

**JEFFERSON COUNTY HAZARDOUS
SUBSTANCE RESPONSE AUTHORITY**

BASIC FINANCIAL STATEMENTS

DECEMBER 31, 2017 and 2016

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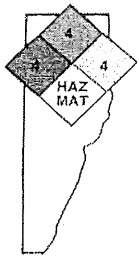
Office of the State Auditor

July 31, 2018

**JEFFERSON COUNTY HAZARDOUS
SUBSTANCE RESPONSE AUTHORITY**

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- City of Arvada
- Arvada Fire Protection District
- Town of Bow Mar
- Coal Creek Fire Protection District
- City of Edgewater
- Elk Creek Fire Protection District
- Evergreen Fire Protection District
- Fairmount Fire Protection District
- Foothill Fire Protection District
- Genesee Fire Protection District
- City of Golden
- Golden Gate Fire Protection District
- Jefferson County
- Town of Lakeside
- City of Lakewood
- Town of Morrison
- Town of Mountain View
- North Fork Fire Protection District
- North Metro Fire Rescue District
- Pleasant View Metropolitan District
- West Metro Fire/Rescue District
- City of Westminster
- City of Wheat Ridge

MANAGEMENT'S DISCUSSION AND ANALYSIS

This management discussion and analysis (MD&A) is designed to provide an overview of the financial activities of the Jefferson County Hazardous Substance Response Authority for the fiscal year ended December 31, 2017. The MD&A should be read in conjunction with the Authority's Independent Auditor's Report.

Overview and explanation of the Financial Statements:

This discussion and analysis serves as an introduction to the Authorities' basic financial statements. The basic financial statements are comprised of proprietary fund financial statements and notes to the financial statements.

Government-Wide Financial Statements:

The Government-Wide financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to the private sector businesses.

The Statement of Financial Position information regarding all of the Authority's assets, liabilities and net position. Historically changes (increases or decreases) in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of revenues, expenses and changes in net position provides information regarding the changes in net position during the course of the past year. Revenues are recorded as they are earned and expenses are recorded when a liability is incurred regardless of the timing of the related cash flows.

Proprietary Fund Financial Statements:

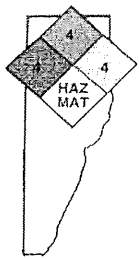
A fund is a group of accounts used to maintain control of services that have been set aside for specific activities or objectives. The Authority uses general fund accounting to account for all financial activities and to ensure and demonstrate compliance with finance related legal requirements.

The Authority used one fund for the 2017 fiscal budget year. It is a proprietary fund and it is intended to account for all financial resources associated with the operating activities of the Authority.

The primary funding source for the proprietary fund is the annual contributions from signatory jurisdictions, i.e., cities, towns and the county, using a formula contained within the intergovernmental agreement.

Other sources of revenue income for FYE 2017 include interest income.

There were no capital funds, public trust funds, personnel and benefit funds, or any other funds actively used during the year 2017.



Financial Analysis & Highlights for Fiscal Year Ended December 31, 2017

- City of Arvada
- Arvada Fire Protection District
- Town of Bow Mar
- Coal Creek Fire Protection District
- City of Edgewater
- Elk Creek Fire Protection District
- Evergreen Fire Protection District
- Fairmount Fire Protection District
- Foothill Fire Protection District
- Genesee Fire Protection District
- City of Golden
- Golden Gate Fire Protection District
- Jefferson County
- Town of Lakeside
- City of Lakewood
- Town of Morrison
- Town of Mountain View
- North Fork Fire Protection District
- North Metro Fire Rescue District
- Pleasant View Metropolitan District
- West Metro Fire/Rescue District
- City of Westminster
- City of Wheat Ridge

Jefferson County Hazardous Substance Response Authority As of December 31, 2017		
	2017	2016
Current Assets:		
Cash and Cash Equivalents	\$ 14,273	\$ 14,165
Accounts Receivable	---	108
Prepaid Expenses	---	---
Capital Assets net Depreciation	---	---
Total Assets	14,273	14,273
Current Liabilities:		
Accounts Payable	---	---
Net Assets/Capital	14,273	14,273
Total Liabilities and Net Assets	14,273	14,273
Income/Contributions:		
Operating Expense	117,775	117,775
Total Expenses:	117,775	117,775
Net Position – End	14,273	14,273

For Fiscal Year End 2017 the Authority's most significant single "event" was the pass through of funds to Adams Jefferson County Hazmat.

Operations saw no change in total expense for 2017. All expenditures for capital assets were approved prior to purchase by the Authority Board.

Assets; Cash and Cash Equivalents increased for FYE 2017. Cash reserves are held for maintenance and replacement of existing equipment.

All contributions have been collected for 2017.

Expenditures anticipated for 2018 would include the transfer of member contributions to Adams Jefferson County Hazmat.

Liabilities; Authority has no liabilities for FY 2017

Long term Liabilities; the Authority does not have any outstanding long term debt.

Revenues for the Authority no change in FYE 2017 as there was no change in member contributions.

Expenses; Total budgeted expenses for FYE 2017 were \$117,775. Actual expenses were \$117,775.

Factors affecting the 2018 Budget
 The Authority is keeping member contributions for 2018 consistent with contributions for 2017.

Requests for information:
 This financial report is designed to provide a general overview of the Authority's financial condition as of Fiscal Year End 2017. Questions concerning the information provided in this report or requests for additional financial information should be addressed to:

Jefferson County Hazardous Substance Response Authority
 Attn: Mark Gutke, Treasurer
 P. O. Box 746570
 Arvada, CO 80006

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MEMBER OF
AMERICAN INSTITUTE OF CPAs
COLORADO SOCIETY OF CPAs

ROBERT R. FEIS, CPA

INDEPENDENT AUDITORS' REPORT

**Board of Directors
Jefferson County Hazardous Substance
Response Authority
Arvada, Colorado**

We have audited the accompanying financial statements of the business-type activities of the Jefferson County Hazardous Substance Response Authority (the Authority) as of and for the years ended December 31, 2017 and 2016, 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.

Auditor's Responsibility

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson County Hazardous Substance Authority as of December 31, 2017 and 2016, and the changes in financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other-Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages i through ii 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 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.

Other Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The budgetary comparison information on page 11 is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information on page 11 has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

Feis : Co., P.C.

CERTIFIED PUBLIC ACCOUNTANTS
Brighton, CO

July 20, 2018

**JEFFERSON COUNTY HAZARDOUS SUBSTANCE
RESPONSE AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2017 and 2016**

<u>ASSETS</u>		<u>2017</u>	<u>2016</u>
Current Assets			
Cash and cash equivalents		\$ 14,273	\$ 14,165
Accounts receivable		-	108
Total Current Assets		<u>14,273</u>	<u>14,273</u>
Capital Assets			
Vehicles		140,599	140,599
Equipment		117,678	163,530
Accumulated Depreciation		<u>(258,277)</u>	<u>(304,129)</u>
Total Capital Assets		<u>-</u>	<u>-</u>
Total Assets		<u>\$ 14,273</u>	<u>\$ 14,273</u>
 <u>LIABILITIES AND NET POSITION</u> 			
Current Liabilities			
Accounts payable		\$ -	\$ -
Total Current Liabilities		<u>-</u>	<u>-</u>
Net Position			
Unrestricted		<u>14,273</u>	<u>14,273</u>
Total Net Position		<u>14,273</u>	<u>14,273</u>
Total Liabilities and Net Position		<u>\$ 14,273</u>	<u>\$ 14,273</u>

See independent auditors' report.
The accompanying notes on pages 5 to 10 are an
integral part of the financial statements.

**JEFFERSON COUNTY HAZARDOUS SUBSTANCE
RESPONSE AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016**

	2017	2016
Revenues:		
Member contributions	\$ 117,775	\$ 117,775
Total Revenues	117,775	117,775
Expenses:		
Transfer to Adams and Jefferson County Hazardous Response Authority	117,775	117,775
Total Expenses	117,775	117,775
Other Revenues/(Expenses):		
Gain on sale of fixed assets	-	-
Total Other Revenue/ (Expenses)	-	-
Change in Net Position	-	-
Net Position - Beginning of Year	14,273	14,273
Net Position - End of Year	\$ 14,273	\$ 14,273

See independent auditors' report.
The accompanying notes on pages 5 to 10 are an
integral part of the financial statements.

JEFFERSON COUNTY HAZARDOUS SUBSTANCE
RESPONSE AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 and 2016

DIRECT METHOD

	<u>2017</u>	<u>2016</u>
Cash flows from operating activities:		
Member contributions received	\$ 117,883	\$ 117,667
Payments to vendors and employees	<u>(117,775)</u>	<u>(117,775)</u>
Net cash provided (used) by operating activities	<u>108</u>	<u>(108)</u>
Cash flows from investing activities:		
Sale (Purchase) of property assets	<u>-</u>	<u>-</u>
Net cash provided (used) by investing activities	<u>-</u>	<u>-</u>
Net cash provided (used) by financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash	108	(108)
Cash, Beginning of Year	<u>14,165</u>	<u>14,273</u>
Cash, End of Year	<u>\$ 14,273</u>	<u>\$ 14,165</u>

Reconciliation of Net Cash Provided (Used) by
Operating Activities to Change in Net Position

Change in Net Position	\$ -	\$ -
Adjustments to reconcile net income to increase in net cash provided by operating activities:		
Depreciation	-	-
Gain on sale of fixed assets	-	-
Changes in assets and liabilities		
(Increase) decrease in accounts receivable	108	(108)
Increase (decrease) in accounts payable	-	-
Net cash provided(used) by operating activities	<u>\$ 108</u>	<u>\$ (108)</u>
Total non-cash investing activities:		
Capitalization of donated fixed assets	<u>\$ -</u>	<u>\$ -</u>
Total non-cash investing activities	<u>\$ -</u>	<u>\$ -</u>

See independent auditors' report.
The accompanying notes on pages 5 to 10 are an
integral part of the financial statements.

JEFFERSON COUNTY HAZARDOUS
SUBSTANCE RESPONSE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Jefferson County Hazardous Substance Response Authority (Authority) was originally established to maintain and operate hazardous materials response services for Jefferson County. In October 1997, the Authority and Adams County Mutual Aid Trust executed an intergovernmental agreement to establish Adams and Jefferson County Hazardous Response Authority (Hazmat). The Authority collects member contributions from cities and towns in Jefferson County and remits it to Hazmat as quarterly cash contributions based on an annual formula within the intergovernmental agreement.

The Authority's board of directors is made up of 5 members that are appointed by the Jefferson County Commissioners per the IGA. These members also sit on the Adams and Jefferson County Hazardous Response Authority board per the second IGA along with 5 members from Adams County and 1 member at large. The boards meet together on a quarterly basis.

The accompanying financial statements were prepared in accordance with accounting principles generally accepted in the United States of America (GAAP), which are applicable to governmental entities.

The following is a summary of significant accounting policies:

A. Principles Determining Scope of Reporting Entity

The financial statements of the Authority consist only of the funds and account groups of the Authority. The Authority has no oversight responsibility for any other governmental entity since no other entities are considered to be controlled by or dependent on the Authority. Control or dependence is determined on the basis of budget adoption, taxing authority, funding, and election of the respective governing board. Therefore in accordance with Governmental Accounting Standards Board Statement #14, the Authority is considered a stand-alone entity for financial reporting purposes.

See independent auditors' report.

**JEFFERSON COUNTY HAZARDOUS
SUBSTANCE RESPONSE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Government-Wide and Fund Financial Statements

The Government-Wide financial statements (i.e. the statement of activities) report information on all of the non-fiduciary activities of the government. The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues.

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 the related cash flows. As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Accounting

The accounts of the Authority are organized on the basis of funds and account groups. Each fund and account group is considered an independent fiscal and accounting entity with a self-balancing set of accounts recording assets together with all related liabilities, obligations, reserves and equities which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions, or limitations.

The Authority used the following funds during 2017 and 2016:

PROPRIETARY FUND

Jefferson County Hazardous Substance Response Authority - To account for all financial resources associated with the operating activities of the Authority.

See independent auditors' report.

**JEFFERSON COUNTY HAZARDOUS
SUBSTANCE RESPONSE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting

Measurement Focus

The accrual basis of accounting is used for reporting purposes of the proprietary fund of the Authority. Under the accrual method of accounting, revenues and the related assets are reported when they are earned, regardless of when they are received and expenses and the related liabilities are reported when they are incurred, regardless of when they are paid.

Encumbrance accounting is not used.

The Authority prepares its budget on a basis consistent with generally accepted accounting principles and Colorado Revised Budgetary Statutes. All annual appropriations are at the total fund level and lapse at fiscal year-end.

D. Cash and Cash Equivalents

For purposes of the statement of cash flows, the Authority considers all highly liquid debt instruments purchased with maturity of six months or less to be cash equivalents.

E. Estimates in the Financial Statements

The preparation of financial statements in conformity with generally accepted accounting principles (GAAP) 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 revenues and expenses during the reporting period. Actual results could differ from those estimates.

See independent auditors' report.

**JEFFERSON COUNTY HAZARDOUS
SUBSTANCE RESPONSE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

2. CASH and 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 determined by the PDPA. The institution is allowed 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.

Custodial Credit Risk – Deposits. Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of year-end the Authority's bank balance was either insured or collateralized with securities held by the pledging financial institution through PDPA.

The bank balance of the deposits listed below is classified in three categories of credit risk as follows: 1) Uncollateralized; 2) Collateralized with securities held by the pledging financial institution; 3) Collateralized with securities held by pledging financial institution's trust department or agent but not in the depositor-government's name.

At December 31, 2017 and 2016, the Authority's cash deposits had carrying balances as follows:

	<u>2017</u>	<u>2016</u>
Insured (Category 2)	\$ 14,273	\$ 14,165
Uninsured (Category 1)	---	---
Deposits Held in Trust	---	---
Total Cash Deposits	\$ <u>14,273</u>	\$ <u>14,165</u>

See independent auditors' report.

**JEFFERSON COUNTY HAZARDOUS
SUBSTANCE RESPONSE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2017 and 2016**

3. CAPITAL ASSETS

The schedule of changes in equipment for the year ended December 31, 2017 is presented below:

	12/31/16			12/31/17
	<u>Balances</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balances</u>
Vehicles	\$ 140,599	\$ ---	\$ ---	\$ 140,599
Equipment	163,530	---	(45,852)	117,678
Accumulated depreciation	<u>(304,129)</u>	<u>---</u>	<u>45,852</u>	<u>(258,277)</u>
Net	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>	<u>\$ ---</u>

Equipment is recorded at cost when purchased or lower of estimated value at time of contribution, and is depreciated over seven to ten years using the straight-line method. Depreciation expense for the year ended December 31, 2017 and 2016 was \$0 and \$0 respectively.

4. TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (TABOR Amendment), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. Based on the Authority's financial activities and structure, it is believed that the Authority is exempt from the provisions and limitations of the "TABOR" amendment at this time.

5. SUBSEQUENT EVENTS

In accordance with accounting principles generally accepted in the U.S.A, management must evaluate, through the date the financial statements are issued or are available to be issued, events or transactions that may require recognition or disclosure in the financial statements, and to disclose the date through which subsequent events were evaluated. The Authority's financial statements were available to be issued on the date of the Independent Auditors' Report, and this is the date through which subsequent events were evaluated. The Authority did not identify any subsequent events requiring disclosure.

See independent auditors' report.

**OTHER
SUPPLEMENTAL INFORMATION**

JEFFERSON COUNTY HAZARDOUS SUBSTANCE
RESPONSE AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2017

	Budget		Actual	Variance- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Member contributions	\$ 117,775	\$ 117,775	\$ 117,775	\$ -
Total Revenues	<u>117,775</u>	<u>117,775</u>	<u>117,775</u>	<u>-</u>
Operating Expenses:				
Transfer to Adams Jeffco	117,775	117,775	117,775	-
Total Operating Expenses	<u>117,775</u>	<u>117,775</u>	<u>117,775</u>	<u>-</u>
Other Revenues/(Expenses):				
Gain on sale of fixed assets	-	-	-	-
Total Other Revenues/ (Expenses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	-	-	-	-
Net Position - Beginning of Year	<u>14,273</u>	<u>14,273</u>	<u>14,273</u>	<u>-</u>
Net Position - End of Year	<u>\$ 14,273</u>	<u>\$ 14,273</u>	<u>\$ 14,273</u>	<u>\$ -</u>

See independent auditors' report.
The accompanying notes on pages 5 to 10 are an
integral part of the financial statements.