

CLIFTON FIRE PROTECTION DISTRICT

Financial Statements and
Report of Independent Auditor
For the Year Ended December 31, 2022

CLIFTON FIRE PROTECTION DISTRICT

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December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Clifton Fire Protection District
3254 ½ F Road
Clifton, Colorado 81520

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clifton Fire Protection District, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Clifton Fire Protection District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clifton Fire Protection District, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Clifton Fire Protection District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Clifton Fire Protection District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

Certified Public Accountants

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Clifton Fire Protection District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Clifton Fire Protection District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Blair and Associates, P.C.

Cedaredge, Colorado
April 27, 2023

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, 2022.

Financial Highlights

At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,895,721. This represents approximately 111.41 % 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 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 governmental-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 \$4,292,766 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:

	<u>2022</u>	<u>2021</u>
Assets:		
Cash and Cash Equivalents	\$ 2,701,573	\$ 2,163,675
Accounts Receivable	1,444,599	856,481
Property Taxes Receivable	2,389,356	2,166,694
Prepays	98,188	106,780
Capital Assets	1,457,721	1,394,126
Net Pension Assets	1,093,860	371,304
Deferred Outflow of Resources	<u>426,758</u>	<u>528,106</u>
Total Assets	<u>9,612,055</u>	<u>7,587,166</u>
Liabilities:		
Accounts Payable & Accrued Exp.	156,675	144,410
Net Pension Liability	-	-
Long-term Liabilities	237,864	450,444
Deferred Inflow of Resources	<u>3,231,579</u>	<u>2,699,546</u>
	<u>3,626,118</u>	<u>3,294,400</u>
Net Position:		
Invested in Capital Assets	1,457,721	1,355,984
Restricted for Tabor Emergency	93,776	93,776
Restricted for Net Pension Position	678,395	357,223
Unrestricted	<u>3,756,047</u>	<u>2,485,783</u>
Total Net Position	<u>\$ 5,985,939</u>	<u>\$ 4,292,766</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>2022</u>	<u>2021</u>
Program Revenues:		
Charges for Services	\$ 1,428,029	\$ 979,620
General Revenues:		
Property Taxes	2,681,699	2,356,645
Specific Ownership Tax	320,969	312,353
Grant Revenue & from Other Governments	31,924	34,750
Other Income	129,947	182,414
Total Revenues	<u>4,592,568</u>	<u>3,865,782</u>
Expenses:		
Ambulance and Fire Operations	2,692,017	3,274,884
Depreciation	203,684	207,029
Lease Interest	3,694	3,863
Total Expenses	<u>2,899,395</u>	<u>3,485,776</u>
Change in Net Position	1,693,173	380,006
Net Position-beginning	<u>4,292,766</u>	<u>3,912,760</u>
Net Position-ending	<u>\$ 5,985,939</u>	<u>\$ 4,292,766</u>

Property Taxes increased by \$325,054 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 \$4,087,687 an increase of \$1,095,826, compared to the prior year. Approximately 95 percent or \$3,895,723 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 \$93,776 and the non-spendable is \$98,188 at the end of 2022.

General Fund Budgetary Highlights

There was not an amendment to the 2022 budget. The Statement of Revenue, Expenditures, and Change in Fund Balance-Budget and Actual is presented on page 34 and 35 of this report.

Capital Assets and Debt Administration

Capital Assets. The Clifton Fire Protection District's investment in capital assets as of December 31, 2022, amounts to \$1,457,721 (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 \$237,864 in compensated absences.

Economic Factors and Next Year's Budgets

Demand for services continues for the Clifton Fire Protection District, with emergency calls pertaining to medical services, structure and wildland fires, and rescue response for both land and water. Call volume has increased by 116 or 3% in 2022, and this trend is expected to continue in the future. Cost of operations continues to rise substantially, with capital expenses being the largest increase in cost. Property taxes have seen a slight increase, while ambulance transport collection rates continue to fluctuate due to changes in Medicare/Medicaid. A change in ambulance billing companies from Quick Med Collections to Wittman was made with a start date of May 1st, 2023, which will lower the percentage of payment to the billing company from 10% to 5.5%.

The District's assessed valuation for 2022 is \$216,546, 192, an increase of \$25,588,342 from 2021, or a 11.5% increase. The EMTS grant was awarded to the District and the Town of Palisade for new SCBA's, saving a significant amount of money for the District, and has been purchased in 2023, along with a new air compressor. The District has applied to the EMTS grant for 2023 to cover a portion of cost of a new ambulance. Regardless of being awarded for this grant, an ambulance is needed to replace the 2011 ambulance (Ambulance 23). Build out times for ambulances are up to 20-24 months and would be expected to arrive in 2025.

Downpayment for a new fire engine was made in 2022 and is currently being built and expected to be completed in January of 2024. Changes in the spec plans of the engine has increased the cost of the engine by \$155,598, with a total of \$798,511. No decision on financing for the engine has been determined by the Board. Replacement of the boat was not completed in 2022 and has been scheduled for the 2023 budget. Build out times are expected to be higher than previous years. A new squad is also planned for 2023, with the squad having reached over 100,000 miles. This purchase has been delayed due to a possible IGA with the City of Grand Junction, which does not use the same squads currently used by the District.

The IGA entered into with the Town of Palisade was dissolved in 2022. A new IGA with the City of Grand Junction was entered into on January 1st, 2023. This IGA is to provide an Interim Fire Chief, with a cost of \$14,166.66 per month and a termination date of July 1st, 2023. During this period of time, the City of Grand Junction is conducting an internal feasibility study to determine the viability to manage and absorb the District into their infrastructure. The City has not completed the study yet and no decision has been made whether or not the District will move forward with the City or to remain as is.

Three new Board members were elected in May of 2023, with one current Board member continuing for a second term of four years. One of these new Board members will have a two-year term, instead of four to remain in compliance with State Special District election policies. A higher turnover rate of employees occurred in 2022 and all positions except one have been filled in 2023. Administration positions not filled are the Fire Chief and Deputy Fire Chief and is not in the process of being filled. Hiring for the Fire Chief position has not been decided due to the possibility of the City of Grand Junction IGA. Lieutenant positions have also been eliminated among operations and three Captain's positions remain as Officers.

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.

Chris Angermuller
Interim Fire Chief

Clifton Fire Protection District
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2022

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 2,701,573	\$ -	\$ 2,701,573
Accounts receivable rescue	1,403,625	-	1,403,625
Property taxes receivable	2,389,356	-	2,389,356
Other receivable	40,974	-	40,974
Prepaid expenses	98,188	-	98,188
Capital Assets (net of accumulated depreciation):			
Land	-	90,011	90,011
Building and improvements	-	393,454	393,454
Fire trucks and equipment	-	352,447	352,447
Rescue vehicles and equipment	-	367,821	367,821
Office equipment	-	3,988	3,988
CIP-Fire Truck	-	250,000	250,000
Net Pension Asset:			
Volunteer FPPA Plan	-	202,318	202,318
Statewide Defined Benefit Pension Plan (SWDB)	-	891,542	891,542
DEFERRED OUTFLOWS OF RESOURCES			
Volunteer FPPA Plan	-	38,697	38,697
Statewide Defined Benefit Pension Plan	-	388,061	388,061
TOTAL ASSETS	<u>\$ 6,633,716</u>	<u>2,978,339</u>	<u>9,612,055</u>
LIABILITIES			
Accounts payable	\$ 37,744	-	\$ 37,744
Accrued payroll	110,420	-	110,420
Accrued expenses	8,509	-	8,509
Net Pension Liability- SWDB			
Long-term liabilities:			-
Compensated absences	-	237,864	237,864
TOTAL LIABILITIES	<u>156,673</u>	<u>237,864</u>	<u>394,537</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes	2,389,356	-	2,389,356
Volunteer FPPA Plan	-	224,760	224,760
Statewide Defined Benefit Pension Plan	-	617,463	617,463
	<u>2,389,356</u>	<u>842,223</u>	<u>3,231,579</u>
FUND BALANCES AND NET POSITION			
Restricted-Emergency reserve - Tabor	93,776	(93,776)	-
Non-spendable	98,188	(98,188)	-
Unassigned	3,895,723	(3,895,723)	-
TOTAL FUND BALANCES	<u>4,087,687</u>	<u>(4,087,687)</u>	<u>-</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 6,633,716</u>		
NET POSITION			
Invested in capital assets, net of related debt	\$ -	1,457,721	1,457,721
Restricted for:			
Tabor emergency	-	93,776	93,776
Net Pension Position Volunteer	-	16,255	16,255
Net Pension Position SWDB	-	662,140	662,140
Unrestricted	-	3,756,047	3,756,047
TOTAL NET POSITION	<u>\$ -</u>	<u>\$ 5,985,939</u>	<u>\$ 5,985,939</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, 2022

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

Fund balance per general fund balance sheet	\$ 4,087,687
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,457,721
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	
Pension activity not reported at fund level	678,395
Compensated absences	(237,864)
Net Position for governmental activities	<u>\$ 5,985,939</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, 2022

	General Fund	Adjustments (See Page 10)	Statement of Activities
EXPENDITURES/EXPENSES			
Fire protection-operation	\$ 3,187,633	\$ 174,438	\$ 3,362,071
Capital outlay	267,277	(267,277)	-
Depreciation	-	203,684	203,684
Pension activity	-	(670,050)	(670,050)
Debt service			
Lease principal	38,142	(38,142)	-
Lease interest	3,694	-	3,694
Total expenditures/expenses	3,496,746	(597,347)	2,899,399
PROGRAM REVENUES			
Charges for services	1,428,029	-	1,428,029
Net program expenses	(2,068,717)	(597,347)	(1,471,370)
GENERAL REVENUES			
Property taxes	2,681,699	-	2,681,699
Specific ownership	320,969	-	320,969
Interest income	34,529	-	34,529
Grant income	31,924	-	31,924
Miscellaneous income	95,422	-	95,422
Total general revenues	3,164,543	-	3,164,543
Excess of (expenditures) over revenues	1,095,826	597,347	
Change in Net Position			1,693,173
FUND BALANCE/NET POSITION			
Beginning of the year	2,991,861	1,300,905	4,292,766
End of the year	\$ 4,087,687	\$ 1,898,252	\$ 5,985,939

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, 2022

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>\$ 1,095,826</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	267,277
Depreciation	<u>(203,684)</u>
	<u>63,593</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	38,142
Compensated absences	(174,438)
Pension activity not reported at General fund level	<u>670,050</u>
Change in Net Position of governmental activities (page 9)	<u><u>\$ 1,693,173</u></u>

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

CLIFTON FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2022

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 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 are 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, 2022

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 fund type.

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 \$5,000 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 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 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, 2022

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 compensated absences for full-time employees only. A summary of that policy follows.

Vacation:

<u>Years of Service</u>	<u>Bi-Weekly Accumulation</u>
For Full-Time Administrative Employees (40 hours/week)	
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)

<u>Years of Service</u>	<u>Bi-Weekly Accumulation</u>
For Full-Time Emergency Response Personnel (56 hours/week)	
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 (300 Hours/12.5 days/Year)
5 years through 10 years of service	16.15 Hours (420 Hours/17.5 days/Year)
11 years through 15 years of service	18.75 Hours (488 Hours/20.3 days/Year)
Over 16 years of service	20.77 Hours (540 Hours/22.5 days/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, 2022, the vacation and sick time accrued was \$412,302.

CLIFTON FIRE PROTECTION DISTRICT
Summary of Significant Accounting Policies
December 31, 2022

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 except for 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, 2022

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, 2022

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, 2021, the Plan included membership of 30 retirees, and 2 inactive non-retired members for a total of 32 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 \$700. A supplemental monthly pension payment to a volunteer who has attained the age of 50 years and who has been in active service more than 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 \$35 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 \$350 payable for not more than a year and \$700 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 \$350 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 \$350 following death after disability retirement. An additional amount of \$17 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, 2022

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 2022, the Entity contributed \$17,000 and the state's matching contribution was \$29,700.

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

On December 31, 2022, the Entity reported a net pension liability/ (asset) of \$(202,318). The net pension liability/ (asset) was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability/ (asset) was determined by an actuarial valuation as of January 1, 2022.

For the year ended December 31, 2022, the Entity recognized pension expense of \$17,000. On December 31, 2022, 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	\$ -	\$ -
Assumption Changes	-	-
Net difference between projected and actual earnings on pension plan investments	25,997	224,760
Total	<u>\$ 25,997</u>	<u>\$ 224,760</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, 2022. 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.	
2023	\$ (47,453)
2024	(73,448)
2025	(49,135)
2026	(28,727)
Thereafter	-
Total	<u>\$(198,763)</u>

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2022

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, 2021, determines the contribution amounts for 2021 and 2022. 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 fair value.
Inflation	2.5%
Investment Rate of Return	7.0%
Projected Salary Increases	N/A
Retirement Age	50% per year of eligibility until 100% at age 65

Mortality

Pre-retirement: 2006 central rates from the RP-2014 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 Mortality Tables for males and female 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 male 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.

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

Assumption Changes

The assumption shown above pertains to the actuarial valuations beginning January 1, 2022, and the associated Actuarially Determined Contribution for the year ending December 31, 2021. Following an experience study in 2021, the Board adopted a new assumption set for first use in the January 1, 2022, valuation. The new assumption set is used in determining the Net Pension Liability as of December 31, 2021, and as of December 31, 2022.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2022

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

General Information about the Pension Plan-continued

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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Rate of Return
Global Equity	39.00%	8.23%
Equity Long/Short	8.00%	6.87%
Private Markets	26.00%	10.63%
Fixed Income-Rates	10.00%	4.00%
Absolute Return	10.00%	5.60%
Fixed Income-Credit	5.00%	5.25%
Cash	2.00%	2.32%

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 (6.00%)	Current Discount Rate (7.00%)	1% Increase (8.00%)
Proportionate share of the net pension liability/(asset)	\$(28,849)	\$(202,318)	\$(349,692)

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2022

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. Effective January 1, 2022, a member may also qualify for a normal retirement pension if the members' 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% 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 for Urban Wage Earners and Clerical Workers (CPI-W).

A member is eligible for early retirement at age 50 or after 30 years of service 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% 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 employers and members may be increased equally by the FPPA Board of directors upon approval through an election by both employers and members.

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 2021 and 8.5% in 2022. Employer contributions will increase by .05% annually beginning in 2022 through 2030 to a total of 13% of pensionable earnings. In 2021, members of the SWDB plan and their employers are contribution at the rate of 11.5% and 8.5% respectively, of pensionable earnings for a total contribution rate of 20.0%.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2022

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

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

Contributions-continued

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The member and employer contribution rates will increase through 2030 as described above for the non-reentering departments. Effective January 1, 2021, reentry departments may submit a resolution to the FPPA Board of Directors to reflect the actual cost of reentry by department. Each reentry department is responsible to remit contributions to the plan in accordance with their most recent FPPA Board of Directors approved resolution.

The contribution rate for members and employers of affiliated social security employers is 5.75% and 4.25%, respectively, of pensionable earnings for a total contributions rate of 10.0% in 2021. Per the 2014-member election, members of affiliated social security groups had their required contribution rate increase 0.25% annually beginning in 2015 through 2022 to a total of 6.0% of pensionable earnings. Employer contributions are 4.0% in 2019 and 2022. Employer contributions will increase 0.25% annually beginning in 2022 through 2030 to a total of 6.5% of pensionable earnings.

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 asset forth by the 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, 2021, 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, 2021, Comprehensive Annual Financial Report (CAFR), employer contributions to the SWDB plan were \$68,304,906 compared to total employer contributions of \$68,426,899 on the Schedule of Employer Contributions. Additional adjustments were made 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 the changes in employer proportion, differences between employer contributions and proportionate share of contributions, and employer contributions subsequent to the measurement date.

Contributions to the Plan from the Department were \$104,553 for the year ended December 31, 2022.

Actuarial Valuation Dates

The collective total pension liability as of December 31, 2021, is based upon the January 1, 2022, actuarial valuation. The actuarially determined contributions as of December 31, 2021, are based upon the January 1, 2021, actuarial valuation.

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2022

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

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

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, 2021. The valuations used the following actuarial assumptions and other inputs:

	<u>Total Pension Liability</u>	<u>Actuarial Determined Contribution</u>
Actuarial Valuation Date	January 1, 2022	January 1, 2021
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%	7.00%
Projected Salary Increases*	4.25% - 11.25%	4.25% - 11.25%
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.

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. 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, 2021, are summarized in the following table:

Asset Class	Target Allocation	Long Term Expected Rate of Return
Global Equity	39.0%	8.23%
Equity Long/Short	8.0%	6.87%
Private Markets	26.0%	10.63%
Fixed Income-Rates	10.0%	4.01%
Absolute Return	10.0%	5.60%
Fixed Income-Credit	5.0%	5.25%
Cash	<u>2.0%</u>	2.32%
Total	<u>100%</u>	

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2022

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 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.

On December 31, 2022, the Department reported a net asset of (\$-891,542) for its proportionate share of the net pension liability/ (asset). The net pension liability (asset) was measured as of December 31, 2021, 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. On December 31, 2022, the Department’s proportion was .0.164511 percent, which was an increase/ (decrease) of .001799 percent from its proportion measured as of December 31, 2021.

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) 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 2.0% (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 7.0%, 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:

	1.00% Decrease	Current Discount Rate	1.00% Increase
Department’s proportionate share of the net pension liability/(asset)	\$(112,949)	\$(891,542)	\$(1,528,276)

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2022

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

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

Reconciliation of Collective Deferred Outflows and Inflows of Resources

For the year ended December 31, 2022, the Department recognized pension expense of \$0. On December 31, 2022, the Department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between actual and expected experience	\$ 255,295	\$ 20,793
Changes in assumptions	\$ 127,140	\$ -
Net difference between actual and projected earnings on pension plan investments	\$ -	\$ 596,669
Changes in proportion and differences between Department contributions and proportionate share of contributions	-	-
Department contributions subsequent to the measurement date	\$ 119,201	-

Net Amount of Collective Deferred Inflows and Outflows of Resources in the Collective Net Pension Expense in Subsequent Years

The following table presents the SWDB plan net amount of collective deferred inflows and outflows of resources that will be recognized in the collective pension expense for each of the subsequent five years and in the aggregate thereafter:

Year ended December 31,	
2022	\$ (804,495)
2022	\$ (142,213)
2023	\$ (79,801)
2024	\$ (22,413)
2025	\$ 53,150
Thereafter	\$ 36,745

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, 2022

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.

Funding Policy – The District and/or employee is required to contribute at a rate of 3.0% of base salary for all members as set by statute. All contributions are made by members or on behalf of members. The 3.0% 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 \$38,533.

Note 4 - Change in Capital Asset

	Balance 12/31/2021	Additions	Deletions	Balance 12/31/2022
Buildings	\$ 976,131	\$ 17,277	\$ -	\$ 993,408
Fire Vehicles & Equipment	1,909,018	-	(163,336)	1,745,682
Medical Vehicles & Equipment	760,272	-	-	760,272
Office Equipment	33,170	-	-	33,170
Assets being Depreciated	3,678,591	17,277	(163,336)	3,532,532
Less Accumulated Depreciation	<u>(2,375,418)</u>	<u>(203,684)</u>	<u>163,336</u>	<u>(2,415,766)</u>
Net	1,303,173	(186,407)	0	1,116,766
Land	90,011	-	-	90,011
CIP	-	250,000	-	250,000
Net Fixed Assets	<u>\$ 1,393,184</u>	<u>\$ 63,593</u>	<u>\$ -</u>	<u>\$ 1,456,777</u>

In 2022, the Districts depreciation was \$203,684. The depreciation was charged directly to the various functions as follows:

Administration	\$ 2,271
Fire vehicles & equipment	104,765
Grounds & building	23,725
Ambulance & equipment	<u>73,923</u>
Total	<u>\$ 203,684</u>

CLIFTON FIRE PROTECTION DISTRICT

Notes to Financial Statements

December 31, 2022

Note 5 - Budget to Actual Comparison

	General Fund
Revenue and other financing resources	
GAAP Basis	\$ 4,592,645
Modification to GAAP Basis	
Carryover from prior year	300,404
Resources Budgetary Basis	4,893,049
22 Budgeted Resources	(4,206,442)
Variance Favorable (Unfavorable)	<u>\$ 686,607</u>
Expenditures-GAAP Basis	\$ 2,918,286
Modification to GAAP Basis	
Capital Outlays	267,277
Depreciation	(203,684)
Lease purchases	40,750
Pension Activity	0
Expenditures Budget Basis	3,022,629
22 Budgeted Expenditures	(4,020,863)
Variance favorable (Unfavorable)	<u>\$ 998,234</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 more than 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, 2022, the District's cash deposits had a bank balance of \$1,568,174 of which \$500,000 was covered by federal depository insurance and \$1,202,506 was collateralized.

On December 31, 2022, the deposits of the governmental activities consisted of the following:

Cash in demand accounts	\$1,568,174
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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, 2022

Note 6 – Deposits and Investments

Investments-continued

At year-end, the District had invested \$ 1,133,399 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)	\$1,133,399
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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, 2022

Note 7 – Long-term Debt

Long-term liability activity for the year ended December 31, 2022, was as follows:

	January 1, <u>2022</u>	<u>Additions</u>	<u>Deletions</u>	December 31, <u>2022</u>
Compensated Absences	\$ 412,302	\$ -	\$ 174,438	\$ 237,864
Capital Lease	<u>38,142</u>	<u>-</u>	<u>38,142</u>	<u>-</u>
	<u>\$ 450,444</u>	<u>\$ -</u>	<u>\$ 212,580</u>	<u>\$ 237,864</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 2020 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 more than 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 – 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 2022.

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, 2022

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,

	2022	2021
Department's proportion of the net pension liability/(asset)	.1645%	.1627%
Department's proportionate share of the net pension liability/(asset)	\$(891,542)	\$ (353,247)
Department's covered payroll	\$ 1,263,779	\$ 1,230,035
Department's proportionate share of the net pension liability/(asset) as a percentage of is covered payroll	70.5%	28.7%
Plan fiduciary net position as a percentage of the total pension liability	116.2%	106.7%

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

	2022	2021
Contractually required contribution	\$ 113,741	\$ 104,553
Contributions in relation to the contractually required contribution	\$ 113,741	\$ 104,553
Contribution deficiency (excess)	\$ -	\$ -
Department's covered payroll	\$ 1,263,779	\$ 1,230,035
Contributions as a percentage of covered payroll	9.0%	8.5%

CLIFTON FIRE PROTECTION DISTRICT
Required Supplementary Information Pensions
December 31, 2022

**Notes to Required Supplementary Information
for the Year Ended December 31, 2022**

Subsequent Event

During 2022, House Bill 22-1034 was signed into law. This legislation combines the assets and liabilities of the Statewide Defined Benefit Plan and the Statewide Hybrid Plan to form the Statewide Retirement Plan effective January 1, 2023. The merger will result in increased longer-term stability for both plans in addition to simplification of administration, operation, and communication of benefits. The financial impact of the merger is being determined.

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,	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability								
Service Cost	\$ -	\$ 4,183	\$ 4,183	\$ 5,431	\$ 5,431	\$ 23,147	\$ 23,147	\$ 15,256
Interest on the Total Pension Liability	125,956	110,965	113,518	118,690	119,844	123,827	123,068	123,260
Benefit Changes	-	279,903	-	-	-	-	-	-
Difference between Expected & Actual Experience	-	(10,867)	-	(8,231)	-	(98,418)	-	(11,774)
Assumption Changes	-	-	-	65,207	-	45,103	-	-
Benefit Payments	(168,210)	(167,725)	(141,075)	(141,420)	(139,934)	(136,260)	(135,950)	(130,500)
Net Change in Total Pension Liability	(42,254)	216,459	(23,374)	39,677	(14,659)	(42,601)	10,265	(3,758)
Total Pension Liability - Beginning	1,882,058	1,665,599	1,688,973	1,649,296	1,663,955	1,706,556	1,696,291	1,700,049
Total Pension Liability - Ending (a)	<u>\$ 1,839,804</u>	<u>\$ 1,882,058</u>	<u>\$ 1,665,599</u>	<u>#####</u>	<u>#####</u>	<u>\$ 1,663,955</u>	<u>#####</u>	<u>\$ 1,696,291</u>
Plan Fiduciary Net Position								
Employer Contributions	\$ 17,000	\$ 17,000	\$ 16,000	\$ 32,000	\$ -	\$ 14,731	\$ 9,914	\$ 9,194
Pension Plan Net Investment Income	272,172	224,012	236,334	1,735	239,575	88,733	32,768	120,302
Benefit Payments	(168,210)	(167,725)	(141,075)	(141,420)	(139,934)	(136,260)	(135,950)	(130,500)
Pension Plan Administrative Expense	(8,655)	(7,251)	(9,667)	(7,959)	(8,054)	(2,933)	(3,755)	(3,128)
State of Colorado Discretionary Payment	29,700	26,956	-	14,400	13,258	8,923	8,275	-
Net Change in Plan Fiduciary Net Position	142,007	92,992	101,592	(101,244)	104,845	(26,806)	(88,748)	(4,132)
Plan Fiduciary Net Position - Beginning	1,900,115	1,807,123	1,705,531	1,806,775	1,701,930	1,728,736	1,817,484	1,821,616
Plan Fiduciary Net Position - Ending (b)	<u>\$ 2,042,122</u>	<u>\$ 1,900,115</u>	<u>\$ 1,807,123</u>	<u>#####</u>	<u>#####</u>	<u>\$ 1,701,930</u>	<u>#####</u>	<u>\$ 1,817,484</u>
Net Position Liability/(Asset) - Ending (a) - (b)	<u>\$ (202,318)</u>	<u>\$ (18,057)</u>	<u>\$ (141,524)</u>	<u>\$ (16,558)</u>	<u>\$ (157,479)</u>	<u>\$ (37,975)</u>	<u>\$ (22,180)</u>	<u>\$ (121,193)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	111.00%	100.96%	108.50%	100.98%	109.55%	102.28%	101.30%	107.14%

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)
2014	\$ 9,194	\$ 9,194	\$ -	N/A	N/A
2015	\$ 9,194	\$ 18,189	\$ (8,995)	N/A	N/A
2016	\$ 14,731	\$ 23,654	\$ (8,923)	N/A	N/A
2017	\$ 14,731	\$ 13,258	\$ 1,473	N/A	N/A
2018	\$ 46,400	\$ 46,400	\$ -	N/A	N/A
2019	\$ -	\$ 16,000	\$ (16,000)	N/A	N/A
2020	\$ 29,494	\$ 43,956	\$ (14,462)	N/A	N/A
2021	\$ 29,494	\$ 46,700	\$ (17,206)	N/A	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, 2022

	General Fund		
	Original Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
General property taxes	\$ 2,741,542	\$ 2,681,699	\$ (59,843)
Specific ownership tax	275,000	320,969	45,969
Ambulance	650,400	1,428,029	777,629
Interest income	18,000	34,529	16,529
Grant income	380,000	31,924	(348,076)
Fees and permits	7,000	8,489	1,489
Miscellaneous	134,500	86,933	(47,567)
Total Revenues	<u>4,206,442</u>	<u>4,592,572</u>	<u>386,130</u>
Expenditures:			
Administrative:			
Salaries	720,500	780,386	(59,886)
Payroll taxes and benefits	576,740	483,942	92,798
Office expense	89,040	56,508	32,532
Accounting and legal	36,800	44,198	(7,398)
Dues and fees	4,500	9,106	(4,606)
Treasurers fees	50,400	50,096	304
Director's fees	4,500	4,200	300
Contingency and all other	-	-	-
Operations:			
Salaries	1,154,435	1,064,613	89,822
Personal protective equipment	37,160	11,057	26,103
Fire operating supplies	46,103	2,195	43,908
Insurance	71,000	152,247	(81,247)
EMS operating supplies	87,500	49,591	37,909
Uniforms	9,575	7,462	2,113
Training	50,612	16,886	33,726
Station utilities	26,100	27,553	(1,453)
Station maintenance	16,950	14,414	2,536
Public education	2,425	1,818	607
Recruitment & retention	31,110	27,572	3,538
Fuel/Oil/ Repair & Maint.			
Small tools & equipment	8,805	6,733	2,072
Apparatus	47,650	68,683	(21,033)
Station/grounds repairs	8,400	32,181	(23,781)
Fuel	23,500	27,538	(4,038)
Communications			
Dispatch fees	125,722	125,722	-
Radio & equipment maintenance	1,500	1,267	233
Capital outlays	16,060	-	16,060
Ambulance Fees			
Billing fees	84,000	84,175	(175)
Transport fees	18,000	37,490	(19,490)
Balance Carried Forward	<u>3,349,087</u>	<u>3,187,633</u>	<u>161,454</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, 2022

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Balance Brought Forward	\$ 3,349,087	\$ 3,187,633	\$ 161,454
Total Current Expenditures	<u>3,349,087</u>	<u>3,187,633</u>	<u>161,454</u>
Capital Outlay Major	<u>466,000</u>	<u>267,277</u>	<u>198,723</u>
Total Expenditures	<u>3,815,087</u>	<u>3,454,910</u>	<u>360,177</u>
Revenue Over (Under) Expenditures	391,355	1,137,662	746,307
Other Financing Sources (Uses)			
Lease principal	(106,000)	(38,142)	67,858
Lease interest	(6,000)	(3,694)	2,306
TABOR reserve	(93,776)	-	93,776
Total Other Financing Sources (Uses)	<u>(205,776)</u>	<u>(41,836)</u>	<u>163,940</u>
Revenue and Other Financing Sources Over (Under) Expenditures	185,579	1,095,826	910,247
Fund Balance-Beginning of Year	300,404	2,991,861	2,691,457
Fund Balance-End of Year	<u>\$ 485,983</u>	<u>\$ 4,087,687</u>	<u>\$ 3,601,704</u>

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