



Summit Fire Authority

Financial Statements and Supplementary Information

For the Year Ended December 31, 2018



**Summit Fire Authority
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Independent Auditor's Report

Board of Directors
Summit Fire Authority
Frisco, Colorado

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

Management's Responsibility for the Financial Statements

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Summit Fire Authority as of December 31, 2018, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.



Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages i through v, and the budgetary comparison information for the General Fund on pages 11 and 12 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.

ACM LLP

Greeley, Colorado
March 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

SUMMIT FIRE AUTHORITY

Management's Discussion and Analysis
December 31, 2018

We, the financial managers of the Summit Fire Authority (the "Authority"), offer readers of the Authority's financial statements this narrative summary of the financial activities of the Authority for the fiscal year ended December 31, 2018.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. These components are discussed below.

Basic 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 a private-sector business.

The Statement of Net Position presents information on all the Authority's assets, deferred inflows of resources, liabilities, and deferred outflows of resources with the difference between these 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 Authority is improving or deteriorating.

The Statement of Activities presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods.

The governmental activities of the Authority include training and administration and hazardous materials.

The government-wide financial statements can be found on pages 1 - 2 of this report.

Fund financial statement: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the Authority can be divided into three categories: Governmental, proprietary, and fiduciary funds. The Authority does not report any proprietary or fiduciary funds.

The fund financial statements can be found on pages 1 - 2 of this report and are described in more detail below.

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 government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Overview of the Financial Statements (continued)

Governmental funds (continued): 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 statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority adopts an annual appropriated budget for its governmental fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with the state budget statutes.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the Authority. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found on pages 3 - 10 of this report.

Financial Analysis of the Authority

The following chart shows the Authority's assets, liabilities, and net position at December 31, 2018 and 2017:

	Governmental Activities	
	2018	2017
Assets:		
Current	\$ 334,653	\$ 237,606
Capital assets, net	<u>1,018,015</u>	<u>1,032,840</u>
Total assets	<u>1,352,668</u>	<u>1,270,446</u>
Liabilities:		
Current liabilities	6,260	2,532
Non-current liabilities	-	-
Total liabilities	<u>6,260</u>	<u>2,532</u>
Net position:		
Net investment in capital assets	1,018,015	1,032,840
Unrestricted	<u>328,393</u>	<u>235,074</u>
Total net position	<u>\$ 1,346,408</u>	<u>1,267,914</u>

Financial Analysis of the Authority (continued)

Approximately 75.6% of the Authority's net position reflects its net investment in capital assets. The Authority's most significant capital asset is the training facilities. Other capital assets of the Authority include vehicles, equipment, concrete trench, training container boxes and a storage shed. The Authority's capital assets are described on page 9 of this report. The Authority uses its capital assets to provide training to contracting fire districts and to provide services to its citizens; therefore, these assets are not available for future spending. The remaining \$328,393 may be used to meet the Authority's ongoing obligations relating to its operations.

At the end of the 2018 fiscal year, the Authority is able to report positive balances in the net investment in capital assets and unrestricted categories of net position. Overall, the Authority's net position increased \$78,494 from the prior year. The increase in net position can be attributed to a decrease of expenditures related to general operations - and hazmat.

The following chart is a summary of information relating to the Authority's Statement of Revenues, Expenditures and Change in Fund Balance/Statement of Activities.

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Charges for services –		
Training and admin.	\$ 539,601	\$ 515,661
Charges for services –		
Hazardous materials	95,872	92,811
Recoveries	-	7,750
General revenues:		
Earnings on investments	3,731	1,986
Miscellaneous revenues	8,239	19,995
Total revenues	<u>647,443</u>	<u>638,203</u>
Expenditures/Expenses:		
Operating expenses –		
Training and administration	486,555	578,768
Operating expenses –		
Hazardous materials	82,394	119,488
Total expenses	<u>568,949</u>	<u>698,256</u>
Change in net position	78,494	(60,053)
Net position – beginning	1,267,914	1,327,967
Net position – ending	\$ <u>1,346,408</u>	\$ <u>1,267,914</u>

Charges for services for hazmat and training and administration were the most significant sources of program revenues, accounting for 98.1% of total revenues. Other revenue of recoveries, miscellaneous revenues and earnings on investments, represented 1.9% of total revenues.

Financial Analysis of the Authority (continued)

When compared to 2017, total revenues increased by \$9,240 in 2018. The revenue for governmental activities realized an increase due to an increase in operating expenses, thus an increase in district assessments. Additionally, no grants were pursued or issued in 2018.

Depreciation expense of \$71,575 represented 12.6% of total expenditures. Zero Interest expense was accounted for in the Authority's expenses in 2018, as the debt service for the copier lease was completed in 2017.

When compared to 2017, the Authority's total operating expenses decreased by \$129,307 in fiscal year 2018. Expenditures for governmental-type activities decreased mostly due to a decrease in overall operating expenditures.

Significant General Fund budget variances are based on 5% or a \$5,000 variance:

<u>Account</u>	<u>Budget</u>	<u>Actual Amount</u>	<u>Variance Positive (Negative)</u>	<u>Reason</u>
Revenues:				
Other	\$12,100	\$6,499	\$(5,601)	Some revenues were unpredictable. Other predicted revenue under HCTC rentals was cancelled throughout the year.
Expenses:				
HCTC Management	\$359,783	\$277,519	\$82,264	Salaries and Benefits were budgeted for 4 staff members. However, one employee resigned in the beginning of 2018 and the position not filled. Thus creating a positive balance in both salary & benefits.
Staff Training	\$9,000	\$2,499	\$6,501	Staff training allotments were not fully utilized. Staff consisted of only 3 most of the year, making it harder to utilize the training allotment.
General Capital Outlay	\$57,200	\$50,257	\$6,943	One capital project was not completed in 2018 (Drain Trench Repair). This project was re-assigned to 2019 for completion.

Capital Asset and Debt Administration

Capital assets: The Authority's total net capital assets decreased \$14,825 in 2018 due to the excess of depreciation expense for the fiscal year over the amount of capital additions in the fiscal year. Additional information, as well as a detailed classification of the Authority's capital assets, can be found on page 9 of this report.

The Authority has an ongoing operating lease until 2021 for land with the Board of Commissioner of Summit County. The lease requires annual payments of \$100 through 2021.

Next Year's Budget and Fees

The Training and Administration function of the General Fund anticipates a change in budgeted revenue from \$556,581 in 2018 to \$495,580 in 2019; a decrease of \$61,001. Budgeted expenses were \$583,835 in 2018, not including appropriated reserves, and projected expenses are \$613,027 in 2019, an increase of \$29,192. Budget history allows for better expenditure projections as the Summit Fire Authority continues to strive for zero based budgeting.

The Hazardous Materials function of the General Fund anticipates a change in budgeted revenue from \$96,871 in 2018 to \$97,747 in 2019; an increase of \$876. This is due to a projected interest earnings and the Towns and County annual assessments will remain the same as 2018. Budgeted expenses were \$91,136 in 2018 not including appropriated reserves, and projected expenses are \$83,321 for 2019; a decrease of \$7,815. This is mostly attributed to no budgeted capital outlay in 2019.

Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Summit Fire Authority, P.O. Box 1132, Frisco, CO 80443.

BASIC FINANCIAL STATEMENTS

SUMMIT FIRE AUTHORITY
Governmental Fund Balance Sheet/Government-Wide Statement of Net Position

December 31, 2018

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
Assets:			
Cash and cash equivalents	\$ 91,278	\$ -	\$ 91,278
Cash and cash equivalents - SCES Training Center	1,228	-	1,228
Investments	154,126	-	154,126
Accounts receivable	85,528	-	85,528
Prepaid items	2,493	-	2,493
Capital assets, net of accumulated depreciation	-	1,018,015	1,018,015
Total assets	<u>\$ 334,653</u>	<u>1,018,015</u>	<u>1,352,668</u>
Liabilities:			
Accounts payable	\$ 6,260	-	6,260
Total liabilities	<u>6,260</u>	<u>-</u>	<u>6,260</u>
Fund balance:			
Assigned for subsequent year expenditures	117,447	(117,447)	-
Unassigned	210,946	(210,946)	-
Total fund balance	<u>328,393</u>	<u>(328,393)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 334,653</u>		
Net position:			
Net investment in capital assets		1,018,015	1,018,015
Unrestricted		328,393	328,393
Total net position		<u>\$ 1,346,408</u>	<u>\$ 1,346,408</u>

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

SUMMIT FIRE AUTHORITY
Governmental Fund Statement of Revenues, Expenditures and Changes in
Fund Balance/Government-Wide Statement of Activities
For the Year Ended December 31, 2018

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Activities</u>
Program revenues			
Charges for services:			
Contracting districts	\$ 571,219	\$ -	\$ 571,219
County/Towns	64,254	-	64,254
Classes and seminars	1,740	-	1,740
Other	6,499	-	6,499
Total program revenues	<u>643,712</u>	<u>-</u>	<u>643,712</u>
Expenditures			
Functions:			
Training and administration	422,027	64,528	486,555
Hazardous materials	75,347	7,047	82,394
Capital expenditures	56,750	(56,750)	-
Total expenditures	<u>554,124</u>	<u>14,825</u>	<u>568,949</u>
Excess (deficiency) of revenues over expenditures	<u>89,588</u>	<u>(14,825)</u>	<u>74,763</u>
General revenues:			
Earnings on investments	3,731	-	3,731
Total general revenues	<u>3,731</u>	<u>-</u>	<u>3,731</u>
Change in fund balance/net position	93,319	(14,825)	78,494
Fund balance/net position			
Beginning of year	<u>235,074</u>	<u>1,032,840</u>	<u>1,267,914</u>
End of year	<u>\$ 328,393</u>	<u>\$ 1,018,015</u>	<u>\$ 1,346,408</u>

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

NOTES TO THE FINANCIAL STATEMENTS

SUMMIT FIRE AUTHORITY
Notes to the Financial Statements

December 31, 2018

1. Summary of significant accounting policies

The accounting policies of the Summit Fire Authority (the "Authority"), located in Frisco, Colorado, conform to accounting principles generally accepted in the United States of America ("US GAAP") as applicable to governments. The Governmental Accounting Standards Board ("GASB") is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

Reporting entity

The Authority is a quasi-municipal corporation organized and operated pursuant to State of Colorado Revised Statutes. The Authority is governed by a Board of Directors comprised of representatives from Copper Mountain Consolidated Metropolitan District, Summit Fire and Emergency Medical Services Authority, and Red, White and Blue Fire Protection District (the "contracting authorities").

The Authority was organized to conduct and develop cooperative programs designed to improve the fire protection and related services of the contracting authorities. Other services include the implementation of cost saving measures through various types of resource pooling, joint purchases, use, and participation arrangements. The Authority provided oversight on the construction of the Training Facility and provides for its management (see note 4).

The Authority functions as a "Jointly Governed Organization." Participation is not required and is a year-to-year commitment since the participants may withdraw for the following year by communicating their intention during the period of June 1 through July 15 of the current year. The contract requires that they remain obligated for their share of debts incurred while they were a participant; they retain no financial interest in the Authority upon withdrawal.

Blended component unit

The financial statements of the Authority have been prepared in conformity with US GAAP, which requires that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. Based on the application of these criteria, the Authority has identified a blended component unit within its reporting entity.

In 1997, the Authority created the Summit County Emergency Services Training Center (the "Center"). The Center is a corporation that is exempt from income taxes under the Internal Revenue Code Section 501(c)(3). The Center was formed for the purpose of making grant applications and receiving donations to assist in funding the construction and operation of the Training Facility. Although the Center is legally separate from the Authority, the Center is reported as if it were a part of the primary government as the Authority is financially accountable for the Center. The activity for the Center is included within the General Fund for reporting purposes.

SUMMIT FIRE AUTHORITY
Notes to the Financial Statements

December 31, 2018

1. Summary of significant accounting policies (continued)

Government-wide and fund financial statements

The government-wide financial statements (i.e. Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its blended component unit. Governmental activities, which normally are supported by charges for services, are reported separately from business-type activities, which rely to a significant extent on fees for support. The Authority does not report any business-type activities.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with the specific function. Program revenues include charges for services. Earnings on investments and miscellaneous revenues are reported as general revenues.

Measurement focus, basis of accounting and financial statement presentation

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

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred under accrual accounting. However, debt service expenditures are recorded only when payment is due.

The Authority reports only one governmental fund:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources not required to be accounted for in another fund.

Amounts reported as program revenues include charges for services or privileges provided. Internally dedicated resources are reported as general revenues rather than as program revenues.

Assets, liabilities and net position

Cash and cash equivalents

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or significant penalty and short-term investments with an original maturity of three months or less.

SUMMIT FIRE AUTHORITY
Notes to the Financial Statements

December 31, 2018

1. Summary of significant accounting policies (continued)

Investments

The Authority's investments are reported at fair value, except for local government investment pools, which are reported at net asset value.

Receivables

Receivables are reported at their gross value and, when appropriate, are reduced by the estimated portion that is expected to be uncollectible. No amounts were determined to be uncollectible at December 31, 2018.

Capital assets

Capital assets, which include buildings, equipment, and vehicles, are reported in the government-wide financial statements. The Authority defines capital assets as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

Buildings, land improvements, vehicles and equipment are depreciated using the straight-line method. Depreciation expense is reflected as an operating expense in the government-wide statement of activities. Estimated useful lives for asset types are as follows:

<u>Description</u>	<u>Estimated Lives</u>
Buildings	40
Land Improvements	12
Office equipment	5
Training Equipment	7 – 15
Vehicles	5

Fund balance and net position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets – This category groups all capital assets, including infrastructure, into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position – This category represents the net position of the Authority, which is not restricted for any project or other purpose. A deficit will require future funding.

SUMMIT FIRE AUTHORITY
Notes to the Financial Statements

December 31, 2018

1. Summary of significant accounting policies (continued)

In the fund financial statements, fund balances of governmental funds are classified in five separate categories. The five categories, and their general meanings, are as follows:

Nonspendable – amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted – amounts restricted for a specific purpose by external parties such as grantors, bondholders, constitutional provisions or enabling legislation, or because of constraints imposed by creditors, grantors, or the laws or regulations of other governments.

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Directors (the “Board”). The Board is the highest level of decision making authority for the Authority. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – The assigned fund balance includes amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The Board has the authority to assign amounts for specific purposes.

Unassigned – amounts that are available for any purpose.

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

Estimates

The preparation of financial statements in conformity with US 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Reconciliation of government-wide and fund financial statements

Explanation of differences between the Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position

The Governmental Fund Balance Sheet and the Government-Wide Statement of Net Position includes an adjustments column. Explanation of the adjustments included in the reconciling column is as follows:

1) Capital assets of \$2,476,131, less accumulated depreciation of \$1,458,116, or a net book value of \$1,018,015, are not current financial resources, and therefore, are not reported in the funds.

SUMMIT FIRE AUTHORITY
Notes to the Financial Statements

December 31, 2018

2. Reconciliation of government-wide and fund financial statements (continued)

Explanation of differences between the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and the Government-Wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance and Government-Wide Statement of Activities includes an adjustments column:

1) Governmental funds report capital outlay of \$56,750 as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense of \$71,575. None of these transactions, however, has any effect on net position.

3. Stewardship, compliance, and accountability

Budgets and budgetary accounting

In the fall of each year, the Authority's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. Colorado law requires that all funds have legally adopted budgets and total expenditures for each fund cannot exceed the amount appropriated. The fund level of classification is the level of classification at which expenditures may not legally exceed appropriations. All appropriations lapse at the end of each fiscal year. Appropriations for a fund may be increased provided they are offset by unanticipated resources.

The budget for the General Fund is adopted on a basis consistent with US GAAP. During the year, the Authority did not amend the budget.

TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government. The Authority believes it is exempt from TABOR restrictions.

The Authority's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

SUMMIT FIRE AUTHORITY
Notes to the Financial Statements

December 31, 2018

4. Detailed notes concerning the funds

Deposits and investments

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The Pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be equal to 102% of the aggregate uninsured deposits.

At December 31, 2018, the Authority had cash and cash equivalent balances, as follows:

Petty Cash	\$	148
Bank Deposits – SCES Training Center		1,228
Bank Deposits		<u>91,130</u>
	\$	<u>92,506</u>

At December 31, 2018, the Authority had deposits with financial institutions with a carrying amount of \$92,358. The bank balances with the financial institutions were \$93,171, all of which is covered by federal depository insurance.

Colorado Revised Statutes specify types of investments meeting defined rating and risk criteria in which local governments may invest. The allowed investments include participation in state regulated investment pools.

Custodial Credit Risk

At December 31, 2018, the Authority had invested \$154,126 in the Colorado Local Government Liquid Asset Trust (the “Trust”), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commission administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund and each share is equal in value to \$1. The Trust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. COLOTRUST PRIME invests only in U.S. Treasury and government agencies. COLOTRUST PLUS+ can invest in U.S. Treasury, government agencies, and in the highest-rate commercial paper. A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as a safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. The Trust adheres to FASB and reports its investments in accordance with ASC 820. The Trust is rated AAAM by Standard and Poor’s and is measured at net asset value.

SUMMIT FIRE AUTHORITY
Notes to the Financial Statements

December 31, 2018

4. Detailed notes concerning the funds (continued)

Capital assets

Capital asset activity for the year ended December 31, 2018, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital assets being depreciated:				
Buildings	2,014,682	8,400	-	2,023,082
Land Improvements	44,367	-	-	44,367
Office Equipment	14,774	-	-	14,774
Training Equipment	275,644	48,350	-	323,994
Vehicles	69,914	-	-	69,914
Total capital assets being depreciated	2,419,381	56,750	-	2,476,131
Less accumulated depreciation for:				
Buildings	(1,069,165)	(50,427)	-	(1,119,592)
Land Improvements	(4,848)	(1,109)	-	(5,957)
Office Equipment	(14,775)	-	-	(14,775)
Training Equipment	(236,678)	(13,409)	-	(250,087)
Vehicles	(61,075)	(6,630)	-	(67,705)
Total accumulated depreciation	(1,386,541)	(71,575)	-	(1,458,116)
Total capital assets being depreciated, net	1,032,840	(14,825)	-	1,018,015
Total capital assets, net	\$1,032,840	\$(14,825)	\$ -	\$1,018,015

SUMMIT FIRE AUTHORITY
Notes to the Financial Statements

December 31, 2018

4. Detailed notes concerning the funds (continued)

Capital assets (continued)

Depreciation expense was charged to functions of the primary government as follows:

Training and administration	\$ 64,528
Hazardous materials	<u>7,047</u>
	\$ <u>71,575</u>

Joint venture agreement

On July 11, 1996, the Authority entered into a Joint Training Facility Agreement with three intergovernmental authorities ("contracting authorities"), whereby the contracting authorities will receive a proportionate ownership interest in the Training Facility as tenants in common in proportion to their respective ownership. Should the Authority cease to exist, the contracting authorities who own an interest in the Training Facility at that time shall be successors to all interests of the Authority.

Operating leases

On May 28, 1996, the Authority entered into an intergovernmental lease agreement for land that the Authority's buildings are located on with the Board of Commissioners of Summit County. The lease requires annual payments of \$100 through 2021. Total lease expense for the year ended December 31, 2018 amounted to \$100.

5. Other information

Risk management

The Authority is exposed to various risks of loss related to workers compensation; general liability, unemployment, torts, theft of, damage to, and destruction of assets; and errors and omissions. The Authority has acquired commercial coverage for these risks. Claims, if any, are not to exceed the commercial insurance coverage. Settled claims, if any, have not exceeded this coverage in the past three years.

Subsequent events

In preparing the financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through March 21, 2019, the date that the financial statements were available to be issued. No events requiring recognition or disclosure were identified.

REQUIRED SUPPLEMENTARY INFORMATION

SUMMIT FIRE AUTHORITY

General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance -

Budget and Actual - Training and Administration Function

For the Year Ended December 31, 2018

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Contracting districts	\$ 539,601	\$ 539,601	\$ -
Earnings on investments	880	1,888	1,008
Classes and seminars	4,000	1,740	(2,260)
Other	12,100	6,499	(5,601)
Total revenues	556,581	549,728	(6,853)
Expenditures:			
HCTC management compensation	359,783	277,519	82,264
Contract instructors	16,147	13,268	2,879
Equipment maintenance	26,600	30,822	(4,222)
Capital outlay	57,200	50,257	6,943
Training supplies	11,250	8,032	3,218
Internet, website and software	25,800	22,915	2,885
Electricity	11,000	8,263	2,737
Insurance	11,150	10,907	243
Vehicle maintenance	9,000	4,601	4,399
Staff training	9,000	2,499	6,501
Uniforms and bunker gear	2,000	1,559	441
Natural Gas	8,500	10,830	(2,330)
Building and grounds maintenance	8,400	11,613	(3,213)
Technical rescue	1,000	1,004	(4)
Audit	4,590	4,601	(11)
Colorado Division Certificates	4,000	2,995	1,005
Supplies	3,600	2,169	1,431
Telephone	2,880	2,832	48
Propane	4,000	1,896	2,104
Safety committee	1,000	-	1,000
Dues and subscriptions	2,100	1,393	707
Workers compensation	382	382	-
Sanitation and water	1,113	1,112	1
Board expenses	1,500	443	1,057
Payroll taxes	700	232	468
Land lease	100	100	-
Bank fees	40	40	-
Legal	1,000	-	1,000
Total expenditures	583,835	472,284	111,551
Excess (deficiency) of revenues over expenditures	\$ (27,254)	77,444	\$ 104,698
Fund balance - beginning of year		201,022	
Fund balance - end of year		\$ 278,466	

See accompanying Independent Auditor's Report.

SUMMIT FIRE AUTHORITY**General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance -****Budget and Actual - Hazardous Materials Function****For the Year Ended December 31, 2018**

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Contracting districts	\$ 31,617	\$ 31,618	\$ 1
County assessments	20,790	20,790	-
Town assessments	43,464	43,464	-
Earnings on investments	1,000	1,843	843
Total revenues	96,871	97,715	844
Expenditures:			
Coordination	64,632	64,640	(8)
Equipment maintenance	4,500	4,452	48
Capital outlay	6,600	6,493	107
DERA Management	4,000	-	4,000
Insurance	3,014	2,947	67
Training and development	2,000	95	1,905
Vehicle maintenance	2,400	1,844	556
Supply inventory	2,500	378	2,122
Internet	480	480	-
Audit	510	511	(1)
Vehicle fuel and oil	500	-	500
Total expenditures	91,136	81,840	9,296
Excess (deficiency) of revenues over expenditures	\$ 5,735	15,875	\$ 10,140
Fund balance - beginning of year		34,052	
Fund balance - end of year		\$ 49,927	

See accompanying Independent Auditor's Report.