



**Summit Fire & Emergency Medical  
Services Authority**

Financial Statements and Supplementary  
Information  
For the Year Ended December 31, 2019



# Summit Fire & Emergency Medical Services Authority

## Contents

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<b>Independent Auditor's Report</b>	1 - 2
<b>Management's Discussion and Analysis</b>	3 - 8
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
Statement of Net Position	9
Statement of Activities	10 - 11
Fund Financial Statements:	
Balance Sheet - General Fund	12
Reconciliation of the General Fund Balance Sheet with the Government-wide Statement of Net Position	13
Statement of Revenues, Expenditures and Changes in Fund Balance - General Fund	14
Reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance with the Government-wide Statement of Activities	15
Statement of Net Position - Proprietary Fund	16
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Fund	17
Statement of Cash Flows - Proprietary Fund	18
Notes to Financial Statements	19 - 43
<b>Required Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) - General Fund	44 - 47
Schedule of the Authority's Proportionate Share of the Net Pension Liability/(Asset) - Cost-Sharing Defined Benefit Plans	48
Schedule of Authority Contributions - Cost-Sharing Defined Benefit Plans	49
<b>Other Supplementary Information:</b>	
Schedule of Revenues, Expenses and Changes in Net Position - (Budget and Actual) - Snake River Fleet Services Fund	50



## Independent Auditor's Report

Board of Directors  
Summit Fire & Emergency Medical Services Authority  
Silverthorne, Colorado

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major fund of the Summit Fire & Emergency Medical Services Authority, a component unit of the Lake Dillon Fire Protection District, (the "Authority") as of and for the year ended December 31, 2019, 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 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 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, business-type activities and each major fund of the Authority as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.



### ***Emphasis of Matters***

The COVID-19 outbreak in 2020 (see Note 11) has caused business disruption in a variety of industries, markets and geographic regions, which has resulted in considerable uncertainty as to the financial impact and duration, which cannot be reasonably estimated at this time. Our conclusion is not modified with respect to this matter.

### ***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 3 through 8, the budgetary comparison schedule for the General Fund on pages 45 through 48 and pension related schedules on pages 49 and 50 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 Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budgetary comparison schedule on page 51 is not a required part of the basic financial statements. The budgetary comparison schedule is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison schedule is fairly stated in all material respects in relation to the financial statements as a whole.

ACM LLP

Greeley, Colorado  
June 16, 2020

## ***SUMMIT FIRE & EMERGENCY MEDICAL SERVICES AUTHORITY***

Management's Discussion and Analysis  
December 31, 2019

As management of the Summit Fire & Emergency Medical Services Authority, (the "Authority"), we offer to readers of the Authority's financial statements with the Independent Auditor's report, this narrative summary of the financial activities of the Authority for the fiscal year ended December 31, 2019.

The Authority was created as of January 1, 2018 by an intergovernmental agreement between the Lake Dillon Fire Protection District and the Copper Mountain Consolidated Metropolitan District. The Authority was established to provide fire protection, emergency medical, and related emergency services within the towns of Dillon, Silverthorne, Frisco, Montezuma, Copper Mountain and unincorporated areas such as Dillon Valley, Keystone and Summit Cove, Colorado.

### **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 financial statements. This report also contains required and other supplementary information in addition to the basic financial statements. These components are discussed below.

**Government-wide financial statements:** The government-wide financial statements are designed to provide readers with an overview of the Authority's finances, from both a short-term fund perspective and a long-term economic perspective.

The statement of net position presents information on all the Authority's assets, liabilities, and deferred inflows/outflows of resources, with the difference between the categories 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 shows how the Authority'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.

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by contributions from Lake Dillon Fire Protection District and the Copper Mountain Consolidated Metropolitan District and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*).

The Authority's government-wide financial statements can be found on pages 9 to 11 of this report directly following the management discussion and analysis.

**Fund financial statements:** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority uses fund

accounting to ensure and demonstrate compliance with legal requirements. All of the funds of the Authority can be divided into two categories: governmental funds and proprietary funds.

***Governmental Funds.*** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the 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.

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 Authority's near term financing decisions. The governmental fund statement of revenues, expenditures and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains one governmental fund, the General Fund. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for all major funds.

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

The basic governmental fund financial statements can be found on pages 12 to 15 of this report.

***Proprietary Funds.*** The Authority maintains one proprietary fund, an enterprise fund to report the same functions presented as business-type activities in the government-wide financial statements. The Authority uses this fund to account for the Snake River Fleet Services Fund. The proprietary fund provides the same type of information as the business-type activities in the government-wide financial statements.

The basic proprietary fund financial statements can be found on pages 16 to 18 of this report.

**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 19 to 44 of this report.

**Required Supplementary Information:** The required supplementary information includes required information concerning the Authority's budgetary schedule for the General Fund and schedules for the Authority's defined benefit plans offered to its employees. Required supplementary information can be found on pages 45 to 50 of this report.

**Other Supplementary Information:** In addition to the basic financial statements and accompanying notes, this report also presents other supplementary information, a budgetary comparison schedule for the Snake River Fleet Services Fund, which can be found on page 51 of this report.

## Financial Analysis of the Authority

### Summit Fire & EMS Authority's Net Position

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
<b>Assets:</b>						
Current and other	\$ 2,922,101	\$ 1,452,385	\$ 39,554	\$ 28,827	\$ 2,961,655	\$ 1,481,212
Capital assets	-	-	36,187	45,103	36,187	45,103
Net pension asset	270,027	1,364,022	-	-	270,027	1,364,022
<b>Total assets</b>	<b>3,192,128</b>	<b>2,816,407</b>	<b>75,741</b>	<b>73,930</b>	<b>3,267,869</b>	<b>2,890,337</b>
<b>Deferred outflows of resources-pensions</b>	<b>3,272,498</b>	<b>1,572,462</b>	<b>-</b>	<b>-</b>	<b>3,272,498</b>	<b>1,572,462</b>
<b>Liabilities:</b>						
Current liabilities	435,266	176,331	6,217	39,589	441,483	215,920
Long-term liabilities	576,012	668,114	9,975	7,772	585,987	675,886
Due to Lake Dillon Fire	155,154	-	-	-	155,154	-
Net pension liability	770,957	-	-	-	770,957	-
<b>Total liabilities</b>	<b>1,937,389</b>	<b>844,445</b>	<b>16,192</b>	<b>47,361</b>	<b>1,953,581</b>	<b>891,806</b>
<b>Deferred inflows of resources:</b>						
Deferred inflow pensions	8,236	389,563	-	-	8,236	389,563
<b>Total deferred inflows of resources</b>	<b>8,236</b>	<b>389,563</b>	<b>-</b>	<b>-</b>	<b>8,236</b>	<b>389,563</b>
<b>Net position:</b>						
Net Investment in capital						
Assets	-	-	36,187	45,103	36,187	45,103
Restricted	595,141	1,690,249	-	-	595,141	1,690,249
Unrestricted	3,923,860	1,464,612	23,362	(18,534)	3,947,222	1,446,078
<b>Total net position</b>	<b>\$ 4,519,001</b>	<b>\$ 3,154,861</b>	<b>\$ 59,549</b>	<b>\$ 26,569</b>	<b>\$ 4,578,550</b>	<b>\$ 3,181,430</b>

At December 31, 2019, approximately 1% of the Authority's net position reflects its investment in capital assets, which includes vehicles and equipment. The Authority uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

At December 31, 2019, approximately 12% represents resources that are subject to Colorado Constitutional restrictions and pension restrictions. The remaining unrestricted funds of \$3,947,222 may be used to meet the Authority's ongoing obligations.

At the end of the current fiscal year, the Authority is able to report positive balances in all three categories of net position for the governmental type activities. The negative unrestricted balance in the business-type activities in 2018 was due to the increase in expenditures for Snake River Fleet Services Fund.

Overall, the Authority's net position of \$4,578,550 is strong and headed in the right direction.

## Financial Analysis of the Authority (continued)

### Summit Fire & EMS Authority's Change in Net Position

	Governmental Activities		Business-type		Total	
	2019	2018	2019	2018	2019	2018
<b>Revenues:</b>						
Program revenues:						
State and federal Wildland response	\$ 14,523	\$ 611,269	\$ -	\$ -	\$ 14,523	\$ 611,269
Intergovernmental contracts	414,798	290,489	-	-	414,798	290,489
Operating grants	26,287	19,144	-	-	26,287	19,144
Inspection plan review fees	811,497	410,556	-	-	811,497	410,556
Out of district response	25,430	15,073	-	-	25,430	15,073
Rental Income	2,425	1,550	-	-	2,425	1,550
Charges for service-Snake River	-	-	381,834	355,864	381,834	355,864
General revenues:						
Contributions to Authority	9,470,980	9,473,221	-	-	9,470,980	9,473,221
Investment earnings	64,504	42,289	-	-	64,504	42,289
Miscellaneous	6,690	10,643	-	-	6,690	10,643
<b>Total revenues</b>	<b>10,837,134</b>	<b>10,874,234</b>	<b>381,834</b>	<b>355,864</b>	<b>11,218,968</b>	<b>11,230,098</b>
<b>Expenses:</b>						
<b>Operating expenses:</b>						
Firefighters	6,994,455	6,657,986	-	-	6,994,455	6,657,986
Administration	754,017	862,073	-	-	754,017	862,073
Community Risk Division	533,692	562,226	-	-	533,692	562,226
Support services	703,719	640,422	-	-	703,719	640,422
Station and grounds	183,606	204,520	-	-	183,606	204,520
Apparatus	282,942	316,916	-	-	282,942	316,916
Volunteers	207	1,809	-	-	207	1,809
Wildland	20,355	290,459	-	-	20,355	290,459
Snake River Fleet Services	-	-	348,854	382,326	348,854	382,326
<b>Total expenses</b>	<b>9,472,993</b>	<b>9,536,411</b>	<b>348,854</b>	<b>382,326</b>	<b>9,821,847</b>	<b>9,918,737</b>
<b>Special item:</b>						
Transfer of operations from Lake Dillon Fire Protection District and Copper Mountain	-	1,817,038	-	53,031	-	1,870,069
<b>Total special items</b>	<b>-</b>	<b>1,817,038</b>	<b>-</b>	<b>53,031</b>	<b>-</b>	<b>1,870,069</b>
<b>Change in net position</b>	<b>1,364,140</b>	<b>3,154,861</b>	<b>32,980</b>	<b>26,569</b>	<b>1,397,120</b>	<b>3,181,430</b>
<b>Net position – beginning</b>	<b>3,154,861</b>	<b>-</b>	<b>26,569</b>	<b>-</b>	<b>3,181,430</b>	<b>-</b>
<b>Net position – ending</b>	<b>\$ 4,519,001</b>	<b>\$ 3,154,861</b>	<b>\$ 59,549</b>	<b>\$ 26,569</b>	<b>\$ 4,578,550</b>	<b>\$ 3,181,430</b>

**Governmental activities:** The most significant source of revenue of the Authority is contributions made through an intergovernmental agreement by Lake Dillon Fire Protection District and Copper Mountain Consolidated Metropolitan District for approximately 87% of total 2019 revenues.

**Business-type activities:** Business-type activities increased the Authority's net position by \$32,980. The revenue is dependent on the actual maintenance required on the vehicles serviced.



## Financial Analysis of the Government's Funds

**Governmental funds:** The General Fund is the chief operating fund of the Authority. At the end of 2019, unassigned fund balance of the General Fund was \$2,070,568, while total fund balance was \$2,395,682.

### General Fund Budgetary Highlights

Significant budget variances were as follows:

Account	Final Budget	Actual Amount	Variance	Description
			Positive (Negative)	
Inspection and plan review fees	\$210,000	\$811,497	\$(601,497)	Authority saw its largest upswing in permits in its history. A total of 529 permits were issued for new construction, life-safety systems and business remodels.
Firefighters salaries	4,535,655	4,608,116	(72,461)	Salaries increased due to routine overtime paid when firefighter is on vacation or sick time. The other item was unbudgeted matrix movement among the staff.
Firefighters overtime	200,000	322,679	(122,679)	Overtime increased due to paramedic school, injuries and new additions to families.
Support Services-equipment repair	96,400	156,473	(60,073)	This line item is for IT services and software licenses. In 2019, SFE contracted with Lewan and Associates for these services in the cloud which was underbudgeted.

### **Next Year's Budget**

The Authority's General Fund balance at the end of the 2019 fiscal year totaled \$4,212,720. The Authority's 2020 General Fund budget was adopted by the Board of Directors anticipating an ending balance of approximately \$3,266,859.

### **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 & EMS Authority, P.O. Box 4910, Frisco, CO 80443.

## **Basic Financial Statements**

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# Summit Fire & Emergency Medical Services Authority

## Statement of Net Position

December 31, 2019

	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash, cash equivalents and investments	\$ 2,703,440	\$ 61,204	\$ 2,764,644
Receivables:			
Accounts receivable	191,201	5,810	197,011
Internal balances	27,460	(27,460)	-
Capital assets:			
Being depreciated, net	-	36,186	36,186
Net pension asset	270,027	-	270,027
<b>Total assets</b>	<b>3,192,128</b>	<b>75,740</b>	<b>3,267,868</b>
<b>Deferred outflows of resources</b>			
Deferred outflows of resources relating to pensions	3,272,498	-	3,272,498
<b>Liabilities</b>			
Accounts payable	48,336	2,892	51,228
Accrued liabilities	322,929	-	322,929
Due to Lake Dillon Fire	155,154	-	155,154
Accrued compensated absences			
Due within one year	64,001	3,325	67,326
Due in more than one year	576,012	9,975	585,987
Net Pension Liability	770,957	-	770,957
<b>Total liabilities</b>	<b>1,937,389</b>	<b>16,192</b>	<b>1,953,581</b>
<b>Deferred inflows of resources</b>			
Deferred inflows of resources relating to pensions	8,236	-	8,236
<b>Total deferred inflows of resources</b>	<b>8,236</b>	<b>-</b>	<b>8,236</b>
<b>Net position</b>			
Net investment in capital assets	-	36,186	36,186
Restricted for:			
Emergencies	325,114	-	325,114
Pensions	270,027	-	270,027
Unrestricted	3,923,860	23,362	3,947,222
<b>Total net position</b>	<b>\$ 4,519,001</b>	<b>\$ 59,548</b>	<b>\$ 4,578,549</b>

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

# Summit Fire & Emergency Medical Services Authority

## Statement of Activities

Year Ended December 31, 2019

Functions/programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental activities:</b>				
Firefighters	\$ 6,994,456	\$ 153,735	\$ 26,287	\$ -
Administration	754,017	9,498,835	-	-
Community risk division	533,692	811,497	-	-
Support services	703,719	-	-	-
Stations and grounds	183,606	261,063	-	-
Apparatus	282,942	-	-	-
State and federal wildland response	20,355	14,523	-	-
Volunteers	207	-	-	-
Total governmental activities	9,472,994	10,739,653	26,287	-
<b>Business-type activities:</b>				
Snake River Fleet Services	348,855	381,834	-	-
Total business-type activities	348,855	381,834	-	-
<b>Total primary government</b>	<b>\$ 9,821,849</b>	<b>\$ 11,121,487</b>	<b>\$ 26,287</b>	<b>\$ -</b>
<b>General revenues</b>				
Earnings on investments				
Miscellaneous revenue				
Total general revenues				
<b>Changes in net position</b>				
Net position at beginning of year				
Net position at end of year				

Net (Expense) Revenue and  
Changes in Net Position

Governmental Activities	Business-type Activities	Total
\$ (6,814,434)	\$ -	\$ (6,814,434)
8,744,818	-	8,744,818
277,805	-	277,805
(703,719)	-	(703,719)
77,457	-	77,457
(282,942)	-	(282,942)
(5,832)	-	(5,832)
(207)	-	(207)
1,292,946	-	1,292,946
-	32,979	32,979
-	32,979	32,979
1,292,946	32,979	1,325,925
64,504	-	64,504
6,690	-	6,690
71,194	-	71,194
1,364,140	32,979	1,397,119
3,154,861	26,569	3,181,430
\$ 4,519,001	\$ 59,548	\$ 4,578,549

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

# Summit Fire & Emergency Medical Services Authority

## Balance Sheet

### General Fund

December 31, 2019

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#### Assets

Cash, cash equivalents and investments	\$	2,703,440
Accounts receivables		191,201
Due from Fleet Service Fund		27,460

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Total assets	\$	2,922,101
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#### Liabilities and fund balance

##### Liabilities

Accounts payable	\$	48,336
Accrued liabilities		322,929
Due to Lake Dillon Fire Protection District		155,154

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Total liabilities		526,419
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##### Fund balance

Restricted for emergencies		325,114
Unassigned		2,070,568

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Total fund balance		2,395,682
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<b>Total liabilities and fund balance</b>	<b>\$</b>	<b>2,922,101</b>
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*The accompanying notes are an integral part of these financial statements.*

# Summit Fire & Emergency Medical Services Authority

## Reconciliation of the General Fund Balance Sheet with the Government-wide Statement of Net Position

December 31, 2019

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

Total fund balance - General Fund \$ 2,395,682

Pension asset, liability and related deferred inflows and deferred outflows of resources are not current financial resources or obligations and, therefore, are not reported in the fund financial statements.

Net pension asset	\$ 270,027	
Net pension liability	(770,957)	
Deferred outflows of resources relating to pensions	3,272,498	
Deferred inflows of resources relating to pensions	<u>(8,236)</u>	2,763,332

Accrued compensated absences payable are not due and payable from current financial resources and, therefore, are not reported as liabilities in the fund financial statements.

(640,013)

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**Total net position - governmental activities** **\$ 4,519,001**

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



# Summit Fire & Emergency Medical Services Authority

## Statement of Revenues, Expenditures and Changes in Fund Balance

### General Fund

Year Ended December 31, 2019

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#### Revenues

Contributions to Authority	\$	9,470,980
Earnings on investments		64,504
Inspection and plan review fees		811,497
Grants		26,287
Intergovernmental		414,798
Out of district response		25,430
Rental Income		2,425
State and federal wildland response		14,523
Miscellaneous revenue		6,690

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Total revenues		10,837,134
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#### Expenditures

##### Current:

Firefighters		7,259,706
Administration		767,398
Community risk division		557,747
Support services		707,314
Stations and grounds		183,606
Apparatus		282,942
State and federal wildland response		20,355
Volunteers		207

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Total expenditures		9,779,275
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<b>Change in fund balance</b>		1,057,859
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<b>Fund balance at beginning of year</b>		1,337,823
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<b>Fund balance at end of year</b>	\$	2,395,682
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*The accompanying notes are an integral part of these financial statements.*

# Summit Fire & Emergency Medical Services Authority

## Reconciliation of the General Fund Statement of Revenues, Expenditures and Changes in Fund Balance with the Government-wide Statement of Activities

Year Ended December 31, 2019

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

Change in fund balance - governmental funds \$ 1,057,859

Decrease in accrued compensated absences is shown as an expense on the government-wide financial statements and not reflected in the governmental fund financial statements. 89,871

Pension income relating to the District' changes in pension related account balances are recognized on the statement of activities and not included in the fund financial statements. 216,410

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**Change in net position - governmental activities** \$ 1,364,140

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

# Summit Fire & Emergency Medical Services Authority

## Statement of Net Position

### Proprietary Fund

December 31, 2019

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	Snake River Fleet Services Fund
<b>Assets</b>	
<b>Current assets:</b>	
Cash, cash equivalents and investments	\$ 61,204
Accounts receivable	5,810
<b>Total current assets</b>	<b>67,014</b>
<b>Noncurrent assets:</b>	
Capital assets:	
Vehicles and equipment	87,164
Less: accumulated depreciation	(50,978)
<b>Total noncurrent assets</b>	<b>36,186</b>
<b>Total assets</b>	<b>103,200</b>
<b>Liabilities</b>	
<b>Current liabilities:</b>	
Accounts payable	2,891
Due to General Fund	27,460
Compensated absences	13,300
<b>Total liabilities</b>	<b>43,651</b>
<b>Net position</b>	
Net investment in capital assets	36,186
Unrestricted	23,363
<b>Total net position</b>	<b>\$ 59,549</b>

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

# Summit Fire & Emergency Medical Services Authority

## Schedule of Revenues, Expenses and Changes in Net Position

### Proprietary Fund

Year Ended December 31, 2019

	Snake River Fleet Services Fund
<b>Operating revenues</b>	
Charges for parts and services:	
Lake Dillon Fire Protection District	\$ 169,016
Red, White & Blue Fire Protection District	130,079
Copper Mountain Fire	61,301
Summit Fire Authority	9,076
Other	12,362
<b>Total operating revenues</b>	<b>381,834</b>
<b>Operating expenses</b>	
Salaries and administrative overhead	144,839
Benefits	27,427
Payroll taxes	2,016
Workers compensation	2,986
Pension	11,299
Vehicle parts	131,357
Service vehicle	5,028
Supplies	3,001
Utilities	3,084
Tools and equipment	6,073
Training	1,626
Telephone	1,201
Depreciation expense	8,917
<b>Total operating expenses</b>	<b>348,854</b>
<b>Change in net position</b>	<b>32,980</b>
<b>Net position at beginning of year</b>	<b>26,569</b>
<b>Net position at end of year</b>	<b>\$ 59,549</b>

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

# Summit Fire & Emergency Medical Services Authority

## Statement of Cash Flows

### Proprietary Fund

Year Ended December 31, 2019

	Snake River Fleet Services Fund
<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 390,414
Cash received from interfund services provided	(8,730)
Cash paid to suppliers	(184,886)
Cash paid to employees	(186,220)
<b>Net cash flows from operating activities</b>	<b>10,578</b>
<b>Net change in cash and cash equivalents</b>	<b>10,578</b>
Cash and cash equivalents at beginning of year	50,626
<b>Cash and cash equivalents at end of year</b>	<b>\$ 61,204</b>
<b>Reconciliation of operating income to net cash flows from operating activities:</b>	
Operating income	\$ 32,980
Adjustments to reconcile operating income to net cash flows from operating activities:	
Depreciation	8,917
Changes in operating assets and liabilities:	
Receivables	8,580
Due to/from other funds	(8,730)
Accounts payable	(33,516)
Compensated absences	2,347
<b>Net cash flows from operating activities</b>	<b>\$ 10,578</b>

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

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### *Form of Organization*

The Summit Fire & Emergency Medical Services Authority (the “Authority”) is a quasi-municipal corporation organized and operated pursuant to provisions set forth in the Colorado Special Authority Act. The Authority was created as of January 1, 2018 by an intergovernmental agreement between the Lake Dillon Fire and Protection District and the Copper Mountain Consolidated Metropolitan District. The Authority was established to provide fire protection within the towns of Dillon, Silverthorne, Frisco, Montezuma, and unincorporated areas such as Dillon Valley, Keystone, Summit Cove, and Copper Mountain Colorado.

The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (“GAAP”) as applied to government units. The Governmental Accounting Standards Board (“GASB”) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority’s accounting policies are described below.

#### *Reporting Entity*

In conformity with GASB financial reporting standards, the Authority is the reporting entity for financial reporting purposes. The Authority’s Board of Directors is comprised of three representatives from Lake Dillon Fire Protection District (a voting majority) and two representatives from Copper Mountain Consolidated Metropolitan District; it is a legally separate entity; and it is fiscally independent. The Board elects its own officers from its members according to the intergovernmental agreement signed by both districts. Because of the control Lake Dillon Fire Protection District has over the Authority, the Authority is included as a component unit of the Lake Dillon Fire Protection District.

#### *Government-wide and Fund Financial Statements*

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Authority. Governmental activities, which normally are supported by taxes, charges for services, and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on user charges for support. The Authority relies on contributions from an intergovernmental agreement between Lake Dillon Fire Protection District and Copper Mountain Consolidated Metropolitan District to provide services.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to those who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the Authority's fleet service function and other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

### ***Measurement Focus, Basis of Accounting, and Financial Statement Presentation***

The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are accounted for using the current financial resources measurement focus, whereby only current assets, deferred outflows of resources, liabilities, and deferred inflows of resources generally are included in the balance sheet, and the statement of revenues, expenditures and changes in fund balance presents increases and decreases in those components. These funds use the modified accrual basis of accounting, whereby revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Revenue from government grants are deemed to be earned when the Authority incurs expenditures which satisfy the terms imposed by the respective grant contracts. Expenditures generally are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recognized only when payment is due.

Intergovernmental grants, and earnings on investments associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following governmental fund:

General Fund - The General Fund is the general operating fund of the Authority. It is used to account for all financial resources, except those required to be accounted for in another fund. This is a major fund of the Authority.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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Because governmental fund statements are presented using a measurement focus and basis of accounting different from that used in the government-wide statements, a reconciliation is presented that briefly explains the adjustments necessary to reconcile to ending net position and the change in net position.

In accordance with GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, the corresponding assets (receivables) in non-exchange transactions are recognized in the period in which the underlying exchange occurs, when an enforceable legal claim has arisen, when all eligibility requirements have been met, or when resources are received, depending on the revenue source.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the proprietary fund are charges to customers for services and parts. Operating expenses for the proprietary fund include the cost of operations and maintenance and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where the primary intent is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Authority reports the following major enterprise fund:

Snake River Fleet Services Fund - The Snake River Fleet Services Fund accounts for revenues and expenses associated with the maintenance of the Authority's and other fire Districts' vehicles and apparatus.

### ***Budgets***

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

- On or before August 1 of each year, the Authority's Fire Chief and Finance Manager shall submit to the Authority Board of Directors and to each Party's Board of Directors a preliminary draft budget which details the necessary Party Contributions needed along with other available revenues to meet the Authority's operating requirements. The Parties may continue to meet until they have reached mutual agreement on the amount of each Party's Annual Contribution. If for any reason the Parties are unable to reach such mutual



# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

agreement by October 15, then the amount of each Party's Annual Contribution in the upcoming fiscal year shall be equal to the amount of such Party's Annual Contribution in the current fiscal year, plus a percentage equal to the Consumer Price Index, U.S. Department of Labor, Bureau of Labor Statistics, all Urban Consumers, all items, Denver/Boulder/Greeley Urban (1982-84, equals 100), or the successor of that Index.

- By October 15, the Authority's Fire Chief and Finance Manager submit to the Board of Directors, a recommended budget which details the necessary Contributions needed along with other available revenues to meet the Authority's operating requirements.
- After a required publication of "Notice of Proposed Budget" and a public hearing, the Authority adopts the proposed budget via resolution, appropriating expenditures for the upcoming years.
- After adoption of the budget resolution, the Authority may make the following changes: (a) it may transfer appropriated monies between funds or between spending agencies within a fund, as determined by the original appropriation level; (b) it may approve supplemental appropriations to the extent of revenues in excess of the estimated revenues in the budget; (c) it may approve emergency appropriations; and (d) it may approve the reduction of appropriations for which originally estimated revenues are insufficient. The budget is only amended in conformity with Colorado Revised Statutes which allows the Authority to amend the budget and adopt a supplementary appropriation if money for a specific purpose, other than ad valorem taxes, becomes available to meet a contingency.
- The Authority legally adopts budgets for all of the funds of the Authority on a basis consistent with GAAP.
- Budgeted amounts in the financial statements are as originally adopted or as amended by the Board of Directors. All appropriations lapse at year end.

The following table summarizes the individual fund budgeted expenditures, as originally adopted and as revised:

	Original Budget	Total Revisions	Revised Budget
Governmental funds:			
General Fund	\$ 9,823,919	\$ -	\$ 9,823,919
Proprietary fund:			
Snake River Fleet Services Fund	355,603	-	355,603
<b>Total</b>	<b>\$ 10,179,522</b>	<b>\$ -</b>	<b>\$ 10,179,522</b>

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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### ***Cash and Cash Equivalents***

Cash and cash equivalents include cash on hand and demand deposits. All cash equivalents have an original maturity date of less than three months.

### ***Investments***

Investments are stated at fair value in accordance with GASB Statement No. 72, *Fair Value Measurement and Application*, based on quoted market values, with the exception of certain local government investment pools. These are stated at net asset value or amortized cost.

### ***Receivables***

In the government-wide financial statements, 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, 2019.

### ***Capital Assets***

Capital assets, which include land, buildings and improvements, equipment, and vehicles, are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Capital assets of the Authority will be depreciated using the straight-line method over the following estimated useful lives:

Description	Estimated Lives
Vehicles (excluding fire equipment)	3-10 years
Fire vehicles and equipment	15-20 years
Other equipment	3-20 years

### ***Interfund Transactions***

Activity between funds that represent outstanding balances between funds are reported as “due to/from other funds”. The outstanding balances between the funds result mainly from the time lag between the dates that (1) the interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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### ***Compensated Absences***

The Authority reports compensated absences in accordance with the provisions of GASB Statement No. 16, *Accounting for Compensated Absences*. Personal leave benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services rendered and it is probable that the Authority will compensate the employees for the benefits earned. The Authority permits employees to accumulate earned but unused vacation, sick and compensatory time, subject to certain limits in amounts. Sick time is paid out at one third of total accrued upon separation of services. Accumulated, unpaid time is accrued when incurred in the government-wide and proprietary financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

### ***Long-Term Obligations***

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund statement of net position.

### ***Deferred Outflows/Inflows of Resources***

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority reports deferred outflows of resources for pension-related amounts. See Note 7 for additional information.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The Authority reports a deferred inflow of resource relating to pension-related amounts. See Note 7 for additional information.

### ***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 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.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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***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.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the Authority is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, fund balances of the governmental funds are classified 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 that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally 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*** - 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 Fire Chief and the Board has the authority to assign amounts for specific purposes.

***Unassigned*** - all other spendable amounts. Only the General Fund reports a positive unassigned fund balance. In other governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to other purposes, the funds would report a negative unassigned fund balance; however, any amount reported as assigned fund balance would have to be eliminated before a negative unassigned fund balance could be reported.

When an expense or 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.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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### *Pensions*

The Authority contributes to the Statewide Defined Benefit Plan (“SWDB”) and the Statewide Hybrid Plan (“SWH”). Both plans are cost-sharing multiple-employer defined benefit pension plans administered by the Fire and Police Pension Association of Colorado (“FPPA”). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the SWDB and SWH plans and additions to/deductions from the SWDB and SWH plans fiduciary net position have been determined on the same basis as they are reported by the FPPA. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments held by FPPA are reported at fair value.

### *Estimates*

The presentation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from those estimates.

## 2. CASH, CASH EQUIVALENTS AND INVESTMENTS

The following is a summary of cash, cash equivalents and investments, including restricted amounts as of December 31, 2019:

Deposits with financial institutions	\$ 213,650
Investments	2,550,994
<b>Total</b>	<b>\$ 2,764,644</b>

The amounts are classified in the statement of net position is as follows:

Cash, cash equivalents and investments:	
Governmental activities	\$ 2,703,440
Business-type activities	61,204
	<b>\$ 2,764,644</b>

### *Custodial Credit Risk - Deposits*

Colorado state statutes govern the entity’s deposits of cash. For deposits in excess of federally insured limits, Colorado Revised Statutes require the depository institution to maintain collateral on deposit with an official custodian (as authorized by the State Banking Board). The Colorado Public Deposit

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

Protection Act (“PDPA”) requires state regulators to certify eligible depositories for public deposit. PDPA requires the eligible depositories with public deposits in excess of the amounts insured by the Federal Deposit Insurance Corporation (“FDIC”) to create a single institutional collateral pool of obligations of the State of Colorado or local Colorado governments and obligations secured by first lien mortgages on real property located in the state. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The market value of the assets in the pool must be at least 102% of the uninsured deposits. At December 31, 2019, the Authority had deposits with financial institutions of \$213,650. The bank balances with the financial institutions were \$273,766, of which \$250,000 was covered by federal depository insurance. The remaining balance of \$23,766 was collateralized with securities held by the financial institutions’ agents but not in the District’s name.

### *Investments*

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which the Authority may invest, which include:

- Certificates of deposit with an original maturity in excess of three months
- Certain obligations of the United States and U.S. Government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Banker’s acceptance of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Authority’s policy is to hold investments until maturity.

At December 31, 2019, the Authority had the following investments:

	S&P Rating	Value	Weighted Ave. Maturity Date (in days)	Concentration of Credit Risk
ColoTrust	AAAm	\$ 2,550,994	N/A	100.00%
		\$ 2,550,994		

The Authority categorizes its fair value measurement within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

The Authority's investment balances at fair value hierarchy are as follows:

	Level 1	Level 2	Level 3	Total
Investments measured at NAV	\$ -	\$ -	\$ -	\$ 2,550,994
	\$ -	\$ -	\$ -	\$ 2,550,994

### ***Local Government Investment Pools – COLOTRUST***

At December 31, 2019, the Authority had invested \$2,550,994 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 ("NAV"). There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

### ***Custodial Credit Risk – Investments***

For investments, custodial credit risk is the risk that in the event of a failure of a counter party, the Authority would not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a specific policy for custodial credit risk. As of December 31, 2019, the Authority had no investments exposed to custodial credit risk.

### ***Interest Rate Risk***

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates. The Authority limits its investments to savings accounts, certificates of deposits, and investment pools where each share is equal to one dollar, thus the Authority avoids interest rate risk. The Authority also holds U.S. Government fixed income securities with maturities five years and under in compliance with Colorado Revised Statutes. At December 31, 2019, all U.S. Government fixed income securities mature in 1-5 years.



# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

### 3. CAPITAL ASSETS

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities</b>				
<b>Capital assets, being depreciated:</b>				
Vehicles and equipment	\$ 87,164	\$ -	\$ -	\$ 87,164
Total capital assets, being depreciated	87,164	-	-	87,164
<b>Less accumulated depreciation for:</b>				
Vehicles and equipment	(42,061)	(8,917)	-	(50,978)
Total accumulated depreciation	(42,061)	(8,917)	-	(50,978)
<b>Business-type activities capital assets, net</b>	<b>\$ 45,102</b>	<b>\$ (8,917)</b>	<b>\$ -</b>	<b>\$ 36,186</b>

Depreciation for business-type activity capital assets has been allocated to the Snake River Fleet Services Fund.

### 4. LONG-TERM DEBT

#### *Governmental Activities Debt*

Following is a summary of governmental activity compensated absences and termination benefits for the year ended December 31, 2019:

	Beginning Balance	Transfers/ Additions	Retirements	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
Compensated absences and termination benefits	\$ 729,883	\$ 670,335	\$ 760,205	\$ 640,013	\$ 64,001
<b>Total governmental activities</b>	<b>\$ 729,883</b>	<b>\$ 670,335</b>	<b>\$ 760,205</b>	<b>\$ 640,013</b>	<b>\$ 64,001</b>

Following is a summary of business-type activity compensated absences and termination benefits for the year ended December 31, 2019:

	Beginning Balance	Transfers/ Additions	Retirements	Ending Balance	Due Within One Year
<b>Business-type activities</b>					
Compensated absences and termination benefits	\$ 10,953	\$ 27,759	\$ 25,412	\$ 13,300	\$ 3,325
<b>Total business-type activities</b>	<b>\$ 10,953</b>	<b>\$ 27,759</b>	<b>\$ 25,412</b>	<b>\$ 13,300</b>	<b>\$ 3,325</b>



# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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### 5. RISK MANAGEMENT

The Authority is exposed to various risks of loss related to worker's compensation; general liability; unemployment; torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority carries commercial insurance covering specific and general risks of loss, including workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years. There have been no significant reductions in insurance coverage.

### 6. SUMMIT FIRE AUTHORITY AGREEMENT

The Summit Fire Authority (the "SFA") was officially formed on July 7, 1983, a successor to the Summit County Cooperative Fire Board Association.

The purpose of the SFA is to conduct business and affairs for the benefit of the contracting parties and their inhabitants, and to develop cooperative programs designed to improve the fire protection and related service capabilities of the contracting parties, and implement cost savings to the contracting parties through various types of resource pooling and joint purchase, use or participation arrangements.

The current contracting parties are Summit Fire & Emergency Medical Services Authority and Red, White & Blue Fire Protection District. The SFA is governed by a Board of Directors comprised of two representatives from the Authority representing one from Lake Dillon Fire Protection District and one from Copper Mountain Consolidated Metropolitan District and one from Red, White & Blue Fire Protection District. The Board elects its own officers from its members.

Effective January 1, 2009, the SFA entered into an agreement titled the "Agreement Governing the Summit County Fire Protection Authority" (the "Agreement"). The Agreement was modified with the purpose of updating operating, business, contractual, and financial provisions to memorialize the current business activities of the Authority. This Agreement modified the original agreement establishing the Summit Fire Authority.

On an annual basis, the SFA shall assess to each contracting party a fixed fee to cover the administrative and other operational expense of the SFA. The Authority may withdraw from the SFA for the following year by giving appropriate notice during the period June 1 through July 15 of any year. Upon withdrawal, the Authority would have no equity in the SFA's assets. However, the Authority could be held liable for its share of any liabilities incurred during the period it was a participant.

Upon termination of the Agreement and the dissolution of the SFA, all assets of the SFA shall immediately vest to the contracting parties subject to any outstanding liens, mortgages or other pledges of such assets. This distribution shall be in proportion to each contracting party's percentage of the total amount paid to the SFA. However, the contracting parties may upon unanimous agreement dispose of any and all interests of the SFA to any successors to the Authority or for any alternate disposition among the contracting parties.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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During 1999 and 2002, the SFA entered into a lease purchase agreement in the amount of \$1,178,419 bearing interest at 4.27% annually and into an additional lease purchase agreement in the amount of \$255,000 bearing interest at 4.50% annually. The lease proceeds were used to construct a Training Facility. As Lake Dillon Fire Protection District and Copper Mountain Consolidated Metropolitan District who were parties to the SFA at the inception of the two leases, the Districts were obligated to make annual payments to the SFA of \$99,000 through 2009. The lease agreements have been paid in full. Under the Agreement, the Authority has the right to make use of the Training Facility without further charge.

The SFA paid \$9,076 to the Authority in 2019 for fleet parts and services. In addition, the Authority paid \$261,996 to the SFA for High Country Training Center, hazmat, and outside training services.

The audited financial statements of the SFA may be obtained by calling the SFA's main office at (970) 668-4330.

## 7. EMPLOYEE RETIREMENT PLANS

### *State of Colorado Fire and Police Pension Association - Defined Benefit Plan*

*Plan description.* The Statewide Defined Benefit Plan is a cost-sharing multiple-employer defined benefit pension plan covering substantially all full-time employees of participating fire or police departments in Colorado hired on or after April 8, 1978 (New Hires), provided that they are not already covered by a statutorily exempt plan. As of August 1, 2003, the SWDB may include clerical and other personnel from fire Districts whose services are auxiliary to fire protection. The SWDB became effective January 1, 1980.

Employers once had the option to elect to withdraw from the SWDB, but a change in state statutes permitted no further withdrawals after January 1, 1988.

Colorado Revised Statutes Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

*Benefits provided.* The annual normal retirement benefit is 2.0 percent of the average of the member's highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter. The benefit earned prior to January 1, 2007 for members of affiliated Social Security employers will be reduced by the amount of Social Security income payable to the member annually. Effective January 1, 2007, members currently covered under Social Security will receive half the benefit when compared to the SWDB. Benefits paid to retired members are evaluated and may be re-determined every October 1. The amount of any increase is based on the Board's discretion and can range from 0.0 to the higher of 3.0 percent or the Consumer Price Index.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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In addition, upon retirement a member may receive additional benefits credited to the member's "Separate Retirement Account" each year after January 1, 1988. These are attributable to contributions in excess of the actuarially determined pension cost and the allocation of the net Fire & Police Members' Benefit Investment Fund earnings and losses thereon. Members do not vest in amounts credited to their Separate Retirement Account ("SRA") until retirement, and the SWDB may use such stabilization reserve amounts to reduce pension cost in the event such cost exceeds contributions. It was previously mentioned that reentry members have a higher contribution rate. As a result their SRA has two components; the standard SRA and the reentry SRA. The component of a member's SRA attributable to the higher contribution rate is considered the reentry SRA. The reentry SRA cannot be used to subsidize the costs for the non-reentry members. Effective July 1, 2016, the standard Separate Retirement Account contribution rate for members of the Fire & Police SWDBP was set at 0.0 percent. The reentry SRA contribution rate was set at 3.70 percent.

A member is eligible for an early retirement at age 50 with at least five years of credited service or after 30 years of service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, an employee may elect to have member contributions, along with 5.0 percent as interest, returned as a lump sum distribution. Alternatively, a member with at least five years of accredited service may leave contributions with the SWDB and remain eligible for a retirement pension at age 55 equal to 2.0 percent of the member's average highest three years' base salary for each year of credited service up to ten years, plus 2.5 percent for each year of service thereafter.

*Contributions.* The SWDBP sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. Contribution rates for the SWDBP are set by state statute. Employer contribution rates can only be amended by state statute. Member contribution rates can be amended by state statute or election of the membership.

Members of the SWDBP and their employers are contributing at the rate of 10.0 percent and 8.0 percent, respectively, of base salary for a total contribution rate of 18 percent in 2018. In 2014, the members elected to increase the member contribution rate to the SWDBP beginning in 2015. Member contribution rates will increase 0.5 percent annually through 2022 to a total of 12.0 percent of base salary. Employer contributions will remain at 8.0 percent resulting in a combined contribution rate of 20.0 percent in 2022.

Contributions from members and employers of departments reentering the system are established by resolution and approved by the FPPA Board of Directors. The reentry group has a combined contribution rate of 22.0 percent of base salary in 2018. It is a local decision as to whether the member or employer pays the additional 4.0 percent contribution. Per the 2014 member election, the reentry group will also have their required member contribution rate increase 0.5 percent annually beginning in 2015 through 2022 for a total combined member and employer contribution rate of 24.0 percent in 2022.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

The contribution rate for members and employers of affiliated social security employers is 4.75 percent and 4.0 percent, respectively, of base salary for a total contribution rate of 8.75 percent in 2018. Per the 2014 member election, members of the affiliate social security group will have their required contribution rate increase 0.25 percent annually beginning in 2015 through 2022 to a total of 6.0 percent of base salary. Employer contributions will remain at 4.0 percent resulting in a combined contribution rate of 10.0 percent in 2022.

Contributions to the SWDB from the Authority were \$330,968 for the year ended December 31, 2019.

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At December 31, 2019, the Authority reported a net pension liability of \$770,957 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2018, the Authority's proportion was 0.6098 percent, which was a decrease of 0.0743 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Authority recognized pension expense of \$118,429. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 990,614	\$ 8,236
Changes of assumptions or other inputs	746,647	-
Net difference between projected and actual earnings on pension plan investments	606,475	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	205,660	-
Authority contributions subsequent to the measurement date	330,968	-
	<u>\$ 2,880,364</u>	<u>\$ 8,236</u>

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

The \$330,968 reported as deferred outflows of resources relating to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2020	\$ 434,634
2021	315,064
2022	374,145
2023	477,369
2024	248,684
Thereafter	691,264
	\$ 2,541,160

*Actuarial assumptions.* The actuarial valuations for the SWDB were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term investment rate of return	7.0%	7.5%
Projected salary increases	4.25 - 11.25 percent	4.0 - 14.0 percent
Cost of Living Adjustment (COLA)	0.0 percent	0.0 percent
*Includes Inflation at	2.5 percent	2.5 percent

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018. Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors were used.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	37.0%	8.03%
Equity Long/Short	9.0%	6.45%
Illiquid Alternatives	24.0%	10.00%
Fixed Income	15.0%	2.90%
Absolute Return	9.0%	5.08%
Managed Futures	4.0%	5.35%
Cash	2.0%	2.52%
<b>Total</b>	<b>100.0%</b>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Board's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWDB fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Projected benefit payments are required to be discounted to their actuarial present values using a Single Discount Rate that reflects (1) a long-term expected rate of return on pension plan investments (to the extent that the plan's fiduciary net position is projected to be sufficient to pay benefits) and (2) tax-



# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the plan’s projected fiduciary net position is not sufficient to pay benefits).

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the “state & local bonds” rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

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

	<b>1.00% Decrease* (6.00%)</b>	<b>Current Discount Rate* (7.00%)</b>	<b>1.00% Increase* (8.00%)</b>
Authority’s proportionate share of the net pension liability/(asset)	\$2,989,677	\$770,957	\$(1,069,432)

*Pension plan fiduciary net position.* Detailed information about the pension plan’s fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

### ***State of Colorado Fire and Police Pension Association - Statewide Hybrid Plan***

*Plan description.* The Statewide Hybrid Plan is a cost-sharing multiple-employer defined benefit pension plan covering full-time firefighters and police officers from departments that elect coverage. The SWH Plan may also cover clerical staff or other fire district personnel whose services are auxiliary to fire protection. The SWH Plan is comprised of two components: Defined Benefit and Money Purchase. With the latter component, members have the option of choosing among various investment options offered by an outside investment manager.

Employers may not withdraw from the SWH Plan once affiliated. The SWH Plan assets for the Defined Benefit Component are included in the Fire & Police Members’ Benefit Investment Fund and Plan assets associated with the Money Purchase Component and the Deferred Retirement Option Plan (“DROP”) are included in the Fire & Police Members’ Self-Directed Investment Fund.

Colorado Revised Statutes, Title 31, Article 31 grants the authority to establish and amend the benefit terms to the Fire & Police Pension Association of Colorado Board of Directors. The Fire & Police Pension Association of Colorado issues a publicly available financial report that can be obtained at [www.fppaco.org](http://www.fppaco.org).

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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*Benefits provided.* The SWH Plan document states that any member may retire from further service and become eligible for a normal retirement pension at any time after age 55, if the member has at least 25 years of service.

The annual normal pension of the Defined Benefit Component is 1.5 percent of the average of the member's highest three years' base salary for each year of credited service. Benefits paid to retired members of the Defined Benefit Component are evaluated and may be re-determined annually on October 1. The amount of any increase is based on the Board's discretion and can range from 0 to 3 percent.

A member is eligible for early retirement after of 30 years of service or attainment of age 50 with at least five years of credited service. The early retirement benefit equals the normal retirement benefit reduced on an actuarially equivalent basis. Upon termination, a member may elect to have all contributions, along with 5 percent as interest, returned as a lump sum distribution from the Defined Benefit Component. Alternatively, a member with at least five years of accredited service may leave contributions with the Defined Benefit Component of the SWH Plan and remain eligible for a retirement pension at age 55 equal to 1.5 percent of the average of the member's highest three years' base salary for each year of credited service.

*Contributions.* The SWH Plan sets contribution rates at a level that enables all benefits to be fully funded at the retirement date of all members. The members of this SWH Plan and their employers are currently each contributing at the rate determined by the individual employer, however, the rate for both employer and members must be at least 8 percent of the member's base salary. The amount allocated to the Defined Benefit Component is set annually by the Fire & Police Pension Association Board of Directors. Excess contributions fund the Money Purchase Component of the Plan. The Defined Benefit Component contribution rate from July 1, 2018 through June 30, 2019 was 13.40 percent. The Defined Benefit Component contribution rate from July 1, 2017 through June 30, 2018 was 14.80 percent.

Within the Money Purchase Component, members are always fully vested in their own contributions, as well as the earnings on those contributions. Vesting in the employer's contributions within the Money Purchase Component, and earnings on those contributions occurs according to the vesting schedule set by the plan document at 20 percent per year after the first year of service to be 100 percent vested after 5 years of service. Employee and member contributions are invested in funds at the discretion of members.

Contributions to the SWH Plan from the Authority were \$30,963 for the year ended December 31, 2019.

### *Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*

At December 31, 2019, the Authority reported a net pension asset of \$270,027 for its proportionate share of the net pension asset. The net pension asset was measured as of December 31, 2018, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as



# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

of that date. The Authority's proportion of the net pension asset was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating Departments, actuarially determined. At December 31, 2018, the Authority's proportion was 1.9562 percent, which was an increase of .0348 from its proportion measured as of December 31, 2017.

For the year ended December 31, 2019, the Authority recognized pension expense of \$27,092. At December 31, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 189,950	\$ -
Changes of assumptions or other inputs	39,312	-
Net difference between projected and actual earnings on pension plan investments	57,658	-
Changes in proportion and differences between contributions recognized and proportionate share of contributions	74,251	-
Authority contributions subsequent to the measurement date	30,963	-
	<b>\$ 392,134</b>	<b>\$ -</b>

The \$30,963 reported as deferred outflows of resources relating to pensions resulting from Authority contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended December 31, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended December 31,	Amortization
2020	\$ 81,092
2021	69,881
2022	66,412
2023	82,086
2024	50,681
Thereafter	11,018
	<b>\$ 361,170</b>

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

*Actuarial assumptions.* The actuarial valuations for the SWH plan were used to determine the total pension liability and actuarially determined contributions for the fiscal year ending December 31, 2018. The valuations used the following actuarial assumption and other inputs:

	Total Pension Liability	Actuarial Determined Contributions
Actuarial Valuation Date	January 1, 2019	January 1, 2018
Actuarial Method	Entry Age Normal	Entry Age Normal
Amortization Method	N/A	Level % of Payroll, Open
Amortization Period	N/A	30 Years
Long-term investment rate of return	7.0%	7.5%
Projected salary increases	4.25 - 11.25 percent	4.0 - 14.0 percent
Cost of Living Adjustment (COLA)	0.0 percent	0.0 percent
*Includes Inflation at	2.5 percent	2.5 percent

For determining the total pension liability, the post-retirement mortality tables for non-disabled retirees uses the 2006 central rates from the RP-2014 Annuitant Mortality Tables projected to 2018 using the MP-2017 projection scales, and the projected prospectively using the ultimate rates of the scale for all years. The pre-retirement off-duty mortality tables are adjusted to 50% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00015.

For determining the actuarial determined contributions, the post-retirement mortality tables for non-disabled retirees is a blend of the Annuitant and Employee RP-2014 generational mortality tables with blue collar adjustment projected with Scale BB. The pre-retirement off-duty mortality tables are adjusted to 55% of the RP-2014 mortality tables for active employees. The on-duty mortality rate is 0.00020.

At least every five years the FPPA's Board of Directors, in accordance with best practices, reviews its economic and demographic actuarial assumptions. At its July 2018 meeting, the Board of Directors reviewed and approved recommended changes to the actuarial assumptions. The recommendations were made by the FPPA's actuaries, Gabriel, Roeder, Smith & Co., based upon their analysis of past experience and expectations of the future. The assumption changes were effective for actuarial valuations beginning January 1, 2019 and were used in the rollforward calculation of total pension liability as of December 31, 2018., Actuarial assumptions effective for actuarial valuations prior to January 1, 2019 were used in the determination of the actuarially determined contributions as of December 31, 2018. The actuarial assumptions impact actuarial factors for benefit purposes such as purchases of service credit and other benefits where actuarial factors were used.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation (assumed at 2.5%). Best estimates of arithmetic real rates of return for each major asset class included in the Fund's target asset allocation as of December 31, 2018 are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long Term Expected Rate of Return</b>
Global Equity	37.0%	8.03%
Equity Long/Short	9.0%	6.45%
Illiquid Alternatives	24.0%	10.00%
Fixed Income	15.0%	2.90%
Absolute Return	9.0%	5.08%
Managed Futures	4.0%	5.35%
Cash	2.0%	2.52%
<b>Total</b>	<b>100.0%</b>	

*Discount rate.* The discount rate used to measure the total pension liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that contributions from participating employers will be made based on the actuarially determined rates based on the Fire & Police Pension Association Board of Director's funding policy, which establishes the contractually required rates under Colorado statutes. Based on those assumptions, the SWH Plan fiduciary net position was projected to be available to make all the projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

For the purpose of this valuation, the expected rate of return on pension plan investments is 7.00%; the municipal bond rate is 3.71% (based on the weekly rate closest to but not later than the measurement date of the "state & local bonds" rate from Federal Reserve statistical release (H.15)); and the resulting Single Discount Rate is 7.00%.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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

	<b>1.00% Decrease* (6.00%)</b>	<b>Current Discount Rate* (7.00%)</b>	<b>1.00% Increase* (8.00%)</b>
Authority's proportionate share of the net pension liability/ (asset)	\$(132,405)	\$(270,027)	\$(385,400)

*Pension plan fiduciary net position.* Detailed information about the pension plan's fiduciary net position is available in the separately issued Fire & Police Pension Association of Colorado financial report.

### ***State of Colorado Fire and Police Pension Association – Statewide Hybrid Plan – Money Purchase Plan Only***

FPPA offers a statewide money purchase plan for fire employees. This plan is a defined contribution plan. Under this plan, 8% of the employee's regular salary was withheld and contributed to the plan. The Authority contributes 8%. The employee is 100% vested in his or her contribution and earns a 100% vested right to the Authority contributions after five years of service at the rate of 20% per year. The employee's contributions to this plan for the years ended December 31, 2019, 2018, and December 31, 2017, were \$16,881, \$17,417, and \$16,943, respectively, with the Authority's contributions being \$16,881, \$17,417, and \$16,943, respectively.

FPPA issues an annual, publicly available financial report that includes the statewide money purchase plan. The report may be obtained on FPPA's website at [www.fppaco.org](http://www.fppaco.org).

## **8. DEFERRED COMPENSATION PLANS**

### ***Section 401(a)***

The Authority provides a deferred compensation pension plan in accordance with Internal Revenue Code Section 401(a) that is being administered by ICMA Retirement Corporation. The Authority has no administration or fiduciary responsibilities for this plan. All non-firefighter, full-time employees are required to participate in this plan at the time they begin work. The plan vests at 20% per year and plan members are fully vested after five years of employment. In service distributions can be made after a participant attains the normal retirement age. The Authority is required to contribute 8% and plan members are required to contribute 8% of salary to the plan. In 2019, this amounted to \$72,220 each for the Authority and the plan members, totaling \$144,440.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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### *Deferred Compensation Plans – Section 457*

The Authority offers its employees a deferred compensation plan created in accordance with Internal Service Code 457 (“457 Plan”). The Authority has three 457 plans, one of which is administered by FPPA and covers all commissioned firefighters of the Authority, the other two are administered by ICMA Retirement and one covers the non-firefighter employees of the Authority and one covers the part-time, temporary, and seasonal non-firefighters of the Authority (“457 PTS Plan”). The plans allow its participants to defer a portion of their current salary to all future years. Participation in the plans is optional except for the 457 PTS Plan which is mandatory. The primary purpose of this 457 PTS Plan is to provide retirement benefits comparable to the benefits these employees would receive under Social Security. A minimum contribution of 7.5 percent of an employee’s gross salary is required under the 457 PTS Plan. The Authority and employee contribute 3.75% to the 457 PTS Plan. The deferred compensation is not available to the participants until termination, retirement, death, or an unforeseeable emergency occurs. The plan assets are held in trust for the benefit of the employee and therefore not reflected on the financial statements of the Authority.

### **9. RELATED PARTY TRANSACTIONS**

As discussed in Note 1, the Authority was created by an intergovernmental agreement (“IGA”) between Lake Dillon Fire Protection District and the Copper Mountain Consolidated Metropolitan District. As part of the creation of the Authority, each party paid to the Authority an initial contribution in 2018 that was approved by the District’s board as part of the budget process. During the year ended December 31, 2019, the Authority received \$7,627,026 from the Lake Dillon Fire Protection District and \$1,843,954 from the Copper Mountain Consolidated Metropolitan District.

In addition, per the IGA, the Districts retained ownership of their respective fire stations and will lease the Authority leases the fire stations from the Districts at a rate of \$1 per year to each District. Finally, the Districts retained ownership of the apparatus, vehicles and related equipment and these items are leased by the Authority at a rate of \$1 per year to each District.

### **10. TABOR COMPLIANCE**

In November 1992, Colorado voters passed an amendment (the “Amendment” or “TABOR”) to the State Constitution (Article X, Section 20), which limits the revenue raising and spending abilities of state and local Districts. The limits on property taxes, revenue, and “fiscal year spending” include allowable annual increases tied to inflation and local growth in construction valuation. Fiscal year spending, as defined by the Amendment, excludes spending from certain revenue and financing sources, such as federal funds, gifts, property sales, fund transfers, damage awards, and fund reserves (balances). The Amendment requires voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue earned in excess of the “spending limit” must be refunded or approved to be retained by the Authority under specified voting requirements by the entire electorate.

# Summit Fire & Emergency Medical Services Authority

## Notes to Financial Statements

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The Amendment also requires local Districts to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by the Amendment, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year spending (excluding bonded debt service). The Authority has restricted \$325,114 for this purpose.

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

### 11. SUBSEQUENT EVENTS

Management of the Authority has evaluated subsequent events through June 18, 2020, the date that the financial statements were available to be issued.

It was announced on April 1, 2019 that as of January 1, 2020, the Summit Fire & Emergency Medical Services Authority and Summit County Ambulance Services will merge into a single organization per the Summit County Board of Commissioners and the Authority Board of Directors.

The COVID-19 outbreak, which was declared a worldwide pandemic on March 11, 2020 by the World Health Organization (“WHO”), has caused business disruption in a variety of industries, markets and geographic regions. While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration. The extent to which the District’s operational and financial performance will be affected is also uncertain. Therefore, while the District expects this matter to negatively impact their business, results of operations, and financial position, the related financial impact cannot be reasonably estimated at this time.

The Fire and Police Pension Association of Colorado proposed House Bill 20-1044 legislation in January 2020. The bill requested increased contributions by employers in both the Statewide Death & Disability Plan (“D&D”) and the Statewide Defined Benefit Plan (“SWDB”). The D&D plan proposal increased the employer contribution by 0.02 percent in 2021 for a total of 3.0 percent with an allowance for the FPPA Board of Directors to adjust the rate by 0.2 percent annually and the SWDB by 4.0 percent with increases by 0.5 percent annually beginning in 2021, with a total rate of 12 percent in 2028.

No additional transactions or events that would require adjustment to or disclosure in the financial statements were identified.

## Required Supplementary Information

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# Summit Fire & Emergency Medical Services Authority

## Schedule of Revenues, Expenditures and Changes in Fund Balance (Budget and Actual) - General Fund

Year Ended December 31, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts Budget Basis	Final Budget Positive (Negative)
<b>Revenues</b>				
Contributions to Authority	\$ 9,470,980	\$ 9,470,980	\$ 9,470,980	\$ -
Earnings on investments	25,000	25,000	64,504	39,504
Inspection and plan review fees	210,000	210,000	811,497	601,497
Grants	6,500	6,500	26,287	19,787
Intergovernmental	419,501	419,501	414,798	(4,703)
Out of district response	10,000	10,000	25,430	15,430
Rental income	1,000	1,000	2,425	1,425
Fleet service reimbursement	176,537	176,537	-	(176,537)
State and federal wildland response	10,000	10,000	14,523	4,523
Miscellaneous revenue	4,400	4,400	6,690	2,290
<b>Total revenues</b>	<b>10,333,918</b>	<b>10,333,918</b>	<b>10,837,134</b>	<b>503,216</b>
<b>Expenditures</b>				
Firefighters:				
Salaries	4,535,655	4,535,655	4,608,116	(72,461)
Payroll taxes	69,231	69,231	73,132	(3,901)
Pension expense	380,993	380,993	367,709	13,284
FPPA D&D	122,464	122,464	121,161	1,303
Uniforms	66,250	66,250	74,017	(7,767)
Health insurance	956,102	956,102	956,407	(305)
Disability and life insurance	23,246	23,246	22,908	338
Workers compensation	114,144	114,144	108,699	5,445
Routine overtime	216,466	216,466	192,487	23,979
Overtime	200,000	200,000	322,679	(122,679)
Current leave benefits	42,955	42,955	31,440	11,515
Supplies	16,400	16,400	11,929	4,471
Equipment repair	16,300	16,300	20,430	(4,130)
Dues and subscriptions	750	750	-	750
Physicals and drug tests	9,569	9,569	12,506	(2,937)
Conferences and education	38,780	38,780	28,328	10,452
Personal protective equipment	38,000	38,000	36,898	1,102
SFA hazmat assessment	16,464	16,464	16,464	-
SFA administration and training	245,530	245,530	245,532	(2)
Medical supplies	11,000	11,000	8,864	2,136
<b>Total firefighters</b>	<b>7,120,299</b>	<b>7,120,299</b>	<b>7,259,706</b>	<b>(139,407)</b>

*Continued.*



# Summit Fire & Emergency Medical Services Authority

## Schedule of Revenues, Expenditures and Changes in

### Fund Balance (Budget and Actual) - General Fund

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Administration:				
Administrative salaries	398,034	398,034	401,507	(3,473)
Payroll taxes	5,771	5,771	5,669	102
Pension expense	31,597	31,597	31,899	(302)
Uniforms	2,410	2,410	1,035	1,375
Health insurance	69,023	69,023	65,026	3,997
Disability and life insurance	2,899	2,899	3,027	(128)
Workers compensation	4,492	4,492	2,635	1,857
Current leave benefits	5,235	5,235	3,984	1,251
Directors and Chief expense	23,861	23,861	24,539	(678)
Insurance	61,000	61,000	62,364	(1,364)
Miscellaneous staff benefits	7,572	7,572	3,856	3,716
Legal services	22,000	22,000	64,681	(42,681)
Audit	14,500	14,500	19,833	(5,333)
Supplies	23,835	23,835	20,345	3,490
Dues and subscriptions	7,595	7,595	3,647	3,948
Conferences and education	7,800	7,800	11,284	(3,484)
Education allowance	58,515	58,515	32,117	26,398
Human resources expense	3,750	3,750	1,297	2,453
Accreditation expense	15,450	15,450	8,653	6,797
<b>Total administration</b>	<b>765,339</b>	<b>765,339</b>	<b>767,398</b>	<b>(2,059)</b>
Community risk division:				
Salaries	406,335	406,335	405,769	566
Payroll taxes	5,892	5,892	5,772	120
Pension expense	32,507	32,507	32,073	434
FPPA D&D	4,333	4,333	4,340	(7)
Uniforms	4,870	4,870	2,041	2,829
Health insurance	62,203	62,203	51,324	10,879
Disability and life insurance	3,732	3,732	3,209	523
Workers compensation	9,199	9,199	8,427	772
Current leave benefits	5,364	5,364	1,518	3,846
Supplies	4,300	4,300	3,449	851
Dues and subscriptions	4,100	4,100	2,556	1,544

*Continued.*

# Summit Fire & Emergency Medical Services Authority

## Schedule of Revenues, Expenditures and Changes in

### Fund Balance (Budget and Actual) - General Fund

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Community risk division (continued)				
Conferences and education	9,700	9,700	8,111	1,589
Public education	6,000	6,000	3,276	2,724
Physicals and drug tests	480	480	215	265
Fire investigation expense	595	595	507	88
Contractual Services	-	-	25,160	(25,160)
<b>Total community risk division</b>	<b>559,610</b>	<b>559,610</b>	<b>557,747</b>	<b>1,863</b>
Support services:				
Salaries	337,879	337,879	294,301	43,578
Payroll taxes	4,899	4,899	4,178	721
Pension expense	26,630	26,630	20,070	6,560
FPPA D&D	3,308	3,308	1,828	1,480
Uniforms	1,610	1,610	347	1,263
Health insurance	50,403	50,403	28,913	21,490
Disability and life insurance	2,838	2,838	1,476	1,362
Workers compensation	3,108	3,108	2,743	365
Current leave benefits	5,121	5,121	3,556	1,565
Supplies	27,290	27,290	29,605	(2,315)
Equipment repair	96,400	96,400	156,473	(60,073)
Dues and subscriptions	2,800	2,800	240	2,560
Telephone	52,660	52,660	37,626	15,034
Conferences and education	5,500	5,500	1,948	3,552
IT Consulting services	5,500	5,500	5,000	500
Communication center assessment	119,010	119,010	119,010	-
<b>Total support services</b>	<b>744,956</b>	<b>744,956</b>	<b>707,314</b>	<b>37,642</b>
Stations and grounds:				
Building maintenance	105,050	105,050	95,706	9,344
Snow removal	13,500	13,500	10,490	3,010
Water and sewer	12,362	12,362	12,672	(310)
Utilities	63,134	63,134	59,363	3,771
Trash removal	4,174	4,174	4,905	(731)
Alarm monitoring	470	470	470	-
<b>Total stations and grounds</b>	<b>198,690</b>	<b>198,690</b>	<b>183,606</b>	<b>15,084</b>

*Continued.*

# Summit Fire & Emergency Medical Services Authority

## Schedule of Revenues, Expenditures and Changes in

### Fund Balance (Budget and Actual) - General Fund

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
Fleet services:				
Salaries	159,059	159,059	-	159,059
Current leave benefits	2,446	2,446	-	2,446
Payroll taxes	2,306	2,306	-	2,306
Pension	12,725	12,725	-	12,725
<b>Total fleet services</b>	<b>176,536</b>	<b>176,536</b>	<b>-</b>	<b>176,536</b>
Apparatus				
Repairs and maintenance	55,000	55,000	96,963	(41,963)
Fuel	55,000	55,000	49,999	5,001
SR Fleet Assessment	135,982	135,982	135,980	2
<b>Total apparatus</b>	<b>245,982</b>	<b>245,982</b>	<b>282,942</b>	<b>(36,960)</b>
State and federal wildland				
Payroll taxes	-	-	73	(73)
Overtime	-	-	5,155	(5,155)
Miscellaneous	10,000	10,000	15,127	(5,127)
<b>Total state and federal wildland</b>	<b>10,000</b>	<b>10,000</b>	<b>20,355</b>	<b>(10,355)</b>
Volunteers:				
Benefits	1,200	1,200	-	1,200
Workers compensation	207	207	207	-
Uniforms	1,000	1,000	-	1,000
Physicals and drug tests	100	100	-	100
<b>Total volunteers</b>	<b>2,507</b>	<b>2,507</b>	<b>207</b>	<b>2,300</b>
<b>Total expenditures</b>	<b>9,823,919</b>	<b>9,823,919</b>	<b>9,779,275</b>	<b>44,644</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>509,999</b>	<b>509,999</b>	<b>1,057,859</b>	<b>547,860</b>
<b>Change in fund balance</b>	<b>\$ 509,999</b>	<b>\$ 509,999</b>	<b>1,057,859</b>	<b>\$ 547,860</b>
<b>Fund balance at beginning of year</b>			<b>1,337,823</b>	
<b>Fund balance at end of year</b>			<b>\$ 2,395,682</b>	

*See accompanying Independent Auditor's Report.*

**Summit Fire & Emergency Medical Services Authority**  
**Schedule of the Authority's Proportionate Share of the Net Pension Liability/(Asset)**  
**Cost-Sharing Defined Benefit Plans**

**Last Ten Years**

	2019	2018
<b>FPPA - Defined Benefit Plan</b>		
Authority's proportion of the net pension liability/(asset)	\$ 770,957	\$ 988,345
Authority's proportionate share of the net pension liability/(asset)	0.6098%	0.5355%
Authority's covered payroll	\$ 4,186,992	\$ 4,078,025
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	18.41%	24.24%
Plan fiduciary net position as a percentage of the total pension liability / (asset)	95.23%	106.30%
<b>FPPA - Statewide Hybrid Plan</b>		
Authority's proportion of the net pension liability/(asset)	\$ (270,027)	\$ (375,677)
Authority's proportionate share of the net pension liability/(asset)	1.9562%	1.9214%
Authority's covered payroll	\$ 387,041	\$ 389,731
Authority's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	69.77%	96.39%
Plan fiduciary net position as a percentage of the total pension liability / (asset)	123.46%	138.86%

\* The amounts presented for each fiscal year were determined as of December 31 of the prior year.

\* Pension schedules are intended to show information for ten years, additional years' information will be displayed as it becomes available.

*See accompanying Independent Auditor's Report.*

# Summit Fire & Emergency Medical Services Authority

## Schedule of Authority Contributions

### Cost-Sharing Defined Benefit Plans

#### Last Ten Years

Year Ended December 31,	2019	2018	2017
<b>FPPA - Defined Benefit Plan</b>			
Statutorily Required Contribution	\$ 330,968	\$ 324,089	\$ 250,572
Contributions in Relation to the Statutorily Required Contribution	330,968	324,089	250,572
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$4,186,992	\$ 4,078,025	\$ 3,159,453
Contributions as a Percentage of Covered Payroll	7.90%	7.95%	7.93%
<b>FPPA - Statewide Hybrid Plan</b>			
Statutorily Required Contribution	\$ 30,963	\$ 31,178	\$ 29,378
Contributions in Relation to the Statutorily Required Contribution	\$ 30,963	\$ 31,178	\$ 29,378
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 387,041	\$ 389,731	\$ 367,232
Contributions as a Percentage of Covered Payroll	8.00%	8.00%	8.00%

## Other Supplementary Information

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# Summit Fire & Emergency Medical Services Authority

## Schedule of Revenues, Expenses and Changes in Net Position

### (Budget and Actual) - Snake River Fleet Services Fund

Year Ended December 31, 2019

	Budgeted Amounts		Actual Amounts Budget Basis	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Operating revenues</b>				
Charges for parts and services:				
Lake Dillon Fire Protection District	\$ 129,673	\$ 129,673	\$ 169,016	\$ 39,343
Red, White & Blue Fire Protection District	130,056	130,056	130,079	23
Copper Mountain Fire	61,309	61,309	61,301	(8)
Summit Fire Authority	9,565	9,565	9,076	(489)
Other	25,000	25,000	12,362	(12,638)
<b>Total revenues</b>	<b>355,603</b>	<b>355,603</b>	<b>381,834</b>	<b>26,231</b>
<b>Operating expenses</b>				
Salaries and administrative overhead	161,765	161,765	144,839	16,926
Benefits	31,417	31,417	27,427	3,990
Payroll taxes	2,306	2,306	2,016	290
Workers compensation	2,986	2,986	2,986	-
Pension	12,725	12,725	11,299	1,426
Vehicle parts	115,500	115,500	131,357	(15,857)
Service vehicle	2,700	2,700	5,028	(2,328)
Insurance	4,979	4,979	-	4,979
Supplies	3,500	3,500	3,001	499
Utilities	3,000	3,000	3,084	(84)
Tools and equipment	5,000	5,000	6,073	(1,073)
Training	2,100	2,100	1,626	474
Telephone	1,125	1,125	1,201	(76)
Capital outlay	6,500	6,500	-	6,500
<b>Total operating expenses</b>	<b>355,603</b>	<b>355,603</b>	<b>339,937</b>	<b>15,666</b>
<b>Change in net position - budgetary basis</b>	<b>\$ -</b>	<b>\$ -</b>	<b>41,897</b>	<b>\$ 41,897</b>
<b>Reconciliation to GAAP basis</b>				
Depreciation			(8,917)	
<b>Change in net position - GAAP basis</b>			<b>32,980</b>	
<b>Net position at beginning of year</b>			<b>26,569</b>	
<b>Net position at end of year</b>			<b>\$ 59,549</b>	

*See accompanying Independent Auditor's Report.*