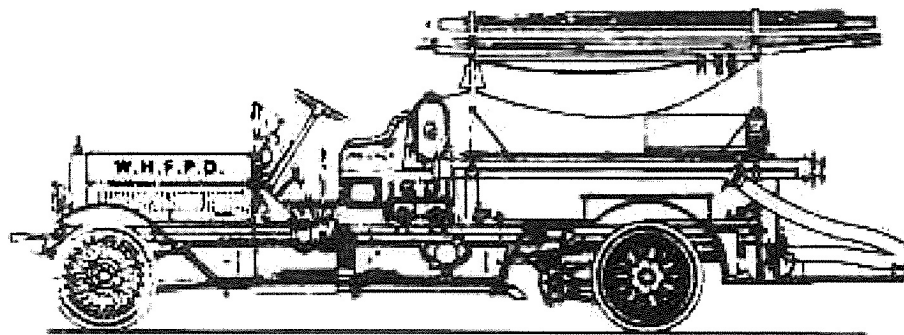


WESTERN HILLS FIRE PROTECTION DISTRICT



FINANCIAL STATEMENTS

Year Ended December 31, 2021



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Independent Auditors' Report

Board of Directors
Western Hills Fire Protection District
Greeley, Colorado

Opinions

We have audited the accompanying balance sheet/statement of net position, and the statement of revenues, expenditures and changes in fund balance/statement of activities of the governmental activities, the major fund, and the budgetary comparison statement of Western Hills Fire Protection District (the District) as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the basic financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the governmental activities and the major fund of Western Hills Fire Protection District as of December 31, 2021, and the changes in financial position and the budgetary comparison for the year then ended, accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits 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 opinion.

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.

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

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 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 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.

Required Supplementary Information

Accounting principles generally accepted in the United States require that management discussion and analysis and pension schedules 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, 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 evidence sufficient to express an opinion or provide any assurance.

Anderson & Whitney, P.C.

September 20, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the report provides readers with a narrative overview and analysis of the financial activities of the Western Hills Fire Protection District (WHFPD) for the year ended December 31, 2021. We encourage readers to consider the information presented here in conjunction with the basic financial statements to enhance their understanding of the District's financial performance.

FINANCIAL HIGHLIGHTS

- * WHFPD's assets exceeded liabilities by \$17.5 million at December 31, 2021.
- * The General Fund balance was \$17.4 million as of December 31, 2021. Of this amount, \$215,274 is reserved for emergencies.
- * The December 31, 2021 General Fund balance is \$6 million more than the previous year.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide Financial Statements. The *government-wide 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 of the District's assets and liabilities, 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 District's financial position is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the 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 the statement for some items that will only result in cash flows in future fiscal periods.

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. BFPD, like other local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. WHFPD has one governmental fund, a General Fund.

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. Such 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. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide adjustments to facilitate this comparison between *governmental funds* and *governmental activities*, which are also explained in the notes.

The basic governmental fund financial statements can be found on pages 9 and 10 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 12 through 17 of this report.

Budgetary Comparisons. WHFPD adopts an annual appropriated budget for the General Fund. A budgetary comparison statement has been provided for the General Fund on page 11 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2021, assets exceeded liabilities by \$17,535,875.

The following table provides a summary of the District's net position:

December 31	2021	2020
Assets:		
Current and other assets	\$ 21,076,242	\$ 17,493,204
Capital assets	132,272	142,039
Total Assets	21,208,514	17,635,243
Liabilities:		
Current liabilities	439	404
Total Liabilities	439	404
Deferred Inflows of Resources:		
Deferred Property Taxes	3,672,200	6,106,075
Total Deferred Inflows	3,672,200	6,106,075
Net Position:		
Investment in capital assets	132,271	142,039
Restricted	215,398	130,800
Unrestricted	17,188,206	11,255,925
Total Net Position	\$ 17,535,875	\$ 11,528,764

A significant portion of WHFPD's net position represents unrestricted net position of \$17,535,875 which may be used to meet the District's ongoing obligations to patrons.

Another significant portion of the District's net position reflects its investment in capital assets. These assets include land, building, equipment, and vehicles. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

An additional \$215,398 of the District's net position represents resources that are subject to external restriction on how they may be used. Included in this category are the TABOR emergency reserves of \$215,398.

The following table indicates the changes in net position:

Years Ended December 31	2021	2020
Revenues:		
General revenues:		
Property and S.O. taxes	\$ 7,094,468	\$ 4,294,916
Investment earnings	74,521	63,202
Other revenue	10,960	49,536
Total Revenues	7,179,949	4,407,654
Expenses:		
Administrative	148,504	104,568
Program services	1,012,810	961,769
Building and grounds	11,075	17,004
Total Expenses	1,172,839	1,083,341
Increase in Net Position	\$ 6,007,110	\$ 3,324,313

Governmental Activities. Governmental activities increased WHFPD's net position by \$6,007,110 in 2021. Key elements of this increase are as follows:

- * Total revenues were \$7,179,949, up 62% from the prior year. This is primarily due to an increase in property taxes and delinquent taxes received.
- * Expenses totaled \$1,172,839. This represents a 7% increase over the previous year, primarily due to increased program service expenses.

GENERAL FUND BUDGETARY HIGHLIGHTS

The District's budget is prepared according to Colorado statutes:

Year Ended December 31, 2021	Final Budget	Actual
Beginning Fund Balance	\$ 11,386,725	\$ 11,386,725
Revenue	6,189,063	7,179,949
Expenditures	1,275,342	1,163,071
Ending Fund Balance	\$ 16,300,446	\$ 17,403,603

CAPITAL ASSET ADMINISTRATION

Capital Assets. WHFPD's investment in capital assets for its governmental type activities as of December 31, 2021, totals \$132,272 (net of accumulated depreciation). This investment includes all land, buildings, equipment, and vehicles. The primary capital activity of 2021 was the depreciation of existing assets.

The District implemented the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated. Additional information on the District's capital assets can be found in Note 3 of this report.

OTHER MATTERS

The following factors are expected to have a significant effect on the District's financial position and results of operations and were taken into account in developing the 2022 budget:

- The assessed valuation of property in the District decreased for 2022, resulting in a property taxes expected of \$3,672,200.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of WHFPD's finances for all those with an interest in the District's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the District, 1155 10th Avenue, Greeley, Colorado 80631.

WESTERN HILLS FIRE PROTECTION DISTRICT

BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2021	General Fund	Adjustments	Statement of Net Position
<u>ASSETS</u>			
Cash	\$ 17,404,042	\$ -	\$ 17,404,042
Property Taxes Receivable	3,672,200	-	3,672,200
Capital Assets:			
Land and improvements	-	20,000	20,000
Buildings and improvements	-	412,680	412,680
Equipment and vehicles	-	101,509	101,509
Accumulated depreciation	-	(401,917)	(401,917)
TOTAL ASSETS	\$ 21,076,242	\$ 132,272	\$ 21,208,514
<u>LIABILITIES</u>			
Accounts Payable	\$ 344	\$ -	\$ 344
Accrued Liabilities	95	-	95
TOTAL LIABILITIES	439	-	439
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Property Taxes	3,672,200	-	3,672,200
Total Deferred Inflows	3,672,200	-	3,672,200
TOTAL LIABILITIES & DEFERRED INFLOWS	3,672,639	-	3,672,639
<u>FUND BALANCE/NET POSITION</u>			
Fund Balances:			
Reserved for TABOR emergencies	215,398	(215,398)	-
Unassigned	17,188,205	(17,188,205)	-
Total Fund Balance	17,403,603	(17,403,603)	-
TOTAL LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCE	\$ 21,076,242		
Net Position:			
Net investment in capital assets		132,272	132,272
Restricted for emergencies		215,398	215,398
Unrestricted		17,188,205	17,188,205
		\$ 17,535,875	\$ 17,535,875

See Accompanying Notes to Financial Statements.

WESTERN HILLS FIRE PROTECTION DISTRICT

STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

Year Ended December 31, 2021	General Fund	Adjustments	Statement of Activities
Revenue:			
General property taxes	\$ 6,795,983	\$ -	\$ 6,795,983
Specific ownership taxes	298,485	-	298,485
Interest earnings	74,521	-	74,521
Other income	10,960	-	10,960
Total Revenue	7,179,949	-	7,179,949
Expenditures:			
Current Operating:			
Administration	1,161,314	-	1,161,314
Program services	-	-	-
Buildings and grounds	1,757	-	1,757
Depreciation	-	9,768	9,768
Total Expenditures	1,163,071	9,768	1,172,839
Revenue over Expenditures	6,016,878	(9,768)	6,007,110
Fund Balance/Net Position, Beginning of Year	11,386,725	142,040	11,528,765
Fund Balance/Net Position, End of Year	\$ 17,403,603	\$ 132,272	\$ 17,535,875

See Accompanying Notes to Financial Statements.

WESTERN HILLS FIRE PROTECTION DISTRICT**BUDGETARY COMPARISON STATEMENT**

<u>Year Ended December 31, 2021</u>	<u>Actual</u>	<u>Original and Final Budget</u>	<u>Variance From Budget</u>
Revenue:			
General property taxes	\$ 6,795,983	\$ 6,106,663	\$ 689,320
Specific ownership taxes	298,485	39,375	259,110
Interest earnings	74,521	39,875	34,646
Other income	10,960	3,150	7,810
Total Revenue	7,179,949	6,189,063	990,886
Expenditures:			
Administration:			
Salaries	5,800	6,000	200
Postage & office supplies	3,359	4,000	641
Insurance	2,543	4,725	2,182
Treasurer's fees	103,058	91,595	(11,463)
Accounting	33,265	90,000	56,735
Professional services	480	500	20
City of Greeley fire services	1,012,810	1,025,522	12,712
Total Administration	1,161,314	1,222,342	61,028
Building and Grounds:			
Vehicle expense	-	-	-
Utilities	1,598	3,000	1,402
Supplies	159	50,000	49,841
Total Building and Grounds	1,757	53,000	51,243
Total Expenditures	1,163,071	1,275,342	112,271
Revenue Over Expenditures	6,016,878	4,913,721	1,103,157
Fund Balance, January 1, 2021	11,386,725	11,386,725	-
Fund Balance, December 31, 2021	\$ 17,403,603	\$ 16,300,446	\$ 1,103,157

See Accompanying Notes to Financial Statements.

WESTERN HILLS FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Western Hills Fire Protection District (the District) conform to generally accepted accounting principles. The following summary of significant accounting policies is presented to assist the reader in evaluating the District's financial statements.

Reporting Entity:

The financial report of the District includes all of the integral parts of the District's operations. The District has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

Government-wide and Fund Financial Statements:

The District reports as a special purpose government engaged in a single governmental program. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

Separate financial statements are provided for the governmental fund. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. Property taxes are recognized as revenues in the year for which they are levied. 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 reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government 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.

WESTERN HILLS FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Summary of Significant Accounting Policies - Continued:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation – Continued:

Property taxes and interest associated with the current year are 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.

The District reports the following major governmental fund:

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

Capital Assets:

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available.

Acquisitions of capital assets are recorded as capital outlay expenditures within the governmental funds. Depreciation has been provided on capital assets, using straight line methods over the useful lives of the assets (buildings 50 years, trucks 20 years, and equipment 10 years). The District's capitalization level is \$5,000.

Property Taxes:

Property taxes are levied in December and attach as an enforceable lien on property as of January 1 of the same year. Taxes are payable in two installments on March 1 and June 15, or in full on April 30. The District uses the Weld County Treasurer to bill and collect its property taxes. An allowance for uncollectible taxes is not provided as the uncollectible amounts were determined to be negligible. Taxes levied in December 2021 are recorded as taxes receivable and unearned revenue as of December 31, 2021.

The original January 1, 2021 levy for the General Fund of the District was 9.499 mills or approximately \$6,100,000.

WESTERN HILLS FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Budget:

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the Local Government Budget Law. The budget is prepared on a basis consistent with generally accepted accounting principles for all funds. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Board is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Board through a supplemental appropriation resolution. The budget was not amended in 2021.

Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for specific purpose.

Restrictions for the District are recorded up to the maximum equity available in the fund balance and consist of:

Restricted for Emergencies:

These restrictions are established to comply with TABOR. Recorded TABOR emergency reserves at December 31, 2021 are \$215,398.

Assigned fund balances, if any, are amounts the District intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition and construction of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The District first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

WESTERN HILLS FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Cash and Investments:

The District's bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the District's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust.

State statutes authorize the District to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

At December 31, 2021, the District had \$17,221,386 invested in the Colorado Liquid Asset Trust (COLOTRUST), SEC Rule 2a7-like investment pool. Investments are valued at the net asset value (NAV) of \$1.00 per share. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. COLOTRUST is rated AAAM by Standard & Poor's. The District's investment is measured at NAV.

NOTE 3 - Capital Assets:

	Balance, 1/1/21	Additions	Deletions	Balance, 12/31/21
Land and Improvements	\$ 20,000	\$ --	\$ --	\$ 20,000
Buildings and Improvements	412,680	--	--	412,680
Equipment and Vehicles	101,509	--	--	101,509
Total Capital Assets	534,189	--	--	534,189
Less Accumulated Depreciation:				
Building and Improvements	290,640	9,768	--	300,408
Equipment and Vehicles	101,509	--	--	101,509
Total Accumulated Depreciation	392,149	9,768	--	401,917
Capital Assets, net	\$142,040	\$ (9,768)	\$ --	\$132,272

WESTERN HILLS FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4 – Contingencies:

In 1992 the Colorado voters approved the "Taxpayer's Bill of Rights" (TABOR). TABOR requires voter approval for any new tax, tax rate increase, mill levy increase, or new debt. Included in the accompanying financial statements are emergency reserves of at least 3% of fiscal year spending.

In 1998, the electors of the District voted to supersede TABOR and to collect, retain, and expend the full proceeds of all taxes, fees, and other revenue without increasing or adding taxes of any kind.

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The District purchases commercial insurance for risks of loss in excess of deductible amounts. Settled claims have not exceeded this coverage in any of the past three fiscal years.

NOTE 5 – 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 \$1,012,810 during 2021 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.

NOTE 6 – Reconciliation Between General Fund Balance Sheet and the Statement of Net Position:

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

<u>December 31, 2021</u>	
Fund balance of General Fund	\$ 17,403,603
Capital assets used in governmental activities are not financial resources and therefore are not reported in the General Fund	132,272
<u>Total Net Position</u>	<u>\$ 17,535,875</u>

WESTERN HILLS FIRE PROTECTION DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance of the General Fund to the Statement of Activities:

<u>Year Ended December 31</u>	<u>2021</u>
Net change in fund balance – General Fund	\$ 6,016,878
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current year	(9,768)
<u>Change in Net Position of Governmental Activities</u>	<u>\$ 6,007,110</u>
