

CLEAR CREEK FIRE AUTHORITY
REPORT OF FINANCIAL STATEMENTS

December 31, 2018

CLEAR CREEK FIRE AUTHORITY
 REPORT ON FINANCIAL STATEMENTS
 December 31, 2018

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Board of Directors
Clear Creek Fire Authority,
Dumont, Colorado

Independent Auditor's Report

I have audited the accompanying financial statements of the governmental activities and major funds of the Clear Creek Fire Authority (the "Authority"), as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Authority's 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.

Auditor's Responsibility

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

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risks assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Opinion

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the Clear Creek Fire Authority, as of December 31, 2018, 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.

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 iv-xi, the budgetary comparison schedule, the Schedule of Changes in Net Pension Liability and Related Ratios, the Schedule of Contributions, the Schedule of the Authority's Proportionate Share of the Net Pension Liability, and the Schedule of the Authority's Contributions and Related Ratios on pages 34 through 39, be presented to supplement the basic financial statements. Such information, although not part of the basic financial statement, 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. I 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 inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.



Jack Salewski, CPA
Littleton, Colorado
August 12, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

Within this section of the Clear Creek Fire Authority's (Authority) financial report, the Authority's management provides narrative discussion and analysis of the financial activities of the Authority for the year ended December 31, 2018. The Authority's financial performance is discussed and analyzed within the context of the accompanying financial statements and disclosures following this section. The discussion focuses on the Authority's primary government.

FINANCIAL HIGHLIGHTS

General Fund:

- The Authority's assets exceed its liabilities by \$11,482,144 (net position) for the year reported. This compares to the previous year when assets exceeded liabilities by \$10,652,975.
- Total net position is comprised of the following:
 - Capital assets, net of related debt, of \$5,910,207 include property and equipment, net of accumulated depreciation.
 - Net assets of \$26,609 are restricted by constraints imposed from outside the Authority such as debt covenants, laws or regulations.
 - Unrestricted net position of \$5,545,328 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total revenue increased by approximately \$58,662 compared to the year ended December 31, 2017.
- Total expenses increased by approximately \$16,447 compared to the year ended December 31, 2017.

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS

Management's Discussion and Analysis introduces the Authority's basic financial statements. The Authority's basic financial statements include: (1) government-wide financial statements, (2) fund financial statements, (3) notes to basic financial statements and (4) required supplementary information. The Authority also includes in this report additional information to supplement the basic financial statements.

Government-wide Financial Statements

The Authority's financial report includes two government-wide financial statements. These statements provide both long-term and short-term information about the Authority's overall status. Financial reporting at this level uses perspective similar to that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The first of these government-wide statements is the **Statement of Net Position**. This is the Authority-wide statement of financial position presenting information that includes all of the Authority's assets and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority as a whole is improving or deteriorating. Evaluation of the overall economic health of the Authority would extend to other non-financial factors such as diversification of the taxpayer base or the condition of the Authority's capital assets in addition to the financial information provided in this report.

The second government-wide statement is the **Statement of Activities**, which reports how the Authority's net positions have changed during the current year. All current year revenues and expenses are included regardless of when cash is received or paid. An important purpose of the design of the statement of activities is to show the financial reliance of the Authority's distinct activities or functions on revenues provided by intergovernmental contributions.

Both government-wide financial statements distinctively report governmental activities of the Authority that principally supported by intergovernmental contributions. Governmental activities include general government, fire suppression, fire prevention and training, communications and vehicles & equipment operations. Fiduciary activities such as employee and volunteer pension plans are not included in the government-wide statements since these assets are not available to fund Authority programs.

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (Continued)

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. The Authority, like other special purpose governments, uses fund accounting to ensure and demonstrate compliance with financial-related legal requirements. The basic financial statements of the Authority are presented as a special purpose governmental engaged in (1) governmental type funds- providing fire protection services to Authority residents.

Governmental Funds are reported in the fund financial statements and encompass essentially the same functions reported as governmental activities in the government wide financial statements. However, the focus is very different with fund statements providing a distinct view of the Authority's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources during the year and balances of spendable resources available at the end of the year. They are useful in evaluating annual financial requirements of governmental programs and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The governmental fund balance sheet and the governmental fund statement revenues, expenditures, and changes in fund balances provide reconciliation to the governmental-wide statements to assist in understanding the difference between these two perspectives.

Budgetary comparison statements are included in the basic financial statements for the general fund. These statements and schedules demonstrate compliance with the Authority's adopted and final revised budget.

Notes to Basic Financial Statements

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements. The notes to the financial statements begin immediately following the basic financial statements.

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

OVERVIEW OF THE BASIC FINANCIAL STATEMENTS (Continued)

Notes to Basic Financial Statements (Continued)

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Other Supplementary Information concerning the Authority's Pension Fund as well as progress in funding its obligations to provide pension benefits to its volunteers.

Financial Analysis of the Authority as a Whole

The following table provides a summary of the Authority's net position at December 31:

Financial Position

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities by \$11,482,144 for year ended December 31, 2018.

The largest portion of the Authority's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The Authority uses these capital assets to provide services to citizens: consequently these assets are not available for future spending. Although the Authority's investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

Summary of Statements of Net Position

Assets	2018	2017
Current assets	\$ 5,534,853	\$ 4,586,802
Capital assets, net	5,910,207	5,920,401
Total Assets	11,445,060	10,507,203
Deferred Outflows of Resources	229,546	317,445
Liabilities		
Current liabilities	68,182	165,947
Long-term liabilities	-0-	-0-
Total liabilities	68,182	165,947
Deferred Inflow of Resources	124,280	5,726
Net Position		
Invested in capital assets, net of related debt	5,910,207	5,920,401
Unrestricted	5,545,328	4,697,794
Restricted for emergencies	26,609	34,780
Total net position	\$ 11,482,144	\$ 10,652,975

As noted earlier, net position may serve over time as a useful indicator of the Authority's financial position. In the case of the Authority, assets exceeded liabilities for the years ended December 31, 2018 by \$11,376,878.

The largest portion of the Authority's net position reflects its investment in capital assets. The Authority uses these capital assets to provide services to citizens; consequently these assets are not available for future spending.

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

Results of Operations

The following table shows the changes in the Authority's Net Position during the year.

Summary of Statements of Activities

Revenue	2018	2017
Program revenue:		
Intergovernmental contributions	\$ 1,863,365	\$ 1,964,906
Charges for services	23,645	19,669
Capital grants	100,000	-0-
General revenues:		
Interest income	101,799	48,772
Other income	5,000	1,800
	2,093,809	2,035,147
Expenses		
Program expenses:		
Public - fire	882,478	839,202
Amortization and depreciation	382,162	408,991
	1,264,640	1,248,193
Change in Net Position	829,169	786,954
Net Position - Beginning of Year	10,652,975	9,866,021
Net Position - End of Year	\$ 11,482,144	\$ 10,652,975

Revenues:

Overall revenue increased for the year ending December 31, 2017 by approximately \$58,662 compared to the prior year. This increase was due to a decrease in intergovernmental contributions received from local municipalities of about \$101,541 due to an decrease in the assessed valuations of each of the municipalities that contribute to the Authority through the intergovernmental agreement in addition, there was additional interest income of \$53,027 and additional grant revenue of \$100,000.

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

Results of Operation (Continued)

Expenses:

Overall expenses increased by approximately \$16,447 for the year ended December 31, 2018 compared to the prior year. There was a decrease in depreciation expenses of about \$26,829.

Capital Assets and Capital Leases

Capital Assets

The Authority's investment in capital assets at December 31, 2018 amounts to \$5,910,207 (net of accumulated depreciation). This investment in capital assets includes land, buildings, apparatus, equipment and furnishing. An analysis of changes in capital assets is as follows:

	2018	2017
Land	\$ 23,807	\$ 23,807
Construction in progress	586,501	304,003
Buildings and improvements	2,812,458	2,812,458
Vehicles and vehicle improvements	5,164,528	5,099,474
Furniture, fixtures and equipment	1,455,815	1,431,399
Total capital assets	10,043,109	9,671,141
Less accumulated depreciation	(4,132,902)	(3,750,740)
Capital assets, net of accumulated depreciation	\$ 5,910,207	\$ 5,920,401

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

Capital Assets and Capital Leases (Continued)

The major capital additions purchased during the year include the following: \$282,498 for construction of a fire station and \$65,054 for vehicles.

Additional information on the Authority's capital assets can be found in Note 4 of this report.

Budgetary Highlights

The Authority's annual budget is prepared according to Colorado law and it is based on accounting for certain transactions on a basis of cash receipts and disbursements.

The total actual revenue of the Authority was less than budgeted revenue by \$2,341. The total budgeted expenditures of the Authority were more than actual expenditures by \$643,484.

Additional information on the Authority's detailed Budget for the General fund can be found in pages 34 of this report.

CLEAR CREEK FIRE AUTHORITY
Management's Discussion and Analysis
December 31, 2018

Economic Factors and Next Year's Budget

- Clear Creek Fire Authority is comprised of seven Volunteer Fire Departments serving the greater portion of Clear Creek County. The Authority is created through Intergovernmental Agreement (IGA) with the Town of Georgetown, Town of Empire, Town of Silver Plume, City of Idaho Springs and the Clear Creek County Emergency Services General Improvement District (CCCES).
- Under the IGA, participants proportionally fund the Authority's annual budget based on revenues received from CCCES's 4.569 mill levy, net of Treasurer's fees.
- Due to voter authorization provided to CCCES, the majority of the Authority's revenues are no longer subject to the growth limitations imposed by the TABOR Amendment.
- The Authority began construction on training simulator which will have an estimated cost of about \$380,000.

The Authority is dedicated to operate in a safe manner within the limits of the resources available and to continue providing service to the citizens and visitors of Clear Creek County.

Request for Information

The report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Clear Creek Fire Authority
Post Office Box #507
Dumont, Colorado 80436-0507

BASIC FINANCIAL STATEMENTS

**CLEAR CREEK FIRE AUTHORITY
STATEMENTS OF NET POSITION
GENERAL FUND
December 31, 2018**

	2018
<u>CURRENT ASSETS</u>	
Cash deposits	\$ 5,211,617
Accounts receivable	450
Net pension asset- volunteer pension	288,906
Net pension asset- SWDB pension	33,880
Total Current Assets	5,534,853
<u>CAPITAL ASSETS</u>	
Capital Assets not being depreciated:	
Land	23,807
Construction in progress	586,501
Total capital assets not being depreciated	610,308
Capital assets being depreciated:	
Buildings and improvements	2,812,458
Vehicles and vehicle improvements	5,164,528
Furniture, fixtures and equipment	1,455,815
Less: accumulated depreciation	(4,132,902)
Total capital assets being depreciated	5,299,899
Total Capital Assets	5,910,207
Total Assets	11,445,060
<u>DEFERRED OUTFLOWS OF RESOURCES</u>	
Related to volunteer pension	152,374
Related to SWDB pension	77,172
	229,546
Total Assets and Deferred Outflows	\$ 11,674,606

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

**CLEAR CREEK FIRE AUTHORITY
STATEMENTS OF NET POSITION
GENERAL FUND
December 31, 2018**

	2018
<u>CURRENT LIABILITIES</u>	
Accounts payable	\$ 23,701
Accrued payroll liabilities and benefits	43,731
Security deposit	750
Net pension liability volunteer pension	-0-
Net pension liability SWDB pension	-0-
Total Current Liabilities	68,182
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Related to volunteer pension	112,401
Related to SWDB	11,879
Total Deferred Inflows of- Resources	124,280
<u>NET POSITION</u>	
Net investment in capital assets	5,910,207
Restricted for:	
Emergencies	26,609
Unrestricted	5,545,328
Total Net Position	\$ 11,482,144

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

**CLEAR CREEK FIRE AUTHORITY
STATEMENTS OF ACTIVITIES
GENERAL FUND
December 31, 2018**

FUNCTIONS/PROGR AMS	Program Revenues				Net (Expense) Revenues and Changes in Net Assets
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants	
Governmental activities:					
Fire Protection and emergency services	\$882,478	\$ 23,645	\$ 1,863,365	\$ 100,000	\$ 1,104,532
Amortization and depreciation expense	382,162	-0-	-0-	-0-	(382,162)
Interest on long-term debt	-0-	-0-	-0-	-0-	-0-
 Total Governmental activities	<u>\$1,264,640</u>	<u>\$ 23,645</u>	<u>\$ 1,863,365</u>	<u>\$ 100,000</u>	<u>722,370</u>
		General Revenues / Expenses:			
					101,799
					5,000
					<u>106,799</u>
					829,169
					10,652,975
					<u>\$11,482,144</u>

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

**CLEAR CREEK FIRE AUTHORITY
BALANCE SHEETS
GENERAL FUND
December 31, 2018**

ASSETS	<u>2018</u>
Cash deposits	\$ 5,211,617
Accounts receivable	450
 Total Assets	 <u>\$ 5,212,067</u>
 LIABILITIES	
Accounts payable	\$ 23,701
Accrued payroll liabilities and benefits	43,731
Security deposits	750
 Total Liabilities	 <u>68,182</u>
 FUND BALANCES	
Fund Balances:	
Restricted for:	
TABOR emergency reserves	26,609
Committed for subsequent years expenditures	-0-
Unassigned	5,117,276
 Total Fund Balances	 <u>5,143,885</u>
 Total Liabilities and Fund Balances	 <u>\$ 5,212,067</u>

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

CLEAR CREEK FIRE AUTHORITY
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL
FUNDS TO THE STATEMENT OF NET POSITION
December 31, 2018

Amounts reported for Governmental Activities in the Statement of Net Position are different from these reported in the General Fund above because of the following:

	2018
The fund balance – governmental funds	\$ 5,143,885
 ASSETS AND CAPITAL ASSETS:	
Assets and Capital assets used in Governmental Activities are not current assets or financial resources and therefore are not reported in the Governmental Funds.	
Capital assets, net of accumulated depreciation	5,910,207
Net pension assets	322,786
Deferred outflows related to pensions	229,546
 LONG TERM LIABILITIES	
The liabilities below are not due and payable in the current period and therefore are not reported in the General Fund:	
Net pension liability	-0-
Deferred inflows related to pensions	(124,280)
 Net position of governmental activities (Page 2)	 \$ 11,482,144

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

**CLEAR CREEK FIRE AUTHORITY
STATEMENTS OF REVENUES, EXPENDITURES
AND CHANGES FUND BALANCES-
GENERAL FUND
For the Years ended December 31, 2018**

REVENUES	2018
Intergovernmental	\$ 1,863,350
Charges for services	23,645
Interest income	101,799
Miscellaneous income	5,015
Grant Income	100,000
	<hr/>
Total revenues	2,093,809
	<hr/>
EXPENDITURES	
Fire protection - operations	1,033,895
Capital outlay	371,968
	<hr/>
Total expenditures	1,405,863
	<hr/>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	687,946
	<hr/>
FUND BALANCE, JANUARY 1	4,455,939
	<hr/>
FUND BALANCE, DECEMBER 31	\$ 5,143,885
	<hr/> <hr/>

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

CLEAR CREEK FIRE AUTHORITY
Reconciliation of the
STATEMENTS OF REVENUE, EXPENDITURES AND CHANGES IN FUND
BALANCE
With the
STATEMENTS OF ACTIVITIES
December 31, 2018

	2018
<p>The schedule below reconciles the Net changes in Fund Balance reported on the General Fund Statement of Revenues, Expenditures and Charges in Fund Balance, which measures only changes in current assets and current liabilities on the modified accrual basis, with the Change in Net Assets of Governmental Activities reported in the Statement of Activities, which is prepared on the fall accrual basis.</p>	
NET CHANGES IN FUND BALANCE-GENERAL FUND	\$ 687,946
<p>Amounts reported for governmental activities in the Statement of Activities are different because of the following:</p>	
CAPITAL ASSET TRANSACTIONS:	
<p>Governmental funds report capital outlays are expenditures however, in the Statement of Activities the cost of those assets is capitalized and allocated over their estimated useful lives and reported as depreciation expense.</p>	
The capital outlay expenditures	371,968
Amortization and depreciation expense	(382,162)
ACCRUAL OF NON-CURRENT ITEMS:	
<p>The amounts below included in the Statement of Activities do not (require) the use of current financial resources and therefore are not reported as an expenditure in governmental fund (net change):</p>	
Principal payments on long-term debt	-0-
Deferred changes related to pension and not recognized in the governmental funds. However for the government wide funds that amount are capitalized and amortized.	151,417
CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES	\$ 829,169

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

CLEAR CREEK FIRE AUTHORITY
NOTES TO THE FINANCIAL STATEMENTS
December 31, 2018

Note 1- Summary of Significant Accounting Policies

The Clear Creek Fire Authority (the Authority) was formed to maximize public firefighting capabilities and the delivery of emergency services. The Authority provides emergency services for fires, medical emergencies, rescues, hazardous materials releases, and man-made disasters within Clear Creek County. The Authority is governed by seven-member Board of Directors.

The financial statements of the Authority have been prepared in conformity with U.S. Generally Accepted Accounting Principles (“GAAP”) as applied to Government units. The Governmental Account Standards Board (“GASB”) is the accepted standard-setting body for establishing Governmental accounting and financial reporting principles. The more significant accounting policies established by GAAP used by the Authority are discussed below.

Reporting Entity

In accordance with governmental accounting standards, the Authority has considered the possibility of inclusion of additional entities in its financial statements.

The definition of the reporting entity is based primarily on financial accountability. The Authority is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Authority officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Authority. The Authority may also be financially accountable for organizations that are fiscally dependent upon it.

As required by generally accepted governmental accounting principles, the financial statements of the reporting entity include those of the Authority (the primary government) which has not component units. The Authority does not exercise oversight responsibility over any other entity, nor is the Authority a component of any other governmental entity.

Government - Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position column and the statement of activities column) report information on all of the nonfiduciary activities of the Authority. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 1- Summary of Significant Accounting Policies (Continued)

Government-wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of the 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 customers or applicants 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.

Fund Financial Statements

Fund financial statements are provided for governmental and fiduciary funds. The Fund Financial Statements provide information about the Authority's funds. The emphasis of fund financial statements is on major individual governmental funds, each of which is displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds. The Authority only has one government fund.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

The statement of net position column on the governmental fund balance sheet / statement of net position and the statement of activities column on the statement of governmental fund revenues, expenditures, and changes in fund balance / statement of activities are reported using the *economic resources measurement forms* 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 flow.

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 1- Summary of Significant Accounting Policies (Continued)

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)**

The governmental funds column on the governmental fund balance sheet/statement of net position and the statement of governmental revenues, expenditures and changes in fund balance / statement of activities 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 the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The Authority considers grant revenues to be susceptible to accrual if they are anticipated to be collected within a year after the current fiscal period.

When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

Fund Accounting

The Authority uses governmental funds to maintain its financial records during the year. A fund is deemed as a fiscal and accounting entity with a self-balancing set of account.

Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental funds reporting focuses on the sources of funds and uses the balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purpose for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The Authority reports the following major governmental fund:

General Fund

The general fund is used to account for all financial resources of the Authority except those required to be accounted for in another fund. The general fund balance is available to the Authority for the purpose provided it is expended or transferred according to the general laws of Colorado and the bylaws of the Authority.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 1- Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, and Net Position or Equity

Cash and Cash Equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with original maturities of three months or less. Investments are stated at fair value.

Investments

The Authority has implemented the accounting and reporting requirements of Governmental Accounting Standards Board (GASB) No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools". At December 31, 2018, the carrying value of investments approximates fair value.

Capital Assets

Capital assets which include building improvements, fixtures and equipment are reported in the applicable governmental activities columns in the government wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$2,000 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 cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the life of the asset are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the fixed assets, as applicable.

Improvements furniture, fixtures and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>ASSET TYPE</u>	<u>YEAR</u>
Building	40
Improvements	10
Furniture	5-10
Equipment	5-15
Fixtures	5-10

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 1- Summary of Significant Accounting Policies (Continued)

Pensions

The Authority participates in the statewide defined benefit plan administered by the Fire and Police Pension Association of Colorado (“FPPA”). The statewide defined benefit plan is a cost-sharing multiple-employer defined benefit pension plan. The Authority also sponsors an agent multiple employer defined benefit plan for its volunteer firefighters. The net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to / deductions from the fiduciary net position of the plans have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employer contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Compensated Absences

Employers of the Authority are allowed to accumulate unused paid time off (PTO), as stated in the Authority’s policies allow. Upon termination of employment with the Authority, an employer is compensated for the entire employee’s accrued but unused PTO, if any, at the employer’s current rate of pay.

These Compensated absences are recognized when due in the governmental funds type. A liability has been recorded in the government-wide financial statements for accrued compensated absences.

Deferred Outflows/Inflows of Resources

In addition to assets the statement of financial position and balance sheets will sometimes report a separate section for deferred outflows or resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position and fund balance that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority has multiple items that qualify for reporting in this category, which are the pension related deferred outflows reported in the government-wide statement of net position.

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 1- Summary of Significant Accounting Policies (Continued)

Deferred Outflows/Inflows of Resources (Continued)

In addition to the liabilities, the statement of net position will sometimes report a separate section or deferred inflow of resources. This separate financial statement element, deferred inflow of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time.

Net Position or Fund Balances

Beginning with fiscal year 2012 the Authority implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. Fund financial statements could include the following classifications which describe the relative strength of the spending constraints.

In addition to the liabilities, the statement of financial position and Balance Sheets will sometimes report a separate section for deferred inflows of resources. These separate financial statement element, deferred inflows of resources, represents an acquisition of net position and fund balance that applies to future periods and so will not be derecognized as an inflow of resources (revenue) until that time.

Investment in Capital Assets is intended to reflect the portion of net position which are associated with non-liquid, capital assets less outstanding capital related debt. The net related debt is the debt less the outstanding liquid assets and may associated unamortized cost.

Restrict Net Position- The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.

Unrestricted Net Position- represents assets that do not have any third party limitations on their use. While the Authority management may have categorized and segmented portions for various purposes, the Board of Directors has the unrestricted authority to revisit or alter these managerial decisions.

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 1- Summary of Significant Accounting Policies (Continued)

Fund Balance Classification

In the government-wide financial statements, net position is restricted when constraints placed on the net positions are externally imposed.

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

- Nonspendable- This classification includes amounts that cannot be spent either because they are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted- This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. The Authority has classified Emergency Reserves as being restricted because their use is restricted by the State Constitution for declared emergencies.
- Committed- This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal action of the Board of Directors. These amounts cannot be used for any other purpose unless the Board of Directors removes or changes the specified use by taking the same type of action (motion or resolution) that was employed when the funds were initially committed. This classification also includes contractual obligations to the extent that existing resources have been specifically committed for use in satisfying those contractual requirements. The Authority reported unspent funds budgeted by the Authority for the 2019 expenditures as committed as of December 31, 2018.
- 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. Only the Board may assign fund balances for specific purposes.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 1- Summary of Significant Accounting Policies (Continued)

Fund Balance Classification (Continued)

- Unassigned- This classification includes the residual fund balance for the General Fund. The Unassigned classification also includes negative residual fund balance of any other governmental fund that cannot be eliminated by offsetting of Assigned fund balance amounts.

If more than one classification of fund balance is available for use when expenditure is incurred, it is the Authority's policy to use the most restrictive classification first.

As of December 31, 2018, the Authority's fund balance had \$26,609 restricted by legislation (for emergencies) the Authority had \$-0- committed for subsequent year expenditures the remaining fund balance was considered by the Authority to be unassigned. At December 31, 2018, the Authority had unassigned fund balance in the general fund of \$5,117,276.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates may affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Notes 2- Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

Formal budgetary integration is employed as a management control device during the year for the General Funds. Formal budgetary integration is also employed to comply with the State of Colorado Budget Law. The amounts not included in non-GAAP budgetary basis schedules are reflected on the schedules in the budget section of this report.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Notes 2- Stewardship, Compliance and Accountability (Continued)

Budgets and Budgetary Accounting (Continued)

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements.

- Before October 15, the Board of Directors appoints Authority's Management as the Authority's Budget Officer.
- On or before October 15, Authority's Management, acting as the Budget Officer submits to the Board of Directors a proposed operating budget for the fiscal year commencing that following January 1. The opening budget includes proposed expenditures and the means of financing them.
- At least one public hearing is conducted to obtain taxpayer comments.
- Prior to December 15, the budget is legally enacted through passage of a resolution.
- Authority Management is authorized to transfer budgeted amounts between one or more line items within any fund. However, any revisions that alert the total expenditures of any fund must be approved by the Board of Directors.
- Budgets are legally adopted for all funds of the Authority on a basis consistent with generally accepted accounting principles (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.

Tax, Spending and Revenue Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue rising, spending abilities, and other specific requirements of state and local governments.

The Authority's financial activity provides the basis for calculation of limitations adjusted for allowable increases tied to inflation and local growth.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Notes 2- Stewardship, Compliance and Accountability (Continued)

Tax, Spending and Revenue Limitations (Continued)

The amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment. However, the Authority has made certain interpretations in the amendment’s language in order to determine its compliance.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). For the years ended December 31, 2018, the Authority has reserved \$26,609 for this purpose.

Management of the Authority is of the belief that it is in compliance with the amendment at December 31, 2018.

Note 3- Cash Deposits and Investments

Cash deposits and investments held by the Authority as of December 31, 2018 as follows:

	Book Balance	Bank Balance
Cash Deposits		
Insured cash deposits	\$ 79,787	\$ 86,714
Cash on hand	106	-0-
Total cash deposits and cash on hand	79,893	\$ 86,714
	Fair Value	
Investments		
Local government investment pools	5,131,724	
Total investments	5,131,724	
Total cash deposits and investments	\$ 5,211,617	

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 3- Cash Deposits and Investments (Continued)

CASH DEPOSITS:

Custodial Credit Risk Deposits

Custodial Credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Colorado Public Deposit Production Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. At December 31, 2018, State regulatory commissioners have indicated that all financial institutions holding deposits for the Authority are eligible public depositories. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits.

As of December 31, 2018, the carrying amount of the Authority's cash and cash equivalents were \$79,787. The Authority's cash demand deposits are held at financial institutions in which deposits are insured up to \$250,000 per institution by the Federal Deposit Insurance Corporation (FDIC). The Authority's deposits are categorized to give an indication of the level of risk assumed by the Authority at December 31, 2018.

INVESTMENTS:

Eligible Investments

Colorado State Statutes define eligible investments for local governments. These include U.S. Treasury obligations, repurchase agreements, State of Colorado and local government obligations, and others. The statutes allow participation with other local governments in pooled investment funds managed by mutual agreement with the same restrictions on deposits and investments. The State Regulatory Commission for banks and financial services is required by Statute to monitor the naming of eligible depositories in physical form.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 3- Cash Deposits and Investments (Continued)

INVESTMENTS (Continued):

Primary Government Investments

Local Governmental Investment Pools

Pooled investment funds (trusts) are supervised by the participating governments and must comply with the same restrictions on cash deposits and investments explained in the preceding paragraphs. Investment funds or money market funds are not categorized because they are not evidenced by securities that exist in physical or book form.

Investments

The Authority invests funds in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”). As COLOTRUST is valued at a net asset value, there is not an investment component to be valued under GASB Statement No. 72, *Fair Value Measurement and Application*. COLOTRUST is 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 operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST is reported at its amortized cost.

The Trust offers shares in two portfolios, COLTRUST PRIME and COLOTRUST PLUS+. 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 repurchase agreements collateralized by certain obligation of U.S. government agencies. 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 places no restrictions or limitations on withdrawals. COLOTRUST is rated AAAM by Standards & Poor’s. At December 31, 2018, the Authority invested \$5,131,724 in COLOTRUST PLUS+ and \$-0- invested in COLOTRUST PRIME.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 3- Cash Deposits and Investments (Continued)

INVESTMENTS (Continued):

Interest Rate Risk

The Authority's investment policy as it references Colorado Statutes requires that no investment may have a maturity in excess of five years from the date of purchase.

The Authority has interest rate risk related to its investments in COLOTRUST. At December 31, 2018, COLOTRUST PLUS+ had a weighted average maturity of 41 days to reset and 61 days to final maturity. COLOTRUST PRIME had a weighted average maturity of 29 days to reset and 79 days to final maturity.

Concentration of Credit Risk

The Authority places no limit on the amount that may be invested in any one issuer. However, the Authority's investment policy indicates that its concentration of investments will be in local government investment pools.

Credit Risk

The Authority is required to comply with State of Colorado (State) statutes which specify instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest. State statutes do not address custodial risk.

Note 4- Capital Assets

GASB Statement 34 requires that all capital assets with limited useful lives be depreciated over their estimated useful lives. Alternatively, the "modified approach" may be used for certain capital assets. Depreciation is not provided under this approach, but all expenditures on these assets are expensed unless they are additions or improvements.

The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation is provided using the straight line method which means the cost of the asset is divided by its expected useful in years and the result is charged to expense each year until the asset is fully depreciated.

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 4- Capital Assets (Continued)

An analysis of the changes in governmental activities for the year ended December 31, 2018 follows:

	Balance January 1, 2018	Transfers/ Additions	Transfers/ Retirements	Balance December 31, 2018
Governmental Activities				
Capital assets not being depreciated:				
Land	\$ 23,807	\$ -0-	\$ -0-	\$ 23,807
Construction in progress	304,003	282,498	-0-	586,501
Total capital assets not being depreciated	<u>327,810</u>	<u>282,498</u>	<u>-0-</u>	<u>610,308</u>
Capital assets being depreciated:				
Building and improvements	2,812,458	-0-	-0-	2,812,458
Vehicles and improvements	5,099,474	65,054	-0-	5,164,528
Furniture, fixtures and equipment	1,431,399	24,416	-0-	1,455,815
Total capital assets being depreciated	<u>9,343,331</u>	<u>89,470</u>	<u>-0-</u>	<u>9,432,801</u>
Less accumulated depreciation for:				
Building and improvements	(610,323)	(80,282)	-0-	(690,605)
Vehicles and improvements	(1,913,944)	(282,335)	-0-	(2,196,279)
Furniture, fixtures and equipment	(1,226,473)	(19,545)	-0-	(1,246,018)
Total accumulated depreciation	<u>(3,750,740)</u>	<u>(382,162)</u>	<u>-0-</u>	<u>(4,132,902)</u>
Total Capital Assets Being Depreciated Net	<u>5,592,591</u>	<u>(292,692)</u>	<u>-0-</u>	<u>5,299,899</u>
Governmental Activities Capital Assets, Net	<u>\$ 5,920,401</u>	<u>\$ (10,194)</u>	<u>\$ -0-</u>	<u>\$ 5,910,207</u>

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 5- Net Position

The Authority has net position of three components - net investment in capital assets, restricted and unrestricted.

Net investment in capital assets, consists of capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets. As of December 31, 2018, the Authority has invested in capital assets, net of related debt, as follows:

	2018
Invested in Capital Assets, Net of Related Debt: (net of accumulated depreciation)	\$ 5,910,207

Restricted net position includes net position that is restricted for use either externally imposed by creditors, grantors, contributors, or law and regulations of other governments or imposed by law through constitutional provisions or enabling legislation. As of December 31, 2018, the Authority has restricted net assets as follows:

	2018
Restricted Net Assets: Emergencies	\$ 26,609

Unrestricted net position are net assets that do not meet the definition of invested in capital assets, net of related debt or restricted.

Note 6- Joint Ventures

All cities, towns and Clear Creek County are members of the Clear Creek Fire Authority. As such, each member contributes financially to the Authority. Each member is given a board position on the Authority. The operating and capital budgets are funded by contributions based on assessed value of each Government.

Concentration of Risk

Approximately 87% of the contributions received from the above joint venture agreement are received from the Clear Creek County Emergency Services General Improvement Authority (ESD); roughly 90% of the funds received from the ESD are from one taxpaying entity- the Henderson Mine-Climax Molybdenum Company.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 7- Risk Management

The Authority is exposed to various risks of loss related to torts: theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2018 purchased commercial insurance to cover this risk.

Note 8- Related Party Transaction

During 2018 the Board of Directors Authorized the Fire Chief to rent the living quarters at station 8 for \$450 per month on a month to month basis. Total rental income during 2018 was \$5,400.

Note 9- Pension Plans

The Authority maintains the following separately administered pension plans:

Plan Name	Plan Type
Volunteer Firefighters' Pension Plan	Agent multiple-employer defined benefit
Statewide Defined Benefit Plan	Cost-sharing multiple-employer defined benefit

The defined benefit plans are administered by the Fire and Police Pension Association of Colorado ("FPPA"). It is reported in the FPPA comprehensive annual financial report (CAFR). The CAFR of the FPPA may be obtained by contacting FPPA at 5290 DTC Parkway, Suite 100, Greenwood Village, Colorado 80111-2721.

Volunteer Firefighters' Pension Plan

Plan Description

The Authority has established the Volunteer Firefighters' Pension Plan (the "Volunteer Plan"), an agent multiple-employer defined benefit pension plan for volunteer firefighters as authorized by State of Colorado Statute. During 2007, the plan was closed to new members.

Benefits Provided

Any firefighter who has both attained the age of fifty and completed twenty years of active service shall be eligible for a full benefit monthly pension of \$200. The Volunteer Plan also provides for a lump-sum burial benefit upon the death of an active or retired firefighter.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 9- Pension Plans (Continued)

Volunteer Firefighters' Pension Plan (Continued)

Benefits Provided (Continued)

Spouses of deceased firefighters receive benefits equal to one-half those of a firefighter. Benefits are determined by the Volunteer Firefighter Pension Board.

Contributions

In addition to contributions from the Authority, the Volunteer Plan received contributions from the State in an amount not to exceed one-half mill of property tax revenue. The contributions are not actuarially determined. An actuary is used to determine the adequacy of contributions. Amounts to be contributed are determined by the Authority as part of its budget process. The actuarial study as of January 1, 2017, indicated that the current level of contributions to the fund, approximately \$106,188 per year, is adequate to support the plan, on an actuarially sound basis, until all expected benefits for the present Volunteer Plan have been paid. For the year ended December 31, 2018, the Authority and State actual contributions of \$160,000 and \$26,188, respectively, were equal to the required contributions to the Volunteer Plan. The State contribution is included in the financial statements as an on-behalf payment.

State of Colorado Fire and Police Pension Association-Defined Benefit Plan

Plan Description

The Authority contributes to a Statewide Defined Benefit Plan ("SWDB"), a cost sharing multiple-employer defined benefit pension plan administered by the FPPA for the Authority's paid permanent staff.

The SWDB provides retirement benefits for member and beneficiaries. Death and disability coverage is provided for plan members through the Statewide Death and Disability Plan, which is also administered by the FPPA. All paid permanent firefighters are members of the Statewide Death and Disability Plan.

Plan Benefits

The benefits requirements of plan members and the Authority are established by State statute.

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 9- Pension Plans (Continued)

State of Colorado Fire and Police Pension Association-Defined Benefit Plan
(Continued)

Plan Benefits (Continued)

A member is eligible for a normal retirement pension once the member has completed twenty-five years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of the credited service up to ten years, plus 2.5% of each year of service thereafter. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0 to the higher of 3% or the Consumer Price Index.

A member is eligible for an early retirement at age 50 after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5% as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the Plan and remain eligible for a retirement pension at age 55 equal to 2% of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter.

Plan Contributions

Contribution rates for the SWDB plan are set by State statute. Employer contribution rates can only be amended by State statute. Member contribution rates can be amended by State statute or election of the membership.

The contribution rate is 9% of covered salary for all plan members and 8% for the Authority. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of base salary. The Authority contribution will remain at 8% resulting in a combined rate of 20% in 2022.

The Authority contributions were \$18,907 for the year ended December 31, 2018.

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 9- Pension Plans (Continued)

All Defined Benefit Plans

Employees Covered by Benefit Terms

Employee membership data related to the Volunteer Plan, as of January 1, 2018 was as follows:

Retirees and beneficiaries currently receiving benefits	38
Inactive, non-retired members	9
Active members	8
Total	55

Pension Assets and Liabilities

At December 31, 2018, the Volunteer Plan reported a net pension asset of \$288,906. The net pension asset was measured as of December 31, 2017, and the total pension asset used to calculate the net pension liability was determined by an actuarial valuation as of January 1, 2017.

At December 31, 2018, the Authority reported a net pension asset of \$33,880 for its proportionate share of the SWDB net pension asset. The net pension asset was measured as of December 31, 2017, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of January 1, 2018. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating entities, actuarially determined. At December 31, 2017, the Authority's proportion as .023550%, which was a decrease of .002799% from its proportion measured as of December 31, 2016.

Pension Expense, Deferred Outflows or Resources, and Deferred Inflows of Resources

For the year ended December 31, 2018, the Authority recognized income of \$105,239 related to the Volunteer Plan and \$46,178 related to the SWDB. In addition, the Authority reported deferred outflows of resources and deferred inflows of resources from the following sources for each plan:

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 9- Pension Plans (Continued)

All Defined Benefit Plans (Continued)

Pension Expense, Deferred Outflows or Resources, and Deferred Inflows of Resources (Continued)

	Deferred Outflow of Resources	Deferred Inflows of Resources
Volunteer Plan		
Net difference between projected and actual earnings on plan investments	\$ 72,374	\$ 112,401
Difference between expected and actual experience	-0-	-0-
Changes in assumptions	-0-	-0-
Authority contributions subsequent to the measurement date	80,000	-0-
Total	\$ 152,374	\$ 112,401
	Deferred Outflow of Resources	Deferred Inflows of Resources
SWDB Plan		
Difference between expected and actual Experience	\$ 24,433	\$ 375
Changes in assumptions	5,105	-0-
Net difference between projected and actual earnings on plan investments	-0-	11,504
Changes in proportion and differences between Authority contributions and proportionate share of contributions	4,027	-0-
Authority contributions subsequent to the measurement date	43,607	-0-
Total	\$ 77,172	\$ 11,879

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 9- Pension Plans (Continued)

All Defined Benefit Plans (Continued)

Pension Expense, Deferred Outflows or Resources, and Deferred Inflows of Resources (Continued)

The Authority's contributions subsequent to the measurement date, \$80,000 for the volunteer plan and \$43,607 for the SWDB plan, will be recognized as a reduction of the net pension liability in the year ending December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources will be recognized in pension expense as follows:

Year ending December 31:	Volunteer Plan	SWDB Plan
2019	\$ 5,527	\$ 4,929
2020	2,365	4,287
2021	(19,818)	(1,718)
2022	(28,101)	(3,945)
2023	-0-	4,420
Thereafter	-0-	13,713

Actuarial Assumptions

The significant actuarial assumptions used to measure the total pension liability are as follows:

For the volunteer plan, the inflation rate was changed from 3% to 2.5% and the mortality tables for the January 1, 2018 valuation were changed to the RP-2014 mortality tables.

	Volunteer Plan	SWDB Plan
Measurement Date	December 31, 2017	December 31, 2017
Actuarial Valuation Date	January 1, 2018	January 1, 2018
Actuarial Cost Method	Entry age normal	Entry age normal
Amortization Method	Level dollar, open	Level percentage of payroll, open
Remaining Amortization Period	16 Years	30 Years
Asset Valuation Method	5 year smoothed market	Not disclosed
Inflation	3.0%	2.5%
Salary Increases	N/A	4.0% - 14.0%
Investment Rate of Return	7.5%	7.5%

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 9- Pension Plans (Continued)

All Defined Benefit Plans (Continued)

Actuarial Assumptions (Continued)

For the Volunteer Plan mortality Pre and Post-retirement: RP-2000 Combined Mortality Table with Blue Collar adjustment, and pre-retirement 40% multiplier for off-duty mortality. Disable retirement: RP-2000 Disable Mortality Table for males and females. All tables projected with Scale AA.

Effective January 1, 2016, for the SWDB Plan mortality, the post-retirement mortality tables for non-disables retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The occupationally disabled post-retirement mortality assumption uses the same table as used for healthy annuitants, except there is a three year set-forward, meaning a disabled member age 70 will be valued as if they were a 73 year old healthy retiree. The totally disabled post-retirement mortality assumption uses the RP-2014 generational mortality tables for disabled annuitants, except an additional provision to apply a minimum 3% mortality probability to males and 2% mortality probability for females is included to reflect substantial impairment for this population. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

For both plans, 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 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.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are as follows:

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 9- Pension Plans (Continued)

All Defined Benefit Plans (Continued)

Actuarial Assumptions (Continued)

Asset Class	Target Allocation	Long Term Expected Real Rate of Return
Global Equity	37.0%	8.33%
Equity Long/Short	9.0%	7.15%
Illiquid Alternatives	24.0%	9.70%
Fixed Income	15.0%	3.00%
Absolute Return	9.0%	6.46%
Managed Futures	4.0%	6.85%
Cash	2.0%	2.26 %
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. The projection of cash flows used to determine the discount rate assumed that, where applicable, employer, employee, and state contributions will be made at the current contribution rate and will also be made at the current statutorily required or actuarially determined rates.

Based on these assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in Authority's Net Pension Liability

Changes in the Authority's net pension liability for the Volunteer Plan for the year ended December 31, 2017 were as follows:

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 9- Pension Plans (Continued)

All Defined Benefit Plans (Continued)

Changes in Authority's Net Pension Liability (Continued)

Changes in Authority's Net Pension Liability for the Volunteer Plan for the Year Ended December 31, 2017 were as follows:

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liabilities (a) – (b)
<u>Volunteer Plan</u>			
Balance, December 31, 2017	\$ 1,964,696	\$ 1,939,133	\$ 25,563
Changes for the year:			
Interest	142,043	-0-	142,043
Difference between expected and actual experience	-0-	-0-	-0-
Changes in assumptions	-0-	-0-	-0-
Net investment income	-0-	286,873	(286,873)
Service cost	5,113	-0-	5,113
Benefit payments including refunds of employee contributions	(149,310)	(149,310)	-0-
Administrative expense	-0-	(11,436)	11,436
Contributions	-0-	160,000	(160,000)
State of Colorado supplemental discretionary payment	-0-	26,188	(26,188)
Net changes	<u>(2,154)</u>	<u>312,315</u>	<u>(314,469)</u>
Balance, December 31, 2018	<u>\$ 1,962,542</u>	<u>\$ 2,251,448</u>	<u>\$ (288,906)</u>

**CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018**

Note 9- Pension Plans (Continued)

All Defined Benefit Plans (Continued)

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the Authority's net pension liability or the Authority's proportionate share of the net pension liability calculated using the discount rate of 7.5%, as well as what the Authority's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.5%) or 1-percentage point higher (8.5%) than the current rate:

	<u>Discount Rate</u>	<u>Volunteer Plan</u>	<u>SWDB Plan</u>
1% decrease	6.5%	\$ (94,429)	\$ 36,886
Current discount rate	7.5%	(288,906)	(33,880)
1% increase	8.5%	(452,962)	(92,643)

Administrative Staff Defined Contribution Plan

The Authority implemented a defined contribution pension plan for all full-time administrative employees. In a defined contribution plan, each employee's benefits depend solely on amounts contributed to the plan by or on behalf of the employee plus (minus) the related investment earnings (losses). The plan is administered by Colorado County Officials and Employees Retirement Association (CCOERA).

Employee participation is mandatory and commences after one year employment. Both the employee and the Authority contribute an amount equal to 6% of compensation. Full vesting in the Authority's contribution and income allocated to the employee's account is immediate. Each participant in the plan may contribute an additional 10% of their compensation.

For the year ending December 31, 2018, the Authority's contributions were \$2,670. The employees also contributed \$2,670 for the year ending December 2018. There are no Authority securities or other transactions included in the plan's assets.

CLEAR CREEK FIRE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2018

Note 10- Commitments

The Authority has entered into a construction contract for a pre-fabricated training simulator. The total amount of the contract is \$380,000. The remaining contract amount at December 31, 2018 is \$380,000.

Note 11- Evaluation of Subsequent Events

The Authority has evaluated subsequent events through August 12, 2019, the date which the financial statements were available to be issued. The Authority received a grant in 2018 totaling \$200,000 for the construction of a pre-fabricated training simulator.

REQUIRED SUPPLEMENTARY INFORMATION

**CLEAR CREEK FIRE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BUDGET (GAAP BASIS)
AND ACTUAL- (GENERAL FUND)
For the Year Ended December 31, 2018**

	BUDGETED AMOUNTS			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
REVENUE				
Program and other revenue	\$ -0-	\$ -0-	\$ 5,015	\$ 5,015
Intergovernmental	1,863,350	1,863,350	1,863,350	-0-
Charges for services	22,800	22,800	23,645	845
Interest income	10,000	10,000	101,799	91,799
Grant income	200,000	200,000	100,000	(100,000)
Total revenues	<u>2,096,150</u>	<u>2,096,150</u>	<u>2,093,809</u>	<u>(2,341)</u>
EXPENDITURES				
General Government:				
Fire protection operations	1,159,347	1,159,347	1,033,895	125,452
Capital Projects:				
Improvements and equipment	890,000	890,000	371,968	518,032
Total Expenditures	<u>2,049,347</u>	<u>2,049,347</u>	<u>1,405,863</u>	<u>643,484</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	46,803	46,803	687,946	641,143
FUND BALANCE, DECEMBER 31, 2017	<u>4,521,543</u>	<u>4,521,543</u>	<u>4,455,939</u>	<u>(65,604)</u>
FUND BALANCE, DECEMBER 31, 2018	<u>\$ 4,568,346</u>	<u>\$ 4,568,346</u>	<u>\$ 5,143,885</u>	<u>\$ 575,539</u>

See the Accompanying Independent Auditor's Report

**CLEAR CREEK FIRE AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUNDS AVAILABLE-
BUDGET TO ACTUAL-(GENERAL FUND)
For the Year Ended December 31, 2018
RECONCILIATION TO NET INCOME (GAAP BASIS)**

Total Revenue and other financing sources	\$	2,093,809
Total Expenditures		1,405,863
Excess of Revenue over Expenditures		687,946
Add capital outlay costs which are not expenses		371,968
Add deferred charges related to pension		151,417
Deduct depreciation and amortization which are not an expense		(382,162)
CHANGE IN NET POSITION (GAAP BASIS)	\$	829,169

See the Accompanying Independent Auditor's Report

**CLEAR CREEK FIRE AUTHORITY
SCHEDULE OF CONTRIBUTIONS
Volunteer Firefighters' Pension Plan
December 31, 2018**

FY Ending December 31	Actuarially Determined Contribution	Actual Contribution	Contribution Deficiency (Excess)	Covered Payroll	Actual Contribution as a % of Covered Payroll
2012	\$ 81,685	\$ 110,123	\$ (28,438)	N/A	N/A
2013	83,647	110,123	(26,476)	N/A	N/A
2014	83,647	110,123	(26,476)	N/A	N/A
2015	47,301	105,331	(58,030)	N/A	N/A
2016	-0-	105,528	(105,528)	N/A	N/A
2017	-0-	106,188	(106,188)	N/A	N/A

See the Accompanying Independent Auditor's Report

CLEAR CREEK FIRE AUTHORITY
SCHEDULE OF CHANGES IN NET PENSION LIABILITY / (ASSET) AND RELATED
RATIOS VOLUNTEERS' PENSION PLAN

	Measurement Period Ending December 31,		
	2014	2015	2016
Total Pension Liability			
Service Cost	\$ 12,533	\$ 10,254	\$ 10,254
Interest on the Total Pension Liability	159,677	131,837	131,678
Benefit Changes	-0-	-0-	-0-
Difference Between Expected and Actual Experience	(395,499)	-0-	85,032
Assumption Changes	-0-	-0-	60,942
Benefit Payments	(150,146)	(143,315)	(145,139)
Net Change in Total Pension Liability	(373,435)	(1,224)	142,767
Total Pension Liability-Beginning	2,196,588	1,823,153	1,821,929
Total Pension Liability-Ending	<u>\$ 1,823,153</u>	<u>\$ 1,821,929</u>	<u>\$ 1,964,696</u>
Plan Fiduciary Net Position			
Employer Contribution	\$ 79,550	\$ 79,550	\$ -0-
Pension Plan Net Investment Income	124,405	35,173	101,125
Benefit Payments	(150,146)	(143,315)	(145,139)
Pension Plan Administrative Expenses	(3,252)	(5,273)	(3,295)
Contributions	-0-	-0-	-0-
State of Colorado Supplemental Discretionary Payment	25,200	25,781	25,528
Net Change in Plan Fiduciary Net Position	75,757	(8,084)	(21,781)
Plan Fiduciary Net Position-Beginning	1,893,241	1,968,998	1,960,914
Plan Fiduciary Net Position-Ending	<u>\$ 1,968,998</u>	<u>\$ 1,960,914</u>	<u>\$ 1,939,133</u>
Net Pension Liability / (Asset)	\$ (145,845)	\$ (138,985)	\$ 25,563
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	108.00%	107.63%	98.70%
Covered Employee Payroll	N/A	N/A	N/A
Net Pension Liability / (Asset) as a Percentage of Covered Employee Payroll	N/A	N/A	N/A

This schedule will report ten years of data when it is available

See the Accompanying Independent Auditor's Report

**CLEAR CREEK FIRE AUTHORITY
SCHEDULE OF THE AUTHORITY'S PROPORTIONATE SHARE
STATEWIDE DEFINED BENEFIT PLAN**

	Years Ended December 31,				
	2013	2014	2015	2016	2017
Authority's Proportionate Share of the Net Pension Liability / (Asset)	0.0122%	0.0131%	0.1170%	0.0263%	0.02355%
Authority's Proportionate Share of the Net Pension Liability / (Asset)	\$ (10,909)	\$ (14,784)	\$ (208)	\$ 9,521	\$ (33,880)
Authority's Covered-Employee Payroll	\$ 52,983	\$ 58,912	\$ 49,988	\$ 134,850	\$ 236,338
Authority's Proportionate Share of the Net Pension Liability / (Asset) as a Percentage of Its Covered-Employee Payroll	-20.6%	-25.1%	-0.4%	7.06%	-14.34%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	106.8%	105.8%	100.1%	98.21%	106.3%

This schedule is reported as of December 31, as that is the plan year end

This schedule will report ten years of data when it is available

See the Accompanying Independent Auditor's Report

CLEAR CREEK FIRE AUTHORITY
 SCHEDULE OF THE AUTHORITY'S CONTRIBUTIONS
 STATEWIDE DEFINED BENEFIT PLAN

	Years Ended December 31,					
	2013	2014	2015	2016	2017	2018
Statutorily Required Contributions	\$ 4,239	\$ 4,713	\$ 3,999	\$ 4,567	\$ 10,788	\$ 18,907
Contributions in Relation to the Statutorily Required Contributions	4,239	4,713	3,999	4,567	10,788	18,907
Contribution Deficiency / (Excess)	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-	\$ -0-
Authority's Covered-Employee Payroll	\$ 52,983	\$ 58,912	\$ 49,988	\$ 57,088	\$ 134,850	\$ 236,338

This schedule will report ten years of data when it is available

See the Accompanying Independent Auditor's Report