

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

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**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORT**

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DECEMBER 31, 2016

FINANCIAL STATEMENTS - 2016



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**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

2016 BOARD OF DIRECTORS

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Marian Smith, Treasurer

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Rob Jones

ADMINISTRATIVE STAFF

Carl Stephens, Executive Director

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Garfield County Emergency Communications Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the Garfield County Emergency Communication Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Garfield County Emergency Communication Authority, as of December 31, 2016, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

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Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 25-26 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.

ColoCPA Services, PC

Rangely, Colorado
July 17, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Garfield County Emergency Communications Authority's (the "Authority") financial performance provides readers with an overall review of the financial activities of the Authority for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Authority's financial performance.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded liabilities by \$4,102,902 at December 31, 2016.
- Total Authority's cash and investments decreased by \$311,461 or 18 percent from 2015.
- The December 31, 2016 General Fund balance is \$182,015 less than the previous year. The total fund balance is 65 percent of 2016 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Authority as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Authority, presenting both an aggregate view of the Authority's finances and a longer-term view of those assets. The Statement of Activities shows net (expense) revenue and changes to net position related to each department of the Authority. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE AUTHORITY'S FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the Authority's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the Authority as a whole, the financial position of the Authority has improved or diminished. However, in evaluating the overall position of the Authority, non-financial information such as changes in the Authority's tax base and the condition of Authority capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, all of the Authority's activities are reported as Governmental Activities.

Fund Financial Statements

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 government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 17 through 23 of this report.

Budgetary Comparisons. The Authority adopts an annual appropriated budget for the General and Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund on page 25 and for the Special Revenue Fund on page 26 of this report.

REPORTING THE AUTHORITY AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the Authority's net position for 2015 and 2016.

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2016</u>
Assets		
Current and other assets	\$ 2,468,339	\$ 2,309,594
Capital assets	2,416,450	1,985,160
Total assets	<u>4,884,789</u>	<u>4,294,754</u>
Liabilities		
Current and other liabilities	186,665	191,852
Total Liabilities	<u>186,665</u>	<u>191,852</u>
Net Position		
Net investment in capital assets	2,416,450	1,985,160
Unrestricted	2,281,674	2,117,742
Total net position	<u>\$ 4,698,124</u>	<u>\$ 4,102,902</u>

A significant portion of the Authority's position represents unrestricted net position of \$2,117,742 which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the Authority's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

The following table indicates the changes in net position.

	Governmental Activities	
	<u>2015</u>	<u>2016</u>
Revenues:		
Program revenues:		
Charge for services	\$ 506,305	\$ 640,250
Capital grants and contributions	-	328,099
General revenues:		
Sales taxes	1,770,756	1,732,799
Investment earnings	3,830	3,024
Loss on sale of asset	-	(61,822)
Other	65,860	66,663
Total revenues	<u>2,346,751</u>	<u>2,709,013</u>
Expenses:		
Administration	798,466	666,549
Services	2,392,793	2,637,686
Total expenses	<u>3,191,259</u>	<u>3,304,235</u>
Increase (decrease) in net position	<u>\$ (844,508)</u>	<u>\$ (595,222)</u>

Governmental Activities. Governmental activities decreased the Authority's net position by \$595,222 in 2016. Key elements of this decrease are as follows:

The Authority was required to refund sales taxes previously collected. The refund for 2016 was \$100,400.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUND

Information about the Authority's governmental funds begins on page 11. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2016, the total fund balances of the Authority's governmental funds were \$2,261,614. Approximately 68 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the Authority. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a board reserve for future 911 services expenditures (\$718,094). The Authority had Governmental revenues of \$2,770,835, other financing sources of \$255,107, and expenditures of \$3,181,292.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority's budget is prepared according to Colorado statutes.

2016 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 1,944,351	\$ -	\$ 1,944,351	\$ 1,725,535
Revenue and other financing sources	2,215,411	-	2,215,411	2,193,204
Expenditures and other financing uses	<u>(4,159,762)</u>	<u>-</u>	<u>(4,159,762)</u>	<u>(2,375,219)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,543,520</u>

Actual revenues and other financing sources were less than the budget by \$22,207. Revenue from transfers was budgeted to be \$306,255, but the actual was \$0. Sales taxes revenue was budgeted to be \$1,700,000, but the actual was \$1,732,799.

Budgeted expenditures and other financing uses exceeded actual by \$1,784,543. Salaries and wages were actually \$1,427,932 but were budgeted to be \$1,510,000, an \$82,068 difference. Sales tax recovery was actually \$100,400 but was budgeted to be \$25,000, a \$75,400 difference. Maintenance and repairs were actually \$184,715 but were budgeted to be \$36,000, a \$148,715 difference. Operations reserve was actually \$17,723 but was budgeted to be \$1,691,764, a \$1,674,041 difference. Capital outlay was actually \$7,000 but was budgeted to be \$200,000, a \$193,000 difference.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority's investment in capital assets for its governmental type activities as of December 31, 2016 totaled \$1,985,160 (net of accumulated depreciation). This investment includes all land, buildings, and equipment. The total decrease in investment in capital assets (net of depreciation) for the current year was \$431,290 or 18 percent.

Major capital asset events during the current fiscal year include the first 2 payments on console upgrade for a total of \$290,550, an IP radio integration server for \$84,835, and sale of 46 Clarkson Ave for a loss.

The Authority uses the straight-line depreciation method under GASB 34 for its capital assets, except for land which is not depreciated.

The Authority has no infrastructure assets.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the Authority's financial position and results of operations and were taken into account in developing the 2017 budget:

- An increase in salaries, wages, and benefits,
- A decrease in sales tax refunds.

REQUESTS 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 Authority's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Authority, 585 E. First Street, Rifle, Colorado 81650.

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FINANCIAL STATEMENTS

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

STATEMENT OF NET POSITION
December 31, 2016

ASSETS

Cash and investments	\$ 1,376,088
Sales taxes receivable	445,925
Assessments receivable	153,861
Grants receivable	190,717
Prepays	143,003
Capital assets, nondepreciable	410,843
Capital assets, net of accumulated depreciation	<u>1,574,317</u>
TOTAL ASSETS	<u>4,294,754</u>

LIABILITIES

Accounts payable	15,826
Accrued liabilities	32,154
Compensated absences	<u>143,872</u>
TOTAL LIABILITIES	<u>191,852</u>

NET POSITION

Net investment in capital assets	1,985,160
Unrestricted	<u>2,117,742</u>
TOTAL NET POSITION	<u>\$ 4,102,902</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
Expenses	Charges for Services	Capital Grants and Contributions		Governmental Activities
GOVERNMENTAL ACTIVITIES				
Administration	\$ 666,549	\$ -	\$ 137,382	\$ (529,167)
911 dispatch services	<u>2,637,686</u>	<u>640,250</u>	<u>190,717</u>	<u>(1,806,719)</u>
TOTAL GOVERN- MENTAL ACTIVITIES	<u>\$ 3,304,235</u>	<u>\$ 640,250</u>	<u>\$ 328,099</u>	<u>(2,335,886)</u>
GENERAL REVENUES				
Sales tax				1,732,799
Investment earnings				3,024
Loss on sale of capital asset				(61,822)
Other				<u>66,663</u>
		TOTAL GENERAL REVENUES		<u>1,740,664</u>
		CHANGE IN NET POSITION		(595,222)
		NET POSITION - BEGINNING OF YEAR		<u>4,698,124</u>
		NET POSITION - END OF YEAR		<u>\$ 4,102,902</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2016

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Total</u>
ASSETS			
Cash and investments	\$ 943,075	\$ 433,013	\$ 1,376,088
Sales taxes receivable	445,925	-	445,925
Assessments receivable	-	153,861	153,861
Grants receivable	-	190,717	190,717
Prepays	130,664	12,339	143,003
Due from Other Fund	59,670	-	59,670
	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 1,579,334</u>	<u>\$ 789,930</u>	<u>\$ 2,369,264</u>
 LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 3,660	\$ 12,166	\$ 15,826
Accrued liabilities	32,154	-	32,154
Due to Other Funds	-	59,670	59,670
	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>35,814</u>	<u>71,836</u>	<u>107,650</u>
 FUND BALANCES			
Fund balances:			
Restricted:			
Reserved for 911	-	718,094	718,094
Unassigned	1,543,520	-	1,543,520
	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND BALANCES	<u>1,543,520</u>	<u>718,094</u>	<u>2,261,614</u>
 TOTAL LIABILITIES AND FUND BALANCES	 <u>\$ 1,579,334</u>	 <u>\$ 789,930</u>	 <u>\$ 2,369,264</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2016

TOTAL GOVERNMENTAL FUNDS BALANCE	\$ 2,261,614
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund.	1,985,160
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not included in the fund.	<u>(143,872)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 4,102,902</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2016

	General Fund	Special Revenue Fund	Total
REVENUES			
Sales taxes	\$ 1,732,799	\$ -	\$ 1,732,799
Assessments E911	-	638,057	638,057
Interest income	1,796	1,228	3,024
Charge for services	-	2,193	2,193
Grants and contributions	137,382	190,717	328,099
Other income	66,120	543	66,663
	<u>1,938,097</u>	<u>832,738</u>	<u>2,770,835</u>
TOTAL REVENUES			
EXPENDITURES			
Salaries and wages	1,427,932	-	1,427,932
Health and life insurance	334,019	-	334,019
Payroll taxes	109,170	-	109,170
Maintenance and repair	184,715	136,927	321,642
Retirement contribution	64,442	-	64,442
Accounting and audit	22,545	-	22,545
Treasurer fees	32,658	-	32,658
Sales Tax Recovery	100,400	-	100,400
Liability insurance	20,120	-	20,120
Office supplies	-	15,532	15,532
Telephone	-	103,156	103,156
Utilities	38,070	-	38,070
Legal fees	7,341	-	7,341
Workers compensation	4,845	-	4,845
Travel and subsistence	-	19,377	19,377
Public education	-	3,131	3,131
Training	-	65,784	65,784
Unemployment insurance	4,239	-	4,239
Advertising	-	612	612
Subscription/memberships	-	5,886	5,886
Operations Reserve	24,723	69,711	94,434
Capital outlay	-	385,957	385,957
	<u>2,375,219</u>	<u>806,073</u>	<u>3,181,292</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES			
	(437,122)	26,665	(410,457)
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	255,107	-	255,107
	<u>255,107</u>	<u>-</u>	<u>255,107</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES			
	(182,015)	26,665	(155,350)
FUND BALANCE - BEGINNING OF YEAR			
	1,725,535	691,429	2,416,964
	<u>1,725,535</u>	<u>691,429</u>	<u>2,416,964</u>
FUND BALANCE - END OF YEAR			
	<u>\$ 1,543,520</u>	<u>\$ 718,094</u>	<u>\$ 2,261,614</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2016

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (155,350)

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

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the costs of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which
depreciation exceeded capital outlay in the current period.

Capital outlay	385,957	
Current year depreciation	<u>(500,318)</u>	
TOTAL		(114,361)

Sale of capital assets reported in the statement of activities
takes into consideration when calculating gain or loss the
depreciated cost of the asset. However, governmental funds
record the total proceeds received as an increase in fund
balance. This is the depreciated cost of the asset sold in the
current period. (316,929)

Some expenses reported in the statement of activities, such
as compensated absences, do not require the use of
current financial resources and therefore are not reported
as expenditures in governmental funds.

Compensated absences		<u>(8,582)</u>
CHANGE IN NET POSITION		<u>\$ (595,222)</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

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NOTES TO FINANCIAL STATEMENTS

**GARFIELD COUNTY EMERGENCY
COMMUNICATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Garfield County Emergency Communications Authority (the Authority) conform to generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

A. Reporting Entity

On February 7, 1997, Garfield County and various other governmental entities entered into an intergovernmental agreement to establish the Authority. The Authority was established for the purpose of promoting and creating a centralized county-wide emergency communications operation, including a unified county-wide dispatch service.

A Board of Directors serves as the governing body of the Authority. Each member of the Authority is entitled to one representative on the Board of Directors. For those members that are municipal entities, their designee is the Chief of Police or Chief of Law Enforcement Officer. For those members that are Special Districts, their representative is appointed by the Board of that Special District and is either a Board member or a member of the staff. The Board of County Commissioners of Garfield County has one member on the Authority Board. The Garfield County Sheriff is a member of the Authority Board. There is also a Citizen at Large member of the Authority Board.

The Authority is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the Governmental Accounting Standards Board. The Directors have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accounting for fiscal matters. In addition, the Authority does not exercise any of the above powers over any other entity. These financial statements, therefore, include only the operations of Garfield County Emergency Communications Authority.

B. 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 non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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 customers or applications 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. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement focus, basis of accounting, and financial statement presentation

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

**GARFIELD COUNTY EMERGENCY
COMMUNICATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered 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.

Expenditures generally are recorded 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 recorded only when payment is due.

Governmental Funds

General Fund

The General Fund is the Authority's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue source is state sales taxes.

Special Revenue Fund

The Special Revenue Fund accounts for revenues received from telephone surcharges assessed on all telephone users in the area participating in the intergovernmental agreement.

When both restricted and unrestricted revenues are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgets and Budgetary Accounting

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

1. Prior to the first Board meeting in October, the Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain the taxpayers' comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. Budgets are adopted for the General Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse at the end of each calendar year.
7. The Authority's directors may authorize supplemental appropriations during the year. There was no supplemental appropriation made during the year ended December 31, 2016.

**GARFIELD COUNTY EMERGENCY
COMMUNICATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Use of Estimates

The preparation of the governmental funds 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 the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Capital Assets and Infrastructure

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated market value at the date of donation. The Authority does not have infrastructure.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-40
Vehicles	5-10
Equipment	5-20

G. Compensated Absences

Full-time, permanent employees are granted personal time off (PTO) in varying amounts to specified maximums, depending on their tenure with the Authority. PTO accrues to full-time, permanent employees to a maximum of 552 hours and the maximum paid to an employee upon separation is 80% of the maximum accrual rate based on years of services. The amount accrued for compensated absences was \$143,872 at December 31, 2016, an increase of \$8,582.

H. Sales Taxes

Sales tax revenue is recognized when the underlying exchange has occurred. The State of Colorado collects sales tax in the month following the underlying sale. The State remits the sales tax collected to Garfield County in the next month. Garfield County then remits the sales tax to the Authority the following month. Sales tax collected by the Authority in January, February, and March of 2017 has been accrued as a receivable and as sales tax revenue in 2016.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. There are certain differences between the governmental fund balance sheet and the government-wide statement of net position. A reconciliation of the differences can be found on page 12 of the financial statements.
- B. There are certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 14 of the financial statements.

**GARFIELD COUNTY EMERGENCY
COMMUNICATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 3 - CASH AND INVESTMENTS

The Authority's bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain town and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The Authority's investment policy is not more restrictive than State statutes. The Authority's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

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 arising from increasing interest rates.

A summary of cash and investments on the balance sheet is as follows:

Cash and Cash Equivalents	
Checking – General Fund	\$ 409,899
Money Market – General Fund	533,176
Checking – Special Revenue Fund	171,288
Money Market – Special Revenue Fund	<u>261,725</u>
 Total Cash and Cash Equivalents	 <u>\$ 1,376,088</u>

NOTE 4 – DUE TO/FROM OTHER FUNDS

A summary of the Authority's interfund receivables/payables as of December 31, 2016 follows:

Due to the General Fund from the Special Revenue Fund	<u>\$ 59,670</u>
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NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets during 2016 follows:

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 120,293	\$ -	\$ -	\$ 120,293
Construction in progress	<u>-</u>	<u>290,550</u>	<u>-</u>	<u>290,550</u>
Total capital assets, not being depreciated	<u>120,293</u>	<u>290,550</u>	<u>-</u>	<u>410,843</u>

**GARFIELD COUNTY EMERGENCY
COMMUNICATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5 – CAPITAL ASSETS, Continued

	Balance January 1, 2016	Additions	Deletions	Balance December 31, 2016
Capital assets, being depreciated:				
Building	1,859,158	-	(385,928)	1,473,230
Equipment	7,567,898	95,407	-	7,663,305
Total capital assets, being depreciated	<u>9,427,056</u>	<u>95,407</u>	<u>(385,928)</u>	<u>9,136,535</u>
Less accumulated depreciation:				
Building	(633,674)	(63,884)	68,999	(628,559)
Equipment	<u>(6,497,225)</u>	<u>(436,434)</u>	-	<u>(6,933,659)</u>
Total accumulated depreciation	<u>(7,130,899)</u>	<u>(500,318)</u>	<u>68,999</u>	<u>(7,562,218)</u>
Total capital assets, being depreciated, net	<u>2,296,157</u>	<u>(404,911)</u>	<u>(316,929)</u>	<u>1,574,317</u>
Governmental activities capital Assets, net	<u>\$ 2,416,450</u>	<u>\$ (114,361)</u>	<u>\$ (316,929)</u>	<u>\$ 1,985,160</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 235,977
911 dispatch services	<u>264,341</u>
Total depreciation expense – governmental activities	<u>\$ 500,318</u>

NOTE 6 - EMPLOYEE BENEFIT PLAN

The Authority participates in a retirement plan sponsored by Great-West Life & Annuity. The type of retirement plan is established pursuant to IRC section 401(k) and is termed a "defined contribution plan". The benefits that participants are entitled to upon termination of employment consist of: 1) contributions by the employer entity; 2) equal or "matching" contributions by the employee through a mandatory withholding on their salary; 3) any additional "voluntary contribution" made by the employee; plus 4) any interest or investment return which is earned on such funds. Member contributions are limited up to a maximum set by the IRS (\$18,000 in 2016). Both the Authority and members contribute 5%.

For the years ended December 31, 2014, 2015, and 2016, the Authority and member contributions each were \$63,082, \$62,336, and \$69,566, respectively.

NOTE 7 - CONTINGENCIES

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required.

**GARFIELD COUNTY EMERGENCY
COMMUNICATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 7 – CONTINGENCIES, Continued

In 1997, the registered voters of the Garfield County Emergency Communication Authority voted to allow the Authority to collect, retain and expend all revenues and other funds collected in 1997 and each subsequent year thereafter, for general operations expenses without limiting in any year the amount of the other revenues that may be collected and expended by the Authority in excess of the limits of Article X, Section 20 of the Colorado Constitution.

The Authority's management and legal counsel believes that the Authority is not subject to the TABOR Amendment and it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 8 - RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority is a member of Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool. The agreement provides that CIRSA will be self sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 property, \$1,000,000 liability, \$400,000 worker's compensation and \$150,000 crime for each insured event.

The Authority will recognize an expenditure for the amount paid to CIRSA annually for these coverages. The Authority paid approximately \$24,965 to CIRSA in 2016. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

NOTE 9 – COMMITTED FUND BALANCE

Beginning with the fiscal year 2011, the Authority implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

**GARFIELD COUNTY EMERGENCY
COMMUNICATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 9 – COMMITTED FUND BALANCE, Continued

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

NOTE 10 – SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through July 17, 2017 the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

BUDGETARY COMPARISON SCHEDULE
GENERAL FUND
For the Year Ended December 31, 2016

	General Fund			Variance from final budget
	Budget		Actual	
	Original	Final		
REVENUES				
Sales taxes	\$ 1,700,000	\$ 1,700,000	\$ 1,732,799	\$ 32,799
Interest income	1,800	1,800	1,796	(4)
Other income	65,000	65,000	66,120	1,120
Grants	142,356	142,356	137,382	(4,974)
Sale of capital assets	-	-	255,107	255,107
Transfers	306,255	306,255	-	(306,255)
TOTAL REVENUES	2,215,411	2,215,411	2,193,204	(22,207)
EXPENDITURES				
Salaries and wages	1,510,000	1,510,000	1,427,932	82,068
Health and life insurance	354,168	354,168	334,019	20,149
Payroll taxes	120,800	120,800	109,170	11,630
Maintenance and repair	36,000	36,000	184,715	(148,715)
Retirement contribution	74,500	74,500	64,442	10,058
Accounting and audit	26,000	26,000	22,545	3,455
Treasurer fees	34,000	34,000	32,658	1,342
Sales Tax Recovery	25,000	25,000	100,400	(75,400)
Liability insurance	22,500	22,500	20,120	2,380
Utilities	40,000	40,000	38,070	1,930
Legal fees	15,000	15,000	7,341	7,659
Workers compensation	5,500	5,500	4,845	655
Unemployment insurance	4,530	4,530	4,239	291
Operations reserve	1,691,764	1,691,764	24,723	1,667,041
Capital outlay	200,000	200,000	-	200,000
TOTAL EXPENDITURES	4,159,762	4,159,762	2,375,219	1,784,543
EXCESS OF REVENUES OVER EXPENDITURES	\$ (1,944,351)	\$ (1,944,351)	(182,015)	\$ 1,762,336
FUND BALANCE - BEGINNING OF YEAR			1,725,535	
FUND BALANCE - END OF YEAR			\$ 1,543,520	

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

BUDGETARY COMPARISON SCHEDULE
SPECIAL REVENUE FUND
For the Year Ended December 31, 2016

	Special Revenue Fund			Variance from final budget
	Budget		Actual	
	Original	Final		
REVENUES				
Assessments E911	\$ 491,400	\$ 491,400	\$ 638,057	\$ 146,657
Charge for services	250	250	2,193	1,943
Grants	332,700	332,700	190,717	(141,983)
Interest income	1,500	1,500	1,228	(272)
Other income	-	-	543	543
TOTAL REVENUES	825,850	825,850	832,738	6,888
EXPENDITURES				
Salaries and Wages	255,000	255,000	-	255,000
Payroll taxes	21,165	21,165	-	21,165
Maintenance and repair	112,500	112,500	136,927	(24,427)
Retirement contribution	12,750	12,750	-	12,750
Office supplies	17,900	17,900	15,532	2,368
Telephone	105,000	105,000	103,156	1,844
Travel and subsistence	20,000	20,000	19,377	623
Public education	3,000	3,000	3,131	(131)
Training	60,000	60,000	65,784	(5,784)
Advertising	3,000	3,000	612	2,388
Subscription/memberships	6,000	6,000	5,886	114
Operations reserve	411,791	411,791	69,711	342,080
Capital outlay	542,701	542,701	385,957	156,744
TOTAL EXPENDITURES	1,570,807	1,570,807	806,073	764,734
EXCESS REVENUES OVER (UNDER) EXPENDITURES	\$ (744,957)	\$ (744,957)	26,665	\$ 771,622
FUND BALANCE - BEGINNING OF YEAR			691,429	
FUND BALANCE - END OF YEAR			\$ 718,094	

The accompanying "Notes to Financial Statements" are an integral part of the statement.

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