208	-65.71%	106.70%
12/31/2020	0.30463%	(661,342)	2,470,236	-26.77%	101.90%
12/31/2019	0.27890%	(151,735)	1,992,293	-7.62%	95.20%
12/31/2018	0.24485%	309,551	1,698,539	18.22%	106.30%
12/31/2017	0.24910%	(358,370)	1,476,167	-24.28%	98.21%
12/31/2016	0.25536%	(92,270)	1,329,015	-6.94%	100.10%
12/31/2015	0.23452%	4,134	1,137,638	0.36%	140.60%
12/31/2014	0.22247%	(251,075)	1,115,371	-22.51%	139.00%

* The amounts presented for each period ended were determined as of the measurement period - 12/31 of the prior year

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Berthoud Fire Protection District

Required Supplementary Information

FPPA - Statewide Retirement Plan

Schedules of Employer Contributions

<u>Statewide Retirement Plan</u>						
<u>Period Ended</u>	<u>Actuarially Required Contributions</u>	<u>Actual Employer Contributions</u>		<u>Contribution Excess/(Deficiency)</u>	<u>Actual Covered Payroll</u>	<u>Contributions as a Percentage of Covered Payroll</u>
		<u>\$</u>	<u>\$</u>			
12/31/2025	\$ 351,085	\$ 351,085	\$ -	-	\$ 3,374,840	10.4%
12/31/2024	339,793	339,793	-	-	3,403,790	10.0%
12/31/2023	285,988	285,988	-	-	3,016,142	9.5%
12/31/2022	270,071	270,071	-	-	3,009,265	9.0%
12/31/2021	230,469	230,469	-	-	2,712,208	8.5%
12/31/2020	197,619	197,619	-	-	2,470,236	8.0%
12/31/2019	159,383	159,383	-	-	1,992,293	8.0%
12/31/2018	132,047	132,047	-	-	1,698,539	7.8%
12/31/2017	115,987	115,987	-	-	1,476,167	7.9%
12/31/2016	104,550	104,550	-	-	1,329,015	7.9%
12/31/2015	91,011	91,011	-	-	1,137,638	8.0%

Note: This schedule is intended to show information for ten years. Additional years will be displayed as they become available.

BERTHOUD FIRE PROTECTION DISTRICT

Supplementary Information

Berthoud Fire Protection District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Capital Projects Fund
December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Property taxes	\$ 642,392	\$ 651,649	\$ 9,257
Interest	-	23,722	23,722
Total Revenues	<u>642,392</u>	<u>675,371</u>	<u>32,979</u>
Expenditures:			
Current:			
Administration	12,848	12,118	730
Capital outlay	256,252	187,132	69,120
Debt service:			-
Principal	-	97,971	(97,971)
Interest	-	20,081	(20,081)
Total Expenditures	<u>269,100</u>	<u>317,302</u>	<u>(48,202)</u>
Excess Revenue Over (Under)			
Expenditures	<u>373,292</u>	<u>358,069</u>	<u>(15,223)</u>
Other financing sources and (uses)			
Gain on sale of assets	-	115,000	115,000
Total other financing sources and (uses)	<u>-</u>	<u>7,605</u>	<u>7,605</u>
Net Change in fund balance	373,292	480,674	107,382
Fund Balance—Beginning of year	<u>1,531,241</u>	<u>622,890</u>	<u>(908,351)</u>
Fund Balance—End of Year	<u><u>\$ 1,904,533</u></u>	<u><u>\$ 1,103,564</u></u>	<u><u>\$ (800,969)</u></u>

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

Berthoud Fire Protection District
Statement of Revenues, Expenditures
and Changes in Fund Balance—Actual and Budget
Impact Fee Fund
December 31, 2025

	Original and Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Impact fee revenue	\$ 225,000	\$ 296,927	\$ 71,927
Earnings on deposits	-	86,948	86,948
Total Revenues	<u>225,000</u>	<u>383,875</u>	<u>158,875</u>
Expenditures:			
Current:			
Administration	-	971	(971)
Capital outlay	-	-	-
Debt Service	<u>108,361</u>	<u>98,667</u>	<u>9,694</u>
Total Expenditures	<u>108,361</u>	<u>99,638</u>	<u>8,723</u>
Excess Revenue Over (Under) Expenditures	<u>116,639</u>	<u>284,237</u>	<u>167,598</u>
Other financing sources and (uses)			
Total other financing sources and (uses)	<u>(116,639)</u>	<u>16,441</u>	<u>133,080</u>
Net Change in fund balance	-	300,678	300,678
Fund Balance—Beginning of year	<u>1,439,158</u>	<u>1,835,107</u>	<u>395,949</u>
Fund Balance—End of Year	<u><u>\$ 1,439,158</u></u>	<u><u>\$ 2,135,785</u></u>	<u><u>\$ 696,627</u></u>

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