

**MONTROSE EMERGENCY TELEPHONE  
SERVICE AUTHORITY**

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

December 31, 2016 and 2015



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**INDEPENDENT AUDITOR'S REPORT**

# **DONALD R. MORELAND & ASSOCIATES, P.C.**

CERTIFIED PUBLIC ACCOUNTANTS

## **INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Montrose Emergency Telephone Service Authority  
Olathe, Colorado 81425

We have audited the accompanying financial statements of Montrose Emergency Telephone Service Authority, as of and for the years ended December 31, 2016 and 2015, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

### **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 an opinion 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 consolidated 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 Authority'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 Authority'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 opinion.

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Montrose Emergency Telephone Service Authority as of December 31, 2016 and 2015, and respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Board of Directors  
Montrose Emergency Telephone Service Authority  
Page Two

**Other-Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 6 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Montrose Emergency Telephone Service Authority's financial statements as a whole. The supplementary information - revenues and expenditures - budget and actual is presented for purposes of additional analysis and is not a required part of the financial statements. The supplementary information - revenues and expenditures - budget and actual is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

*Donald R. Moreland + Associates, P.C.*

Montrose, Colorado  
June 19, 2017

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

## Management's Discussion and Analysis

As management of the Montrose Emergency Telephone Service Authority, we offer readers of the Montrose Emergency Telephone Service Authority's financial statements this narrative overview and analysis of the financial activities of the Montrose Emergency Telephone Service Authority for the years ended December 31, 2016 and 2015.

### Financial Highlights

- The assets of the Montrose Emergency Telephone Service Authority (also referred to as the Authority) exceeded its liabilities at December 31, 2016 by \$1,091,051 (net position). Of this amount, \$918,851 (unrestricted net position) may be used to meet the Authority's ongoing obligations to citizens and creditors. At the close of the prior year the Authority's net position and unrestricted net position were \$1,222,953 and \$975,438, respectively.
- The Authority's total net position increased (decreased) by \$(131,902) and \$94,679 for the years ended December 31, 2016 and 2015, respectively.
- Authority revenues decreased in 2016 mainly the result of reimbursements from other governments. In 2015, Authority revenues increased mainly the result of reimbursements from other governments.
- Authority expenses for 2016 increased from the prior year, mainly the result of increased dispatch fees. For 2015, Authority expenses decreased, mainly the result of decreased dispatch fees.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Montrose Emergency Telephone Service Authority basic financial statements. The Authority's basic financial statements are presented as a special purpose government engaged only in business type activities - providing emergency telephone services.

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two 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 revenues, expenses and changes in fund net position* presents information showing 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 (e.g., earned but unused vacation leave).

The *statement of cash flows* report the Authority's cash flows from operating, capital and related financing and investing activities. Also presented are beginning and end of year cash and cash equivalents.

The basic financial statements can be found on pages 7 through 9 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 10 through 14 of the report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *supplementary information* concerning the Montrose Emergency Telephone Service Authority's budgetary comparisons for revenues and expenditures. Supplementary information can be found on page 15 of this report.

**Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of a Authority's financial position. In the case of the Montrose Emergency Telephone Service Authority, assets exceeded liabilities by \$1,131,277 at the close of the most recent fiscal year.

Approximately 20 percent of the Authority's net position reflect its investment in capital assets (e.g., buildings and equipment). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Montrose Emergency Telephone Service Authority Net Position**

	<u>2016</u>	<u>2015</u>
Current assets	\$ 966,236	1,024,439
Capital assets	172,200	247,515
Total assets	<u>1,138,436</u>	<u>1,271,954</u>
Current liabilities	<u>47,385</u>	<u>49,001</u>
Total liabilities	<u>47,385</u>	<u>49,001</u>
Net position:		
Net investment in capital assets	172,200	247,515
Unrestricted	<u>918,851</u>	<u>975,438</u>
Total net position	<u>\$1,091,051</u>	<u>1,222,953</u>

At the end of the current fiscal year, the Montrose Emergency Telephone Service Authority is able to report positive balances in all categories of net position. The same situation held true for the prior fiscal year.

Under the GASB 34 reporting model the audit shows the Authority's net position increased (decreased) by \$(131,902) and \$94,679, respectively, during the years ended December 31, 2016 and 2015. This decrease in net position for 2016 was due to increased dispatch fees. The increase in net position for 2015 was due to decreased dispatch fees.

**Montrose Emergency Telephone Service Authority  
Changes in Net Position**

	2016	2015
Revenues:		
Operating revenue	\$ 383,303	439,683
Non-operating revenue	1,730	664
Total revenues	\$ 385,033	440,347
Expenses:		
Operating expenses:		
Administrative and general	438,781	257,443
Depreciation	78,154	88,225
Total expenses	516,935	345,668
Change in net position	(131,902)	94,679
Net position - beginning of year	1,222,953	1,128,274
Net position - end of year	\$1,091,051	1,222,953

Total expenses have increased significantly from 2015 to 2016, mainly the result of dispatch fees. Total expenses decreased significantly from 2014 to 2015, mainly the result of decreased dispatch fees.

**Budgetary highlights**

Changes between actual revenues and budgeted amounts were primarily due to decreased E911 telephone surcharges.

Changes between actual expenses and budgeted amounts were primarily due to decreased dispatch services and increased capital outlay.

**Capital Asset and Debt Administration**

**Capital assets.** The Montrose Emergency Telephone Service Authority's investment in capital assets as of December 31, 2016 and 2015 amounted to \$172,200 and \$247,515, respectively, (net of accumulated depreciation). This investment in capital assets includes building and equipment.

There were no major capital asset events during the year ended December 31, 2016.

**Montrose Emergency Telephone Service Authority**  
**Capital Assets**  
(net of depreciation)

	<u>2016</u>	<u>2015</u>
Buildings	1,386	2,496
Equipment	<u>170,814</u>	<u>245,019</u>
Total capital assets	<u>\$172,200</u>	<u>247,515</u>

Additional information on the Authority's capital assets can be found in Note 3 of this report.

**Economic Factors and Next Year's Budgets and Rates**

- The Authority will continue to improve the emergency response system.

**Request for information**

This financial report is designed to provide a general overview of the Montrose Emergency Telephone Service Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or request for additional information should be addressed to Montrose Emergency Telephone Service Authority, P.O. Box 911, Olathe, Colorado, 81425-0911.

**FINANCIAL STATEMENTS**

**MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY**

**STATEMENT OF NET POSITION**

**December 31, 2016 and 2015**

<b>ASSETS</b>	<b>2016</b>	<b>2015</b>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 368,770	401,501
Certificates of deposit	233,150	232,950
Investments	216,230	214,834
Accounts receivable	135,789	167,494
Prepaid expenses	12,297	7,660
<b>TOTAL CURRENT ASSETS</b>	<b>966,236</b>	<b>1,024,439</b>
<b>CAPITAL ASSETS</b>		
Buildings	11,091	11,091
Equipment	342,617	399,909
	353,708	411,000
Accumulated depreciation	181,508	163,485
<b>TOTAL CAPITAL ASSETS</b>	<b>172,200</b>	<b>247,515</b>
<b>TOTAL ASSETS</b>	<b>1,138,436</b>	<b>1,271,954</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	47,385	49,001
<b>TOTAL CURRENT LIABILITIES</b>	<b>47,385</b>	<b>49,001</b>
<b>NET POSITION</b>		
Net investment in capital assets	172,200	247,515
Unrestricted	918,851	975,438
<b>TOTAL NET POSITION \$</b>	<b>1,091,051</b>	<b>1,222,953</b>

See Notes to Financial Statements.

**MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY**

**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION  
For the years ended December 31, 2016 and 2015**

	<u>2016</u>	<u>2015</u>
<b><u>OPERATING REVENUE</u></b>		
E911 telephone surcharges	\$ 330,013	329,589
Reimbursements	53,261	110,094
Miscellaneous	29	
TOTAL OPERATING REVENUES	<u>383,303</u>	<u>439,683</u>
<b><u>OPERATING EXPENSES</u></b>		
Dispatch services	183,918	
Contract services - GIS	86,631	80,672
Contract services - other	1,500	
Emergency notification	28,690	28,022
Supplies	637	
Repairs and maintenance		468
Service contracts	48,525	64,778
Insurance	2,705	2,637
Office	468	138
Postage	36	
Bank charges	189	175
Telecommunication services	26,862	25,552
Professional fees	26,852	50,729
Strategic plan study	24,500	
Travel and training	5,695	4,038
Depreciation and amortization	78,154	88,225
Miscellaneous	1,573	234
TOTAL OPERATING EXPENSES	<u>516,935</u>	<u>345,668</u>
OPERATING INCOME (LOSS)	<u>(133,632)</u>	<u>94,015</u>
<b><u>NON-OPERATING REVENUES (EXPENSES)</u></b>		
Investment income	1,730	664
NET NON-OPERATING REVENUES (EXPENSES)	<u>1,730</u>	<u>664</u>
CHANGE IN NET POSITION	(131,902)	94,679
NET POSITION - BEGINNING OF YEAR	<u>1,222,953</u>	<u>1,128,274</u>
NET POSITION - END OF YEAR	<u>\$ 1,091,051</u>	<u>1,222,953</u>

See Notes to Financial Statements.

**MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY**

STATEMENT OF CASH FLOWS

For the years ended December 31, 2016 and 2015

	<u>2016</u>	<u>2015</u>
<b><u>CASH FLOWS FROM OPERATING ACTIVITIES:</u></b>		
Receipts from users	\$ 415,008	384,878
Payments to suppliers	(445,034)	(312,630)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(30,026)</u>	<u>72,248</u>
<b><u>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</u></b>		
Acquisition of capital assets	(2,839)	
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(2,839)</u>	<u>-</u>
<b><u>CASH FLOWS FROM INVESTING ACTIVITIES:</u></b>		
Redemption of certificates of deposit	232,950	232,750
Purchase of certificates of deposit	(233,150)	(232,950)
Purchase of investment	(1,396)	(376)
Investment income received	1,730	664
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>134</u>	<u>88</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(32,731)	72,336
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>401,501</u>	<u>329,165</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 368,770</u>	<u>401,501</u>
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:		
Operating income (loss)	\$ (133,632)	94,015
Adjustments to reconcile to net cash provided by operating activities:		
Depreciation and amortization	78,154	88,225
Decrease (Increase) in receivables	31,705	(54,805)
Decrease (Increase) in prepaid expenses	(4,637)	679
Increase (Decrease) in accounts payable	(1,616)	(55,866)
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>\$ (30,026)</u>	<u>72,248</u>

See Notes to Financial Statements.

**NOTES TO FINANCIAL STATEMENTS**

**MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2016 and 2015

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1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. FINANCIAL REPORTING ENTITY

The Montrose Emergency Telephone Service Authority (Authority) operates under a contract that established the Authority as a separate governmental entity on February 1, 1988 under Colorado Revised Statutes, 29-11-101. The contracting parties are Montrose County, Colorado, the City of Montrose, Colorado, the towns of Olathe, Naturita and Nucla, Colorado, the Fire Protection Districts of Montrose, Olathe, Nucla-Naturita, Norwood and Paradox, Colorado, the Emergency Telephone Service Authorities of Ouray County and San Miguel County, Colorado and the Colorado State Patrol. The Authority is governed by a board consisting of an appointed representative from each of the contracting parties. The Authority provides emergency telephone services to the above entities. The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The financial statements of the Authority consist only of the enterprise fund of the Authority, a stand-alone government. Based on criteria set forth by GASB, there are no component units for which the Authority is financially accountable.

B. BASIS OF PRESENTATION, BASIS OF ACCOUNTING

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District are E911 telephone surcharges to consumers and other authorities. Operating expenses for proprietary funds include the cost of services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

C. MEASUREMENT FOCUS, BASIS OF ACCOUNTING

*Proprietary Fund Financial Statements.* The 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 at the time liabilities are incurred, regardless of when the related cash flows take place.

MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2016 and 2015

1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. ASSETS, LIABILITIES, AND NET POSITION

*Cash and cash equivalents.* The Authority considers all cash on hand and demand deposits to be cash equivalents.

*Allowance for doubtful accounts.* The Authority considers all accounts receivable collectible and, accordingly, provides no allowance for doubtful accounts.

*Capital assets.* Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. It is the Authority's policy to capitalize all capital expenditures over \$1,000 with an estimated useful life in excess of two years. 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.

Depreciation is calculated using the straight-line method over the estimated useful lives. Capital assets acquired by capital lease are depreciated over the estimated useful lives and are included in depreciation expense. The estimated useful lives are as follows:

Buildings	10 years
Equipment	3 - 5 years

E. BUDGETS AND BUDGETARY ACCOUNTING

The Authority follows these procedures in establishing the budget.

- a. The Authority's treasurer submits a proposed operating budget to the Board and a public hearing is held prior to December for the following calendar year. The operating budget includes proposed expenditures and the means of financing them.
- b. Prior to January 1, the budget is enacted by passage of a resolution. The budget is adopted on a basis consistent with generally accepted accounting principles (GAAP) except that grants are budgeted as revenues, principal payments and capital outlays are budgeted as expenditures, and no provision is made for depreciation. Budgeted expenditures are appropriated in total for the Authority and the level of control is in total.
- c. The Board of Directors may authorize supplemental appropriations during the year. During 2016 and 2015, no supplemental appropriations were adopted.
- d. Appropriations lapse at the end of the year.

**MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2016 and 2015

2 - DEPOSITS AND INVESTMENTS

Deposits

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

Custodial Credit Risks - Deposits

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of December 31, 2016 and 2015 none of the Authority's bank balances of \$700,522 and \$634,452, respectively, were exposed to custodial credit risk as \$483,150 and \$482,920, respectively, was insured and \$217,372 and \$151,502, respectively, was collateralized by securities pledged by financial institutions.

Investments

As of December 31, 2016 and 2015, the Authority had the following investments:

	<u>MATURITIES</u>	<u>FAIR VALUE</u>	
		<u>2016</u>	<u>2015</u>
Colostrust Plus	N/A	\$216,230	214,834

Interest rate risk

The Authority does not have a formal investment policy that limit investment maturities as means of managing its exposure to fair value losses arising from increasing interest rates.

Credit risk

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest including obligations of the United States and certain U.S. government agency securities; certain international agency securities; general obligation and revenue bonds of U.S. local government entities; bankers' acceptances of certain banks; commercial paper; local government investment pools; written repurchase agreements collateralized by certain authorized securities; certain money market funds; and guaranteed investment contracts. The Authority has no policy that would further limit its investment choice. As of December 31, 2016 and 2015, the Authority's investment in Colostrust Plus, a 2a7-like investment pool, was rated AAAM by Standard & Poors.

Concentration of credit risk

Investments must be in accordance with Colorado Statutes. The Authority does not have an investment policy that limits the amounts that may be invested in specific investment types or financial institutions.

**MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS (continued)**

**December 31, 2016 and 2015**

**3 - CAPITAL ASSETS**

Capital asset activity for the years ended December 31, 2016 and 2015, were as follows:

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<b>2016</b>				
Capital assets being depreciated:				
Buildings	\$ 11,091			11,091
Equipment	<u>399,909</u>	<u>2,839</u>	<u>60,131</u>	<u>342,617</u>
Total capital assets being depreciated	<u>411,000</u>	<u>2,839</u>	<u>60,131</u>	<u>353,708</u>
Less accumulated depreciation for:				
Buildings	8,595	1,110		9,705
Equipment	<u>154,890</u>	<u>77,044</u>	<u>60,131</u>	<u>171,803</u>
Total accumulated depreciation	<u>163,485</u>	<u>78,154</u>	<u>60,131</u>	<u>181,508</u>
Total capital assets, net	\$ <u>247,515</u>	<u>(75,315)</u>		<u>172,200</u>
<b>2015</b>				
Capital assets being depreciated:				
Buildings	\$ 11,091			11,091
Equipment	<u>399,909</u>			<u>399,909</u>
Total capital assets being depreciated	<u>411,000</u>			<u>411,000</u>
Less accumulated depreciation for:				
Buildings	7,486	1,109		8,595
Equipment	<u>67,774</u>	<u>87,116</u>		<u>154,890</u>
Total accumulated depreciation	<u>75,260</u>	<u>88,225</u>		<u>163,485</u>
Total capital assets, net	\$ <u>335,740</u>	<u>(88,225)</u>		<u>247,515</u>

**4 - SHORT-TERM DEBT**

The Authority had no short-term debt during the years ended December 31, 2016 and 2015.

**5 - SPENDING AND DEBT LIMITATIONS**

The State Constitution, Article X, Section 20, has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Section is complex and subject to judicial interpretation. It is the opinion of management and the Authority's attorney that the Authority's emergency telephone service is an enterprise within the meaning of Article X, Section 20, and is not subject to the revenue limitations nor required to establish the emergency reserves.

**MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY**

NOTES TO FINANCIAL STATEMENTS (continued)

December 31, 2016 and 2015

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6 - RISK MANAGEMENT

The Authority is exposed to risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Such exposure is covered by purchase of commercial insurance. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

**SUPPLEMENTARY INFORMATION**

**REVENUES AND EXPENDITURES - BUDGET AND ACTUAL**

**MONTROSE EMERGENCY TELEPHONE SERVICE AUTHORITY**  
 SUPPLEMENTARY INFORMATION - REVENUES AND EXPENDITURES - BUDGET AND ACTUAL  
 For the years ended December 31, 2016 and 2015

	2016		2015		VARIANCE FAVORABLE (UNFAVORABLE)
	ORIGINAL AND FINAL BUDGET	ACTUAL	ORIGINAL AND FINAL BUDGET	ACTUAL	
<b>REVENUES</b>					
E911 telephone surcharges	\$ 346,870	330,013	366,870	329,589	(37,281)
Reimbursements	53,400	53,261	83,540	110,094	26,554
Investment income	700	1,730	700	664	(36)
Miscellaneous	250	29	250		(250)
<b>TOTAL REVENUES</b>	<b>401,220</b>	<b>385,033</b>	<b>451,360</b>	<b>440,347</b>	<b>(11,013)</b>
<b>EXPENDITURES</b>					
Dispatch services	232,313	183,918	10,000		10,000
System testing	10,000		85,000	80,672	4,328
Contract services - GIS	85,000	86,631			
Contract services - Other		1,500			
Emergency notification	29,000	28,690	29,000	28,022	978
Supplies	1,000	637			
Repairs and maintenance				468	(468)
Service contracts	2,700	48,525	50,000	64,778	(14,778)
Insurance	500	2,705	2,700	2,637	63
Administration	2,000	468		138	(138)
Office		36			
Postage					
Telecommunication services	29,500	26,862	27,900	25,552	2,348
Bank charges	300	189		175	(175)
Professional fees	43,500	26,852	23,000	50,729	(27,729)
Travel and training	15,000	5,695	28,000	4,038	23,962
911 Strategic Plan	15,000	24,500			
Capital outlay		2,839	175,000		175,000
Miscellaneous	2,500	1,573		234	(234)
<b>TOTAL EXPENDITURES</b>	<b>468,313</b>	<b>441,620</b>	<b>430,600</b>	<b>257,443</b>	<b>173,157</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES \$</b>	<b>(67,093)</b>	<b>(56,587)</b>	<b>20,760</b>	<b>182,904</b>	<b>162,144</b>
Reconciliation of Excess of Revenues Over (Under) Expenditures to					
Change in Net Position		2,839			
Capitalized expenditures		(78,154)			
Depreciation					
<b>CHANGE IN NET POSITION PER STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</b>		<b>(131,902)</b>		<b>94,679</b>	