



Western Hills Fire Protection District

Financial Statements and Supplementary Information

For the Year Ended December 31, 2020

Western Hills Fire Protection District

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Independent Auditor's Report

Board of Directors
Western Hills Fire Protection District
Greeley, Colorado

Opinions

We have audited the financial statements of the governmental activities and the General Fund of the Western Hills Fire Protection District (the District), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the District, as of December 31, 2020, 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.



Auditor's Responsibilities for the Audit of the Financial Statements

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 13, and budgetary comparison information on page 28 through 29, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the



information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

BDO USA, LLP

September 29, 2021

Western Hills Fire Protection District Management's Discussion and Analysis For the Year Ended December 31, 2020

This section of the annual financial report offers readers of the Western Hills Fire Protection District's (the "District") financial statements, management's discussion and analysis of the District's financial performance during the year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with additional information furnished in the District's financial statements, which immediately follow this section.

Background Information

The District was created in 1974 by a number of citizens concerned about fire protection for their homes and businesses. The predominant fund approach for the District was comprised of one basic fund, the General Fund.

Financial Highlights

- The District's financial status improved over the course of the 2020 fiscal year. Total net position increased \$3,324,313 or 40.5 percent.
- General revenues account for \$4,407,654 or 100.0 percent of all revenues. There were no program specific revenues in the form of charges for services or operating grants and contributions during 2020.
- The District had \$1,083,341 in expenses related to governmental activities; none of these expenses were offset by program specific charges for services or operating grants and contributions. General revenues consisting of property and specific ownership taxes of \$4,294,916 and other revenues were adequate to provide for these programs.
- During 2020, the District did not expend any monies on capital assets. See the Capital Assets section of this management's discussion and analysis for more information on page 12.
- The District has no outstanding long-term debt at December 31, 2020.

Overview of the Financial Statements

This annual financial report consists of three parts: management's discussion and analysis, the basic financial statements and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are government-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the government-wide statements. The governmental fund statements tell how basic services such as fire protection were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information.

**Western Hills Fire Protection District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

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

Table 1

**Organization of the Western Hills Fire Protection District's
Annual Financial Report**

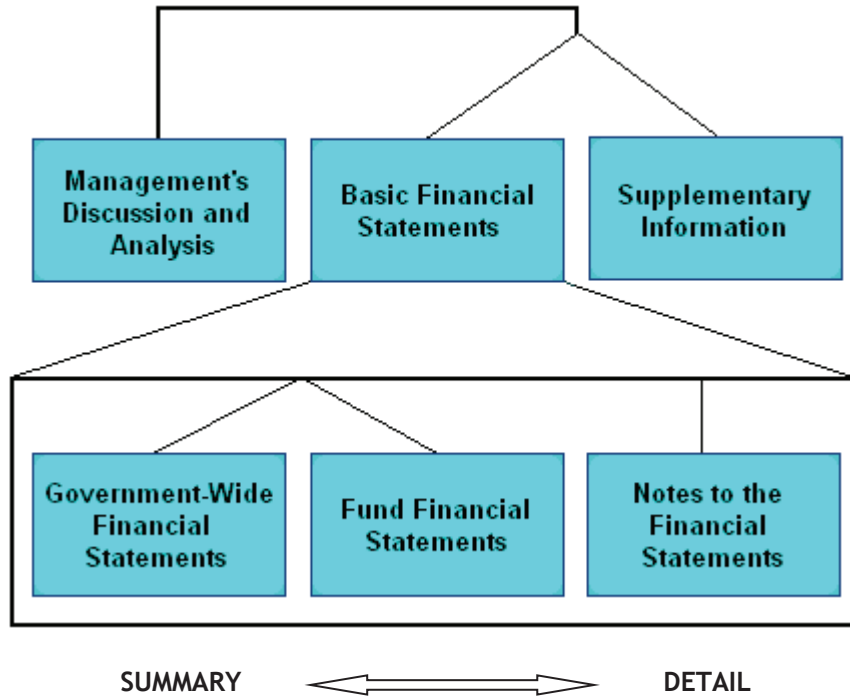


Table 2, displayed on the following page, summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights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

**Western Hills Fire Protection District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

**Table 2
Major Features of the Government-wide and Fund Financial Statements**

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

Government-wide Statements

The government-wide statements are designed to provide readers a broad overview of the District's finances, in a manner similar to a private-sector business. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid. These statements provide both short-term and long-term information about the District's overall financial status.

The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between these items 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. To assess the District's overall health, you need to consider additional non-financial factors such as the condition of buildings and equipment.

The statement of activities presents information showing how the government'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 these statements for some items that will only result in cash flow in future fiscal periods.

**Western Hills Fire Protection District
Management’s Discussion and Analysis
For the Year Ended December 31, 2020**

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (governmental activities). Included in governmental activities are most of the District’s basic services such as fire protection.

The basic government-wide financial statements can be found on pages 14-15 of this report.

Fund Financial Statements

The fund financial statements provide more detailed information about the District’s funds, focusing on its most significant or “major” funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs.

- *Governmental fund:* The District’s basic services are included in the governmental fund, generally focusing on (1) inflows and outflows of cash and other financial assets and (2) balances remaining at year-end which are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine financial resources that may be available in the near term to finance the District’s programs. Because this information does not encompass the long-term focus of the government-wide statements, a reconciling schedule is included on the governmental fund statements explaining the relationship (or difference) between them.

The District maintains one governmental fund, the General Fund which is considered a major fund. The basic governmental fund financial statements can be found on pages 16-17 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 18-27 of this report.

Financial Analysis of the District as a Whole

Net Position and Changes in Net Position

The District’s net position was larger on December 31, 2020, than it was the year before, increasing 40.5 percent to \$11,528,764. Table 3, displayed on the following page, provides a summary of the District’s net position at December 31, 2020 and 2019.

Western Hills Fire Protection District
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Table 3
Condensed Statement of Net Position

	<u>2020</u>	<u>2019</u>
<u>Assets</u>		
Current assets	\$ 17,493,204	\$ 12,820,064
Capital assets, net	142,039	156,722
Total assets	17,635,243	12,976,786
 <u>Liabilities</u>		
Current liabilities	404	366
Total liabilities	404	366
 <u>Deferred inflows of resources</u>		
Unearned revenue - property taxes	6,106,075	4,771,972
Total deferred inflows of resources	6,106,075	4,771,972
 <u>Net position</u>		
Net investment in capital assets	142,039	156,722
Restricted	130,800	87,600
Unrestricted	11,255,925	7,960,126
Total net position	\$ 11,528,764	\$ 8,204,448

Table 4, displayed on the following page, provides a summary of the changes in net position. Following Table 4 is specific discussion related to overall revenues and expenses.

Western Hills Fire Protection District
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Table 4
Condensed Statement of Activities

Years Ended December 31,	<u>2020</u>	<u>2019</u>
<u>Revenues</u>		
Program revenues		
Charges for services	\$ -	\$ -
Operating grants & contributions	-	-
General revenues		
Property and specific ownership taxes	4,294,916	2,749,129
Earnings on investments	63,202	166,307
Other	49,536	5,327
	<hr/>	<hr/>
Total revenue	4,407,654	2,920,763
	<hr/>	<hr/>
<u>Expenses</u>		
Administration	104,568	81,614
Buildings and grounds	17,004	16,871
Intergovernmental	961,769	736,256
	<hr/>	<hr/>
Total expenses	1,083,341	834,741
	<hr/>	<hr/>
Increase in net position	\$ 3,324,313	\$ 2,086,022

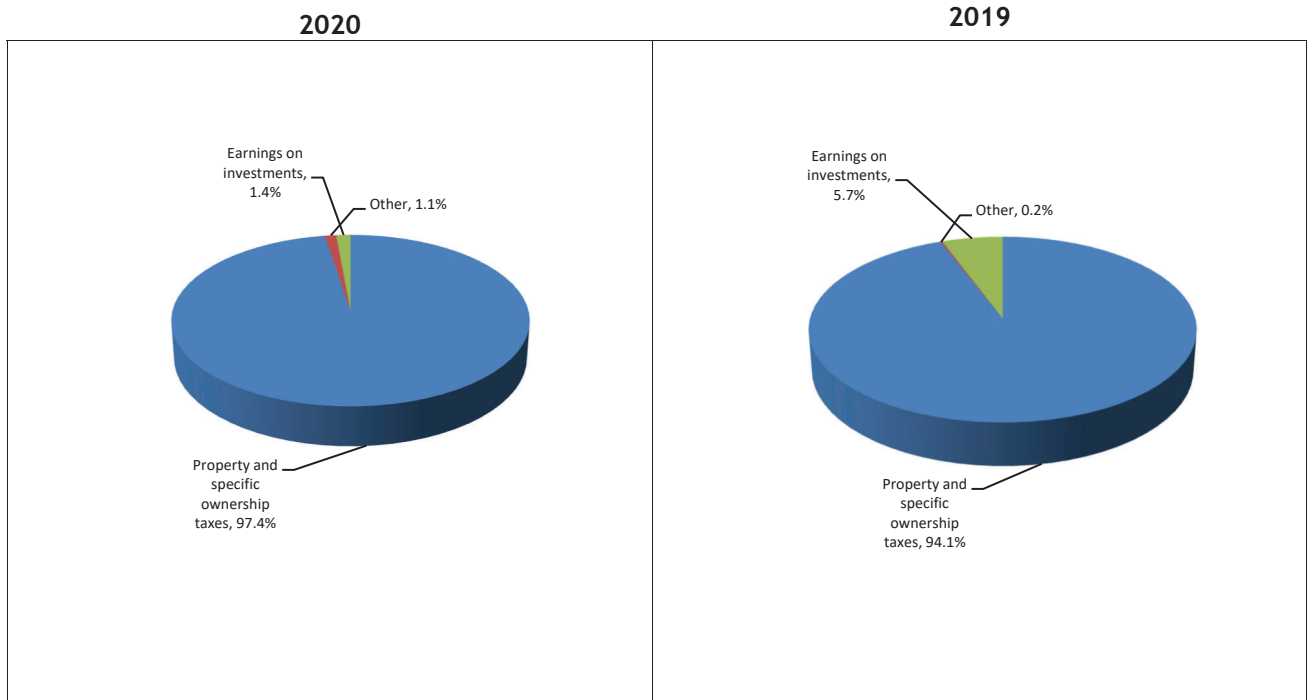
Property and specific ownership taxes account for most of the District's revenue, contributing 97 cents for every dollar raised (see Table 5) and the remaining 3 cents came from earnings on investments and from other sources.

The District expenses predominantly relate to payment for fire protection to the City of Greeley for 2020 and 2019.

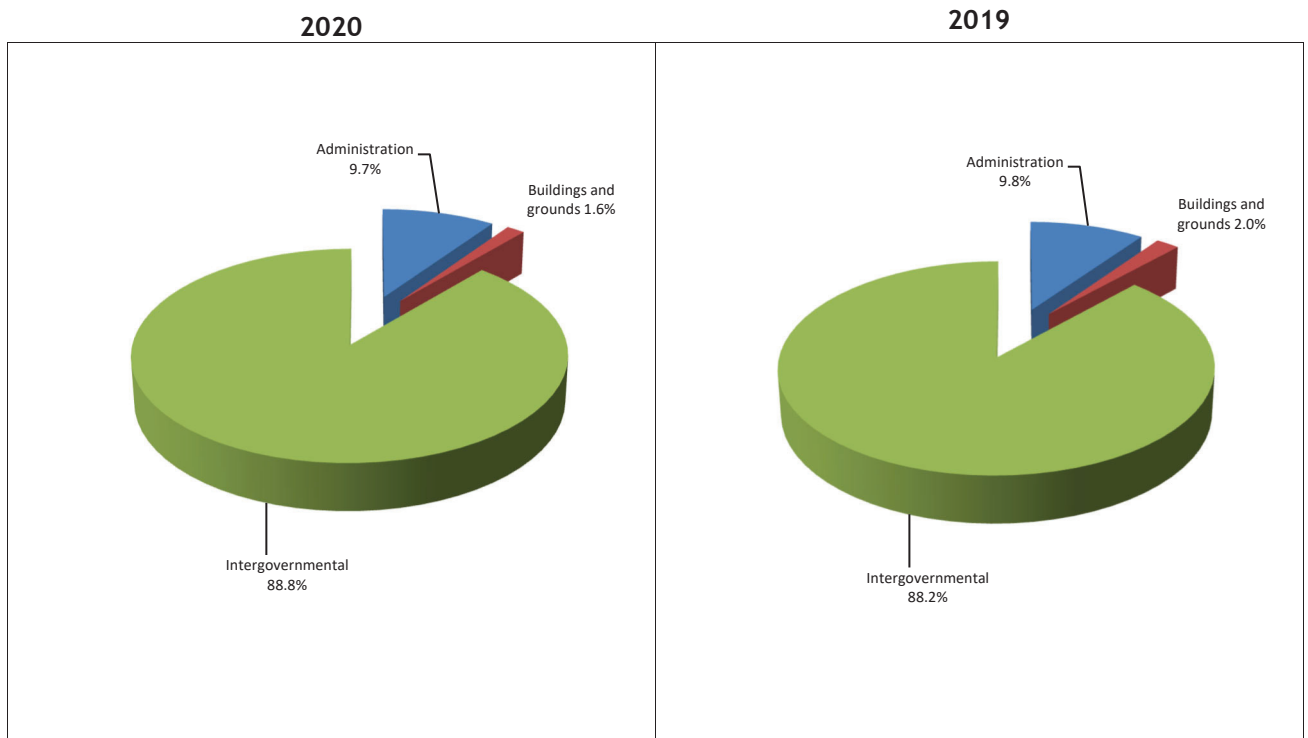
**Western Hills Fire Protection District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Detailed below in Tables 5 and 6 are charts displaying revenues by sources and expenses by program for the total District.

**Table 5
Sources of Revenues for Fiscal Year**



**Table 6
Expenses for Fiscal Year**



**Western Hills Fire Protection District
Management’s Discussion and Analysis
For the Year Ended December 31, 2020**

The statement of activities shows the cost of program services and the related charges for services and grants offsetting those costs. Table 7 reflects each program’s total cost and net cost of services. That is, it identifies the cost of these services supported by unrestricted property taxes.

**Table 7
Net Cost of Governmental Activities**

	<u>Total Cost</u>	<u>Net Cost of Services</u>
Administration	\$ 104,568	\$ 104,568
Buildings and grounds	17,004	17,004
Intergovernmental	961,769	961,769
	\$ 1,083,341	\$ 1,083,341
Total	\$ 1,083,341	\$ 1,083,341

Financial Analysis of District’s Funds

Governmental Activities

The increase in net position for governmental activities was \$3,324,313 in the 2020 fiscal year.

The governmental funds monitor cash resources and expenditures. Capital outlay expenditures are not considered an expense on the government-wide statement of activities. Rather, these costs are written off over time as depreciation expense. There was no capital outlay during 2020.

As reflected on the reconciliation of governmental funds revenues and expenditures to the government-wide statement of activities (page 17) the depreciation expense was \$14,684 for 2020.

General Fund

The General Fund was established and is continually funded to provide for the daily activities, salaries, expenses, and operating costs of the District. This fund provides for functional areas of the organization - administration, buildings and grounds, and intergovernmental payments. The primary funding source for the General Fund is taxation of real property. Other sources of income for the General Fund include earnings on investments and other sources. The primary projects or program efforts for establishing needed funding during 2020 were:

1. Administration of the District
2. Building and Grounds
3. Payments to the City of Greeley

**Western Hills Fire Protection District
Management’s Discussion and Analysis
For the Year Ended December 31, 2020**

General Fund Budgetary Highlights

The District’s budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The District’s budget for the General Fund anticipated that revenues would exceed expenditures by \$3,853,294. The actual results for the year show a \$3,338,997 excess of revenues over expenditures in the General Fund for 2020.

It should be noted that the District’s budget format is designed to establish and monitor divisional functions of the District’s operations to more closely align expenses with the areas of responsibility. These divisions are set up as cost centers for accountability in each of the following areas:

- Administration
- Building and Grounds
- Intergovernmental
- Capital Outlay

The District must maintain a 3% emergency reserve as a part of the TABOR Amendment (Taxpayer Bill of Rights). At December 31, 2020, the District’s TABOR reserve amounted to \$130,800.

Capital Assets and Debt Administration

Capital Assets

By the end of 2020, the District had invested \$142,039, net of accumulated depreciation, in a broad range of capital assets, including buildings, vehicles and other equipment (See Table 8). This amount represents a net decrease of \$14,684 or 9.6 percent from last year. Additional information on the District’s capital assets can be found in Note 3 to the financial statements. Total depreciation expense for the year was \$14,684 while there were no additions to capital assets during 2020.

**Table 8
Capital Assets (Net of Depreciation)**

	Governmental Activities		<u>% of Change</u> <u>2020-2019</u>
	<u>2020</u>	<u>2019</u>	
Land	\$ 20,000	\$ 20,000	-
Buildings and improvements	122,039	136,722	-10.7%
Total	\$ 142,039	\$ 156,722	-9.6%

Long-Term Debt

During 2020, the District did not issue new debt. Colorado Revised Statute 32-1-1101(6) states that a fire district shall have a limit of bonded indebtedness determined by a specific formula. The District had no outstanding debt at year end.

**Western Hills Fire Protection District
Management's Discussion and Analysis
For the Year Ended December 31, 2020**

Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial health in the future:

The District's budget for 2021 budgets general property tax revenue of \$6,106,663 (based on an assessed valuation for the District of \$642,812,570) and a mill levy of 10.085.

On June 10, 2010 the City of Greeley and the District entered into an intergovernmental service agreement beginning January 1, 2011 and expired on December 31, 2020. This agreement was amended and extended for an additional ten-year term in October 2019. The new expiration date is December 31, 2030. In the event of early contract termination, the Board of Directors has determined to set aside contingency funds to provide fire protection services. This contingency is reviewed annually.

Contacting the District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Western Hills Fire Protection District c/o the City of Greeley, 1155 10th Avenue, Greeley, Colorado 80631.

Basic Financial Statements

Western Hills Fire Protection District

Statement of Net Position

December 31, 2020

	Governmental Activities
Assets	
Cash and cash equivalents	\$ 11,387,129
Property taxes receivable	6,106,075
Capital assets:	
Nondepreciable	20,000
Depreciable, net of accumulated depreciation	122,039
Total assets	17,635,243
Liabilities	
Accounts payable	404
Total liabilities	404
Deferred inflows of resources	
Unearned revenue - property taxes	6,106,075
Total deferred inflows of resources	6,106,075
Net position	
Net investment in capital assets	142,039
Restricted for:	
Emergencies	130,800
Unrestricted	11,255,925
Total net position	\$ 11,528,764

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

Western Hills Fire Protection District

Statement of Activities

Year Ended December 31, 2020

		Program Revenues		Net Revenue (Expense) and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Governmental Activities				
Administration	\$ 104,568	\$ -	\$ -	\$ (104,568)
Building and grounds	17,004	-	-	(17,004)
Intergovernmental	961,769	-	-	(961,769)
Total governmental activities and primary government	\$ 1,083,341	\$ -	\$ -	(1,083,341)
General revenues				
Property taxes				4,071,080
Specific ownership taxes				223,836
Earnings on investments				63,202
Gain on sale of capital assets				47,204
Other				2,332
Total general revenues				4,407,654
Change in net position				3,324,313
Net position at beginning of year				8,204,451
Net position at end of year				\$ 11,528,764

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

Western Hills Fire Protection District

Balance Sheet - General Fund

December 31, 2020

Assets

Cash and cash equivalents	\$ 11,387,129
Property taxes receivable	6,106,075

Total assets	\$ 17,493,204
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Liabilities, deferred inflows of resources and fund balance

Liabilities

Accounts payable	\$ 404
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Total liabilities	404
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Deferred inflows of resources

Unearned revenue - property taxes	6,106,075
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Total deferred inflows of resources	6,106,075
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Fund balance

Restricted for emergencies	130,800
Assigned for capital expenditures	8,039,750
Unassigned	3,216,175

Total fund balance	11,386,725
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Total deferred inflows of resources and fund balance	\$ 17,493,204
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Reconciliation of the General Fund Balance Sheet with the Government-wide Statement of Net Position

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

Total fund balance - General Fund	\$ 11,386,725
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Capital assets used in governmental activities are not current financial resources, and therefore, are not reported as assets on the fund financial statements.

Capital assets - cost	534,189
Accumulated depreciation	(392,150)

Total net position - governmental activities	\$ 11,528,764
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The accompanying notes are an integral part of these financial statements.

Western Hills Fire Protection District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Year Ended December 31, 2020

Revenues	
Taxes	\$ 4,294,916
Earnings on investments	63,202
Other income	2,332
Total revenues	4,360,450
Expenditures	
Current	
Administration	104,568
Building and grounds	2,320
Intergovernmental	961,769
Total expenditures	1,068,657
Excess of revenues over expenditures	3,291,793
Other financing sources	
Proceeds from the sale of capital assets	47,204
Change in fund balance	3,338,997
Fund balance at beginning of year	8,047,728
Fund balance at end of year	\$ 11,386,725

Reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance with the Government-wide Statement of Activities

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

Net change in fund balance - General Fund	\$ 3,338,997
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For governmental activities, costs for capital assets are shown on the statement of net position and allocated over their estimated useful lives as annual depreciation expense in the statement of activities. This is the amount of depreciation expense reported during the year.	(14,684)
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Change in net position of governmental activities	\$ 3,324,313
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The accompanying notes are an integral part of these financial statements.

Western Hills Fire Protection District

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Form of Organization

The Western Hills Fire Protection District (the “District”) is organized under the provisions of Section 32-1-305 (6) of the Colorado Revised Statutes (“CRS”). It is a quasi-municipal corporation and a political subdivision of the State of Colorado with all powers thereof which includes the power to levy taxes against property within the District.

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 government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental 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:

- 1) 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
- 2) 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.

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 stand-alone government”.

Government-wide and Fund 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. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which

Western Hills Fire Protection District

Notes to Financial Statements

normally are supported by taxes, charges for services and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The District does not report any business-type activities.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with 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 fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on the District's major fund rather than reporting funds by type. The District only has one governmental fund, the General Fund, which is a major fund.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balance present increases and decreases in those components. 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 recognized 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 recognized only when payment is due.

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

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.

Western Hills Fire Protection District

Notes to Financial Statements

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 exchange 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 a government’s general activities. The following is the District’s only governmental fund:

General Fund - The General Fund is the District’s primary operating fund. It accounts for all the financial resources of the District.

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.

Investments

Investments are reported at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*.

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, 2020. Property taxes levied on December 31, 2020 are identified as property taxes receivable and deferred inflows of resources.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year end are recorded as prepaid items in the government-wide financial statements, and will be reported as expenses in the following year. These amounts are reflected as expenditures in the year paid in the governmental fund financial statements.

Capital Assets

Capital assets, which include property and equipment, are reported in the applicable governmental 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.

Western Hills Fire Protection District

Notes to Financial Statements

Capital assets of the District are depreciated using the straight-line method over the following estimated useful lives.

Description	Estimated Lives
Building and improvements	30 years
Vehicles and equipment	10 years

Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*, (“GASB No. 16”). Personal leave benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services rendered and it is probable that the District will compensate the employees for the benefits earned. Upon termination of employment from the District, an employee will be compensated for all unused personal leave. The District has no liability for compensated absences at December 31, 2020.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, payables and accrued liabilities 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 and the noncurrent portion of long-term liabilities 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, available financial resources. In general, payments made within 60 days after year-end are considered to have been made with current available financial resources. Capital lease obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements until due.

Fund Balance and Net Position

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 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 is not restricted for any project or other purpose. A deficit will require future funding.

Western Hills Fire Protection District

Notes to Financial Statements

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. 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 - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

Committed - amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the "Board"). The Board is the highest level of decision making authority for the District. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

When an expenditure is incurred for purposes for which both restricted and unrestricted resources are available, the District considers restricted resources 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.

Western Hills Fire Protection District

Notes to Financial Statements

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.

2. Cash and Investments

Custodial Credit Risk - Deposits

Colorado state statutes govern the entity's deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes 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. At December 31, 2020, the District had deposits with financial institutions with a carrying amount of \$155,053. The bank balances with the financial institutions was \$246,117, all of which was covered by federal depository insurance.

Investments

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

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker's acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The District's policy is to hold investments until maturity.

Western Hills Fire Protection District

Notes to Financial Statements

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. As of December 31, 2020, the District had no investments exposed to custodial credit risk outside of its investment in the Colorado Local Government Liquid Asset Trust (the "Trust"), discussed below.

Interest Rate Risk

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

Local Government Investment Pools

At December 31, 2020, the District had invested \$11,214,694 in the Colorado Local Government Liquid Asset Trust (the "Trust"), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust's portfolios pursuant to a custodian agreement. The custodian acts as a 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. The Trust is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

At December 31, 2020, the District had cash and cash equivalent and investment balances as follows:

Petty cash	\$	4,926
Cash with county treasurer		12,456
Bank deposits		155,053
Local government investment pool		11,214,694
	\$	11,387,129

Western Hills Fire Protection District

Notes to Financial Statements

3. Capital Assets

Capital asset activity for the year ended December 31, 2020 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 20,000	\$ -	\$ -	\$ 20,000
Total capital assets, not being depreciated	20,000	-	-	20,000
Capital assets, being depreciated:				
Building and improvements	412,680	-	-	412,680
Vehicles and equipment	154,759	-	(53,250)	101,509
Total capital assets, being depreciated	567,439	-	(53,250)	514,189
Less accumulated depreciation for:				
Building and improvements	(275,957)	(14,684)	-	(290,641)
Vehicles and equipment	(154,759)	-	53,250	(101,509)
Total accumulated depreciation	(430,716)	(14,684)	53,250	(392,150)
Total capital assets, being depreciated, net	136,723	(14,684)	-	122,039
Total capital assets, net	\$ 156,723	\$ (14,684)	\$ -	\$ 142,039

Depreciation for governmental activities capital assets have been allocated to the building and grounds activity on the statement of activities.

4. Risk Management

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District carries commercial insurance covering specific and general risks of loss, including worker's 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.

5. TABOR Compliance

In November 1992, Colorado voters passed an amendment (the "Amendment" or "TABOR") to the State Constitution (Article X, Section 20) which limits the revenue raising and spending abilities of state and local districts. The limits on property taxes, revenue, and "fiscal year spending" include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment 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.

Western Hills Fire Protection District

Notes to Financial Statements

The Amendment also requires local districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The District has restricted \$130,800 for this purpose.

On November 5, 1998, the voting electors voted to allow the Western Hills Fire Protection District to retain all revenues from all sources in 1998 and subsequent years, without imposing any new taxes or increases in tax rates, and to spend the same as voter-approved revenue change for each year without regard to and an exception to expenditure, revenue-raising or other limitations contained within Article X, Section 20 of the Colorado Constitution, Section 29-1-301, CRS, or any other law. This effectively removed all revenue and expenditure limitations imposed by TABOR.

The District believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

6. Service Agreement

On June 10, 2010, the District entered into a service agreement to provide fire protection and emergency services with the City of Greeley, Colorado (the “City”) based on the number of calls in the District and property values. The contract term is for 10 years, beginning January 1, 2011 through December 31, 2020, unless terminated earlier. The contract may be renewable upon mutually agreeable terms negotiated and agreed upon prior to the annual budget meetings of both parties no later than the ninth year of the contract. The District paid \$961,769 during 2020 to the City under the terms of this agreement. On October 31, 2019, the service agreement was amended to extend the terms of the contract up to 10 years, through December 31, 2030, unless terminated earlier.

7. COVID-19 and CARES Act

On January 30, 2020, the World Health Organization (“WHO”) announced a global health emergency because of a new strain of coronavirus originating in Wuhan, China (the COVID-19 outbreak”) and the risks to the international community as the virus spreads globally beyond its point of origin. In March 2020, the WHO classified the COVID-19 outbreak as a pandemic, based on the rapid increase in exposure globally.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the District’s financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the District is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for fiscal year 2021.

Western Hills Fire Protection District

Notes to Financial Statements

On March 27, 2020, the “Coronavirus Aid, Relief, and Economic Security (“CARES”) Act” was Signed into law. The Cares Act, among other things, includes provisions relating to refundable payroll tax credits, deferment of employer side social security payments, net operating loss carryback periods, alternative minimum tax credit refunds, modifications to the net interest deduction limitations on qualified charitable contributions, and technical corrections to tax depreciation methods for qualified improvement property.

The District continues to examine the impact that the CARES Act may have on the business. The CARES Act had minimal impact on the District for the Year ended December 31, 2020.

8. Subsequent Events

Management of the District has evaluated subsequent events through September 29, 2021, the date that the financial statements were available to be issued.

Required Supplementary Information

Western Hills Fire Protection District
Scheduled of Revenues, Expenditures and Changes in
Fund Balance (Budget and Actual) - General Fund
Year Ended December 31, 2020

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Taxes	\$ 4,850,780	\$ 4,850,780	\$ 4,294,916	\$ (555,864)
Earnings on investments	78,750	78,750	63,202	(15,548)
Other income	7,300	7,300	2,332	(4,968)
Total revenues	4,936,830	4,936,830	4,360,450	(576,380)
Expenditures				
Current				
Administration	176,517	176,517	104,568	71,949
Buildings and grounds	30,710	30,710	2,320	28,390
Intergovernmental	876,309	876,309	961,769	(85,460)
Total expenditures	1,083,536	1,083,536	1,068,657	14,879
Excess of revenues over expenditures	3,853,294	3,853,294	3,291,793	(561,501)
Other financing sources				
Proceeds from the sale of capital assets	-	-	47,204	47,204
Change in fund balance	\$ 3,853,294	\$ 3,853,294	3,338,997	\$ (514,297)
Fund balance at beginning of year			<u>8,047,728</u>	
Fund balance at end of year			<u>\$ 11,386,725</u>	

See accompanying Independent Auditor's Report.

Western Hills Fire Protection District
Note to Scheduled of Revenues, Expenditures and Changes in
Fund Balance (Budget and Actual) - General Fund

1. Budget

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 beginning the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any budget revisions that alter the total expenditures of any fund must be approved by the Board of Directors through passage of a formal resolution.
- The District legally adopts budgets for all of the funds of the District on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

The original budgeted 2020 expenditures for the General Fund was \$1,083,536 and there were no revisions to the budget during the year.