

**Washington - Yuma Combined Communications Center
Yuma, Colorado**

**Financial Statements
December 31, 2017**



**Washington-Yuma Counties
Combined Communications**



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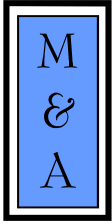
Office of the State Auditor

July 31, 2018

**Washington - Yuma Combined Communications Center
Financial Report
December 31, 2017**

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McMAHAN AND ASSOCIATES, L.L.C.

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INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors
Washington - Yuma Combined Communications Center
Yuma, Colorado**

We have audited the accompanying financial statements of the governmental activities and the general fund of the Washington - Yuma Combined Communications Center (the "Center"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Center's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

Member: American Institute of Certified Public Accountants

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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 the general fund of the Washington - Yuma Combined Communications Center as of December 31, 2017, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B, and the Schedule of Employer's Proportionate share of the Net Pension Liability and the Schedule of District Contributions in Section E 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 Management's Discussion and Analysis in Section B, and the Schedule of Employer's Proportionate share of the Net Pension Liability and the Schedule of District Contributions in Section E 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.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
July 23, 2018

MANAGEMENT'S DISCUSSION AND ANALYSIS



WASHINGTON - YUMA COMBINED COMMUNICATIONS CENTER

Management's Discussion and Analysis December 31, 2017

As management of the Washington – Yuma Combined Communications Center, (the “Center”), we offer readers of the financial statements this narrative summary of the financial activities for the fiscal year ended December 31, 2017.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Center's basic financial statements. The Center's financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial Statements: The financial statements are designed to provide readers with an overview of the Center's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet / Statement of Net Position presents information on all the Center's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet column presents the financial position focusing on short-term available resources and is reported on the modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on the full accrual basis of accounting. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Center is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities shows how the government's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance column focuses on short-term available resources and is reported on the modified accrual basis of accounting. The Statement of Activities column focuses on long-term economic resources and is reported on the full accrual basis.

The Center adopts a budget annually for its only fund, the General Fund. A budget comparison statement has been provided to demonstrate compliance with this budget. The Center's financial statements can be found in Section C of this report.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the Center. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Financial Analysis of the Center

Washington - Yuma Combined Communications Center's Statement of Net Position

	2017	2016
Assets:		
Current and other assets	\$ 164,375	\$ 132,081
Capital assets	2,570	3,410
Total Assets	<u>166,945</u>	<u>135,491</u>
Deferred Outflows of Resources:		
Pension related deferred outflows	283,791	251,229
Total Deferred Outflows of Resources	<u>283,791</u>	<u>251,229</u>
Liabilities:		
Other liabilities	1,911	1,319
Long-term liabilities	1,115,802	982,803
Total Liabilities	<u>1,117,713</u>	<u>984,122</u>
Deferred Inflows of Resources:		
Pension related deferred inflows	39,429	58,916
Total Deferred Inflows of Resources	<u>39,429</u>	<u>58,916</u>
Net Position:		
Net invested in capital assets	2,570	3,410
Unrestricted	(708,976)	(659,728)
Total Net Position	<u>\$ (706,406)</u>	<u>\$ (656,318)</u>

The positive balance of the Center's net position relates to its net investment in capital assets, which includes communication equipment and software, as well as furniture and fixtures. The Center uses its capital assets to provide 911 and emergency dispatch services as well as after-hours public works and utility dispatch services to its citizens; therefore, these assets are not available for future spending.

At the end of the 2017 fiscal year, the Center reports deficit unrestricted net position due to the net pension liability plus the related deferred outflows and deferred inflows, as listed above. The Center's net position decreased by \$50,090 from the prior year, and the Center begins 2018 with a deficit net position of \$706,406.

Washington - Yuma Combined Communications Center's Change in Net Position

	2017	2016
Revenues:		
Yuma County	\$ 440,000	\$ 440,000
Washington County	220,000	220,000
Washington - Yuma Counties		
Emergency Telephone Service Authority	60,000	60,000
RETAC Coordinator	100,885	99,033
Other	1,000	327
Interest	96	81
Total Revenues	821,981	819,441
Expenses:		
Salaries and benefits	640,020	622,311
Supplies	4,567	4,067
Postage, printing, and advertising	1,121	670
Dues	1,348	1,256
Utilities	12,765	11,831
Telephone	8,773	9,309
Equipment rental	748	748
Repair and maintenance	842	1,535
Meetings and travel	3,785	4,557
Training	6,745	6,926
Computer support equipment	682	250
Depreciation expense	2,841	5,224
Treasurers' fees	2,810	2,803
Other	1,365	1,353
CAPP insurance	2,226	2,145
Professional services	3,941	4,676
RETAC salaries and other costs	100,597	99,039
Pension Expense	76,895	22,359
Total Expenses	872,071	801,059
Change in Net Position	(50,090)	18,382
Net Position:		
Beginning of the Year	(656,316)	(674,698)
End of the Year	\$ (706,406)	\$ (656,316)

Financial Analysis of the Center

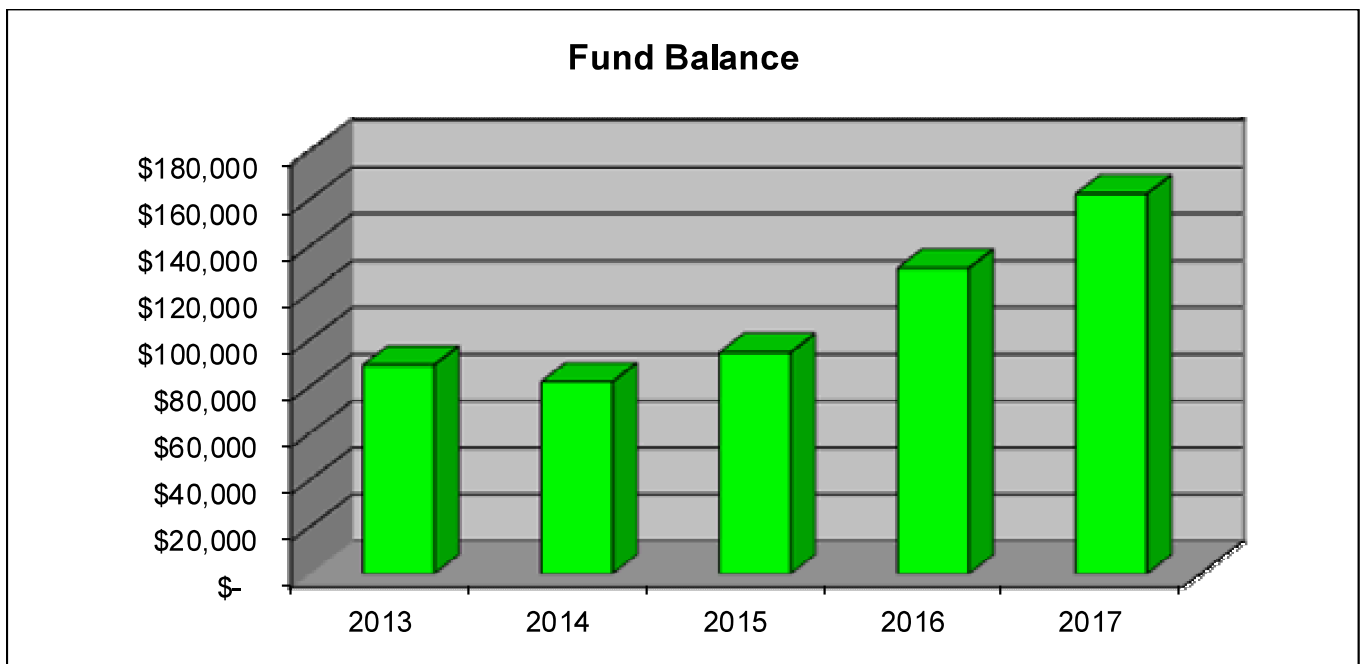
Revenues from Yuma and Washington Counties were the most significant source of income, accounting for 80% of total revenues. The Emergency Telephone Service Authority and Northeast Colorado Regional Emergency Trauma Advisory Council ("RETAC") Coordinator reimbursements were also major sources of revenue for the Center.

In comparison to 2016, revenues increased by \$2,540. This is mainly attributable to increased revenues from the Regional Emergency Trauma Advisory Council Coordinator reimbursements.

Expenses increased \$71,012 in 2017. The increase is primarily related to an increase of \$17,709 in salaries and benefits, and an increase of \$54,536 in pension expense

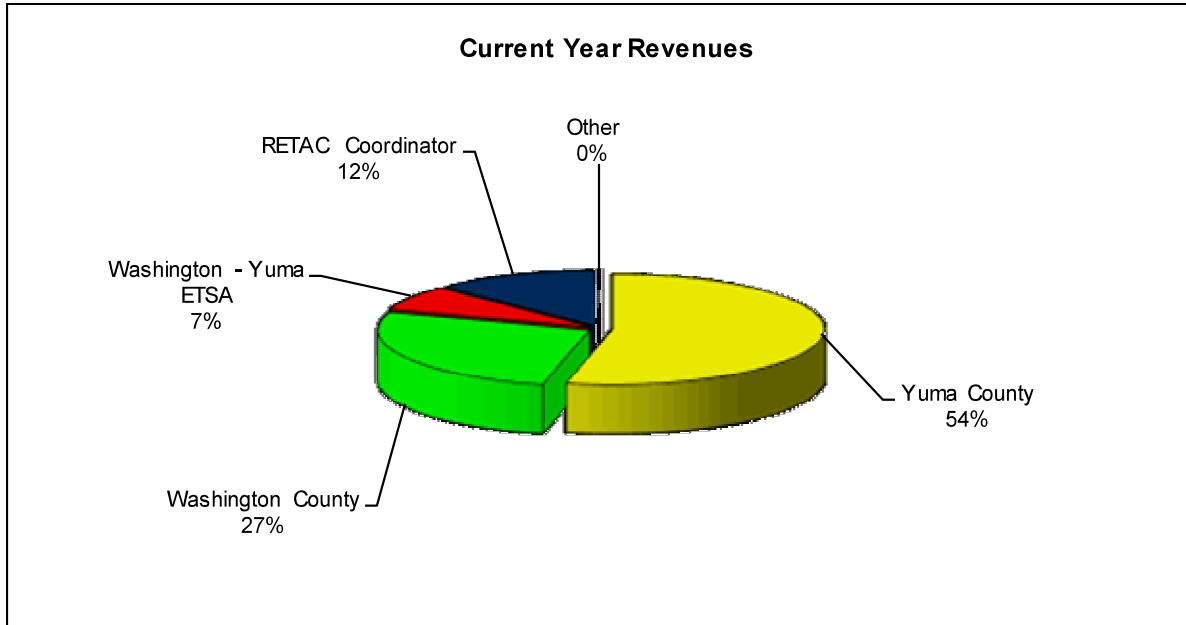
Salaries and other payroll costs accounted for 93% of the Center's expenses.

The following chart shows the Center's available resources (i.e., fund balance) for the past 5 years.

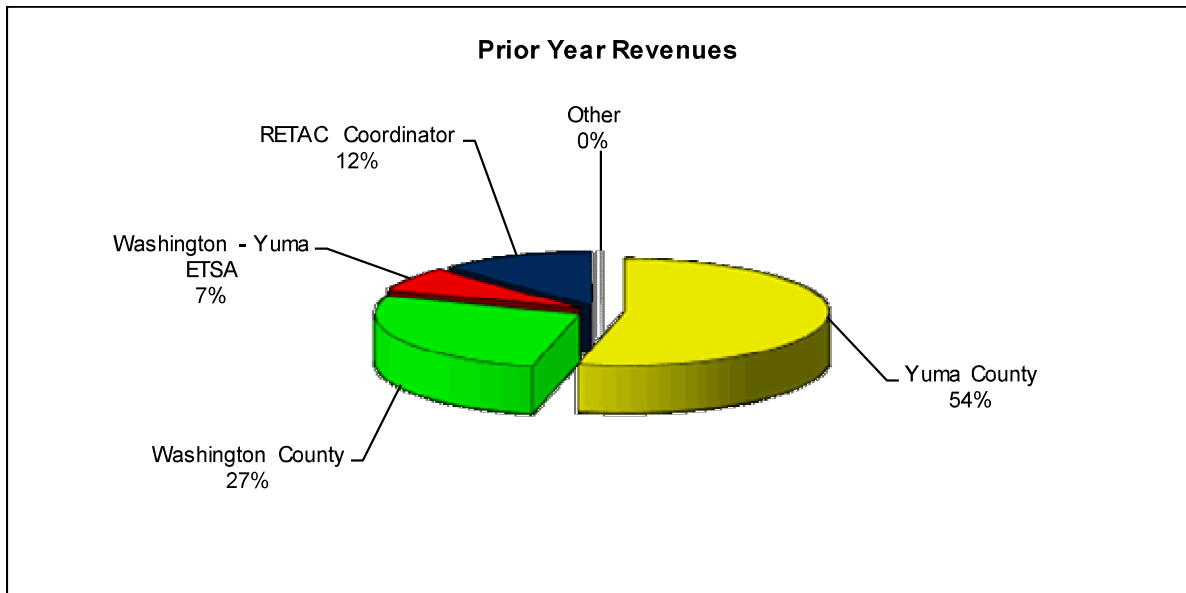


Financial Analysis of the Center (continued)

The following graph details the Center's 2017 revenues:

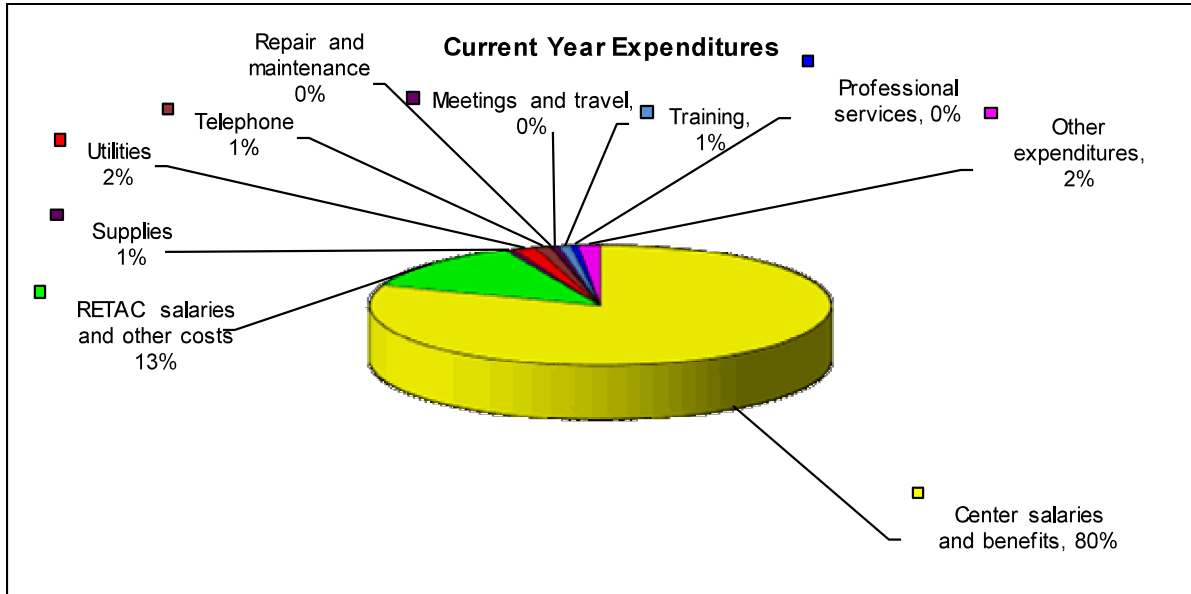


The following graph depicts the Center's 2016 revenues:

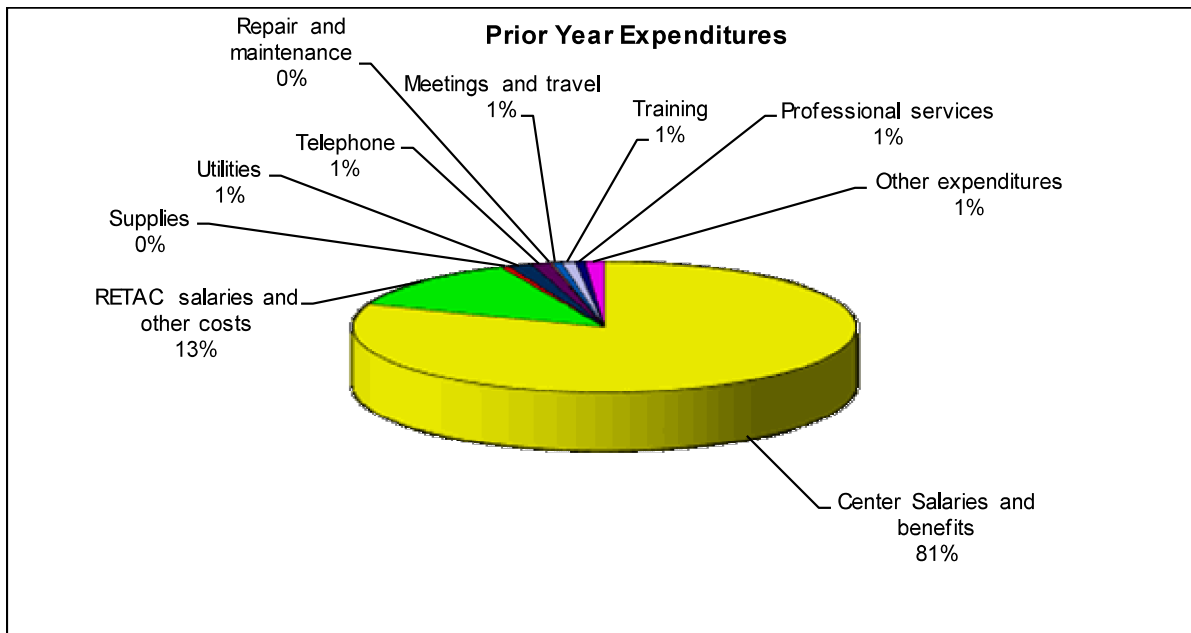


Financial Analysis of the Center (continued)

The following graph shows the Center's 2017 expenditures:



The following graph shows the Center's 2016 expenditures:



Budget Variances in the General Fund

The Center did not amend the General Fund budget for the 2017 fiscal year; the actual expenditures for the General Fund were under budgeted amounts by \$153,886.

Significant budget variances in the General Fund were as follows:

	Positive (Negative) Variance	Reason
Expenditures:		
Salaries and benefits	\$ 98,850	Employee turnover resulted in lower salaries
Repair and maintenance	11,658	Fewer repair and maintenance projects were undertaken than anticipated
Computer support equipment	17,319	The Center budgets conservatively and experienced lower equipment costs than anticipated.

Capital assets: The Center's investment in capital assets totaled \$2,570 in 2017. Additional information, as well as a detailed classification of the Center's net capital assets, can be found in the Notes to the Financial Statements in Section D of this report.

Next Year's Budget and Rates

The Center's fund balance at the end of the 2017 fiscal year totaled \$162,464. The Center's 2018 budget does not anticipate a material change in fund balance.

Request for Information

This financial report is designed to provide a general overview of the Center's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Washington - Yuma Combined Communications Center, 310 Ash, Suite A, Wray, CO 80758.

BASIC FINANCIAL STATEMENTS



**Washington-Yuma Counties
Combined Communications**

Washington - Yuma Combined Communications Center
Balance Sheet / Statement of Net Position
December 31, 2017

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
Assets:			
Cash with County Treasurer	155,869	-	155,869
Due from other governments	8,506	-	8,506
Equipment	-	55,729	55,729
Furniture and fixtures	-	11,379	11,379
Accumulated depreciation	-	(64,538)	(64,538)
Total Assets	<u>164,375</u>	<u>2,570</u>	<u>166,945</u>
Deferred Outflows of Resources:			
Pension related deferred outflows	-	283,791	283,791
Total Deferred Outflows of Resources	<u>-</u>	<u>283,791</u>	<u>283,791</u>
Liabilities:			
Accounts payable	1,911	-	1,911
Accrued compensated absences	-	47,287	47,287
Net pension liability	-	1,068,515	1,068,515
Total Liabilities	<u>1,911</u>	<u>1,115,802</u>	<u>1,117,713</u>
Deferred Inflows of Resources:			
Pension related deferred inflows	-	39,429	39,429
Total Deferred Inflows of Resources	<u>-</u>	<u>39,429</u>	<u>39,429</u>
Fund Balances / Net Position:			
Fund Balance:			
Unassigned	162,464	(162,464)	
Total Fund Balance	<u>162,464</u>	<u>(162,464)</u>	
Total Liabilities and Fund Balance	<u>164,375</u>		
Net Position:			
Net investment in capital assets		2,570	2,570
Unrestricted		(708,976)	(708,976)
Total Net Position		<u>(706,406)</u>	<u>(706,406)</u>

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

**Washington - Yuma Combined Communications Center
Statement of Revenues, Expenditures
and Changes in Fund Balance / Statement of Activities
For the Year Ended December 31, 2017**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
Revenues:			
Yuma County	440,000	-	440,000
Washington County	220,000	-	220,000
Washington - Yuma Counties			
Emergency Telephone Service Authority	60,000	-	60,000
RETAC Coordinator	100,885	-	100,885
Other	1,000	-	1,000
Interest income	96	-	96
Total Revenues	<u>821,981</u>	<u>-</u>	<u>821,981</u>
Expenditures / Expenses:			
Salaries and benefits	635,966	4,054	640,020
Supplies	4,567	-	4,567
Postage, printing, and advertising	1,121	-	1,121
Dues	1,348	-	1,348
Utilities	12,765	-	12,765
Telephone	8,773	-	8,773
Equipment rental	748	-	748
Repairs and maintenance	842	-	842
Meetings and travel	3,785	-	3,785
Training	6,745	-	6,745
Computer support equipment	2,681	(1,999)	682
Depreciation expense	-	2,841	2,841
Treasurers' fees	2,810	-	2,810
Other	1,365	-	1,365
CAPP insurance	2,226	-	2,226
Professional services	3,941	-	3,941
RETAC salaries and other costs	100,597	-	100,597
Pension Expense	-	76,895	76,895
Total Expenditures / Expenses	<u>790,280</u>	<u>81,791</u>	<u>872,071</u>
Excess (Deficiency) of Revenues Over Expenditures / Change in Net Position	31,701	(81,791)	(50,090)
Fund Balance / Net Position:			
Beginning of the Year	<u>130,763</u>	<u>(787,079)</u>	<u>(656,316)</u>
End of the Year	<u>162,464</u>	<u>(868,870)</u>	<u>(706,406)</u>

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

Washington - Yuma Combined Communications Center
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2017
(With Comparative Actual Amounts for 2016)

	<u>2017</u>			<u>2016</u>
	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Actual</u>
Revenues:				
Yuma County	440,000	440,000	-	440,000
Washington County	219,000	220,000	1,000	220,000
Washington - Yuma Counties				
Emergency Telephone Service Authority	60,000	60,000	-	60,000
RETAC Coordinator	103,450	100,885	(2,565)	99,033
Other	-	1,000	1,000	327
Interest income	-	96	96	81
Total Revenues	<u>822,450</u>	<u>821,981</u>	<u>(469)</u>	<u>819,441</u>
Expenditures:				
Salaries and benefits	734,816	635,966	98,850	631,647
Supplies	8,000	4,567	3,433	4,067
Postage, printing, and advertising	1,800	1,121	679	670
Dues	1,500	1,348	152	1,256
Utilities	14,000	12,765	1,235	11,831
Telephone	11,000	8,773	2,227	9,309
Equipment rental	1,500	748	752	748
Repair and maintenance	12,500	842	11,658	1,535
Meetings and travel	9,000	3,785	5,215	4,557
Training	8,000	6,745	1,255	6,926
Computer support equipment	20,000	2,681	17,319	811
Treasurers' fees	2,500	2,810	(310)	2,803
Other	5,300	1,365	3,935	1,353
CAPP insurance	2,500	2,226	274	2,145
Professional services	8,300	3,941	4,359	4,676
RETAC salaries and other costs	103,450	100,597	2,853	99,039
Total Expenditures	<u>944,166</u>	<u>790,280</u>	<u>153,886</u>	<u>783,373</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(121,716)</u>	31,701	<u>153,417</u>	36,068
Fund Balance:				
Beginning of the Year		<u>130,763</u>		<u>94,695</u>
End of the Year		<u>162,464</u>		<u>130,763</u>

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

NOTES TO THE FINANCIAL STATEMENTS



Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017

I. Summary of Significant Accounting Policies

The Washington - Yuma Combined Communications Center (the "Center") was formed on April 16, 1992, by an intergovernmental agreement between Washington County, Yuma County and the City of Yuma. The Center was formed to receive and dispatch emergency calls, after-hours calls for public works and utilities of its members, and to maintain logs of calls received. The intergovernmental agreement provides that the Center will remain in operation until the agreement is terminated. The members can terminate the agreement with twelve month's written notice, and the Center can terminate the agreement with three month's written notice. In the event of termination, the assets shall be returned to the member that purchased it.

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

A. Reporting Entity

The Center is governed by a Board of Directors consisting of appointed Board members from member organizations and is responsible for setting policy and appointing administrative personnel.

The reporting entity consists of (a) the primary government (i.e., the Center), and (b) organizations for which the Center is financially accountable. The Center is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or if there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Center. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Center. Organizations for which the nature and significance of their relationship with the Center are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

The Center is not financially accountable for any other organization, nor is the Center a component unit of any other primary governmental entity.

B. Government-wide and Fund Financial Statements

The Center's basic financial statements include both government-wide (reporting the Center as a whole) and fund financial statements (reporting the Center's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. The Center does not have any business-type activities; only governmental activities.

1. Government-wide Financial Statements

In the Governmental Fund Balance Sheet / Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Center's net position is reported in two parts – net investment in capital assets and unrestricted net position.

The government-wide focus is on the sustainability of the Center as an entity and the change in the Center's net position resulting from the current year's activities.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

2. Fund Financial Statements

The financial transactions of the Center are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Center reports the following governmental fund:

The *General Fund* is the Center's primary operating fund. It accounts for all financial resources of the Center.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

2. Current Financial Focus and Modified Accrual Basis

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

D. Financial Statement Accounts

1. Cash with County Treasurer

The Center's operating cash is deposited with the Treasurer of Yuma County, Colorado. The Treasurer invests the cash in various investments. The Treasurer maintains a separate cash account for the Center.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Due from Other Governments

Due from other governments are receivables from other government organizations.

3. Capital Assets

Capital assets, which include furniture and fixtures, equipment, and software, are reported in the government-wide financial statements. Capital assets are defined by the Center as assets with an initial cost of \$500 or more, and an estimated useful life in excess of two years. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of donation. The Center has no infrastructure.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase, if applicable, is capitalized as part of the value of the asset.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Furniture and fixtures	5-7
Equipment	3-5
Software	3

4. Compensated Absences

The Center has a policy for the accumulation of personal leave payouts, subject to certain maximum limits. In accordance with GAAP, the Center's approximate liability for personal leave pay earned by employees at December 31, 2017 has been reflected in the government-wide financial statements.

5. Pensions

The Center participates in the Local Government Division Trust Fund ("LGDTF"), a cost-sharing multiple-employer defined benefit pension fund administered by the Public Employees' Retirement Association of Colorado ("PERA"). The net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the LGDTF have been determined using the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Deferred Outflows and Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense / expenditure) until then. The Center has one item that qualifies for reporting in this category, pension related deferred outflows.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The government has one item that qualifies for this type of reporting, pension related deferred inflows.

See Note IV. C. below for discussion on pension related deferred outflows and inflows.

7. Categories and Classification of Fund Balance

Governmental accounting standards establish fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the General Fund. The General Fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications refer to Note IV.D.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements in conformity with U.S. 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.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position

The governmental fund Balance Sheet / Statement of Net Position includes an adjustment column. Explanations of adjustments included in this column are as follows:

Net capital assets used in governmental activities totaling \$2,570, \$67,108 of assets net of accumulated depreciation of \$64,538, are not financial resources and therefore are not reported in the funds.

Another element of the adjustments is \$283,791 for the long-term deferred outflows which are not available for current period expenditures and therefore are not reported in the fund.

Long-term liabilities and deferred inflows are not due and payable in the current period and therefore are not reported in the funds. Long-term liabilities as of December 31, 2017 are comprised of accrued compensated absences \$47,287 and \$1,068,515 of net pension liability and pension related deferred inflows of \$39,429.

B. Explanation of differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance / Statement of Activities includes an adjustment column. Explanations of the adjustments included in this column are as follows:

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and are not recorded as expenditures in governmental funds. The net change in accrued compensated absences results in an increase of \$4,054 of salaries and benefits.

Governmental funds report capital outlay as expenditures when incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. For the year ended December 31, 2017 the Center had capital outlay of \$1,999 and depreciation expense of \$2,841.

Other expense reported in the Statement of Activities that do not require the use of current financial resources include pension expense of \$76,895.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

The Center annually adopts a budget for its General Fund. This formal budgetary integration is employed as a management control device and its level of control is at the fund level.

The budget is prepared on a basis consistent with generally accepted accounting principles (GAAP).

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

Unlike other governmental entities, the Center is not governed under a legal budgetary calendar per Colorado statutes. However, the Center adheres to the following procedures when adopting its annual budget:

1. Prior to September, management of the Center prepares and submits to the various participating governing bodies of its members a budget detailing the estimated operating expenditures and anticipated revenue.
2. The approval by the individual governing bodies is the appropriating resolution for the budget expenditure level. All appropriations lapse at year end. The level of budgetary controls is at the fund level.

B. TABOR Amendment - Revenue and Spending Limitation Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used only for declared emergencies. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenues.

The Center's management and legal counsel are of the opinion that the Center is not affected by TABOR and that the expenditures of the Center are included in the participating members' TABOR spending limit and emergency reserve calculations. Therefore, the Center has not provided for an emergency reserve at December 31, 2017.

The Center's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds

A. Capital Assets

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Capital assets, being depreciated:				
Equipment	\$ 76,018	\$ -	\$ (20,289)	\$ 55,729
Software	153,276	-	(153,276)	-
Furniture and fixtures	9,380	1,999	-	11,379
Total capital assets being depreciated	<u>238,674</u>	<u>1,999</u>	<u>(173,565)</u>	<u>67,108</u>
Less accumulated depreciation for:				
Equipment	(73,414)	(2,317)	20,289	(55,442)
Software	(153,276)	-	153,276	-
Furniture and fixtures	(8,572)	(524)	-	(9,096)
Total accumulated depreciation	<u>(235,262)</u>	<u>(2,841)</u>	<u>173,565</u>	<u>(64,538)</u>
Total capital assets, being depreciated, net	<u>3,412</u>	<u>(842)</u>	<u>-</u>	<u>2,570</u>
Total Capital Assets, Net	<u>\$ 3,412</u>	<u>\$ (842)</u>	<u>\$ -</u>	<u>\$ 2,570</u>

B. Long-term Obligations

1. Changes in Long-term Obligations

	<u>Beginning Balance</u>	<u>Additions (Deletions)</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accrued personal time off	\$ 43,233	\$ 4,054	\$ 47,287	\$ -
Net pension liability	939,570	128,945	1,068,515	-
Total Long-term Obligations	<u>\$ 982,803</u>	<u>\$ 132,999</u>	<u>\$ 1,115,802</u>	<u>\$ -</u>

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Plan description. Eligible employees of the Center are provided with pensions through the Local Government Division Trust Fund (the "LGDTF") - a cost-sharing multiple-employer defined benefit pension plan administered by PERA. Plan benefits are specified in Title 24, Article 51 of the Colorado Revised Statutes (C.R.S.), administrative rules set forth at 8 C.C.R. 1502-1, and applicable provisions of the federal Internal Revenue Code. Colorado State law provisions may be amended from time to time by the Colorado General Assembly. PERA issues a publicly available comprehensive annual financial report that can be obtained at www.copera.org/investments/pera-financial-reports.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Benefits provided. PERA provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and / or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713, and 1714.

The lifetime retirement benefit for all eligible retiring employees under the PERA Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- The value of the retiring employee's member contribution account plus a 100 percent match on eligible amounts as of the retirement date. This amount is then annuitized into a monthly benefit based on life expectancy and other actuarial factors.

The lifetime retirement benefit for all eligible retiring employees under the Denver Public Schools (DPS) Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5 percent and then multiplied by years of service credit
- \$15 times the first 10 years of service credit plus \$20 times service credit over 10 years plus a monthly amount equal to the annuitized member contribution account balance based on life expectancy and other actuarial factors.

In all cases the service retirement benefit is limited to 100 percent of highest average salary and also cannot exceed the maximum benefit allowed by federal Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50 percent or 100 percent on eligible amounts depending on when contributions were remitted to PERA, the date employment was terminated, whether 5 years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments ("COLAs"), referred to as annual increases in the C.R.S. Benefit recipients under the PERA benefit structure who began eligible employment before January 1, 2007 and all benefit recipients of the DPS benefit structure receive an annual increase of 2 percent, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2 percent or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers ("CPI-W") for the prior calendar year. Benefit recipients under the PERA benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2 percent or the average CPI-W for the prior calendar year, not to exceed 10 percent of PERA's Annual Increase Reserve (AIR) for the LGDTF.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions. Eligible employees and the Center are required to contribute to the LGDTF at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8 percent of their PERA-includable salary. The employer contribution requirements are summarized in the table below:

	Rate
Employer Contribution Rate	10.00%
Amount of Employer Contribution apportioned to the Health Care Trust Fund as specified in C.R.S. § 24-51-208(1)(f)	(1.02%)
Amount Apportioned to the LGDTF	8.98%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411	1.50%
Total Employer Contribution Rate to the LGDTF*	12.68%

*Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF in the period in which the compensation becomes payable to the member and the Center is statutorily committed to pay the contributions to the LGDTF. Employer contributions recognized by the LGDTF from the Center were \$59,787 for the year December 31, 2017.

At December 31, 2017, the Center reported a liability of \$1,068,515 for its proportionate share of the net pension liability. The net pension liability was measured as of December 31, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2015. Standard update procedures were used to roll forward the total pension liability to December 31, 2016. The Center's proportion of the net pension liability was based on the Center's contributions to the LGDTF for the calendar year 2016 relative to the total contributions of participating employers to the LGDTF.

At December 31, 2016, the Center's proportion was 0.07913%, which was a decrease of 0.00616% from its proportion measured as of December 31, 2015.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the year ended December 31, 2017, the Center recognized pension expense of \$76,895. The Center reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 19,015	\$ -
Changes of assumptions or other inputs	75,792	3,090
Net difference between projected and actual earnings on pension plan investments	128,324	-
Changes in proportionate share of contributions	-	36,339
Difference between actual and reported contributions recognized	873	-
Contributions subsequent to the measurement date	59,787	-
	\$ 283,791	\$ 39,429

\$59,787 reported as deferred outflows of resources related to pensions, resulting from contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

For the year ended December 31,	Amortization
2018	\$ 93,722
2019	53,677
2020	35,957
2021	1,219
	\$ 184,575

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Actuarial assumptions. The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.80 percent
Real wage growth	1.10 percent
Wage inflation	3.90 percent
Salary increases, including wage inflation	3.90 - 10.85 percent
Long-term investment Rate of Return, net of pension plan investments expenses, including price inflation	7.50 percent
Discount rate	7.50 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Based on the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic assumptions were adopted by PERA's Board on November 18, 2016 and effective as of December 31, 2016. These revised assumptions shown below were reflected in the roll-forward calculation of the total pension liability from December 31, 2015 to December 31, 2016.

Actuarial cost method	Entry age
Price inflation	2.40 percent
Real wage growth	1.10 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	3.50 - 10.45 percent
Long-term investment Rate of Return, net of pension plan investments expenses, including price inflation	7.25 percent
Discount rate	7.25 percent
Future post-retirement benefit increases:	
PERA Benefit Structure hired prior to 1/1/07; and DPS Benefit Structure (automatic)	2.00 percent
PERA Benefit Structure hired after 12/31/06 (ad hoc, substantively automatic)	Financed by the Annual Increase Reserve

Mortality rates used in the 2015 valuation were based on the RP-2000 Combined Mortality Table for Males or Females, as appropriate, with adjustments for mortality improvements based on a projection of Scale AA to 2020 with Males set back 1 year, and Females set back 2 years. Active member mortality was based upon the same mortality rates but adjusted to 55 percent of the base rate for males and 40 percent of the base rate for females. For disabled retirees, the RP-2000 Disabled Mortality Table (set back 2 years for males and set back 2 years for females) was assumed.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

The actuarial assumptions used in the December 31, 2015 valuation were based on the results of an actuarial experience study for the period January 1, 2008 through December 31, 2011, adopted by PERA's Board on November 13, 2012, and an economic assumption study, adopted by PERA's Board on November 15, 2013 and January 17, 2014.

As a result of the 2016 experience analysis and the October 28, 2016 actuarial assumptions workshop, revised economic and demographic actuarial assumptions including withdrawal rates, retirement rates for early reduced and unreduced retirement, disability rates, administrative expense load, and pre- and post-retirement and disability mortality rates were adopted by PERA's Board on November 18, 2016 to more closely reflect PERA's actual experience. As the revised economic and demographic assumptions are effective as of the measurement date, December 31, 2016, these revised assumptions were reflected in the total pension liability roll-forward procedures.

Healthy mortality assumptions for active members reflect the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

Several factors were considered in evaluating the long-term rate of return assumption for the LGDTF, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed by the investment consultant for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and then adding expected inflation.

As of the November 18, 2016 adoption of the current long-term expected rate of return by the PERA Board, the target allocation and best estimates of geometric real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	30 Year Expected Geometric Real Rate of Return
U.S Equity - Large Cap	21.20%	4.30%
U.S Equity - Small Cap	7.42%	4.80%
Non U.S Equity - Developed	18.55%	5.20%
Non U.S Equity - Emerging	5.83%	5.40%
Core Fixed Income	19.32%	1.20%
High Yield	1.38%	4.30%
Non U.S. Fixed Income - Developed	1.84%	0.60%
Emerging Market Debt	0.46%	3.90%
Core Real Estate	8.50%	4.90%
Opportunity Fund	6.00%	3.80%
Private Equity	8.50%	6.60%
Cash	1.00%	0.20%
Total	100.00%	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Discount rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate applied the actuarial cost method and assumptions shown above. In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated economic and demographic actuarial assumptions adopted by PERA's Board on November 18, 2016.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.50%.
- Employee contributions were assumed to be made at the current member contribution rate. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law, including current and estimated future AED and SAED, until the Actuarial Value Funding Ratio reaches 103%, at which point, the AED and SAED will each drop 0.50% every year until they are zero. Additionally, estimated employer contributions included reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process used by the plan to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- The AIR balance was excluded for the initial fiduciary net position, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. As the ad hoc post-retirement benefit increases financed by the AIR are defined to have a present value at the long-term expected rate of return on plan investments equal to the amount transferred for their future payment, AIR transfers to the fiduciary net position and the subsequent AIR benefit payments have no impact on the Single Equivalent Interest Rate (SEIR) determination process when the timing of AIR cash flows is not a factor (i.e., the plan's fiduciary net position is not projected to be depleted). When AIR cash flow timing is a factor in the SEIR determination process (i.e., the plan's fiduciary net position is projected to be depleted), the AIR transfers to the fiduciary net position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the end of the month.

Based on the above assumptions and methods, LGDTF's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

C. Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

As of the prior measurement date, the long-term expected rate of return of 7.50 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination did not use the municipal bond index rate, and therefore, the discount rate was 7.50 percent, 0.25 percent higher compared to the current measurement date.

Sensitivity of the Center's proportionate share of the net pension liability to changes in the discount rate. The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25 percent, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (6.25 percent) or 1-percentage-point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Current Discount Rate (7.25%)	1% Increase (8.25%)
Collective net pension liability	\$1,991,016,000	\$1,350,341,000	\$ 819,792,000
Proportionate share of net			

Pension plan fiduciary net position. Detailed information about the LGDTF's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

Health Care Trust Fund

Plan Description. The Center contributes to the Health Care Trust Fund ("HCTF"), a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF benefit provides a health care premium subsidy and health care programs (known as PERACare) to PERA participating benefit recipients and their eligible beneficiaries. Title 24, Article 51, Part 12 of the C.R.S., as amended, establishes the HCTF and sets forth a framework that grants authority to the PERA Board to contract, self-insure and authorize disbursements necessary in order to carry out the purposes of the PERACare program, including the administration of health care subsidies. PERA issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information for the HCTF. That report can be obtained at www.copera.org/investments/pera-financial-reports.

Funding Policy. The Center is required to contribute at a rate of 1.02 percent of PERA-includable salary for all PERA members as set by statute. No member contributions are required. The contribution requirements for the Center are established under Title 24, Article 51, Part 4 of the C.R.S., as amended. The apportionment of the contributions to the HCTF is established under Title 24, Article 51, Section 208(1)(f) of the C.R.S., as amended. For the years ending December 31, 2017, 2016 and 2015 the Center's contributions to the HCTF were \$4,809, \$4,892 and \$4,941, respectively, equal to their required contributions for each year.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

IV. Detailed Notes on all Funds (continued)

D. Fund Balance

The Center classifies governmental fund balances as follows:

Non-spendable - includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

Spendable Fund Balance:

Restricted - includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Committed - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Board of Directors.

Assigned - includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Directors or its management designee.

Unassigned - includes residual positive fund balance within a general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Center uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents / contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. The Center does not have a formal minimum fund balance policy.

V. Other Information

A. Risk Management

Yuma County, Colorado (the "County") sponsors the Center as a participant in the following Self-Insurance Pools (the "Pools"). The Pools are groups of other Colorado counties that have associated to obtain various types of insurance.

1. Workers' Compensation Pool

The Center is exposed to various risks of loss related to injuries of employees while on the job. The Center, via the County, joined together with other counties in the State of Colorado to form the County Worker's Compensation Pool ("CWCP"), through County Technical Services, Inc. ("CTSI"), a public entity risk pool currently operating as a common risk management and insurance program for member counties.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

A. Risk Management (continued)

1. Workers' Compensation Pool (continued)

The Center pays an annual contribution to CWCP for its workers' compensation insurance coverage. The intergovernmental agreement that created CWCP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the CWCP will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

2. Colorado Counties Casualty and Property Pool

The Center is exposed to various risks of loss related to property and casualty losses. The Center, via Yuma County, joined together with other counties in the State of Colorado to form the Colorado Counties Casualty and Property Pool ("CAPP"), also through CTSI, a public entity risk pool currently operating as a common risk management and insurance program for member counties. The Center pays an annual contribution to CAPP for its property and casualty insurance coverage. The intergovernmental agreement that created CAPP provides that the pool will be financially self-sustaining through member contributions and additional assessments, if necessary, and the CAPP will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insured retention, which is determined each policy year.

B. Other Employee Benefits

1. Employee Health Benefits

The Center has health insurance through Yuma County which utilizes the CTSI – County Health Pool to provide health insurance benefits. The County provides basic, major medical, life, voluntary dental and vision coverage to all full-time employees and their eligible dependents. The plan is funded by the Center and employee contributions, and benefits are administered through the CTSI – County Health Pool.

2. Post-employment Health Care Benefits

Center employees covered by COBRA insurance may continue their health insurance following a reduction in work hours or termination of employment. Employees who elect continued coverage must pay the cost of premiums from the termination date of coverage and monthly thereafter. No cost to the Center is recognized as employees reimburse 100% of their premium cost during the extended coverage period.

Washington - Yuma Combined Communications Center
Notes to the Financial Statements
December 31, 2017
(Continued)

V. Other Information (continued)

B. Other Employee Benefits (continued)

3. Cafeteria Plan

The Center's employees may participate in Yuma County's cafeteria plan. The County offers a cafeteria compensation plan organized under IRS Section 125 that includes the following benefits: accident and / or term life insurance, health insurance premiums, unreimbursed health expense, and dependent daycare reimbursement. No cost is recognized by the Center as all costs are reimbursed.

C. Concentration

The Center's sources of support are from Washington and Yuma Counties and the Washington-Yuma Emergency Service Telephone Authority. The revenue sources from these agencies each exceed 10% of the total revenue. The RETAC revenue is for contract services provided to this agency that is reimbursed 100%. The withdrawal of any agency other than RETAC could restrict the operations of the Center.

REQUIRED SUPPLEMENTARY INFORMATION



Washington - Yuma Combined Communications Center
Schedule of Employer's Proportionate Share of Net Pension Asset / Liability
Colorado Public Employee Retirement Association Local Government Trust Fund
Last 10 Fiscal Years *
(Unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Center's portion of the net pension liability	0.079129%	0.085292%	0.094175%	0.092490%
Center's proportionate share of the net pension liability	(1,068,515)	(939,570)	(844,101)	(761,115)
Center's covered-employee payroll	479,622	484,397	516,038	493,440
Center's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-223%	-194%	-164%	-154%
Plan fiduciary net position as a percentage of the total pension liability	73.6%	76.90%	80.70%	<i>Not Available</i>

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2013 for the employer plan.

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

Washington - Yuma Combined Communications Center
Schedule of Employer Contributions
Colorado Public Employee Retirement Association Local Government Trust Fund
Last 10 Fiscal Years *
(Unaudited)

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	60,816	61,421	65,434
Actual contributions	<u>(60,816)</u>	<u>(61,421)</u>	<u>(65,434)</u>
Contribution deficiency (excess)	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Center's covered-employee payroll	479,622	484,397	516,038
Contributions as a percentage of covered-employee payroll	12.68%	12.68%	12.68%

* The amounts presented for each fiscal year were determined as of the calendar year-end that occurred one year prior. Information is only available beginning in fiscal year 2014.

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

**Washington - Yuma Combined Communications Center
Notes to the Required Supplementary Information
PERA – Local Government Division Trust Fund
December 31, 2017**

I. Schedule of Employer's Proportionate Share of the Net Pension Liability

A. Changes to assumptions or other inputs

1. 2016 Changes Since 2015:

Healthy, post-retirement mortality assumptions reflect the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- **Males:** Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- **Females:** Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

For disabled retirees, the mortality assumption was changed to reflect 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four or five years for PERA. Recently, this assumption has been reviewed more frequently. The most recent analyses were outlined in presentations to PERA's Board on October 28, 2016. As a result of the October 28, 2016 actuarial assumptions workshop and the November 18, 2016 PERA Board meeting, the economic assumptions changed, effective December 31, 2016, as follows:

- Investment rate of return assumption decreased from 7.50 percent per year, compounded annually, net of investment expenses to 7.25 percent per year, compounded annually, net of investment expenses.
- Price inflation assumption decreased from 2.80 percent per year to 2.40 percent per year.
- Real rate of investment return assumption increased from 4.70 percent per year, net of investment expenses, to 4.85 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.90 percent per year to 3.50 percent per year.

**Washington - Yuma Combined Communications Center
Notes to the Required Supplementary Information
PERA – Local Government Division Trust Fund
December 31, 2017
(Continued)**

I. Schedule of Employer's Proportionate Share of the Net Pension Liability (continued)

A. Changes to assumptions or other inputs (continued)

2. 2015 Changes Since 2014:

The following programming changes were made:

- Valuation of the full survivor benefit without any reduction for possible remarriage.
- Reflection of the employer match on separation benefits for all eligible years.
- Reflection of one year of service eligibility for survivor annuity benefit.
- Refinement of the 18 month annual increasing timing.
- Refinements to directly value certain and life, modified cash refund and pop-up benefits forms.

The following methodology changes were made:

- Recognition of merit salary increase in the first projection year.
- Elimination of the assumptions that 35% of future disabled members to elect to receive a refund.
- Removal of the negative value adjustment for liabilities associated with refunds of future terminating members.
- Adjustments to the timing of the normal cost and unfunded actuarial accrued liability payment calculations to reflect contributions throughout the year.

B. Changes of benefit terms

No changes during the years presented above

C. Changes of size or composition of population covered by benefit terms

No changes during the years presented above.

II. Notes to the Schedule of Employer Contributions

A. Changes to assumptions or other inputs

No changes during the years presented above.

B. Changes of benefit terms.

No changes during the years presented above.

C. Changes of size or composition of population covered by benefit terms.

No changes during the years presented above