



# Summit Fire Authority

Financial Statements and  
Supplementary Information  
For the Year Ended December 31, 2021

# Summit Fire Authority

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## **Independent Auditor's Report**

Board of Directors  
Summit Fire Authority  
Frisco, Colorado

### ***Opinions***

We have audited the 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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2021, 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 audits in accordance with auditing standards generally accepted in the United States of America (GAAS). 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 the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***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 Authority'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.

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 Authority's ability to continue as a going concern within one year after the date that the financial statements are issued or available to be issued.

### ***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 GAAS 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 GAAS, 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.
- 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 the Authority'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 the Authority'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.

### ***Other Matters***

#### ***Required Supplementary Information***

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

*BDO USA, LLP*

April 6, 2022

## **Management's Discussion and Analysis**

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## SUMMIT FIRE AUTHORITY

Management's Discussion and Analysis  
December 31, 2021

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, 2021.

### 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, 2021 and 2020:

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Assets:</b>		
Current	\$ 285,998	\$ 339,077
Capital assets, net	<u>1,297,843</u>	<u>972,962</u>
<b>Total assets</b>	<u>1,583,841</u>	<u>1,312,039</u>
<b>Liabilities:</b>		
Other liabilities	5,132	9,226
Non-current liabilities	<u>-</u>	<u>-</u>
<b>Total liabilities</b>	<u>5,132</u>	<u>9,226</u>
<b>Net position:</b>		
Net investment in capital assets	1,297,843	972,962
Unrestricted	<u>280,866</u>	<u>329,851</u>
<b>Total net position</b>	<u>\$ 1,578,709</u>	<u>1,302,813</u>

## Financial Analysis of the Authority (continued)

Approximately 82.2% 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, training 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 \$280,866 may be used to meet the Authority's ongoing obligations relating to its operations.

At the end of the 2021 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 \$275,896 from the prior year. The increase in net position can be attributed to assessments collected from the contracting districts totaling approximately \$300,000.

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.

	<b>Governmental Activities</b>	
	<b>2021</b>	<b>2020</b>
<b>Revenues:</b>		
Program revenues:		
Charges for services –		
Training and admin.	\$ 454,674	\$ 198,213
Charges for services –		
Hazardous materials	102,457	99,083
Recoveries	9,614	19,752
General revenues:		
Earnings on investments	167	2,117
Miscellaneous revenues	9,179	5,540
<b>Total revenues</b>	<u>576,091</u>	<u>324,705</u>
<b>Expenditures/Expenses:</b>		
Operating expenses –		
Training and administration	206,705	187,966
Operating expenses –		
Hazardous materials	93,490	111,628
<b>Total expenses</b>	<u>300,195</u>	<u>299,594</u>
<b>Change in net position</b>	275,896	25,111
<b>Net position – beginning</b>	1,302,813	1,277,702
<b>Net position – ending</b>	\$ <u><u>1,578,709</u></u>	\$ <u><u>1,302,813</u></u>

Charges for services for hazmat and training and administration were the most significant sources of program revenues, accounting for 96.7% of total revenues. Other revenue of recoveries, miscellaneous revenues and earnings on investments, represented 3.3% of total revenues.

## Financial Analysis of the Authority (continued)

When compared to 2020, total revenues increased by \$251,219 in 2021 due to increased assessments of the contracting districts. The revenue for governmental activities realized an increase, mostly due to the capital outlay project (repair and replacement of the concrete/asphalt on the training ground) in the summer of 2021. No grants were pursued or issued in 2021.

Depreciation expense of \$75,976 represented 25.3% of total expenses. No interest expense was accounted for in the Authority's expenses in 2021.

When compared to 2020, the Authority's total operating expenses increased by \$601 in fiscal year 2021. Expenditures for governmental-type activities has remained invariable due to HCTC Management fees are not being transacted between the contracting fire districts.

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>
<b>Revenues:</b>				
<b>Recoveries - HM</b>	\$0	\$9,614	\$9,614	This revenue is unpredictable. This reflects income to the hazmat budget from incident reimbursements billed by the Designated Emergency Response Authority, or DERA (SFA). These recoveries are comprised of agency response, supplies used, and indirect costs.
<b>Contracting Districts</b>	\$501,674	\$454,674	(\$47,000)	

**Expenses:**

**Capital Outlay**

\$474,100

\$409,488

\$64,612

The budgeted amount was more than the actual cost of the concrete/asphalt project. Monies assigned to engineering costs were more than needed. Additionally, hand held radios and mobile radios were not expenses to SFA as originally anticipated.

**Fire Training Supplies**

\$11,500

\$6,044

\$5,456

Most of the budgeted training supplies were purchased, much of it costing less than anticipated.

**Staff Training**

\$10,500

\$4,381

\$6,119

The budgeted allotment for staff training was for four staff members but for most of 2021 there were only three members.

**Building and Grounds Maintenance**

\$10,000

\$1,741

\$8,259

These expenditures were less than usual because the 2021 annual HCTC maintenance week was not completed. Maintenance week is when many projects to upkeep facilities and grounds are accomplished, and at times realizes up to a \$4,000 expense.

**Supply Inventory – HM**

\$6,500

\$303

\$6,197

Supply cache for hazardous materials was substantial for the start of 2021. Thus, hazmat inventory purchases were not needed. Additionally, two Level-A Encapsulated Suites

were budgeted and it was later determined current inventory did not need replacement.

## **Capital Asset and Debt Administration**

Capital assets: The Authority's total net capital assets increased by \$324,881, representing construction in progress of \$400,857, offset by \$75,976 of depreciation expenses in 2021. 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 agreement with the Summit County Board of Commissioners for a land lease until 2046. The lease requires annual payments of \$100 through 2046. While the original lease expired in 2021, in 2020 the County Commissioners agreed to renew the lease for another period of 25 years.

## **Next Year's Budget and Fees**

The Training and Administration function of the General Fund anticipates a change in budgeted revenue from \$510,874 in 2021 to \$691,079 in 2022; an increase of \$180,205. Budgeted expenses were \$645,820 in 2021, not including appropriated reserves, and projected expenses are \$679,559 in 2022, an increase of \$33,739. 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 \$103,232 in 2021 to \$106,099 in 2022; an increase of \$2,867. This is due to earnings from the Towns and County annual assessments increasing by 5%. Budgeted expenses were \$98,391 in 2021 not including appropriated reserves, and projected expenses are \$85,318 for 2022; a decrease of \$13,073.

## **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**

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**Summit Fire Authority**  
**Governmental Fund Balance Sheet/**  
**Government-Wide Statement of Net Position**  
**December 31, 2021**

	<u>General Fund</u>	<u>Adjustments (Note 2)</u>	<u>Statement of Net Position</u>
<b>Assets:</b>			
Cash and cash equivalents	\$ 79,796	\$ -	\$ 79,796
Cash and cash equivalents - SCES Training Center	1,551	-	1,551
Investments	199,198	-	199,198
Accounts receivable	5,453	-	5,453
Capital assets, net of accumulated depreciation	-	1,297,843	1,297,843
<b>Total assets</b>	<u>\$ 285,998</u>	<u>1,297,843</u>	<u>1,583,841</u>
<b>Liabilities:</b>			
Accounts payable	\$ 5,132	-	5,132
<b>Total liabilities</b>	<u>5,132</u>	<u>-</u>	<u>5,132</u>
<b>Fund balance:</b>			
Unassigned	<u>280,866</u>	<u>(280,866)</u>	<u>-</u>
<b>Total fund balance</b>	<u>280,866</u>	<u>(280,866)</u>	<u>-</u>
<b>Total liabilities and fund balance</b>	<u>\$ 285,998</u>		
<b>Net position:</b>			
Net investment in capital assets		1,297,843	1,297,843
Unrestricted		<u>280,866</u>	<u>280,866</u>
<b>Total net position</b>		<u>\$ 1,578,709</u>	<u>\$ 1,578,709</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, 2021

	General Fund	Adjustments (Note 2)	Statement of Activities
<b>Program revenues</b>			
<b>Charges for services:</b>			
Contracting districts	\$ 486,291	\$ -	\$ 486,291
County/Towns	70,840	-	70,840
Recoveries	9,614	-	9,614
Other	9,179	-	9,179
<b>Total program revenues</b>	575,924	-	575,924
<b>Expenditures</b>			
<b>Functions:</b>			
Training and administration	129,508	68,566	198,074
Hazardous materials	86,080	7,410	93,490
Capital expenditures	409,488	(400,857)	8,631
<b>Total expenditures</b>	625,076	(324,881)	300,195
<b>Excess (deficiency) of revenues over expenditures</b>	(49,152)	324,881	275,729
<b>General revenues:</b>			
Earnings on investments	167	-	167
<b>Total general revenues</b>	167	-	167
<b>Change in fund balance/net position</b>	(48,985)	324,881	275,896
<b>Fund balance/net position</b>			
Beginning of year	329,851	972,962	1,302,813
End of year	\$ 280,866	\$ 1,297,843	\$ 1,578,709

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

## **Notes to the Financial Statements**

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# Summit Fire Authority

## Notes to the Financial Statements December 31, 2021

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### 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 Summit Fire & EMS 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, 2021

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### 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.

#### *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, 2021

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### 1. Summary of Significant Accounting Policies (Continued)

#### *Assets, Liabilities and Net Position*

##### *Investments*

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

##### *Accounts Receivable*

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, 2021.

##### *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, 2021

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### 1. Summary of Significant Accounting Policies (Continued)

#### *Fund balance and net position (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.

# Summit Fire Authority

## Notes to the Financial Statements December 31, 2021

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### 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 \$2,973,308, less accumulated depreciation of \$1,675,465, or a net book value of \$1,297,843, are not current financial resources, and therefore, are not reported in the funds.

#### *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 \$409,488 as expenditures; however, in the Statement of Activities, the cost of those assets, totaling \$400,857, is capitalized and allocated over their estimated useful lives as depreciation expense. Depreciation expense related to assets capitalized in the current and prior periods totaled \$75,976, which is allocated between functions (Note 4).

### 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.

# Summit Fire Authority

## Notes to the Financial Statements December 31, 2021

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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.

### 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, 2021, the Authority had cash and cash equivalent balances, as follows:

Petty Cash	\$	150
Bank Deposits - SCES Training Center		1,551
Bank Deposits		<u>79,646</u>
	\$	<u>81,347</u>

At December 31, 2021, the Authority had deposits with financial institutions with a carrying amount of \$81,197. The bank balances with the financial institutions were \$406,097 of which \$250,000 is covered by federal depository insurance. The remaining balance of \$156,097 was collateralized with securities held by the financial institutions' agents but not in the District's name.

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, 2021, the Authority had invested \$199,198 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 is rated AAAM by Standard and Poor's and is measured at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

# Summit Fire Authority

## Notes to the Financial Statements December 31, 2021

### 4. Detailed Notes Concerning the Funds (continued)

#### *Capital Assets*

Capital asset activity for the year ended December 31, 2021, was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Capital assets not being depreciated:</b>				
Construction in Progress	\$ 14,599	\$ 400,857	\$ -	\$ 415,456
<b>Total capital assets not being depreciated</b>	<b>14,599</b>	<b>400,857</b>	<b>-</b>	<b>415,456</b>
<b>Capital assets being depreciated:</b>				
Buildings	2,064,535	-	-	2,064,535
Land Improvements	44,367	-	-	44,367
Office Equipment	13,158	-	-	13,158
Training Equipment	365,878	-	-	365,878
Vehicles	69,914	-	-	69,914
<b>Total capital assets being depreciated</b>	<b>2,557,852</b>	<b>-</b>	<b>-</b>	<b>2,557,852</b>
<b>Less accumulated depreciation for:</b>				
Buildings	(1,230,426)	(56,192)	-	(1,286,618)
Land Improvements	(8,175)	(1,109)	-	(9,284)
Office Equipment	(8,865)	(769)	-	(9,634)
Training Equipment	(282,109)	(17,906)	-	(300,015)
Vehicles	(69,914)	-	-	(69,914)
<b>Total accumulated depreciation</b>	<b>(1,599,489)</b>	<b>(75,976)</b>	<b>-</b>	<b>(1,675,465)</b>
<b>Total capital assets being depreciated, net</b>	<b>958,363</b>	<b>(75,976)</b>	<b>-</b>	<b>882,387</b>
<b>Total capital assets, net</b>	<b>\$ 972,962</b>	<b>\$ 324,881</b>	<b>\$ -</b>	<b>\$ 1,297,843</b>

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

Training and administration	\$ 68,566
Hazardous materials	7,410
	<u>\$ 75,976</u>

#### ***Joint Venture Agreement***

On July 11, 1996, the Authority entered into a Joint Training Facility Agreement with the 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.

# Summit Fire Authority

## Notes to the Financial Statements December 31, 2021

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### 4. Detailed Notes Concerning the Funds (continued)

#### *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. The lease was renewed May 28, 2021 for an additional period of twenty-five (25) years, terminating May 28, 2046. Total lease expense for the year ended December 31, 2021 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 expected 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 April 6, 2022, the date that the financial statements were available to be issued. No events requiring recognition or disclosure were identified.

## Required Supplementary Information

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## 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, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Contracting districts	\$ 501,674	\$ 454,674	\$ (47,000)
Earnings on investments	1,100	100	(1,000)
Other	8,100	9,179	1,079
<b>Total revenues</b>	510,874	463,953	(46,921)
<b>Expenditures:</b>			
Contract instructors	10,000	7,035	2,965
Equipment maintenance	25,000	22,228	2,772
Capital outlay	474,100	409,488	64,612
Training supplies	11,500	6,044	5,456
Internet, website and software	22,265	18,326	3,939
Electricity	12,100	11,088	1,012
Insurance	11,900	11,618	282
Vehicle maintenance	11,400	8,548	2,852
Staff training	10,500	4,381	6,119
Uniforms and bunker gear	5,000	1,164	3,836
Natural Gas	10,165	10,710	(545)
Building and grounds maintenance	10,000	1,741	8,259
Audit	5,175	5,040	135
Colorado Division Certificates	8,000	8,318	(318)
Supplies	3,600	3,807	(207)
Telephone	4,020	3,881	139
Propane	4,000	1,485	2,515
Safety committee	1,000	-	1,000
Dues and subscriptions	1,800	1,536	264
Workers compensation	525	486	39
Sanitation and water	1,245	1,269	(24)
Board expenses	775	267	508
Payroll taxes	600	376	224
Land lease	100	100	-
Bank fees	50	50	-
Legal	1,000	-	1,000
Other	-	10	(10)
<b>Total expenditures</b>	645,820	538,996	106,824
<b>Excess (deficiency) of revenues over expenditures</b>	\$ (134,946)	(75,043)	\$ 59,903
<b>Fund balance - beginning of year</b>		246,548	
<b>Fund balance - end of year</b>		\$ 171,505	

*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, 2021

	Original and Final Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Contracting districts	\$ 31,617	\$ 31,617	\$ -
County assessments	22,921	22,921	-
Town assessments	47,919	47,919	-
Recoveries	-	9,614	9,614
Earnings on investments	775	67	(708)
<b>Total revenues</b>	<b>103,232</b>	<b>112,138</b>	<b>8,906</b>
<b>Expenditures:</b>			
Coordination	68,201	67,389	812
Equipment maintenance	6,000	2,855	3,145
Insurance	3,035	2,876	159
Training and development	3,000	22	2,978
Vehicle maintenance	5,000	4,196	804
Response agency	-	3,498	(3,498)
Supply inventory	6,500	303	6,197
Internet	5,580	4,381	1,199
Audit	575	560	15
Vehicle fuel and oil	500	-	500
<b>Total expenditures</b>	<b>98,391</b>	<b>86,080</b>	<b>12,311</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>\$ 4,841</b>	<b>26,058</b>	<b>\$ 21,217</b>
<b>Fund balance - beginning of year</b>		<b>83,303</b>	
<b>Fund balance - end of year</b>		<b>\$ 109,361</b>	

*See accompanying Independent Auditor's Report.*