

CLIFTON FIRE PROTECTION DISTRICT

Financial Statements and  
Report of Independent Auditor  
For the Year Ended December 31, 2019

CLIFTON FIRE PROTECTION DISTRICT

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December 31, 2019

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Clifton Fire Protection District, we offer readers of the Clifton Fire Protection District's financial statements this narrative overview and analysis of the financial activities of the Clifton Fire Protection District for the fiscal years ending December 31, 2019.

### **Financial Highlights**

At the end of the current fiscal year, unassigned fund balance for the general fund was \$1,288,947. This represents approximately 40.0 % of the total general fund expenditures.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The Clifton Fire District's basic financial statements comprise of three components: 1) government-wide financial statements 2) fund balance statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**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 the District's assets and liabilities, with the differences between the two reported as Net Position. Over time, increases or decreases in Net Position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's Net Position changed during the most recent fiscal year. All Changes in Net Position is reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Therefore, the revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements are combined with the fund financial statements and can be found in this report.

**Fund Financial Statements:** A fund is a group of related accounts used to maintain control over resources that have been set aside for specific activities or objectives. The District, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the District can be divided into two categories: governmental funds and fiduciary funds.

**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 governmental-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows on expendable resources, as well as the balances of spend able resources available at the end of the fiscal year. Such information may be useful in evaluation 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 statement. 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 a reconciliation to facilitate the comparison between governmental funds and governmental activities.

The District adopts an annual appropriated budget for all funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

**Notes to the Financial Statement.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statement. The notes to the financial statement can be found in this report.

**Government-Wide Financial Analysis.** Net Position may serve over time as a useful indicator of a government's financial position. In the case of the Clifton Fire Protection District, assets exceeded liabilities by \$4,201,467 at the close of the most recent year; this includes the GASB No. 68, Accounting, and Financial Reporting for Pensions, activity. Detailed information of the pension activity can be found on pages 16 through 23.

By far the largest portion of the District's Net Position is reflected in its capital assets (e.g., land, building, and vehicles); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Clifton Fire Protection District's investment in its capital assets in 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.

An additional portion of the District's Net Position represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted Net Position may be used to meet the government's ongoing obligations to its citizens.

Net Position Activity:

	2019	2018
Assets:		
Cash and Cash Equivalents	\$ 1,057,005	\$ 934,880
Accounts Receivable	780,674	595,615
Property Taxes Receivable	2,139,023	1,848,902
Prepays	93,369	62,148
Capital Assets	1,689,795	1,301,798
Net Pension Assets	458,659	478,903
Deferred Outflow of Resources	751,094	281,569
Total Assets	<u>6,969,619</u>	<u>5,503,815</u>
Liabilities:		
Accounts Payable & Accrued Exp.	60,739	42,352
Net Pension Liability	-	-
Long-term Liabilities	517,234	470,885
Deferred Inflow of Resources	2,190,179	1,983,170
	<u>2,768,152</u>	<u>2,496,407</u>
Net Position:		
Invested in Capital Assets	1,547,799	1,113,039
Restricted for Labor Emergency	112,755	112,755
Restricted for Net Pension Position	1,158,597	626,204
Unrestricted	1,382,316	1,155,410
Total Net Position	<u>\$ 4,201,467</u>	<u>\$ 3,007,408</u>

## Governmental Activities.

An increase in amount received from other governments, increase in charges for services, and increase in property taxes were the main sources of increases in general revenue.

### Governmental activities and totals

	<u>2019</u>	<u>2018</u>
Program Revenues:		
Charges for Services	\$ 711,540	\$ 791,602
General Revenues:		
Property Taxes	2,012,913	1,988,428
Specific Ownership Tax	279,333	273,486
Grant Revenue & from Other Governments	255,601	164,949
Other Income	187,508	146,403
Total Revenues	<u>3,446,895</u>	<u>3,364,868</u>
Expenses:		
Ambulance and Fire Operations	2,099,380	2,200,678
Depreciation	144,438	122,569
Lease Interest	9,018	11,376
Total Expenses	<u>2,252,836</u>	<u>2,334,623</u>
Change in Net Position	1,194,059	1,030,245
Net Position-beginning	<u>3,007,408</u>	<u>1,977,163</u>
Net Position-ending	<u>\$ 4,201,467</u>	<u>\$ 3,007,408</u>

Property Taxes increased by \$24,485 during the year. This is the result of new construction.

### Financial Analysis of the Government Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the Districts governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balances may serve as a useful measure of a government's net resources available for spending at the end of a fiscal year.

As of the end of the current fiscal year, the Clifton Fire Protection District's governmental funds reported ending fund balances of \$1,495,071 an increase of \$226,906, compared to the prior year. Approximately 86 percent or \$1,288,947 constitutes unassigned fund balance, which is available for spending at the District's discretion. The remainder of the fund balance is restricted by the State of Colorado, under the Taxpayers Bill of Rights (TABOR) and Non-spendable, which represents prepaid expenses. The restricted amount is \$112,755 and the non-spendable is \$93,369 at the end of 2019.

### General Fund Budgetary Highlights

There was not an amendment to the 2019 budget. The Statement of Revenue, Expenditures, and Change in Fund Balance-Budget and Actual is presented on page 32 and 33 of this report.

## **Capital Assets and Debt Administration**

Capital Assets. The Clifton Fire Protection District's investment in capital assets as of December 31, 2019 amounts to \$290,508 (net of accumulated depreciation). The investment in capital assets includes land, buildings and improvements, fire and medical apparatus and equipment. Additional information on the District's capital assets can be found on page 24.

**Long-term Debt** At the end of the current fiscal year, the Clifton Fire Protection District had no bonded debt outstanding. The District did have a total of \$141,996 in capital lease outstanding, however, the lease are not general obligations of the District and are paid solely from the District's revenues as appropriated in the annual budget.

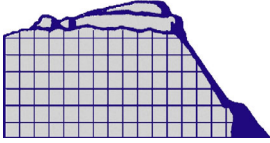
## **Economic Factors and Next Year's Budgets**

As it has continued for the past several years, the demand on the Clifton Fire Protection District to respond to various emergency calls from medical services, transport to fire, and rescue response increases, so does the cost of operations. Land development has seen a slight increase while ambulance transport collection rates continue to fluctuate due to changes in Medicare/Medicaid. The District's assessed valuation for the prior year was \$ 163,724,250 and for the last current year was \$163,512,980, a difference of a \$211,270 decrease, or -.13%. The District successfully pass a ballot measure effectively de-Gallagherizing which essentially allows the district to maintain a Residential Assessment Rate (RAR) of no less than 7.2% moving forward. This will help reduce the financial strain on the District's financial future. The Fire District also began sending resources out of the District for State Deployments for wildland fires which resulted in additional funding for the Fire District. The Fire District Administration will continue to remain fiscally responsible to the tax payer while actively pursuing alternative means of providing professional services to the community. The Administration will utilize the District's Master Plan and Strategic Plan as guides for making future financial and operational decisions. Administration will monitor the current and future fiscal impact of the COVID-19 Pandemic on the community and make adjustments accordingly to ensure the District continues to provide vital professional services to our residents and those the need our services.

## **Request for Information**

This report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to: Clifton Fire Protection District, 3254 F Road/PO Box 386, Clifton, CO 81520.

*Charles K. Balke*  
Fire Chief



## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Clifton Fire Protection District  
Clifton, CO

I have audited the accompanying financial statements of the governmental activities and the major fund of the Clifton Fire Protection District, State of Colorado (the District) as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **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 audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, 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.

### **Opinions**

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Clifton Fire Protection District, State of Colorado, as of December 31, 2019, 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 1-3, required pension schedules on pages 28-31, and budgetary comparison information on pages 32-33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. 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 inquiries 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 us with sufficient evidence to express an opinion or provide any assurance.

*Paul D. Miller, CPA, LLC*

Grand Junction, Colorado  
February 15, 2020

Clifton Fire Protection District  
Statement of Net Position and Governmental Fund Balance Sheet  
December 31, 2019

	General Fund	Adjustments	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,057,005	\$ -	\$ 1,057,005
Accounts receivable rescue	645,336	-	645,336
Property taxes receivable	2,139,023	-	2,139,023
Other receivable	135,338	-	135,338
Prepaid expenses	93,369	-	93,369
Capital Assets (net of accumulated depreciation):			
Land	-	90,011	90,011
Building and improvements	-	448,149	448,149
Fire trucks and equipment	-	572,974	572,974
Rescue vehicles and equipment	-	573,731	573,731
Office equipment	-	4,930	4,930
Net Pension Asset:			
Volunteer FPPA Plan	-	16,558	16,558
Statewide Defined Benefit Pension Plan (SWDB)	-	442,101	442,101
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Volunteer FPPA Plan	-	83,295	83,295
Statewide Defined Benefit Pension Plan	-	667,799	667,799
TOTAL ASSETS	<u>\$ 4,070,071</u>	<u>2,899,548</u>	<u>6,969,619</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 25,093	-	25,093
Accrued payroll	28,725	-	28,725
Accrued expenses	6,921	-	6,921
Long-term liabilities:			
Compensated absences	375,238	-	375,238
Due within one year	-	46,783	46,783
Due in more than one year	-	95,213	95,213
TOTAL LIABILITIES	<u>435,977</u>	<u>141,996</u>	<u>577,973</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property taxes	2,139,023	-	2,139,023
Volunteer FPPA Plan	-	49,132	49,132
Statewide Defined Benefit Pension Plan	-	2,024	2,024
	<u>2,139,023</u>	<u>51,156</u>	<u>2,190,179</u>
<b>FUND BALANCES AND NET POSITION</b>			
Restricted-Emergency reserve - Tabor	96,643	(96,643)	-
Non-spendable	93,369	(93,369)	-
Unassigned	1,305,059	(1,305,059)	-
TOTAL FUND BALANCES	<u>1,495,071</u>	<u>(1,495,071)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 4,070,071</u>		
<b>NET POSITION</b>			
Invested in capital assets, net of related debt	\$ -	1,547,799	1,547,799
Restricted for:			
Tabor emergency	-	96,643	96,643
Net Pension Position Volunteer	-	50,721	50,721
Net Pension Position SWDB	-	1,107,876	1,107,876
Unrestricted	-	1,398,428	1,398,428
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 4,201,467</u>	<u>\$ 4,201,467</u>

The notes to the financial statement are an integral part of this statement.

Clifton Fire Protection District  
Statement of Net Position and Governmental Fund Balance Sheet  
December 31, 2019

Adjustments to reconcile the governmental fund balance sheet to the statement of Net Position are as follows:

Fund balance per general fund balance sheet	\$ 1,495,071
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,689,795
Long-term liabilities, including leases payable used to fund capital assets are not due and payable in the current period are therefore not reported in the fund	(141,996)
Pension activity not reported at fund level	1,158,597
Net Position for governmental activities	<u><u>\$ 4,201,467</u></u>

The notes to the financial statement are an integral part of this statement.

Clifton Fire Protection District  
Statement of Revenue, Expenditures, and Change in Fund Balances-Governmental  
and Statement of Activities  
For the Year Ended December 31, 2019

	General Fund	Adjustments (See Page 10)	Statement of Activities
<b>EXPENDITURES/EXPENSES</b>			
Fire protection-operation	\$ 2,638,081	\$ -	\$ 2,638,081
Capital outlay	526,108	(526,108)	-
Depreciation	-	144,438	144,438
Pension activity	-	(538,701)	(538,701)
Debt service			
Lease principal	46,782	(46,782)	-
Lease interest	9,018	-	9,018
Total expenditures/expenses	3,219,989	(967,153)	2,252,836
<b>PROGRAM REVENUES</b>			
Charges for services	711,540	-	711,540
Net program expenses	(2,508,449)	(967,153)	(1,541,296)
<b>GENERAL REVENUES</b>			
Property taxes	2,012,913	-	2,012,913
Specific ownership	279,333	-	279,333
Interest income	28,442	-	28,442
Grant income	255,601	-	255,601
Miscellaneous income	159,066	-	159,066
Total general revenues	2,735,355	-	2,735,355
Excess of (expenditures) over revenues	226,906	967,153	
Change in Net Position			1,194,059
<b>FUND BALANCE/NET POSITION</b>			
Beginning of the year	1,268,165	1,739,243	3,007,408
End of the year	\$ 1,495,071	\$ 2,706,396	\$ 4,201,467

The notes to the financial statement are an integral part of this statement.

Clifton Fire Protection District  
 Reconciliation of the Statement of Revenues Expenditures,  
 and Change in the Fund Balances of Governmental Funds  
 to the Statement of Activities  
 For the Year Ended December 31, 2019

Amounts reported for the governmental activities in the statement of activities (page 9) are different because:

Excess of expenditures over revenues - general funds (page 9)	<u>\$ 226,906</u>
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	526,108
Depreciation	<u>(144,438)</u>
	<u>381,670</u>

The issuance of capital leases provides current financial resources to governmental funds, while the repayment of the principle of capital lease consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on the Net Position:

Principal payment-capital lease	<u>46,782</u>
	<u>46,782</u>

Pension activity not reported at General fund level	<u>538,701</u>
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Change in Net Position of governmental activities (page 9)	<u><u>\$ 1,194,059</u></u>
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The notes to the financial statement are an integral part of this statement.

CLIFTON FIRE PROTECTION DISTRICT  
Summary of Significant Accounting Policies  
December 31, 2019

The Clifton Fire Protection District is a special service district governed pursuant to provisions of the Colorado Special District Act. The District was established to provide fire protection and ambulance services within and surrounding the area of Clifton around 1943.

The District operates under the Board of Directors elected by the voters of the District. The District's financial statements include the accounts and operations of all the District's functions.

Based upon the National Council on Governmental Accounting (NCGA) in its Statement 1, the District's financial statements include the pension trust fund. The District exercises significant control through budget adoption, accountability for fiscal matters and board appointments.

Financial Reporting Entity

The Clifton Fire Protection District is a special district as defined by Colorado Statutes and is governed by an elected board of directors. The Board of Directors has oversight responsibility and control over all activities within its boundaries. The board is not included in any other governmental "reporting entity" as defined by the GASB pronouncement, since board members are elected by the public and have decision making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of Net Position and statement of activities) report information on all of the non-fiduciary activities of the primary government and its component units.

*Governmental activities*, which normally are supported by taxes, are reported separately from business-type activities, which rely to a significant extent on fees and user charges for support. Likewise, the *primary government is reported separately from certain legally separate component units* for which the primary government is financially accountable. The District has no business-type activities or component units.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. *Direct expenses* are those that are clearly identifiable with the 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 as *general revenues*.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The District has only one governmental fund, the *General Fund*.

A. Risk of Loss

The District is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the District carries commercial insurance coverage for vehicles, commercial property, commercial umbrella, commercial general liability, and management liability through the Volunteer Firemen Insurance Services.

CLIFTON FIRE PROTECTION DISTRICT  
Summary of Significant Accounting Policies  
December 31, 2019

B. Capital Assets

The accounting and reporting treatment applied to the capital assets associated with a fund are determined by its measurement focus. Capital assets are long-lived assets of the District as a whole. When purchased, such assets are recorded as expenditures in the governmental type fund.

All capital assets are valued at historical cost or estimated historical costs if actual historical cost is not available. The assets have a useful life of 5 to 40 years and are depreciated on the straight-line method. It is the District's policy to capitalize individual items costing \$1,500 or more.

The District has no restricted assets.

C. 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* as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as 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. The District considers revenues to be available if they are collectible within 120 days except for property taxes which are considered available if they are collectible within 60 days after year-end. Property taxes, and interest associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded when payment is due.

The government reports the following major governmental fund:

The *General Fund* is the District's operating fund. It accounts for all financial resources of the government. Additionally, the District reports the following fund type:

Fiduciary funds account for resources held for other parties outside the government. The District has one fiduciary fund the *Pension Trust Fund* which accounts for the activities of the assets held in the Fire and Police Member's Benefit Fund, an agent multi-employer defined benefit pension plan administered by the Colorado Fire and Police Pension Association (FPPA).

As a general rule the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are certain charges between the District's Fiduciary Fund and various other functions of the government as these are considered external to the government.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

CLIFTON FIRE PROTECTION DISTRICT  
 Summary of Significant Accounting Policies  
 December 31, 2019

D. Budgets and Budgetary Accounting

In accordance with the State Budget Law, the District's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The District's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The details of the budget calendar are outlined below:

- October 15 – Deadline for Budget Officer to submit proposed budget to the government board. Governing body must publish "Notice of Budget" upon receiving proposed budget.
- December 15 – Deadline for certification of mil levy to the Board of County Commissioners.
- December 22 – Deadline for Board of County Commissioners to levy taxes and to certify the levies to the Assessor.
- December 31– Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.
- On or before  
December 31– The District shall enact an ordinance appropriating the budget for the ensuing year.

E. Compensated Absences

The District has adopted a policy addressing the compensated absences for full time employees only. A summary of that policy follows.

**Vacation:**

Years of Service

For Full-Time Administrative Employees (40 hours/week)

Bi-Weekly Accumulation

Zero through 1 years of service	3.08 Hours (80 Hours/10 days/Year)
2 years through 4 of service	4.62 Hours (120 Hours/15 days/Year)
5 years through 10 years of service	6.16 Hours (160 Hours/20 days/Year)
11 years through 15 years of service	7.69 Hours (200 Hours/25 days/Year)
Over 16 years of service	10.77 Hours (280 Hours/35 days/Year)

Years of Service

For Full-Time Emergency Response Personnel (56 hours/week)

Bi-Weekly Accumulation

Zero through 1 years of service	6.90 Hours (180 Hours/7.5 days/Year)
2 years through 4 years of service	11.54 Hours (300Hours/12.5 days/Year)
5 years through 10 years of service	16.15 Hours (420 Hours/17.5days/Year)
11 years through 15 years of service	18.75 Hours (488 Hours/20.3days/Year)
Over 16 years of service	20.77 Hours (540 Hours/22.5days/Year)

**Sick Leave:**

Employees (Full-time) leaving on a voluntary basis and have worked for the District for 5 years or more shall have their sick leave paid out as follows:

- 5-10 years: \$1.00/hour over 360 hours to a maximum of 720 hours.
- 10-15 years: \$2.00/hour over 360 hours to a maximum of 720 hours.
- 15 or more years: \$3.00/hour over 360 hours to a maximum of 720 hours.

For the year ended December 31, 2019, the vacation and sick time accrued was \$375,238.

CLIFTON FIRE PROTECTION DISTRICT  
Summary of Significant Accounting Policies  
December 31, 2019

F. Property Taxes - Receivable

Annual property taxes are levied on December 22 of each year and attached as an enforceable lien as of January 1. They are payable in full April 30, or in two equal installments due February 28 and July 31. The county bills and collects property taxes for the district. Property taxes collected by the county are remitted to the district in the subsequent month. Property taxes are reported as receivable and deferred revenue when levied and as revenue when collected in the following year.

Property taxes are recognized as revenue in the year in which they are intended to finance operating expenses.

G. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

H. Disaggregation of Receivables and Payables

Significant components of receivables and payables are disaggregated in the financial statements. All receivables are expected to be collected within one year. All material payables are expected to be paid within one year with the exception of the amounts for the accrual of compensated absences and capital leases.

I. Fund Equity

In the fund financial statements governmental funds report reservations of fund balance amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

J. Net Position

Net position represents the difference between assets and liabilities. Net Position invested in capital assets net of related debt consists of capital assets net of accumulated depreciation and related debt. Net Position are reported as restricted when there are constraints placed on their use either by law through constitutional provisions or enabling legislation or through restrictions externally imposed by creditors, grantors, laws, or regulations of other governments.

K. Use of Restricted Funds

It is the District's policy to use restricted funds first for their intended use before unrestricted funds are used.

L. Pensions.

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Fire & Police Statewide Defined Benefit Plan and additions to/deductions from Fire & Police Statewide Defined Benefit Plan's fiduciary net position have been determined on the same basis as they are reported by the Fire & Police Pension Association of Colorado. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

The Entity also participates in the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS), administered by FPPA, which represents the assets of numerous separate plans that have been pooled for investment purposes. The net pension liabilities or assets, 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 pensions have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

CLIFTON FIRE PROTECTION DISTRICT  
Summary of Significant Accounting Policies  
December 31, 2019

M. Fund Equity

In the fund financial statements governmental funds report reservations of fund balance amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. The Non-Spendable amount represents funds already spent but will affect future expended amounts.

N. Subsequent Events

Management has reviewed subsequent events through the date of the audit report.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 1 – Defined Benefit Pension Plan – Volunteer Pension

**General Information about the Pension Plan**

Plan Description

The Entity contributes to the Volunteer Fire Department Pension Fund (VFDP), an agent multiple-employer Public Employee Retirement System (PERS) administered by the Fire & Police Pension Association (FPPA). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained on FPPA's website at <http://www.fppaco.org>. For the measurement period ending December 31, 2018, the Plan included membership of 23 retirees, 4 beneficiaries, 3 non-retired members, 1 terminated member active in another fund, and 3 active members for a total of 34 members.

Benefits Provided.

Normal Retirement

A member is eligible for a normal retirement pension once the member has completed twenty years of credited service and has attained the age of 50. The monthly regular retirement benefit is \$600. A supplemental monthly pension payment to a volunteer who has attained the age of 50 years and who has been in active service in excess of 20 years can receive an extended service amount up to 5% of the monthly pension amount per additional year of service. The amount cannot exceed a maximum of ten additional years.

Vested Retirement

A member with 10 or more but less than 20 years of service is eligible to receive a benefit of \$30 per month times the number of vesting years.

Disability Retirement Benefit

A member is eligible for short-term disability for injuries in the line of duty of \$300 payable for not more than a year and \$600 long-term disability for injuries in the line of duty. Long-term disability is a lifetime benefit.

Survivor Benefits

Survivor benefits are available at one-half of the amount of the normal retirement pension, or \$300 per month. This amount is available to a survivor following death after normal retirement, following death in the line of duty as a volunteer firefighter before retirement eligible, and \$300 following death after disability retirement. An additional amount of \$15 per month is available following death after normal retirement with extended service amount per year of service and following death after vested retirement with 10 to 20 years of service per year of service. Survivors may include spouse, child under 18 years of age, or dependent parent. This annuity shall cease if the surviving spouse or dependent parent remarries and dissolution of a subsequent marriage does not reinstate the annuity. Whenever the pension board increases the retirement pension payable to volunteer firefighters, that increase will also be applied to the pension benefits of survivors of firefighters killed in the line of duty.

Funeral Benefits

A one-time funeral benefit is paid of \$1,200 in the event of a death of a member.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 1 – Defined Benefit Pension Plan – Volunteer Pension-continued

**General Information about the Pension Plan-continued**

Contributions.

The Entity contributes from proceeds of a property tax mill levy. The Plan is construed and enforced in accordance with Colorado Revised Statute Title 31, Article 30. Per CRS 31-30-1112, State contributions to any municipality or district must equal ninety percent of all amounts contributed by the municipality or district under section 31-30-1110 in the previous year, but, notwithstanding any other provision of this part 11, the state contribution shall not exceed one-half mill on the previous net valuation for assessment of the municipality or district assuming one hundred percent collection. For 2019, the Entity contributed \$32,000 and the state’s matching contribution was \$14,400.

**Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At December 31, 2019, the Entity reported a net pension liability/ (asset) of \$(16,558). The net pension liability/ (asset) were measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of January 1, 2019.

For the year ended December 31, 2019, the Entity recognized pension expense of \$16,000. At December 31, 2019, the Entity reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference between expected and actual experience	\$ -	\$ 19,922
Assumption Changes	13,740	-
Net difference between projected and actual earnings on pension plan investments	138,464	70,135
Total	<u>\$ 152,204</u>	<u>\$ 90,057</u>

\$16,000 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31: Net Inflows of Resources.	
2019	\$ 23,583
2019	\$ 9,950
2020	\$ 2,617
2021	\$ 25,997
Thereafter	\$ -
Total	<u>\$ 62,147</u>

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 1 – Defined Benefit Pension Plan – Volunteer Pension-continued

**General Information about the Pension Plan-continued**

**Pension Liabilities/ (Asset), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions-continued**

Actuarial Assumptions.

Actuarially determined contribution rates are calculated as of January 1 of odd numbered years. The contribution rates have a one-year lag, so the actuarial valuation as of January 1, 2019 determines the contribution amounts for 2018 and 2019. The valuation used the following actuarial assumptions and other inputs:

Actuarial Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Amortization Period	20 Years*
Asset Valuation Method	5-Year Smoothed market
Inflation	3.0%
Investment Rate of Return	7.5%
Projected Salary Increases	N/A
Retirement Age	50% per year of eligibility until 100% at age 65
Mortality	Pre-retirement: RP-2000 Combined Mortality Table with Blue Collar Adjustment, 40% multiplier for off-duty mortality. Post retirement: RP-2000 Combined Mortality Table, with Blue Collar Adjustment Disabled: RP-2000 Disabled Mortality Table All tables projected with Scale AA

*\* Plans that are heavily weighted with retiree liabilities use an amortization period based on the expected remaining lifetime of the participants.*

At least every five years the Fire & Police Pension Association's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2011 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the Fire & Police Pension Association's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future.

Assumption Changes

The assumption shown above pertains to the actuarial valuations beginning January 1, 2017 and the associated Actuarially Determined Contribution for the year ending December 31, 2018. Following an experience study in 2018, the Board adopted a new assumption set for first use in the January 1, 2019 valuation.

The primary changes, which can be observed in the January 1, 2019 valuation, as compared to the assumptions shown are as follows:

Investment Rate of Return	7.00%
Mortality	<b>Pre-retirement:</b> 2006 central rates from the RP-2014 Employee Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and then projected prospectively using the ultimate rates of the scale for all years, 50% multiplier for off-duty mortality. <b>Post-retirement:</b> 2006 central rates from the RP-2014 Annuitant Mortality Tables for males and females projected to 2018 using the MP-2017 projections scales, and then projected prospectively using the ultimate rates of the scale for all years.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 1 – Defined Benefit Pension Plan – Volunteer Pension-continued

**General Information about the Pension Plan-continued**

Assumption Changes-continued

**Disabled:**2006 central rates from RP-2014 Disability Mortality Tables for males and females projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years.

Long-term Expected Return on Plan Assets

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic nominal rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Rate of Return</b>
Global Equity	37.00%	8.03%
Equity Long/Short	9.00%	6.45%
Private Markets	24.00%	10.0%
Fixed Income	15.00%	2.90%
Absolute Return	9.00%	5.08%
Managed Futures	4.00%	5.35%
Cash	2.00%	2.52%

Regarding the sensitivity of the net pension liability/ (asset) to changes in the Single Discount Rate, the following presents the plans net pension liability/ (asset), calculated using a Single Discount Rate of 7.00%, as well as what the plan's net pension liability/ (asset) would be if it were calculated using a Single Discount Rate that is one percent lower or one percent higher:

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability/(asset)	\$150,893	\$(16,558)	\$(158,047)

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 2 – Fire & Police Statewide Defined Benefit Plan

**General Information about the Fire & Police Statewide Defined Benefit Plan**

Plan description.

The Statewide Defined Benefit Plan (SWDB) is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 5, 2003, the Plan may include clerical and other personnel from the districts whose services are auxiliary to fire protection. The Plan became effective January 1, 1980.

The Plan assets are included in the Fire & Police Members' Benefit Investment Fund and the Fire & Police Members' Self-Directed Investment fund (for Deferred Retirement Option Plan (DROP) assets and Separate Retirement Account assets from eligible retired members).

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

Description of Benefits.

A member is eligible for a normal retirement pension once the member has completed 25 years of credited service and has attained the age of 55.

The annual normal retirement benefit is 2% of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5% for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the Statewide Defined Benefit Plan. 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 or 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.

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 by election of the membership.

Members of this Plan and their employers are contributing at the rate of 10.0% and 8%, respectively, of base salary for a total contribution rate of 18.0% in 2019. In 2014, the members elected to increase the member contribution rate to the Plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to 12% of base salary. Employer contributions will remain at 8% resulting in a combined contribution rate of 20% in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 20.5% of base salary in 2015. It is a local decision on who pays the additional 4% contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5% annually beginning in 2015 through 2022, for a total combined member and employer contribution rate of 24%.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 2 – Fire & Police Statewide Defined Benefit Plan-continued

***General Information about the Fire & Police Statewide Defined Benefit Plan-continued***

Contributions-continued

The contribution rate for members and employers of affiliated social security employers is 5.0% and 4.0%, respectively, of base salary for a total contributions rate of 8.0% in 2018. Per the 2014 member election, members of affiliated social security group will have their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6.0% of base salary. Employer contributions will remain at 4.0% resulting in a combined contribution rate of 10.0% in 2022.

Basis of Presentation

The underlying financial information used to prepare the Schedule of Employer Contributions and Schedule of Collective Pension Amounts is based on FPPA's financial statements. FPPA follows the accounting principles and reporting guidelines as set forth by Governmental Accounting Standards Board. The financial statements are prepared using the accrual basis of accounting and reflect the overall operations of FPPA. Employer contributions in FPPA's financial statements are recognized in the period in which the contributions are due

Employer contributions received and processed within the year ended December 31, 2018 are used as the basis for reporting within the Schedule of Employer Contributions. As reported in FPPA's Other Supplementary Schedule of Fiduciary Net Position by Participating Employer in the December 31, 2018 Comprehensive Annual Financial Report (CAFR), employer contributions to the SWDB plan were \$51,566,486 compared to total employer contribution of \$53,588,582 on the Schedule of Employer Contributions. Adjustments were made to the total employer contribution to annualize departments that joined the plan during the year, to reduce employer contributions to zero for departments that had no remaining members at year end, and for known significant adjustments of non-recurring amounts.

The Schedule of Collective Pension Amounts represents total pension amounts for the SWDB plan. This schedule excludes employer-specific deferral amounts that may need to be recognized to comply with Governmental Accounting Standards Board (GASB) Statement No. 68, Accounting, and Financial Reporting for Pensions. Specifically, this schedule excludes deferral amounts arising from changes in employer proportion, differences between contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date as defined in paragraph 54 through 57 of GASB Statement No. 68.

Contributions to the Plan from the Department were \$91,935 for the year ended December 31, 2019.

Actuarial Valuation Dates

The collective total pension liability as of December 31, 2018 is based upon the January 1, 2019 actuarial valuation. The actuarially determined contributions as of December 31, 2018 are based upon the January 1, 2018 actuarial valuation.

Actuarial assumptions.

The actuarial valuation for the Statewide Defined Benefit Plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumptions and other inputs:

**CLIFTON FIRE PROTECTION DISTRICT**

Notes to Financial Statements

December 31, 2019

**Note 2 – Fire & Police Statewide Defined Benefit Plan-continued**

**General Information about the Fire & Police Statewide Defined Benefit Plan-continued**

Actuarial assumptions-continued

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contribution</u>
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term Investment Rate of Return*	7.00%	7.50%
Projected Salary Increases*	4.25% - 11.25%	4.0% - 14.0%
Cost of Living Adjustment (COLA)	0.00%	0.00%
*Includes Inflation at	2.50%	2.50%

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

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected Scale BB. 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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	37.0%	8.03%
Equity Long/Short	9.0%	6.45%
Private Markets	24.0%	10.0%
Fixed Income	15.0%	2.90%
Absolute Return	9.0%	5.08%
Managed Futures	4.00%	5.35%
Cash	<u>2.00%</u>	2.52%
<b>Total</b>	<b><u>100%</u></b>	

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

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 2 – Fire & Police Statewide Defined Benefit Plan-continued

**General Information about the Fire & Police Statewide Defined Benefit Plan-continued**

Actuarial assumptions-continued

The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

At December 31, 2019, the Department reported a net asset of (\$667,799) for its proportionate share of the net pension liability/ (asset). The net pension liability (asset) was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of that date. The Department’s proportion of the net pension liability/ (asset) was based on a projection of the Department’s long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2019, the Department’s proportion was .0.1498 percent, which was an increase/ (decrease) of 1756) percent from its proportion measured as of December 31, 2018.

Discount rate

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

Regarding the sensitivity of the net pension liability/(asset) to changes in the Single Discount Rate, the following presents the plan’s net pension liability, calculated using a Single Discount of 7.5%, as well as what the plan’s net pension liability/(asset) would be if it were calculated using a Single Discount Rate that is 1% lower or 1% higher:

	<b>1.00% Decrease</b>	<b>Current Discount Rate</b>	<b>1.00% Increase</b>
Department’s proportionate share of the net pension liability/(asset)	\$734,572	\$189,426	\$(262,762)

**CLIFTON FIRE PROTECTION DISTRICT**

Notes to Financial Statements

December 31, 2019

Note 2 – Fire & Police Statewide Defined Benefit Plan-continued

**General Information about the Fire & Police Statewide Defined Benefit Plan-continued**

Discount Rate –continued

For the year ended December 31, 2019, the Department recognized pension expense of \$27,123. At December 31, 2019, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between actual and expected experience	\$ 243,397	\$ -
Changes in assumptions	\$ 183,454	-
Net difference between actual and projected earnings on pension plan investments	\$ 149,013	2,024
Changes in proportion and differences between Department contributions and proportionate share of contributions	-	-
Department contributions subsequent to the measurement date	82,186	-

Note 2 – Fire & Police Statewide Defined Benefit Plan-continued

**General Information about the Fire & Police Statewide Defined Benefit Plan-continued**

Discount rate-continued

\$243,773 reported as deferred outflows of resources related to pensions resulting from Department contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended December 31,</b>		
2019	\$	108,854
2020	\$	77,747
2021	\$	66,210
2022	\$	109,547
2023	\$	53,336
Thereafter	\$	158,145

Pension plan fiduciary net position

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

**CLIFTON FIRE PROTECTION DISTRICT**

Notes to Financial Statements

December 31, 2019

**Note 3 – Statewide Death and Disability Plan**

*Plan Description* – The District contributes to the Statewide Death and disability Plan (SWD&DP), a cost sharing multiple-employer death and disability plan administered by FPPA. The SWD&DP covers full-time employees of substantially all fire and police departments in Colorado. As of August 1, 2003, the SWD&DP may include part-time police and fire employees. Contributions to the SWD&DP are used solely for the payment of death and disability benefits. Employers who are covered by Social security may elect supplementary coverage by the Plan. The Plan was established in 1098 pursuant to Colorado Revised Statutes. FPA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the SWD&DP. That report can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Funding Policy* – The District and/or employee is required to contribute at a rate of 2.8% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 2.8% contribution may be paid entirely by the employer or the member, or it may be split between the two parties. The District pays the SWD&DP on behalf of the employees which was \$29,696.

**Note 4 - Change in Capital Asset**

	Balance 12/31/2018	Additions	Deletions	Balanc 12/31/2019
Buildings	\$ 976,131	\$ -	\$ -	\$ 976,131
Fire Vehicles & Equipment	1,694,894	300,905	(127,916)	1,867,883
Medical Vehicles & Equipment	660,797	380,898	(212,184)	829,511
Office Equipent	109,477	-	(82,521)	26,956
Assets being Depreciated	3,441,299	681,803	(422,621)	3,700,481
Less Accumulated Depreciation	(2,382,713)	(144,438)	426,454	(2,100,697)
Net	1,058,586	537,365	3,833	1,599,784
Land	90,011	-	-	90,011
CIP	153,201	-	(153,201)	-
Net Fixed Assets	<u>\$ 1,301,798</u>	<u>\$ 537,365</u>	<u>\$(149,368)</u>	<u>\$ 1,689,795</u>

**Note 4 - Change in Capital Asset-continued**

In 2019, the Districts depreciation was \$144,438. The depreciation was charged directly to the various functions as follows:

Administration	\$ 2,822
Fire vehicles & equipment	65,098
Grounds & building	25,088
Ambulance & equipment	51,430
Total	<u>\$ 144,438</u>

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 5 - Budget to Actual Comparison

	<u>General Fund</u>
Revenue and other financing resources	
GAAP Basis	\$ 3,446,895
Modification to GAAP Basis	
Carryover from prior year	<u>523,509</u>
Resources Budgetary Basis	3,970,404
19 Budgeted Resources	<u>(3,441,077)</u>
Variance Favorable (Unfavorable)	<u>\$ 529,327</u>
Expenditures-GAAP Basis	\$ 2,657,869
Modification to GAAP Basis	
Capital Outlays	506
Depreciation	(144,438)
Lease purchases	46,782
Pension Activity	<u>(91,204)</u>
Expenditures Budget Basis	2,469,515
19 Budgeted Expenditures	<u>(3,773,983)</u>
Variance favorable (Unfavorable)	<u>\$ 1,304,468</u>

Note 6 – Deposits and Investments

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 100% of the uninsured deposits. Collateral in the pool is considered equal to depository insurance pursuant to definitions listed in GASB Statement No. 40. At December 31, 2019, the District's cash deposits had a bank balance of \$662,351 of which \$322,559 was covered by federal depository insurance and \$339,067 was collateralized.

At December 31, 2019, the deposits of the governmental activities consisted of the following:

Cash in demand accounts	\$ 662,351
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Investments

Colorado statutes specify in which instruments the units of local government may invest which include:

- Repurchase agreements;
- Obligations of the United States or obligations unconditionally guaranteed by the United States;
- Obligations of the State of Colorado and most general obligations of units of local governments;
- Federally insured mortgages and student loans;
- Participation with other local governments in pooled investment funds (trusts). These trusts are supervised by participating governments and must comply with the same restrictions on cash deposits and investments.

The District's investment policy follows Colorado statutes.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31,

Note 6 – Deposits and Investments

Investments-continued

At year-end, the District had invested \$394,653 in the Colorado Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for local government entities in Colorado to pool surplus funds. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury securities. A designated custodial bank provides safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. Substantially all securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investments owned by COLOTRUST. This pool is not required to and is not registered with the SEC. COLOTRUST funds are rated AAA by Standard and Poor's, an AAR/V1+ from Fitch's and an Aaa from Moody's rating services.

Summary of Investments Held by the District:

ColoTrust (Measured at Fair Value)	\$ 394,653
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Fair Value

The District categorized its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs. There is a hierarchy of three levels of inputs that may be used to measure fair value.

**Level 1:** Quoted prices (unadjusted) in active markets for an identical asset or liability that a government can access at the measurement date.

**Level 2:** Inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly. Level 2 inputs include quoted prices for similar assets or liabilities, quoted prices for identical or similar assets or liabilities in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities

**Level 3:** Unobservable inputs for an asset or liability.

CLIFTON FIRE PROTECTION DISTRICT  
Notes to Financial Statements  
December 31, 2019

Note 7 – Long-term Debt

Long-term liability activity for the year ended December 31, 2019 was as follows:

	January 1, <u>2019</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2019</u>
Compensated Absences	\$ 282,126	\$ 93,112	\$ -	\$ 375,238
Capital Lease	<u>188,759</u>	<u>-</u>	<u>46,763</u>	<u>141,996</u>
	<u>\$ 470,885</u>	<u>\$ 93,112</u>	<u>\$ 46,763</u>	<u>\$ 517,234</u>

An election was held in 2000, and passed, that would allow the District to keep an additional \$250,000 each year, over the TABOR calculation, for the payment of the lease purchase on the fire truck. The District, through a ballot question in November, 2019 has de-Gallagerized.

Note 8 - Tax, Spending, and Debt Limitation

In November 1992, the voters of Colorado approved Amendment 1, commonly known as the Taxpayer's Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax, spending, revenue, and debt limitations that apply to the State of Colorado and all local governments.

The initial base for local government spending and revenue limits is 1992 Fiscal Year Spending. Future spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue.

TABOR requires local governments to establish Emergency Reserves. These reserves must be at least 1% of Fiscal Year Spending (excluding bonded debt service) in 1993, 2% in 1994 and 3% thereafter. Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

TABOR requires, with certain exceptions, voter approval prior to imposing new taxes, increasing a tax rate, increasing a mill levy above that for the prior year, extending an expiring tax, or implementing a tax policy change directly causing a net tax revenue gain to any local government.

The District believes it is compliance with this amendment.

Note 9 - Capital Lease Commitment

The District leases a fire truck with lease terms through February 2022. Obligations under the capital lease have been recorded in the accompanying financial statements at the present value of future minimum lease payments, discounted at the interest rate of 5.25%. The capitalized cost of \$668,857 is included in the fixed assets - vehicles.

Fire Truck

<u>Payment Date</u>	<u>Payment Amount</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 55,782	\$ 49,288	\$ 6,494
2021	55,782	51,927	3,855
2022	41,856	40,781	1,075
	<u>\$ 153,420</u>	<u>\$ 141,996</u>	<u>\$ 11,424</u>

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2019

Note 9 - Capital Lease Commitment-continued

In 2013, the District entered into a lease purchase agreement to purchase a new chassis and retrofit a box from an old ambulance to it. The cost of the retrofit, with the book value of the box is \$126,283. The lease was paid off in 2019.

For the year ended December 31, 2019, the District expended \$11,376 in interest expense as a direct function of firefighting and rescue activities.

Note 10 – Fund Balance Classification Policies and Procedures

The District has implemented GASB 54, Fund Balance Classification. With this new GASB, the fund balance is broken into five classifications. (1) Non-spendable – not in spendable form, (2) Restricted-fund constrained by external parties, (3) Committed – constraints on use of funds imposed by the highest level of decision making authority, in the Districts case that is the Board of Directors. The funds must be established, modified, or rescinded by use of resolution of the Board. (4) Assigned – funds intended to be used for a specific purpose, where the intent is expressed by an official authorized by the governing board, in the Districts case that is the Fire Chief and (5) Unassigned – which are funds available for any purpose. The District does not have Committed or Assigned fund classification in 2019.

It is the District's policy to spend restricted fund first then unrestricted fund for the purpose for which both funds are available and committed and assigned funds are spent when expenditure is incurred for purposes for which amount in any of those unrestricted fund balance classification could be used.

The District does have fund classification as follows:

- Restricted which is dictated by Colorado State Law
- Non-spendable which is its prepaid expenses,
- Unassigned.

REQUIRED SUPPLEMENTAL INFORMATION

CLIFTON FIRE PROTECTION DISTRICT  
 Required Supplementary Information Pensions  
 December 31, 2019

REQUIRED SUPPLEMENTARY INFORMATION

Schedule of the District's Proportionate Share of the Net Pension Liability/ (Asset)  
 Fire & Police Statewide Defined Benefit Plan  
 As of December 31,

	<b>2019</b>	<b>2016</b>
Department's proportion of the net pension liability/(asset)	.190%	.195%
Department's proportionate share of the net pension liability/(asset)	\$ 68,749	\$ (3,437)
Department's covered payroll	\$ 1,027,332	\$ 919,575
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	6.7%	.374%
Plan fiduciary net position as a percentage of the total pension liability	98.21%	100.1%

Schedule of Department Contributions  
 Fire & Police Statewide Defined Benefit Plan  
 As of December 31,

	<b>2019</b>	<b>2016</b>
Contractually required contribution	\$ 82,187	\$ 73,566
Contributions in relation to the contractually required contribution	\$ 82,187	\$ 73,566
Contribution deficiency (excess)	\$ -	\$ -
Department's covered payroll	\$ 1,027,332	\$ 919,575
Contributions as a percentage of covered payroll	8.0%	8.0%

CLIFTON FIRE PROTECTION DISTRICT  
Required Supplementary Information Pensions  
December 31, 2019

**Notes to Required Supplementary Information  
for the Year Ended December 31, 2019**

*Changes in plan provisions.* The plan provisions have not changed since the prior valuation. The member contribution rate will increase in 2019 as a result of the member election.

*Benefit Adjustments.* Benefits to members and beneficiaries may be increased annually on October 1. The amount is based on the Fire & Police Pension Association Board of Directors discretion and can range from 0 % to 3 %. Benefit adjustment may begin once the retired member has been receiving retirement benefits for at least 12 calendar months prior to October 1.

*Changes of assumptions.* Beginning in the January 1, 2104 actuarial valuation, the married assumption for active members was increased from 80 % to 85 % to reflect the passage of the Colorado Civil Union Act.

CLIFTON FIRE PROTECTION DISTRICT  
SCHEDULE OF REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS MULTIYEAR  
Last 10 Fiscal Years

Measurement period ending December 31,	2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
<b>Total Pension Liability</b>										
Service Cost	\$ 5,431	\$ 5,431	\$ 23,147	\$ 23,147	\$ 15,256					
Interest on the Total Pension Liability	118,690	119,844	123,827	123,068	123,260					
Benefit Changes	0	-	-	-	-					
Difference between Expected & Actual Experience	(8,231)	-	(98,418)	-	(11,774)					
Assumption Changes	65,207	-	45,103	-	-					
Benefit Payments	(141,420)	(139,934)	(136,260)	(135,950)	(130,500)					
<b>Net Change in Total Pension Liability</b>	39,677	(14,659)	(42,601)	10,265	(3,758)	0	0	0	0	0
<b>Total Pension Liability - Beginning</b>	1,649,296	1,663,955	1,706,556	1,696,291	1,700,049					
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 1,688,973</u>	<u>\$ 1,649,296</u>	<u>\$ 1,663,955</u>	<u>\$ 1,706,556</u>	<u>\$ 1,696,291</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Plan Fiduciary Net Position</b>										
Employer Contributions	\$ 32,000	\$ -	\$ 14,731	\$ 9,914	\$ 9,194					
Pension Plan Net Investment Income	1,735	239,575	88,733	32,768	120,302					
Benefit Payments	(141,420)	(139,934)	(136,260)	(135,950)	(130,500)					
Pension Plan Administrative Expense	(7,959)	(8,054)	(2,933)	(3,755)	(3,128)					
State of Colorado Discretionary Payment	14,400	13,258	8,923	8,275	-					
<b>Net Change in Plan Fiduciary Net Position</b>	(101,244)	104,845	(26,806)	(88,748)	(4,132)	0	0	0	0	0
<b>Plan Fiduciary Net Position - Beginning</b>	1,806,775	1,701,930	1,728,736	1,817,484	1,821,616					
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 1,705,531</u>	<u>\$ 1,806,775</u>	<u>\$ 1,701,930</u>	<u>\$ 1,728,736</u>	<u>\$ 1,817,484</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Position Liability/(Asset) - Ending (a) - (b)</b>	<u>\$ (16,558)</u>	<u>\$ (157,479)</u>	<u>\$ (37,975)</u>	<u>\$ (22,180)</u>	<u>\$ (121,193)</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>100.98%</u>	<u>109.55%</u>	<u>102.28%</u>	<u>101.30%</u>	<u>107.14%</u>					

CLIFTON FIRE PROTECTION DISTRICT  
 SCHEDULE OF CONTRIBUTIONS MULTIYEAR  
 LAST 10 FISCAL YEARS

FY ENDING DECEMBER 31, (a)	Actuarially Determined Contribution (b)	Actual Contribution* (c)	Contribution Deficiency (Excess) (d) = (b) - (c)	Covered Payroll (e)	Actual Contribution as a % of Covered Payroll (f)
<b>2014</b>	\$ 9,194	\$ 9,194	\$ -	N/A	N/A
<b>2015</b>	\$ 9,194	\$ 18,189	\$ (8,995)	N/A	N/A
<b>2016</b>	\$ 14,731	\$ 23,654	\$ (8,923)	N/A	N/A
<b>2017</b>	\$ 14,731	\$ 13,258	\$ 1,473	N/A	N/A
<b>2018</b>	\$ 46,400	\$ 46,400	\$ -	N/A	N/A
<b>2019</b>	\$ 30,400	N/A			

\*Includes both Employer & State of Colorado Discretionary Payment

CLIFTON FIRE PROTECTION DISTRICT  
Statement of Revenues, Expenditures, and Change in Fund Balance  
Budget and Actual  
For the Year Ended December 31, 2019

	General Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
General property taxes	\$ 2,081,702	\$ 2,012,913	\$ (68,789)
Specific ownership tax	190,550	279,333	88,783
Ambulance	885,625	711,540	(174,085)
Interest income	7,000	28,442	21,442
Grant income	170,000	255,601	85,601
Fees and permits	5,000	5,712	712
Miscellaneous	101,200	153,354	52,154
Total Revenues	<u>3,441,077</u>	<u>3,446,895</u>	<u>5,818</u>
Expenditures:			
<b>Administrative:</b>			
Salaries	557,895	564,711	(6,816)
Payroll taxes and benefits	411,700	388,278	23,422
Office expense	57,000	46,558	10,442
Accounting and legal	31,500	37,349	(5,849)
Dues and fees	5,500	2,751	2,749
Treasurers fees	40,000	37,752	2,248
Director's fees	4,500	4,500	-
Contingency and all other	-	14,984	(14,984)
<b>Operations:</b>			
Salaries	1,093,245	1,004,736	88,509
Personal protective equipment	38,500	22,770	15,730
Fire operating supplies	63,500	13,375	50,125
Insurance	80,000	58,643	21,357
EMS operating supplies	93,500	63,628	29,872
Uniforms	15,500	4,885	10,615
Training	34,000	38,839	(4,839)
Station utilities	29,500	21,316	8,184
Station maintenance	10,000	19,670	(9,670)
Public education	5,500	1,656	3,844
Recruitment & retention	36,500	8,201	28,299
<b>Fuel/Oil/ Repair &amp; Maint.</b>			
Small tools & equipment	6,000	10,956	(4,956)
Apparatus	46,000	38,329	7,671
Station/grounds repairs	27,000	9,083	17,917
Fuel	21,500	23,318	(1,818)
<b>Communications</b>			
Dispatch fees	100,500	105,224	(4,724)
Radio & equipment maintenance	2,500	744	1,756
Capital outlays	30,000	19,788	10,212
<b>Ambulance Fees</b>			
Billing fees	65,000	73,495	(8,495)
Transport fees	20,000	22,330	(2,330)
Balance Carried Forward	<u>2,926,340</u>	<u>2,657,869</u>	<u>268,471</u>

The notes to the financial statement are an integral part of this statement.

CLIFTON FIRE PROTECTION DISTRICT  
Statement of Revenues, Expenditures, and Change in Fund Balance  
Budget and Actual  
For the Year Ended December 31, 2019

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Balance Brought Forward	\$ 2,926,340	\$ 2,657,869	\$ 268,471
Total Current Expenditures	<u>2,926,340</u>	<u>2,657,869</u>	<u>268,471</u>
<b>Capital Outlay Major</b>	<u>695,000</u>	<u>506,320</u>	<u>188,680</u>
Total Expenditures	<u>3,621,340</u>	<u>3,164,189</u>	<u>457,151</u>
Revenue Over (Under) Expenditures	(180,263)	282,706	(462,969)
Other Financing Sources (Uses)			
Lease principal	(46,782)	(46,782)	-
Lease interest	(9,218)	(9,018)	(200)
TABOR reserve	(96,643)	-	(96,643)
Total Other Financing Sources (Uses)	<u>(152,643)</u>	<u>(55,800)</u>	<u>(96,843)</u>
Revenue and Other Financing Sources Over (Under) Expenditures	(332,906)	226,906	559,812
Fund Balance-Beginning of Year	523,509	1,268,165	744,656
Fund Balance-End of Year	<u>\$ 190,603</u>	<u>\$ 1,495,071</u>	<u>\$ 1,304,468</u>

The notes to the financial statement are an integral part of this statement.