

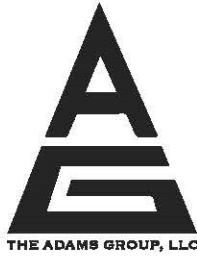
CLEAR CREEK FIRE AUTHORITY

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2020

## TABLE OF CONTENTS

Independent Auditors' Report	1 – 2
Management's Discussion and Analysis	3 – 8
Government-Wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet – Governmental Fund	11
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of the Governmental Fund to the Statement of Activities	14
Notes to the Financial Statements	15 – 35
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund	36
Schedule of Authority's Proportionate Share of the Net Pension Liability (Asset) – Statewide Defined Benefit Plan	37
Schedule of Authority Contributions – Statewide Defined Benefit Plan	38
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios – Volunteer Pension Plan	39
Schedule of Pension Contributions – Volunteer Pension Plan	40



CERTIFIED PUBLIC ACCOUNTANTS

## Independent Auditors' Report

Board of Directors  
Clear Creek Fire Authority  
Dumont, Colorado

We have audited the accompanying financial statements of the governmental activities and the major fund of the Clear Creek Fire Authority (the Authority) as of and for the year ended December 31, 2020, 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***

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.

### ***Auditors' Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 auditors' 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, we 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.

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

***Opinions***

In our 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 Authority as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Emphasis of a Matter***

As discussed in Note 12 to the financial statements, an adjustment was made to the beginning net position balance of governmental activities to correct errors in the prior year financial statements due to capital assets which were not previously reported. Our opinions were not modified with respect to the restatement.

***Other-Matters***

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the budgetary comparison schedule, and the GASB required pension schedules as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquires, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*The Adams Group, LLC*

April 7, 2021  
Denver, Colorado

## **MANAGEMENT'S DISCUSSION & ANALYSIS**

CLEAR CREEK FIRE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

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, 2020. 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 and deferred outflows of resources exceed its liabilities and deferred inflows of resources by \$12,260,029 (net position) for the year reported. This compares to the previous year when assets exceeded liabilities by \$11,706,878, which includes the impact of a prior period adjustment.
- Total net position is comprised of the following:
  - Net investment in capital assets of \$5,795,329 include property and equipment, net of accumulated depreciation.
  - Restricted net position of \$58,615 related to emergency restrictions and \$545,736 related to the Authority's net pension asset.
  - Unrestricted net position of \$5,860,349 represent the portion available to maintain the Authority's continuing obligations to citizens and creditors.
- Total revenue increased by \$197,989 compared to the year ended December 31, 2019.
- Total expenses increased by approximately \$74,223 compared to the year ended December 31, 2019.

## **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 Government

CLEAR CREEK FIRE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

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.

**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.

CLEAR CREEK FIRE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

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.

**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 Position**

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

Condensed Statement of Net Position

	<u>2020</u>	<u>2019*</u>
Current Assets	\$ 5,868,649	\$ 5,363,668
Non-Current Assets	<u>6,341,065</u>	<u>6,272,812</u>
Total Assets	<u>12,209,714</u>	<u>11,636,480</u>
Deferred Outflows of Resources	<u>217,170</u>	<u>394,803</u>
Current Liabilities	62,159	151,685
Non-Current Liabilities	<u>-</u>	<u>27,534</u>
Total Liabilities	<u>62,159</u>	<u>179,219</u>
Deferred Inflows of Resources	<u>104,696</u>	<u>145,186</u>
Net Position		
Net Investment in Capital Assets	5,795,329	6,008,948
Restricted	604,351	53,000
Unrestricted	<u>5,860,349</u>	<u>5,644,930</u>
Total Net Position	<u>\$ 12,260,029</u>	<u>\$ 11,706,878</u>

\*A prior period adjustment is reflected in the 2019 balance. See Note 12 for additional information.

CLEAR CREEK FIRE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

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 and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$12,260,029 for year ended December 31, 2020.

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.

**Results of Operations**

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

Condensed Statement of Activities

	<u>2020</u>	<u>2019</u>
PROGRAM REVENUES		
Charges for Services	\$ 25,479	\$ 24,625
Operating Grants & Contributions	1,625,820	1,589,180
Capital Grants and Contributions	204,752	0
Total Program Revenues	<u>1,856,051</u>	<u>1,613,805</u>
GENERAL REVENUES		
Investment Earnings	38,389	121,703
Other Revenues	59,440	20,383
Total General Revenues	<u>97,829</u>	<u>142,086</u>
Total Revenues	<u>1,953,880</u>	<u>1,755,891</u>
PROGRAM EXPENSES		
Public Safety	<u>1,400,729</u>	<u>1,326,506</u>
Change in Net Position	<u>553,151</u>	<u>429,385</u>
Net Position, Beginning	<u>11,706,878</u>	<u>11,025,393</u>
Net Position, Ending	<u>12,260,029</u>	<u>11,454,778</u>
Prior Period Adjustment	<u>0</u>	<u>252,100</u>
Net Position Ending, as Restated	<u>\$ 12,260,029</u>	<u>\$ 11,706,878</u>

CLEAR CREEK FIRE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

Overall revenue increased for the year ending December 31, 2020 by approximately \$197,989 compared to the prior year. This increase was related to a capital grant received during 2020 in the amount of \$190,000 and Covid Relief funding received in the amount of approximately \$14,000 during 2020.

Overall expenses increased by approximately \$74,223 for the year ended December 31, 2020 compared to the prior year. The main change was related to an increase in salaries and benefits from 2019 to 2020.

**Capital Assets**

The Authority's investment in capital assets at December 31, 2020 amounts to \$5,795,329 (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:

	Balance December 31, 2019 (as Restated)	Additions	Deletions	Balance December 31, 2020
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 23,807	\$ 0	\$ 0	\$ 23,807
Total capital assets, not depreciated	<u>23,807</u>	<u>0</u>	<u>0</u>	<u>23,807</u>
Capital Assets, Being Depreciated				
Buildings and improvements	3,982,817	0	0	3,982,817
Equipment	1,327,912	85,683	0	1,413,595
Vehicles and accessories	4,754,514	136,472	0	4,890,986
Total capital assets, depreciated	<u>10,065,243</u>	<u>222,155</u>	<u>0</u>	<u>10,287,398</u>
Accumulated depreciation				
Buildings and improvements	(743,169)	(101,004)	0	(844,173)
Equipment	(1,124,229)	(58,825)	0	(1,183,054)
Vehicles and accessories	(2,212,704)	(275,945)	0	(2,488,649)
Total accumulated depreciation	<u>(4,080,102)</u>	<u>(435,774)</u>	<u>0</u>	<u>(4,515,876)</u>
Net capital assets, depreciated	<u>5,985,141</u>	<u>(213,619)</u>	<u>0</u>	<u>5,771,522</u>
Net capital assets	<u>\$ 6,008,948</u>	<u>\$ (213,619)</u>	<u>\$ 0</u>	<u>\$ 5,795,329</u>

The major capital additions purchased during the year include the following: \$117,787 for the purchase of an SCBA trailer and \$57,270 for the purchase of a Propane Burn Prop. In addition, as outlined in Note 12, a prior period adjustment resulted in an increase of \$252,100 to the beginning capital asset balance.

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

CLEAR CREEK FIRE AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2020

**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 more than budgeted revenue by \$415,060. The total budgeted expenditures of the Authority were more than actual expenditures by \$319,807.

Additional information on the Authority's detailed Budget for the General fund can be found in pages 37 of this report.

**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. This funding formula is set within the IGA and only fluctuates with Assessed Valuations.
- 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 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  
STATEMENT OF NET POSITION  
DECEMBER 31, 2020

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and investments	\$ 5,851,285
Accounts receivable	14,752
Prepaid items	2,612
Capital assets, not depreciated	23,807
Capital assets, net of depreciation	5,771,522
Net Pension Asset	545,736
Total Assets	12,209,714
 <u>Deferred Outflows of Resources</u>	
Related to pension	217,170
Total Deferred Outflows of Resources	217,170
 <u>Liabilities</u>	
Accounts payable	18,293
Accrued wages and benefits	43,116
Deposits held in Escrow	750
Total Liabilities	62,159
 <u>Deferred Inflows of Resources</u>	
Related to pension	104,696
Total Deferred Inflows of Resources	104,696
 <u>Net Position</u>	
Net investment in capital assets	5,795,329
Restricted	
Emergencies	58,615
Net pension asset	545,736
Unrestricted	5,860,349
Total Net Position	\$ 12,260,029

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

CLEAR CREEK FIRE AUTHORITY  
STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental Activities:					
Fire protection and emergency services	\$ 1,400,729	\$ 25,479	\$ 1,625,820	\$ 204,752	\$ 455,322
Total Governmental Activities	\$ 1,400,729	\$ 25,479	\$ 1,625,820	\$ 204,752	455,322
GENERAL REVENUES:					
Investment earnings					38,389
Other revenue					59,440
Total General revenues					97,829
Change in net position					553,151
Net Position, Beginning (as restated)					11,706,878
Net Position, Ending					\$ 12,260,029

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

CLEAR CREEK FIRE AUTHORITY  
GOVERNMENTAL FUND – BALANCE SHEET  
DECEMBER 31, 2020

	<u>General Fund</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 5,851,285
Accounts receivable	14,752
Prepaid items	2,612
Total Assets	\$ 5,868,649
 <u>Liabilities and fund balance</u>	
<u>Liabilities:</u>	
Accounts payable	\$ 18,293
Deposits in escrow	750
Accrued salaries and benefits	43,116
Total Liabilities	62,159
 <u>Fund balance:</u>	
Nonspendable	
Prepaid items	2,612
Restricted	
Emergencies	58,615
Unassigned	5,745,263
Total Fund Balance	5,806,490
Total Liabilities and Fund Balance	\$ 5,868,649

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

CLEAR CREEK FIRE AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020

Total fund balance, governmental fund	\$	5,806,490
<p>Amounts reported for governmental activities in the statement of net position are different because:</p>		
<p>Capital assets used in governmental activities are not financial resources and therefore, are not reported in the governmental funds.</p>		5,795,329
<p>Long-term liabilities, are not due and payable in the current period, and therefore, are not reported in governmental funds.</p>		
Net pension asset - SWDB Plan		12,252
Net pension asset - Volunteer Plan		533,484
<p>Deferred outflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.</p>		
Related to pension		217,170
<p>Deferred inflows of resources used in governmental activities are not financial resources and, therefore, are not reported in governmental funds.</p>		
Related to pension		(104,696)
Total net position of governmental activities	<u>\$</u>	<u>12,260,029</u>

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

CLEAR CREEK FIRE AUTHORITY  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE – GOVERNMENTAL FUND  
YEAR ENDED DECEMBER 31, 2020

	Actual
<u>Revenues</u>	
Intergovernmental	\$ 1,830,572
Charges for services	25,479
Earnings on investments	38,389
Other revenue	59,440
Total revenues	1,953,880
 <u>Expenditures</u>	
Current:	
Public Safety (Operations)	976,171
Pension Contributions	132,000
Capital outlay	251,202
Total expenditures	1,359,373
Net change in fund balances	594,507
 Fund balances - beginning	5,211,983
 Fund balances - ending	\$ 5,806,490

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

CLEAR CREEK FIRE AUTHORITY  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT  
OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
YEAR ENDED DECEMBER 31, 2020

Net change in fund balance - total governmental fund: \$ 594,507

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

Capital outlays to purchase or construct capital assets are reported in the governmental fund as expenditures. However, for governmental activities those costs are capitalized in the statement of net position and are allocated over their estimated useful lives as annual depreciation expense in the statement of activities.

Capital outlay	222,155
Depreciation expense	(435,774)

Some items reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental fund. The (increases) decreases in these activities consist of:

Pension Income	172,263
----------------	---------

Change in net position of governmental activities	\$ 553,151
---	------------

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

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Clear Creek Fire Authority (The Authority) is an independent local governmental unit organized under the laws of the State of Colorado and governed by an elected five-member Board of Directors (Board) to provide fire protection and emergency medical services within the boundaries of Clear Creek County, Colorado.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governmental entities. The following is a summary of the more significant policies.

Reporting Entity

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 the 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 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 no 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 include the statement of net position and the statement of activities. These financial statements include all of the activities of the Authority.

The statement of net position reports all financial and capital resources of the Authority. The difference between the assets, deferred outflows of resources, liabilities and deferred inflows of resources of the Authority is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment. Taxes and other items not properly included amount program revenues are reported instead as general revenues.

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement focus, basis of accounting, and financial statement presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Depreciation is computed and recorded as an operating expense.

Expenditures for property and equipment are shown as increases in assets. Employer and plan member contributions are recognized in the period that contributions are due.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within 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 has determined that expenditure-driven grants should be recognized as soon as all eligibility criteria have been met. For this purpose, 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. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or when the long-term obligation is paid. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

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 any purpose provided it is expended or transferred according to the general laws of Colorado and the Authority's policies.

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances

*Cash and Investments* – Cash equivalents are defined as investments with original maturities of three months or less. Investments are stated at net asset value.

*Receivables* – All receivables are reported at their gross values and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. All receivables are expected to be collected within one year.

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances (Continued)

*Prepaid Items* – Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items and will be reported as expenditures in the following year.

*Capital Assets* – Capital assets, which include property, plant, and equipment, are reported in the governmental activities column 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 acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets of the Authority are depreciated using the straight-line method over the following estimated useful lives.

<u>ASSET TYPE</u>	<u>YEARS</u>
Buildings	40
Improvements	10
Furniture and Fixtures	3 - 20
Equipment and Vehicles	3 - 20

*Compensated Absences* – Employees of the Authority are allowed to accumulate unused vacation and sick time. Upon separation from employment with the Authority, an employee will be compensated for accrued vacation time, up to the employee’s maximum, at their current rate of pay. Compensated absences are accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The Authority’s general fund is used to liquidate compensated absences of the governmental activities.

*Long-Term Debt* – In the government-wide financial statements, long-term obligations are reported as liabilities in the applicable governmental activities statement of net position.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances (Continued)

debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

*Deferred Outflows/Inflows of Resources* – In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. Deferred outflows of resources include certain amounts related to the Authority’s defined benefit pension plan and volunteer pension plan which are to be amortized and recognized as revenue/expense in future periods.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. Deferred inflows of resources include certain amounts related to the Authority’s defined benefit pension plans and volunteer pension plan which are to be amortized and recognized as revenue/expense in future periods.

*Fund Balances* – The Authority reports fund balances in the governmental funds in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. This Statement defines the different type of fund balances that a governmental entity must use for financial reporting. As of December 31, 2020, fund balance of the governmental fund is classified as follows:

*Nonspendable* – Amounts that cannot be spent either because they are in nonspendable form (i.e. inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2020, the Authority has \$2,612 of nonspendable fund balance.

*Restricted* – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2020, the Authority has \$58,615 restricted for emergencies.

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position/Fund Balances (Continued)

*Committed* – Amounts that can be used only for specific purposes determined by a formal action of Authority’s Board of Directors (Board). The Board is the highest level of decision-making body for the Authority. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The Authority has no committed fund balance at December 31, 2020.

*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. The Authority has no assigned fund balance as of December 31, 2020.

*Unassigned* – Represents the residual classification for the Authority’s general fund and could report a surplus or deficit.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first.

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

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 that effect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

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.

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

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 2 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

- By 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.

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 year ending December 31, 2020, the Authority has restricted \$58,615 for this purpose.

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 3 – CASH AND INVESTMENTS

A summary of deposits and investments at December 31, 2020, follows:

Cash deposits	\$ 65,414
Investments	<u>5,785,871</u>
Total cash and investments	<u><u>\$ 5,851,285</u></u>

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. 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.

At December 31, 2020, the bank balance and carrying amount of the Authority's deposits were \$218,873 and \$65,414. All of the bank balances \$250,000 was covered by FDIC insurance and by the PDPA.

The Authority's investment policy does not include custodial risk for deposits.

Investments

Credit Risk

The Authority has not adopted a formal investment policy; however, the Authority follows state statutes regarding investments.

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

- Obligations of the United States, certain U.S. government agency securities of the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 3 – CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

Credit Risk Continued)

- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools
- Certain reverse repurchase agreements
- Certain certificates of participation
- Certain securities lending transactions

Interest Rate Risk

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

The Authority invests funds in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”). 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. The Trust offers shares in two portfolios, COLOTRUST 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 obligations 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 and is measured at net asset value (NAV). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period. As of December 31, 2020, the Authority invested \$5,785,871 in COLOTRUST PLUS.

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 4 – CAPITAL ASSETS

The following is a summary of changes in governmental activities capital assets during the year ended December 31, 2020:

	Balance December 31, 2019 (as Restated)	Additions	Deletions	Balance December 31, 2020
Governmental Activities:				
Capital Assets, Not Being Depreciated				
Land	\$ 23,807	\$ 0	\$ 0	\$ 23,807
Total capital assets, not depreciated	<u>23,807</u>	<u>0</u>	<u>0</u>	<u>23,807</u>
Capital Assets, Being Depreciated				
Buildings and improvements	3,982,817	0	0	3,982,817
Equipment	1,327,912	85,683	0	1,413,595
Vehicles and accessories	4,754,514	136,472	0	4,890,986
Total capital assets, depreciated	<u>10,065,243</u>	<u>222,155</u>	<u>0</u>	<u>10,287,398</u>
Accumulated depreciation				
Buildings and improvements	(743,169)	(101,004)	0	(844,173)
Equipment	(1,124,229)	(58,825)	0	(1,183,054)
Vehicles and accessories	(2,212,704)	(275,945)	0	(2,488,649)
Total accumulated depreciation	<u>(4,080,102)</u>	<u>(435,774)</u>	<u>0</u>	<u>(4,515,876)</u>
Net capital assets, depreciated	<u>5,985,141</u>	<u>(213,619)</u>	<u>0</u>	<u>5,771,522</u>
Net capital assets	<u>\$ 6,008,948</u>	<u>\$ (213,619)</u>	<u>\$ 0</u>	<u>\$ 5,795,329</u>

Depreciation expense of \$435,774 was charged to fire protection and emergency services for the year ended December 31, 2020.

NOTE 5 – 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.

Approximately 84% of the contributions received from the above joint venture agreement are received from the Clear Creek County Emergency Services General Improvement Authority (ESD); roughly 50% of the funds received from the ESD are from one taxpaying entity – the Henderson Mine – Climax Molybdenum Company.

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 6 – RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains insurance through a commercial carrier for these risks of loss.

NOTE 7 – RELATED PARTY TRANSACTION

During 2018, the Board of Directors authorized employees of the Authority to rent the living quarters at stations 3, 4, 6, 7 and 8 for \$450 per month on a month-to-month basis. Total rent income for the year ended December 31, 2020 was \$23,800.

NOTE 8 – VOLUNTEERS' PENSION FUND

Plan Description

The Authority, on behalf of its volunteer firefighters, contributes to a defined benefit pension plan which is administered by FPPA. Assets of the plan are commingled for investment purposes in the Fire and Police member's Benefit Fund, an agent multiple-employer defined benefit pension plan administered by FPPA. The plan provides retirement benefits for members and beneficiaries according to the plan provisions as enacted and governed by the pension fund board of trustees. Colorado Revised Statutes (CRS), as amended, establishes basic benefit provisions under the plan. FPPA issues a publicly available annual financial report that includes the assets of the volunteer plan. That report may be obtained by calling FPPA at 303-770-3772.

Volunteer firefighters who complete the minimum annual training required by the District and are members in good standing of the volunteer organization, are eligible to participate in the plan for that year. Volunteers' rights to a benefit vest after ten years of service. Volunteers who retire at, or after the age of 50, with twenty years of credited service are entitled to benefit. Volunteers who retire with ten years of credited service are entitled to a partial benefit. Surviving spouses are entitled to a 50% benefit. In addition, the plan provides death and disability benefits funded by insurance policies.

At December 31, 2020, the following members were covered by the benefit terms:

Retirees and Beneficiaries	39
Inactive, Nonretired Members	5
Active Members	4
	<hr/>
	<u>48</u>

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 8 – VOLUNTEERS’ PENSION FUND (CONTINUED)

Benefits Provided

The Plan provides retirement, survivor, death and funeral benefits. Retirement benefit for a member is \$450 a month for 20 or more years of service. Those members with a minimum of 10 years of service receive \$22.50 per month for every year of service.

Survivor’s death benefits range from \$225 monthly benefit payment to 50% of normal benefit depending on different variables. Funeral benefit to the family members is a one-time payment of \$800.

Contributions

Contributions are determined by the FPPA actuary, using the entry age normal cost method as of January 1, 2019. Contributions into the pension fund are derived from two sources: contributions directly from the District and contributions from the State based on assessed property values and other formulas. For the year ended December 31, 2020, the Authority’s contributions were \$132,000.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2020, the Authority reported a net pension asset of \$533,484. The net pension asset was measured as of December 31, 2019 and was determined by an actuarial valuation as of January 1, 2019. Standard update procedures were used to roll forward the total pension liability to December 31, 2020.

For the year ended December 31, 2020, the Authority recognized pension income of \$120,007. At December 31, 2020 , the Authority 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>
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	\$ -	\$ 73,557
Contributions Subsequent to the Measurement Date	132,000	-
Total	<u>\$ 132,000</u>	<u>\$ 73,557</u>

\$132,000 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 December 31, 2020. Other amounts reported as

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 8 – VOLUNTEERS’ PENSION FUND (CONTINUED)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)

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

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ (18,022)
2022	(26,305)
2023	1,798
2024	(31,028)
Total	<u>\$ (73,557)</u>

Actuarial Assumptions

The total pension liability in the January 1, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurements:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Open*
Remaining Amortization Period	20 years*
Asset Valuation Method	5-Year smoothed fair value
Inflation	2.50%
Salary Increases	N/A
Investment Rate of Return	7.00%
Retirement Age	50% per year of eligibility until 100% at age 65

Mortality rates were based on the following:

- **Pre-retirement:** 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.
- **Post-retirement:** 2006 central rates from the RP-2014 Annuitant 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.
- **Disabled:** 2006 central rates from the RP-2014 Disabled 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.

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 8 – VOLUNTEERS’ PENSION FUND (CONTINUED)

Actuarial Assumptions (Continued)

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

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits). Being that the plan’s fiduciary net position is projected to be sufficient to pay benefits, the long-term expected rate of return of 7.00% was used as the discount rate.

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, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Nominal Rate of Return</u>
Cash	2.00%	2.52%
Fixed Income	15.00%	5.20%
Managed Futures	4.00%	5.00%
Absolute Return	8.00%	5.50%
Long Short	8.00%	6.00%
Global Equity	38.00%	7.00%
Private Markets	25.00%	9.20%
Total	100.00%	

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 8 – VOLUNTEERS’ PENSION FUND (CONTINUED)

Actuarial Assumptions (Continued)

under Colorado statutes. Based on those assumptions, the Volunteer 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 payment) to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Liability  a	Net Position  b	Liabilities  a  -  b
Balance, December 31, 2019	\$ 1,897,944	\$ 2,161,808	\$ (263,864)
Changes for the year:			
Service Cost	3,154	0	3,154
Interest	127,500	0	127,500
Net investment income	0	304,308	(304,308)
Contributions - employer	0	80,000	(80,000)
Benefit payments including refunds of employee contributions	(158,821)	(158,821)	0
Difference between expected and actual experience of Total Pension Liability	0	0	0
Changes in assumptions	0	0	0
Administrative expense	0	(11,286)	11,286
State of Colorado supplemental discretionary payment	0	27,252	(27,252)
Net changes	(28,167)	241,453	(269,620)
Balance, December 31, 2020	<u>\$ 1,869,777</u>	<u>\$ 2,403,261</u>	<u>\$ (533,484)</u>

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

*Sensitivity of the Authority’s net pension asset to changes in the discount rate.* The following presents the net pension asset calculated using the discount rate of 7.00 percent, as well as the net pension asset would be if it were calculated using a discount rate that is 1-percentage-point lower (6.00 percent) or 1- percentage-point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate Share of the Net Pension Liability (Asset)	\$ (353,404)	\$ (533,484)	\$ (686,182)

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9 – STATEWIDE DEFINED BENEFIT PLAN

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate  
(Continued)

The Fire & Police Pension Association administers an agent multiple-employer Public Employee Retirement System (PERS). The PERS represents the assets of numerous separate plans that have been pooled for investment purposes. The pension plans have elected to affiliate with FPPA for plan administration and investment only. FPPA issues a publicly available comprehensive annual financial report that can be obtained at <http://www.fppaco.org>.

Plan Description

The Authority contributes to the Statewide Defined Benefit Plan, a cost-sharing multiple-employer defined benefit pension plan. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The Plan provides retirement benefits for members and beneficiaries. Death and disability coverage is provided for members hired prior to January 1, 1997 through the Plan. All full-time, paid police officers of the Town are members of the Statewide Defined Benefit Plan.

Colorado statutes assign the authority to establish benefit provisions to the state legislature. FPPA issues a publicly available annual financial report that includes financial statements and requires supplementary information for both the SWDB and the Statewide Death and Disability Plan. FPPA issues a publicly available financial report that includes information on the plan. That report may be obtained at [www.fppaco.org](http://www.fppaco.org).

Benefits Provided

A plan 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. Effective January 1, 2021, a member may also qualify for a normal retirement pension if the member's combined years of service and age equals at least 80, with a minimum age of 50 (Rule of 80).

The annual normal retirement benefit is 2 percent of the average of the member's highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent 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 covered under Statewide Defined Benefit Social Security Component will receive half the benefit when compared to the Statewide Defined Benefit Plan. Benefit adjustments paid to retired members are evaluated annually and

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9 – STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Benefits Provided (Continued)

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 percent or the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for an early retirement after completion of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5 percent 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 percent of the member's average highest three years' pensionable earnings for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

Contributions

The Authority and eligible employees are required to contribute to the plan at rates established by State statutes. Employer contributions rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership. Effective January 1, 2021, contribution rates for employers and members may be increased equally by the FPPA Board of Directors upon approval through an election by both the employers and members.

Members of the SWDB plan and their employers contributed at a rate of 11% and 8%, respectively, of base salary for a total contribution rate of 19% in 2020. In 2014, the members elected to increase the member contribution rate to the SWDB plan beginning in 2015. Member contribution rates will increase 0.5% annually through 2022 to a total of 12% of pensionable earnings. Employer contributions are 8% in 2020. Employer contributions will increase 0.5% annually beginning in 2021 through 2030 to a total of 13% of pensionable earnings. The Authority's contributions to the plan of the year ended December 31, 2020, were \$14,059, equal to the required contributions.

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension

At December 31, 2020, the Authority reported a net pension asset of \$12,252, representing its proportionate share of the net pension asset of the plan. The net pension asset was measured at December 31, 2019, and the total pension liability used to

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9 – STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Pension Asset, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pension (Continued)

calculate the net pension liability was determined by an actuarial valuation as of January 1, 2020. The Authority’s proportion of the net pension asset was based on the Authority’s share of contributions to the pension plan relative to the contributions of all participating entities. At December 31, 2019, the Authority’s proportion was 0.02166% which was a decrease of 0.00012% from its proportion measured at December 31, 2018.

For the year ended December 31, 2020, the Authority recognized pension expense of \$1,031. At December 31, 2020, the Authority 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	\$ 41,462	\$ 240
Changes of Assumptions or other Inputs	23,263	0
Net Difference between Projected and Actual		
Earnings on Pension Plan Investments	0	19,260
Changes in Proportion and Differences between		
Contributions Recognized and Proportionate Share		
of Contributions	6,386	11,639
Contributions Subsequent to the Measurement Date	14,059	0
Total	<u>\$ 85,170</u>	<u>\$ 31,139</u>

\$14,059 reported as deferred outflows of resources related to pension resulting from Authority contributions subsequent to the measurement date will be recognized as an increase in the net pension asset in the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended December 31,</u>	<u>Amount</u>
2021	\$ 3,191
2022	1,523
2023	7,789
2024	(338)
2025	7,914
Thereafter	19,893
Total	<u>\$ 39,972</u>

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9 – STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Actuarial Assumptions

The actuarial valuations as of January 1, 2020, determined the total pension liability using the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contributions</u>
Actuarial Valuation Date	January 1, 2020	January 1, 2019
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	7.0%	7.0%
Projected Salary Increases	4.25% - 11.25%	4.25% - 11.25%
Cost of Living Adjustments (COLA)	0%	0%
*Includes Inflation at	2.5%	2.5%

For determining the total pension liability and actuarially determined contributions, 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 post-retirement members ages 55 through 64, a blend of the previous tables was used. All tables were projected with Scale BB.

At least every five years the FPPA’s Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA’s actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors are used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 9 – STATEWIDE DEFINED BENEFIT PLAN (CONTINUED)

Actuarial Assumptions (Continued)

2.5 percent). Best estimates of arithmetic real rates of return for each major asset class included in the Fund’s target asset allocation as of December 31, 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	38%	7.00%
Equity Long/Short	8%	6.00%
Illiquid Alternatives	25%	9.20%
Fixed Income	15%	5.20%
Absolute Return	8%	5.50%
Managed Futures	4%	5.00%
Cash	2%	2.52%
Total	<u>100%</u>	

Discount Rate

The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board’s funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the Authority’s proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as the Authority’s proportionate share of the net pension asset (liability) if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate, as follows:

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 10 – DEFINED CONTRIBUTION PLANS

	<u>1% Decrease</u> <u>(6.00%)</u>	<u>Current</u> <u>Discount Rate</u> <u>(7.00%)</u>	<u>1% Increase</u> <u>(8.00%)</u>
Proportionate Share of the Net Pension Liability (Asset)	\$ 74,285	\$ (12,252)	\$ (84,022)

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in FPPA’s separately issued financial report, which may be obtained at [www.fppaco.org](http://www.fppaco.org).

FPPA Statewide Money Purchase Plan

The Authority contributes to the Statewide Money Purchase Plan, a multiple-employer defined contribution pension plan, on behalf of the Police Chief. The plan is administered by the Fire and Police Pension Association of Colorado (FPPA). The contribution requirements of the plan are established by State statutes. Currently, plan participants contribute 8% of base salary, which is matched by the Authority. Participants vest immediately in their contributions. Vesting in the Authority’s contributions and the related investment earnings occurs at 20% per year after the first year of service, with full vesting after five years of service. During the years ended December 31, 2020, 2019 and 2018, the Authority contributed \$8,465, \$8,201, and \$6,747, respectively, to the plan. Plan investments are managed by FPPA.

General Employees’ Pension Plan

The Authority contributes to a single employer defined contribution 401(a) pension plan on behalf of its full-time employees not covered by the Fire and Police Money Purchase Pension Plan. The general employees’ pension plan was established and is managed by the Authority under the authority granted by CRS 24-54-108.

Both the Authority and the employee contribute 6% of the employee’s base salary as established by Authority’s Board of Directors. The employees are also eligible to make additional contributions to the extent allowed by the Internal Revenue Service. The five-year vesting schedule is as follows: 0% before one-year full-time service; 20% at 1 year; 40% at 2 years; 60% at 3 years; 80% at 4 years; and 100% at 5 years. During the years ended December 31, 2020, 2019, and 2018, the Authority and employees made contributions of \$3,109, \$3,105, and \$2,669. The Plan investments are managed by Empower Retirement.

CLEAR CREEK FIRE AUTHORITY  
NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2020

NOTE 11 – OTHER POSTEMPLOYMENT BENEFITS

Plan Description

The Authority contributes to the Statewide Death and Disability Plan, a cost-sharing multiple-employer defined benefit death and disability plan administered by the Fire and Police Pension Association of Colorado (FPPA). All full-time firefighters are members of the plan. Contributions to the plan are used solely for the payment of death and disability benefits. Benefits are established by State statute and generally allow for benefits upon the death or disability of a plan member prior to retirement. FPPA issues a publicly available annual financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by contacting FPPA as described previously.

Funding Policy

The contribution requirements are established by State statute. The Authority’s Board of Directors determines the contribution split between members and the Authority. No contributions are required for members hired prior to January 1, 1997, the Authority contributed 2.8% of base salaries for the year ended December 31, 2020. The Authority’s contributions to the plan for years ended December 31, 2020, 2019, 2018 were \$7,424, \$7,153, and \$6,387 respectively, equal to the required contributions.

NOTE 12 – PRIOR PERIOD ADJUSTMENT

Through review of prior year depreciations schedules and review of prior year asset purchases, it was noted that certain assets purchased in prior years had not been accounted for on the Authority’s capital asset register. See table below for the impact on beginning net position and the impact on capital asset balances:

	<u>As Previously Reported</u>	<u>Prior Period Adjustment</u>	<u>As Adjusted</u>
Government-wide Financial Statements			
Governmental Activities Net Position	\$ 11,454,778	\$ 252,100	\$ 11,706,878
Governmental Activities Capital Assets	5,756,848	252,100	6,008,948

**REQUIRED SUPPLEMENTARY INFORMATION**

CLEAR CREEK FIRE AUTHORITY  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND  
YEAR ENDED DECEMBER 31, 2020

	Original and Final Budget	Actual	Variance Positive (Negative)
<u>Revenues</u>			
Intergovernmental			
Grants	\$ 0	\$ 204,752	\$ 204,752
Intergovernmental contributions	1,415,820	1,625,820	210,000
Total Intergovernmental	<u>1,415,820</u>	<u>1,830,572</u>	<u>414,752</u>
Charges for Services			
Rents	27,000	23,800	(3,200)
Other services	1,000	1,679	679
Total Charges for Services	<u>28,000</u>	<u>25,479</u>	<u>(2,521)</u>
Investment earnings	95,000	38,389	(56,611)
Other Revenues			
Donations	0	50	50
Miscellaneous income	0	59,390	59,390
Total Other Revenues	<u>0</u>	<u>59,440</u>	<u>59,440</u>
Total Revenues	<u>1,538,820</u>	<u>1,953,880</u>	<u>415,060</u>
<u>Expenditures</u>			
Public Safety (Operations)			
Payroll & benefits expense	576,630	522,552	54,078
Board of directors	2,000	522	1,478
Station overhead	120,100	87,458	32,642
Insurance	77,950	79,830	(1,880)
Office equipment	7,900	9,900	(2,000)
Professional services	26,100	12,281	13,819
Other expenses	0	47,045	(47,045)
Fire operations	169,000	159,132	9,868
Apparatus expense	72,500	57,451	15,049
Total Public Safety (Operations)	<u>1,052,180</u>	<u>976,171</u>	<u>76,009</u>
Pension contributions	152,000	132,000	20,000
Capital outlay	475,000	251,202	223,798
Total Expenditures	<u>1,679,180</u>	<u>1,359,373</u>	<u>319,807</u>
Net change in fund balances	<u>\$ (140,360)</u>	594,507	<u>\$ 95,253</u>
Fund balances - beginning		<u>5,211,983</u>	
Fund balances - ending		<u>\$ 5,806,490</u>	

CLEAR CREEK FIRE AUTHORITY  
SCHEDULE OF AUTHORITY'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY (ASSET)  
STATEWIDE DEFINED BENEFIT PLAN  
LAST 10 FISCAL YEARS\*

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Authority's proportion of the net pension liability	0.02166%	0.02178%	0.02355%	0.02635%	0.01178%	0.01310%	0.01220%
Authority's proportionate share of the net pension liability (asset)	\$ (12,252)	\$ (27,535)	\$ 33,880	\$ (9,521)	\$ 208	\$ 14,784	\$ 10,908
Authority's covered payroll	\$ 159,663	\$ 145,888	\$ 137,750	\$ 134,850	\$ 57,088	\$ 58,913	\$ 52,988
Authority's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	(7.7%)	(18.9%)	24.6%	(7.1%)	0.4%	25.1%	20.6%
Plan fiduciary net pension as a percentage of the total pension liability	101.90%	95.23%	106.34%	98.21%	100.10%	106.80%	105.80%

\*The amounts presented for each fiscal year were determined as of December 31 based on the measurement date of the plan. The Authority implemented GASB Statement No. 68 in 2015; therefore, 10 years of data is not available.

CLEAR CREEK FIRE AUTHORITY  
SCHEDULE OF AUTHORITY CONTRIBUTIONS  
STATEWIDE DEFINED BENEFIT PLAN  
LAST 10 FISCAL YEARS\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Statutorily required contributions	\$ 14,059	\$ 12,773	\$ 11,671	\$ 11,020	\$ 10,788	\$ 4,567	\$ 4,713	\$ 4,239
Contributions in relation to the statutorily required contributions	<u>14,059</u>	<u>12,773</u>	<u>11,671</u>	<u>11,020</u>	<u>10,788</u>	<u>4,567</u>	<u>4,713</u>	<u>4,239</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Authority's covered payroll	\$ 175,735	\$ 159,663	\$ 145,888	\$ 137,750	\$ 134,850	\$ 57,088	\$ 58,913	\$ 52,988
Contributions as a percentage of covered payroll	8.0%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%

\*The amounts presented for each fiscal year were determined as of December 31. The Authority implemented GASB Statement No. 68 in 2015; therefore, 10 years of data is not available.

**CLEAR CREEK FIRE AUTHORITY**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET)**  
**AND RELATED RATIOS – VOLUNTEER PENSION PLAN**  
**LAST 10 FISCAL YEARS\***

Measurement period ending December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><u>Total Pension Liability</u></b>						
Service Cost	\$ 3,154	\$ 5,113	\$ 5,113	\$ 10,254	\$ 10,254	12,533
Interest	127,500	141,470	142,043	131,678	131,837	159,677
Differences between actual and expected experience	0	(120,709)	0	85,032	0	(395,499)
Changes in assumptions	0	70,010	0	60,942	0	0
Benefit payments	<u>(158,821)</u>	<u>(160,482)</u>	<u>(149,310)</u>	<u>(145,139)</u>	<u>(143,315)</u>	<u>(150,146)</u>
Net change in total pension liability	(28,167)	(64,598)	(2,154)	142,767	(1,224)	(373,435)
Total pension liability - beginning	<u>1,897,944</u>	<u>1,962,542</u>	<u>1,964,696</u>	<u>1,821,929</u>	<u>1,823,153</u>	<u>2,196,588</u>
Total pension liability - ending	<u>\$ 1,869,777</u>	<u>\$ 1,897,944</u>	<u>\$ 1,962,542</u>	<u>\$ 1,964,696</u>	<u>\$ 1,821,929</u>	<u>\$ 1,823,153</u>
<b><u>Plan Fiduciary Net Position</u></b>						
Net investment income	\$ 304,308	\$ 1,380	\$ 286,873	\$ 101,125	\$ 35,173	\$ 124,405
Employer contributions	80,000	80,000	160,000	0	79,550	79,550
Benefit payments including refunds of employee contributions	(158,821)	(160,482)	(149,310)	(145,139)	(143,315)	(150,146)
Pension plan administrative expense	(11,286)	(10,970)	(11,436)	(3,295)	(5,273)	(3,252)
State of Colorado discretionary payment	<u>27,252</u>	<u>432</u>	<u>26,188</u>	<u>25,528</u>	<u>25,781</u>	<u>25,200</u>
Net change in plan fiduciary net position	241,453	(89,640)	312,315	(21,781)	(8,084)	75,757
Plan Fiduciary net position - beginning	<u>2,161,808</u>	<u>2,251,448</u>	<u>1,939,133</u>	<u>1,960,914</u>	<u>1,968,998</u>	<u>1,893,241</u>
Plan Fiduciary net position - ending	<u>\$ 2,403,261</u>	<u>\$ 2,161,808</u>	<u>\$ 2,251,448</u>	<u>\$ 1,939,133</u>	<u>\$ 1,960,914</u>	<u>\$ 1,968,998</u>
Net pension liability (asset) - ending	\$ (533,484)	\$ (263,864)	\$ (288,906)	\$ 25,563	\$ (138,985)	\$ (145,845)
Plan fiduciary net position as a percentage of total pension liability	128.53%	113.90%	114.72%	98.70%	107.63%	108.00%
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net pension liability as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A

\*Fiscal year 2015 was the first year of implementation, therefore, only available years are shown.

CLEAR CREEK FIRE AUTHORITY  
SCHEDULE OF PENSION CONTRIBUTIONS  
VOLUNTEER PENSION PLAN  
LAST 10 FISCAL YEARS\*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 47,301
Actual contribution	<u>132,000</u>	<u>80,000</u>	<u>80,000</u>	<u>160,000</u>	<u>0</u>	<u>79,550</u>	<u>79,550</u>
Contribution deficiency (excess)	<u>\$ (132,000)</u>	<u>\$ (80,000)</u>	<u>\$ (80,000)</u>	<u>\$ (160,000)</u>	<u>\$ 0</u>	<u>\$ (79,550)</u>	<u>\$ (32,249)</u>
Covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A