NORTH SUMMIT FIRE DISTRICT

Reviewed Annual Financial Report
Fiscal Year Ended December 31, 2005

NORTH SUMMIT FIRE DISTRICT

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Accountants' Review Report

The Honorable Members of District Board
North Summit Fire District
Coalville, Utah 84017

To the District Board:

We have reviewed the accompanying financial statements of the governmental activities and each major fund of the North Summit Fire District as of and for the year ended December 31, 2005, which collectively comprises the District's basic financial statements as listed in the table of contents, in accordance with Statements on Standards for Accounting and Review Services issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of the North Summit Fire District.

A review consists principally of inquiries of District personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management's discussion and analysis and budgetary comparison information on pages 2 through 6, and 20 through 23, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.

Karren Hendrix Stagg Allen & Company

Karren, Hendrix, Stagg, Allen & Company
August 4, 2006

NORTH SUMMIT FIRE DISTRICT

Management's Discussion and Analysis
December 31, 2005

North Summit Fire District's management presents to the readers of its financial statements this narrative information. It contains an overview and analysis of the financial position and results of operations as of and for the twelve months ended December 31, 2005. As management of the District, we encourage readers to consider information contained in this discussion.

FINANCIAL HIGHLIGHTS

The net assets of North Summit Fire District exceeded its liabilities at the end of the current fiscal year by $1,344,474 (net assets). Of this amount, $473,394 (unrestricted assets) is available to meet ongoing obligations to citizens and creditors. Net assets increased by $123,797.

The District's governmental funds reported a combined ending fund balance of $473,394. Of the combined total fund balance, $473,394 is available for spending at the discretion of the District (unreserved and undesignated fund balance).

The unreserved and undesignated fund balance of the general fund at December 31, 2005, totaled $162,746 and is 61% of the general fund total revenues for the year. The District has a long term lease.

The District received a grant for new equipment of $67,716.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis serves as an introduction to North Summit Fire District's basic financial statements: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains information, in addition to the basic financial statements, that will help the reader gain a more in-depth understanding of the District.

Government-Wide Financial Statements give readers a broad overview of the entire District's financial position and changes in financial position, similar to consolidated financial statements in a private sector business. These statements consist of the Statement of Net Assets and the Statement of Activities.

The statement of net assets shows North Summit Fire District's entire assets and liabilities with the difference shown as net assets. Increases or decreases over time in net assets give an indicator as to whether the financial condition of North Summit Fire District is improving or declining.

The statement of activities shows the changes to net assets that occurred during the most recent fiscal year. These changes are recorded on an accrual basis when the underlying event that causes the change occurs, regardless of when the cash transaction takes place.

Both of the government-wide financial statements distinguish between activities that are largely supported by taxes and intergovernmental revenues and those whose operations are entirely or largely financed by user charges and fees. The governmental activities for North Summit Fire District include Fire activities.

The government-wide financial statements include North Summit Fire District itself and no component units. The government-wide financial statements are found immediately following this discussion and analysis.

Fund Financial Statements are a set of closely related accounts that are used to maintain control over resources that have been segregated for specific activities or purposes. North Summit Fire District, like other state and local governments, uses fund accounting to demonstrate compliance with finance-related legal requirements. All of the District's funds are categorized as governmental funds.

Governmental funds account for essentially the same activities as the governmental activities in the government-wide financial statements, but with a narrower focus. Governmental funds concentrate on near-term inflows and outflows of financial resources and the balances of spendable resources available to the government at the end of the fiscal year. This information can be useful in evaluating the government's short term financing requirements.

Comparing similar information presented in the government-wide statements for the governmental activities with that presented in governmental funds statements can provide useful information because of the different focus of the two approaches. With the long-term focus of the government-wide statements, a reader may be able to better understand the long-term effects of the near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance show reconciliation between the governmental funds statements to the governmental activities in the government-wide statements, to aid in the comparison.

North Summit Fire District uses two different individual government funds. Information is shown separately for the general and capital improvements fund; both of which are deemed major funds. The District adopts an annual appropriated budget for all its governmental funds. Budgetary comparison schedules have been provided to demonstrate compliance with these budgets.

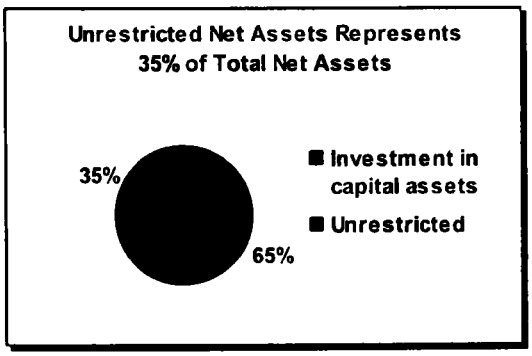
Notes to the Financial Statements contain additional information important to a complete understanding of the information contained in the government-wide and fund financial statements. Notes to the financial statements are located after the statements for major funds as listed in the table of contents.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

North Summit Fire District

	Governmental Activities	
	2005	**2004**
Current assets	$ 474,568	$ 439,301
Capital assets	999,080	921,629
Total assets	$ 1,473,648	$ 1,360,930
Current liabilities	$ 11,174	$ 12,252
Long term leases	118,000	128,000
Total liabilities	129,174	140,252
Net assets		
Investment in capital assets, net of related debt	871,080	784,630
Unrestricted	473,394	436,048
Total net assets	1,344,474	1,220,678
Total liabilities and net assets	$ 1,473,648	$ 1,360,930

By far, the largest component of North Summit Fire District's net assets is investment in fixed assets. The 35% of total net assets represents the District's unrestricted net assets. North Summit Fire District uses these assets to provide services to citizens who live, work, pass through, or benefit in other ways from the District. By their nature, these assets are available for future spending.



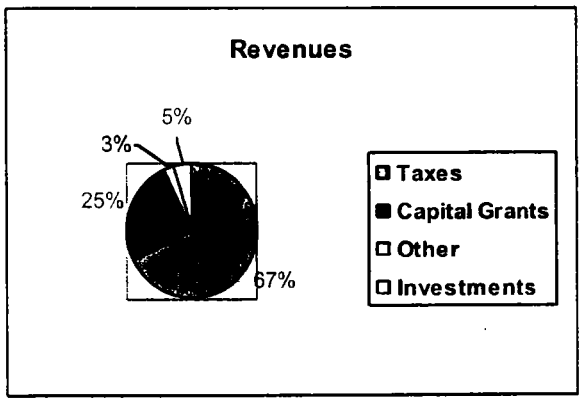
North Summit Fire District

	Governmental Activities	
	2005	2004
REVENUES		
Charges for services	$ -	$ -
Capital grants and contributions	67,716	116,662
General revenues:		
Property taxes, levied for general purposes	179,095	171,009
Other Income	7,168	6,366
Investment earnings	12,177	6,797
Total revenues	266,156	300,834
EXPENSES		
Fire protections	133,846	129,235
Interest on long term debt	8,513	9,026
Total expenses	142,359	138,261
CHANGES IN NET ASSETS	123,797	162,573
NET ASSETS, BEGINNING	1,220,678	1,058,105
NET ASSETS, ENDING	$ 1,344,475	$ 1,220,678

GOVERNMENTAL ACTIVITIES

Governmental activities net assets increased by $37,345 for the year ended December 31, 2005. The major reason for the increase resulted from the increase in property taxes, increase in investment income, and a government grant.

FINANCIAL ANAYSIS OF NORTH SUMMIT FIRE DISTRICT'S FUNDS



North Summit Fire District's governmental funds provide information on the short-term resource inflows and outflows and account balances at the end of the fiscal year. The total fund balance is a measure of total available resources. The unreserved portion of this total fund balance is a measure of the available spendable resources at December 31, 2005.

The general fund is the main operating fund for North Summit Fire District. At December 31, 2005, the general fund's unreserved fund balance was $162,746. Total fund balance of the general fund for North Summit Fire District increased by $32,129. A useful measure of liquidity is to compare the unreserved fund balance and the total fund balance to expenditures (including operating transfers out) for the year.

The capital projects fund had a total fund balance of $310,648 at December 31, 2005, all of which is designated for capital projects. The net increase in fund balance for the year amounted to $5,216.

GENERAL FUND BUDGETARY HIGHLIGHTS

Differences between the original and final amended budgets for the general fund amounted to a total increase in appropriations of $94,474. Of the total increase in expenditure budgets, $67,716 was funded from increases from a government grant.

CAPITAL ASSET

North Summit Fire District's investment in capital assets for its governmental activities combined totaled $999,080 (net of $919,529 accumulated depreciation) at December 31, 2005. Types of assets included in this category are, land, equipment, and buildings. Major capital asset activities that occurred during the past fiscal year include:

	Governmental Activities	
	2005	2004
Land	$ 99,937	$ 99,937
Buildings	857,028	857,028
Machinery and equipment	961,644	811,490
Accumulated depreciation	(919,529)	(846,825)
Net book value	$ 999,080	$ 921,630

Additional information on North Summit Fire District's capital assets and debt can be found in Note 2 in the Notes to the District's Basic Financial Statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

As of July 2005, the state unemployment rate was 4.3%, down from 4.8% the previous year. This is consistent with the nationwide decrease in unemployment rates as the economy continues to recover. Currently, North Summit Fire District is experiencing a similar economic pickup consistent with the rest of the nation. The District expanded operations last year and now serves all of Summit County.

REQUEST FOR INFORMATION

This financial report is designed to give its readers a general overview of North Summit Fire District's finances. Questions regarding any information contained in this report or requests for additional financial information should be addressed to North Summit Fire District, P.O. Box 523, Coalville, Utah, 84017.

NORTH SUMMIT FIRE DISTRICT

Statement of Net Assets
December 31, 2005

	Governmental Activities
ASSETS	
CURRENT ASSETS	
Cash and cash equivalents	
Unrestricted	$ 459,035
Property taxes receivable	15,533
Total current assets	474,568
CAPITAL ASSETS	
Land	99,937
Buildings	537,225
Machinery and equipment	361,918
Net capital assets	999,080
Total assets	$ 1,473,648
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	$ 1,174
Capital lease, current portion	10,000
Total current liabilities	11,174
CAPITAL LEASE, LESS CURRENT PORTION	118,000
Total liabilities	129,174
NET ASSETS	
Investment in capital assets, net of related debt	871,080
Unrestricted	473,394
Total net assets	1,344,474
Total liabilities and net assets	$ 1,473,648

See accountants' review report.
The accompanying notes are an integral part of this statement.

NORTH SUMMIT FIRE DISTRICT

Statement of Activities
Year Ended December 31, 2005

		Net (Expense) Revenue and Changes in Net Assets			
		Program Revenues			Primary Government
Functions and Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**Government Activities**
PRIMARY GOVERNMENT					
Government activities					
Fire protection	$ 133,846	$ -	$ -	$ 67,716	$ (66,130)
Interest on long term debt	8,513	-	-	-	(8,513)
Total government activities	142,359	-	-	67,716	(74,643)
Total primary government	$ 142,359	$ -	$ -	$ 67,716	(74,643)
General revenues					
Property taxes					179,095
Other revenue					7,168
Investment earnings					12,177
Total general revenues					198,440
Changes in net assets					123,797
NET ASSETS, JANUARY 1, 2005					1,220,677
NET ASSETS, DECEMBER 31, 2005					$ 1,344,474

See accountants' review report.
The accompanying notes are an integral part of this statement

NORTH SUMMIT FIRE DISTRICT

Balance Sheet
Governmental Funds
December 31, 2005

	General	Capital Projects	Total Governmental Funds
ASSETS			
ASSETS			
Cash and cash equivalents	$ 148,387	$ 310,648	$ 459,035
Property taxes receivable	15,533	-	15,533
			-
Total assets	$ 163,920	$ 310,648	$ 474,568
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	$ 1,174	$ -	$ 1,174
Accrued liabilities	-	-	-
Total liabilities	1,174	-	1,174
FUND BALANCES			
Unreserved - designated for capital improvements	-	310,648	310,648
Unreserved and undesignated	162,746	-	162,746
Total fund balances	162,746	310,648	473,394
Total liabilities and fund balances	$ 163,920	$ 310,648	$ 474,568

See accountants' review report
The Accompanying notes are an integral part of this statement

NORTH SUMMIT FIRE DISTRICT

Reconciliation of the Balance Sheet - Governmental Funds to the Statement of Net Assets
December 31, 2005

Total Fund Balance		$ 473,394
Total net assets reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the funds. Those assets consist of:		
Land	$ 99,937	
Buildings	857,028	
Equipment	961,644	
Less accumulated depreciation	(919,529)	
Total capital assets		999,080
Long-term liabilities applicable to the District's governmental activities are not due and payable in the current period, and accordingly, are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the statement of net assets.		(128,000)
Total net assets of governmental activities		$ 1,344,474

See accountants' review report.
The accompanying notes are an integral part of this statement.

NORTH SUMMIT FIRE DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended December 31, 2005

	General	Capital Projects	Totals
REVENUES			
General property taxes	$ 179,095	$ -	$ 179,095
Interest	6,961	5,216	12,177
Intergovernmental	67,716	-	67,716
Other	7,168	-	7,168
Total revenues	260,940	5,216	266,156
EXPENDITURES			
Current			
Fire protection			
Operating expenses	61,142	-	61,142
Debt service			
Principal	9,000	-	9,000
Interest	8,513	-	8,513
Capital outlay	150,156	-	150,156
Total expenditures	228,811	-	228,811
Revenue and other sources over expenditures and otheruses	32,129	5,216	37,345
FUND BALANCE, JANUARY 1, 2005	130,617	305,432	436,049
FUND BALANCE, DECEMBER 31, 2005	$ 162,746	$ 310,648	$ 473,394

See accountants' review report.
The accompanying notes are an integral part of this statement.

NORTH SUMMIT FIRE DISTRICT

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Funds Balances - Governmental Funds to the Statement of Activities
December 31, 2005

NET CHANGES IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS	$	37,345
The change in net assets reported for governmental activities in the statement of activities is different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay ($150,156) is more than depreciation expense ($72,704).		77,452
Repayment of principal is an expenditure in the governmental funds but reduced the liability in the statement of net assets		9,000
Change in net assets of governmental activities	$	123,797

See accountants' review report.
The accompanying note are an integral part of this statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

History and Organization
The North Summit Fire District is a special taxing district that provides control of fire by a compressive program of management and sources in parts of Summit County. The District is a political subdivision of the State of Utah. It is governed by a four member board of trustees which is appointed by Summit County.

Financial Reporting Entity
For financial reporting purposes, the reporting entity includes all funds, agencies, and authorities for which the District holds corporate powers. The Governmental Accounting Standards Board (GASB) in its Statement No. 14, *The Financial Reporting Entity*, has established criteria to consider in determining financial accountability. The criteria are: appointment of a majority of the voting members of an organization's governing board, and either (1) the District has the ability to impose its will on the organization or (2) there is potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the District.

As required by Generally Accepted Accounting Principles (GAAP), these financial statements represent North Summit Fire District, the primary government. The District is a legally separate entity which possesses the powers to tax property. The County exercises no significant controlling powers over the District. As such, the District is not a component unit as defined by the Governmental Accounting Standards Board in their statement number 14, *The Financial Reporting Entity.* Further, as defined in this statement, the District has no component units which should be included in the accompanying financial statements. The District has not created any separate political subdivisions, nor does it exercise any political or financial control over any other entity.

Basis of Presentation – Government-Wide and Fund Financial Statements
Government-wide statements are comprised of the statement of net assets and the statement of activities. They contain information on all of the activities of the primary government. Most effects of inter-fund activities have been eliminated from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues.

The statement of activities is presented to show the extent that program revenues of a given activity support direct expenses. Direct expenses are those that can clearly be associated with a particular activity or program. Program revenues are: (1) charges to customers or others who purchase, use, or directly benefit from the services or goods provided by a given activity, or (2) grants or other contributions that are restricted to operations or capital needs of a specific activity. General revenues are those revenues, like taxes and other items, which are not properly reported as program revenues. Indirect expense allocated between departments is related to depreciation on assets. The depreciation expense is allocated based on the use of the asset by the departments.

Major individual governmental funds are reported in separate columns in the governmental funds statements.

Measurement Focus and Basis of Accounting
Measurement focus refers to the types of assets that appear on the statement of net assets, and changes to those same assets that appear on the statement of activities. The flow of financial resources measurement focus shows current assets and liabilities on the statement of net assets, and changes to net current assets in the statement of activities. The flow of economic resources

measurement focus shows total assets and liabilities on the statement of net assets, and changes to net assets on the statement of activities. Basis of accounting refers to when revenues and expenditures, or expenses, are recognized in the accounts and reported in the financial statements.

Government-Wide Statements use the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized in the period incurred, regardless of the timing of the related cash flows. Property taxes are recorded as revenues in the year for which they are levied. Grants and similar other contributions are recognized as revenue as soon as the eligibility requirements of the provider have been met.

Governmental Fund Statements use the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis, revenues are recognized when they become measurable and available. "Measurable" means that amounts can be reasonably determined within the current period. "Available" means that amounts are collectible within the current period, or soon enough thereafter, to be used to pay liabilities of the current period. As a practical matter, North Summit Fire District uses 60 days as a cutoff for meeting the available criterion. Property taxes are considered "measurable" when levied and "available" when collected and held by Summit County. Any amounts not available are recorded as deferred revenue. Other revenues that are determined to be susceptible to accrual include grants earned and other intergovernmental revenues, charges for services, and assessments. Property taxes and assessments are recorded as receivables when levied or assessed. Revenues collected in advance are deferred and recognized in the period to which they apply.

Revenues that are determined to not be susceptible to accrual because they are either not available soon enough to pay liabilities of the current period (60 days), or are not objectively measurable, include miscellaneous revenues. Revenue is recognized when cash is received.

Expenditures
Expenditures are recognized in the accounting period in which the fund liability is incurred. Inventories are insignificant to the District.

Major individual governmental funds are reported in separate columns in the governmental funds statements. A fund is considered major if it is the general fund of the District. Other funds are considered major if they meet the following criteria:

- Total assets, liabilities, revenues, or expenditures of the individual governmental fund are at least 10% of the corresponding total for all funds of that category or type, or
- All enterprise funds, and for that same element, are at least 5% of the combined totals of the governmental and enterprise funds

North Summit Fire District has two major governmental funds; the general fund and the capital projects fund. The general fund is the main operating fund and accounts for all financial resources of the general government, except for those required to be accounted for in another fund. The capital projects fund accounts for resources dedicated to the construction or improvement of capital assets. These constructed or improved capital assets are for the benefit of any or all governmental funds.

Budgets and Budgetary Accounting
Budgets are legally required for governmental funds. Annual budgets are prepared and adopted by the District Board on or before December 15 for the fiscal year commencing the following January 1 in accordance with Utah State Law. The operating budget includes proposed expenditures and the proposed sources of financing for such expenditures. Prior to

December 15, a public hearing is conducted to obtain taxpayer input. Budgets are adopted by ordinance for the District. Expenditures cannot exceed appropriations. Management can move budgeted amounts from one line item to another within a department, or decrease appropriations. The District Board can increase appropriations after holding a public hearing.

The governmental funds budget is prepared using the modified accrual basis of accounting. Governmental appropriations lapse at year-end.

Cash and Investments

The District complies with GASB Statement No. 31 *Accounting and Financial Reporting for Certain Investments and for External Investment Pools.* The statement requires certain investments to be reported at fair value, and the change in fair value, to be included in revenues or expenses. The District's policy is to report all investments at value, and the change in fair value, to be included in revenues or expenses. The District's investment in the State Treasurer's Pool has a fair value equivalent to the value of the pool shares. This pool is administered by the State of Utah and is regulated by the Money Management Council under provisions of the Utah State Money Management Act.

Depreciable Fixed Assets

Fixed assets are valued at historical cost, or estimated historical cost, for assets, where actual historical cost was not available. Donated fixed assets are valued at their estimated fair market value on the date donated. The District has a capitalization threshold of $1,000 for all assets. Depreciation of fixed assets is computed using the straight-line method over the following estimated useful lives:

	Years
Equipment	7 - 15
Buildings	40

Property Taxes

Ad valorem (based on value) property taxes constitute a major source of general fund revenue. Taxes are levied through the passage of an ordinance in December of each year. The levy is applicable to only one year. All taxable property is required to be assessed and taxed at a uniform and equal rate on the basis of its fair market value. The Summit County Assessor is required to assess all other taxable property, and both entities are required to assess the respective types of property as of January 1, the assessment date. The County is then required to complete the tax rolls by May 15. By July 21, the County Treasurer is to mail assessed value and tax notices to property owners. A taxpayer may then petition the County Board of Equalization between August 1 and August 15 for a revision of the assessed value. Approved changes in assessed value are made by the County Auditor by November 1. On this same date the Auditor is to deliver the completed assessment rolls to the County Treasurer. Tax notices are mailed with a due date of November 30. Delinquent taxes are subject to a penalty. Unless the delinquent taxes and penalties are paid before January 15, a lien is attached to the property. The amount of taxes and penalties bear interest from January 1 until paid. If after five years, delinquent taxes have not been paid, the County sells the property at a tax sale. Tax collections are remitted to the District from the County on a monthly basis. With the July 1, 2000, adoption of Statement of Governmental Accounting Standards (SGAS) No. 33, more fully described below, North Summit Fire District changed its accounting for property taxes.

SGAS No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*, defines a non-exchange transaction as one in which "a government either gives value to another party

without directly receiving equal value in exchange, or receives value from another party without directly giving equal value in exchange." For property taxes, at January 1 of each year (the assessment date), North Summit Fire District has the legal right to collect the taxes, and in accordance with the provisions of the new statement, has now recorded a receivable.

Inter-fund Transactions
In the normal course of its operations, the District has various transactions between funds. Transfers are recognized as operating transfers in and out, respectively, by the funds receiving and providing the transfer.

Use of Restricted Funds
The District has funds with various restrictions. When an expense is incurred, which meets the requirements to release the restriction, such restricted funds are first used to satisfy the expense followed by any unrestricted funds needed to satisfy the expense.

Encumbrances
Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budget integration in the general and capital projects funds. Encumbrances outstanding at year end are reported as reservations of fund balances since they do not constitute expenditures or liabilities.

Fund Equity
In the fund financial statement, governmental funds report reservations of fund balance for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. The capital project fund has a designated balance to be used for capital improvements.

Estimates
The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements, and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. CAPITAL ASSETS

The following schedule summarizes the changes in capital assets for governmental and business type activities during the year ended December 31, 2005.

PRIMARY GOVERNMENT	Beginning	Additions	Deletions	Ending
GOVERNMENTAL ACTIVITIES				
Nondepreciable assets				
Land	$ 99,937	$ -	$ -	$ 99,937
Depreciated assets				
Buildings	857,028	-	-	857,028
Equiment	811,490	150,154	-	961,644
Total depreciated assets	1,668,518	150,154	-	1,818,672
Less accumulated depreciation				
Building	(298,051)	(21,752)	-	(319,803)
Equipment	(548,774)	(50,952)	-	(599,726)
Total accmulated depreciation	(846,825)	(72,704)	-	(919,529)
Net assets depreciated	821,693	77,450	-	899,143
Total governmental activities	$ 921,630	$ 77,450	$ -	$ 999,080

DEPRECIATION EXPENSE	Governmental Types
FUNCTION	
Fire protection	$ 72,704
Totals	$ 72,704

3. CASH AND INVESTMENTS

The District maintains a cash and investment pool that is available for use by all funds. In addition, investments are separately held by several of the District's funds. Cash and investments as of December 31, 2005, are classified in the accompanying financial statements as follows:

Statement of net assets:	
Cash and cash equivalents	$ 459,035

Cash investments and cash equivalents as of December 31, 2005, consist of the following:

Deposits with financial institutions	$ 94,653
Investments, State Treasurer	364,382
Total cash and cash equivalents	$ 459,035

Investments Authorized
The District follows the Utah Money Management Act in handling its depository and temporary investment transactions.

The PTIF is not registered with the SEC as an investment company. The PTIF is authorized and regulated by the Money Management Act. The act established the Money Management Council which oversees the activities of the State Treasurer and the PTIF, and details the type of authorized investments it makes. Deposits in the PTIF are not insured or otherwise guaranteed by the State of Utah, and participants share proportionally in any realized gains or losses on investments.

As of December 31, 2005, the District had the following investments and maturities:

		Investment Maturities (In Years)		
Investment Type	**Fair Value**	**Less Than 1 Year**	**1 - 10 Years**	**More Than 10 Years**
State of Utah Public Treasurer Investment Fund	$ 364,382	$ 364,382	$ -	$ -
Total investments	$ 364,382	$ 364,382	$ -	$ -

Interest Rate Risk
Interest rate risk is the risk that occurs when changes in interest rates will adversely affect the fair value of an investment. The District's policy for managing its exposure to fair value loss arising from increasing interest rates is to comply with the State's Money Management Act. The act requires that the remaining term to maturity of investments may not exceed the period of availability of the funds to be invested. The District reduces its interest rate risk by investing funds with the State Treasurer.

Credit Risk
Credit risk is the risk that an issuer, or other counterparty to an investment, will not fulfill its obligations. The District's policy for reducing its exposure to credit risk is to invest in the Utah Public Treasurer's Investment Fund, which was unrated.

Concentration of Credit Risk
Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The District's policy for reducing the risk of loss is to invest in the Utah Public Treasurer's Investment Fund which has no concentration of credit risk.

Custodial Credit Risk Deposits
For deposits, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its deposits that are in the possession of an outside party. The District does not have a formal policy of custodial credit risk.

As of December 31, 2005, $370,812 of the $379,225 balance of deposits was exposed to custodial credit risk because it was uninsured and uncollateralized.

Custodial Credit Risk Investments
For an investment, this is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investments that are in the possession of an outside party. The District's investment in the Utah Public Treasurer Investment Fund has no custodial credit risk.

4. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, property damage, errors, omissions, injuries, and natural disasters. The District has purchased comprehensive general liability insurance. The District pays premiums for general insurance coverage, automobile liability, and personal injury protection.

5. TOTAL COLUMNS

Total columns on the governmental fund statements are captioned "Total" and are presented to facilitate financial analysis. Data in these columns do not represent consolidated information since interfund eliminations have not been made.

6. LEASE COMMITMENTS

The District leases buildings under a capital lease, which is defined as a lease that transfers benefits and risk of ownership to the lessee.

A schedule of the future minimum lease payments under capital lease and the present value of the net minimum lease payments as of December 31, 2005, is presented below.

	Lease Commitment
December 31, 2006	$ 18,000
December 31, 2007	17,375
December 31, 2008	17,750
December 31, 2009	17,062
December 31, 2010	17,375
2011-2015	88,375
Total lease payments	175,937
Less amounts representing interest	47,938
Present value of future minimum lease payments	128,000
Less current portion	10,000
Long-term portion of lease commitment	$ 118,000
Cost of capital improvements under capital leases	$ 200,000

The leases are primarily payable for the general fund and reported as expenditures in the fund statements and as a reduction of a liability in the government wide statement.

REQUIRED SUPPLEMENTARY INFORMATION

NORTH SUMMIT FIRE DISTRICT

Budgetary Comparison Schedule
General Fund
Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts Budgetary Basis	Favorable (Unfavorable) Variance with Final Budget
	Original	Final		
REVENUES				
General property taxes	$ 160,000	$ 160,000	$ 179,095	$ 19,095
Interest	2,500	5,000	6,961	1,961
Intergovernmental	-	60,000	67,716	7,716
Other	12,000	12,000	7,168	(4,832)
Total revenues	174,500	237,000	260,940	23,940
EXPENDITURES				
Operating expenses	94,000	62,000	61,142	858
Principal	9,000	9,000	9,000	-
Interest	9,026	8,513	8,513	-
Capital outlay	30,500	157,487	150,156	7,331
Total expenditures	142,526	237,000	228,811	8,189
Excess of revenues over expenditures (usage of fund balance)	31,974	-	32,129	32,129
FUND BALANCE, JANUARY 1, 2005	130,617	130,617	130,617	-
FUND BALANCE, DECEMBER 31, 2005	$ 162,591	$ 130,617	$ 162,746	$ 32,129

See accountants' review report.

SUPPLEMENTARY INFORMATION

NORTH SUMMIT FIRE DISTRICT

Budgetary Comparison Schedule
Capital Improvement Fund
For the Year Ended December 31, 2005

	Budgeted Amounts		Actual Amounts	Favorable (Unfavorable)
	Original	Final	Budgetary Basis	Variance with Final Budget
REVENUES				
Interest earnings	$ 2,500	$ 2,500	$ 5,216	$ 2,716
Total revenues	2,500	2,500	5,216	2,716
EXPENDITURES				
Capital outlay	-	-	-	-
Total expenditures	-	-	-	-
Excess of revenues over expenditures (usage of fund balance)	2,500	2,500	5,216	2,716
Net change in fund balance	2,500	2,500	5,216	2,716
FUND BALANCE, JANUARY 1, 2004	305,432	305,432	305,432	-
FUND BALANCE, DECEMBER 31, 2004	$ 307,932	$ 307,932	$ 310,648	$ 2,716

See accountants' review report.