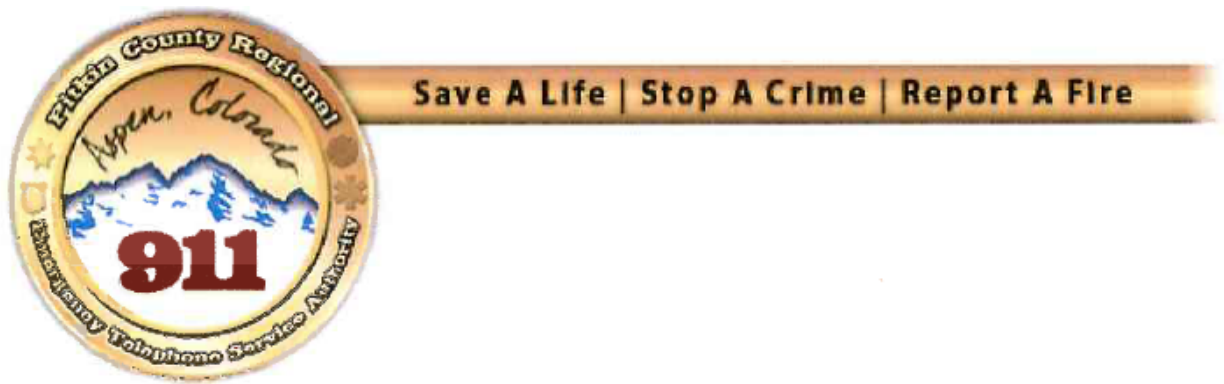


**Pitkin County Regional Emergency Telephone Authority**

**Financial Statements**

**December 31, 2017**



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June 26, 2018

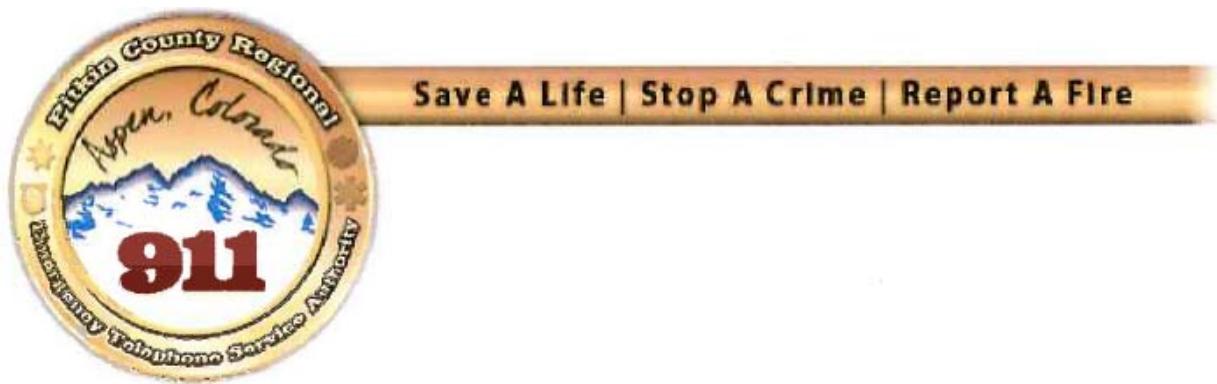


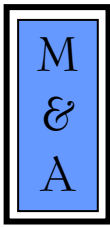
**Pitkin County Regional Emergency Telephone Authority  
Financial Report  
December 31, 2017**

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# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Pitkin County Regional Emergency Telephone Authority  
Basalt, Colorado**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Pitkin County Regional Emergency Telephone Authority as of and for the year ended December 31, 2017, 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 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.

### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pitkin County Regional Emergency Telephone Authority as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Pitkin County Regional Emergency Telephone Authority**  
**Basalt, Colorado**

***Other Matters***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in Section B 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 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.

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. The budgetary comparison 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.

*McMahan and Associates, L.L.C.*

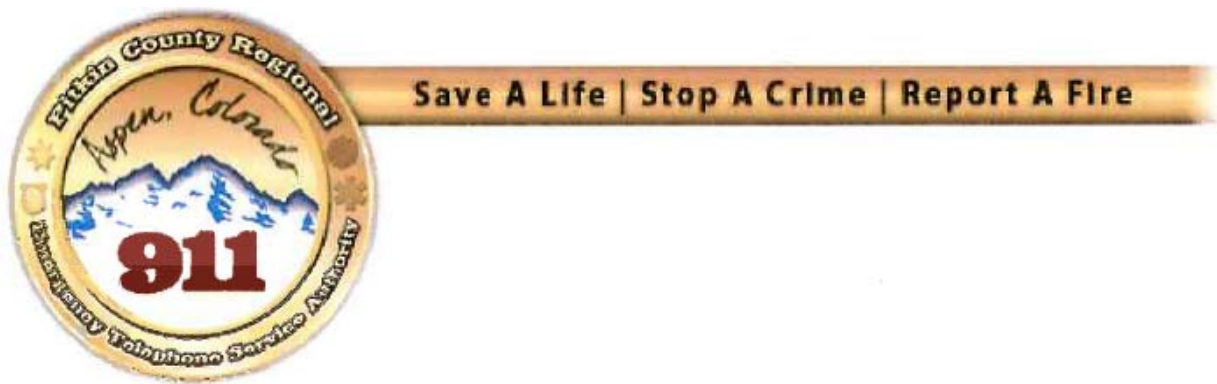
**McMahan and Associates, L.L.C.**

**June 20, 2018**

## MANAGEMENT'S DISCUSSION AND ANALYSIS



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## **Pitkin County Regional Emergency Telephone Authority Management's Discussion and Analysis December 31, 2017**

As management of Pitkin County Regional Emergency Telephone Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative summary of the financial position and activities of the Authority as of and 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 Authority's basic financial statements. The Authority'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 Authority's finances, from both a short-term fund perspective and a long-term economic perspective.

The Governmental Fund Balance Sheet / Statement of Net Position presents information on all the Authority'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 columns present the financial position focusing on short-term available resources and are reported on a 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 a full accrual basis. 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 Governmental Fund 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 a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The Authority'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 Authority. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

## Financial Analysis of the Authority

The following table summarizes the Authority's government-wide net position at December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
<b>Assets:</b>		
Current and other assets	\$ 930,216	\$ 1,039,436
<b>Total Assets</b>	<u>930,216</u>	<u>1,039,436</u>
<b>Liabilities:</b>		
Current liabilities	-	4,294
<b>Total Liabilities</b>	<u>-</u>	<u>4,294</u>
<b>Net Position:</b>		
Restricted for program purposes	930,216	1,035,142
<b>Total Net Position</b>	<u>\$ 930,216</u>	<u>\$ 1,035,142</u>

The Authority's assets exceeded its liabilities by \$930,216 at the end of 2017. Due to the Authority's transfer of its capital assets to the County during 2016, the Authority has no net investment in capital assets at December 31, 2017. Accordingly, all of the Authority's net position at the end of 2017 is restricted for ongoing public safety operations.

The following table presents a summary of changes in the Authority's government-wide net position for the fiscal years ended December 31, 2017 and 2016:

	<b>2017</b>	<b>2016</b>
<b>Revenues:</b>		
Charges for services - Telephone surcharge	\$ 508,181	\$ 526,132
Investment income	10,701	10,840
Other	511	714
<b>Total Revenues</b>	<u>519,393</u>	<u>537,686</u>
<b>Expenses:</b>		
Public safety	624,319	957,126
<b>Total Expenses</b>	<u>624,319</u>	<u>957,126</u>
<b>Change in Net Position</b>	(104,926)	(419,440)
<b>Net Position - January 1</b>	<u>1,035,142</u>	<u>1,454,582</u>
<b>Net Position - December 31</b>	<u>\$ 930,216</u>	<u>\$ 1,035,142</u>

Overall, the Authority's net position decreased by \$104,926 during the 2017 fiscal year.

Emergency telephone surcharges levied on users within the Authority's jurisdiction are the most significant source of the Authority's revenues, representing 98% of total revenues in the current year. 2017 revenues generated by the Authority decreased by \$18,293 from the prior year, as telephone surcharge revenues declined by 3% from 2016.

Absent the \$463,121 loss recorded on the transfer of the Authority's capital assets to the County in 2016, the Authority's costs of operating and maintaining emergency telephone services in 2017 increased \$130,314 from 2016 levels.

## **Budget Variances in the General Fund**

The Authority's budgetary comparison schedule for the General Fund can be found on page E1 of this report.

Total revenues for 2017 were \$32,285 lower than budgeted, as the Authority budgets conservatively for service charge revenues due to past fluctuations in the number of phone lines within the Authority's jurisdiction subject to the emergency surcharge.

The Authority's total expenditures for 2017 were over budget by \$18,557 as operating costs were higher than anticipated.

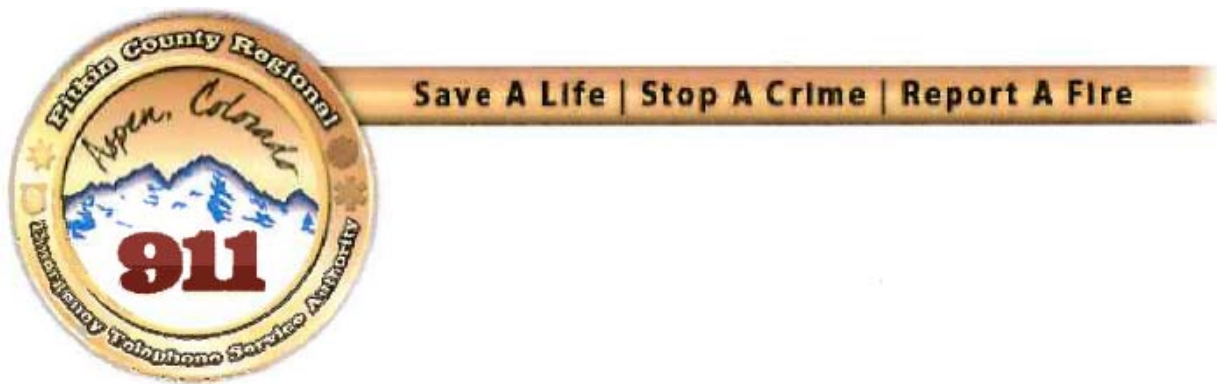
## **Capital Assets**

The Authority's capital assets, net of accumulated depreciation, totaled \$0 at December 31, 2017, as the Authority transferred all of its capital assets to the County in 2016. Consequently, no depreciation expense was incurred in 2017. Additional information with respect to the Authority's capital assets can be found in the Notes to the Financial Statements in section D.

## **Request for Information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Pitkin County Finance Director at 530 E. Main Street, Suite 304, Aspen, Colorado 81611 or by telephone at (970) 920-5225.

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GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS



**Pitkin County Regional Emergency Telephone Authority  
Governmental Fund Balance Sheet / Statement of Net Position  
December 31, 2017**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets:</b>			
Cash and cash equivalents	\$ 810,049	\$ -	\$ 810,049
Accounts receivable	120,167	-	120,167
<b>Total Assets</b>	<b>930,216</b>	<b>-</b>	<b>930,216</b>
<b>Fund Balances / Net Position:</b>			
<b>Fund Balances:</b>			
Spendable:			
Unassigned	930,216	(930,216)	-
<b>Total Fund Balances</b>	<b>930,216</b>	<b>(930,216)</b>	<b>-</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 930,216</b>		
<b>Net Position:</b>			
Restricted for program purposes		930,216	930,216
<b>Total Net Position</b>		<b>\$ 930,216</b>	<b>\$ 930,216</b>

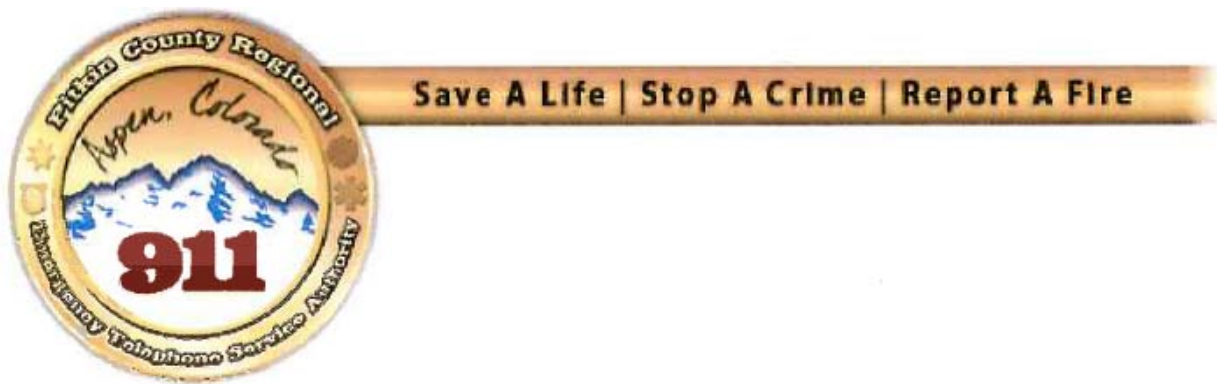
The accompanying notes are an integral part of these financial statements.

**Pitkin County Regional Emergency Telephone Authority  
Governmental Fund Statement of Revenues, Expenditures, and  
Changes in Fund Balance / Statement of Activities  
For the Year Ended December 31, 2017**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Activities</b>
<b>Revenues:</b>			
Charges for services	\$ 508,181	\$ -	\$ 508,181
Investment income	10,701	-	10,701
Miscellaneous	511	-	511
	<b>519,393</b>	<b>-</b>	<b>519,393</b>
<b>Total Revenues</b>			
<b>Expenditures/Expenses:</b>			
Public safety	624,319	-	624,319
	<b>624,319</b>	<b>-</b>	<b>624,319</b>
<b>Total Expenditures / Expenses</b>			
<b>Net Change in Fund Balance / Net Position</b>	(104,926)	\$ -	(104,926)
<b>Fund Balance / Net Position:</b>			
Beginning of Year	1,035,142		1,035,142
End of Year	\$ 930,216		\$ 930,216

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

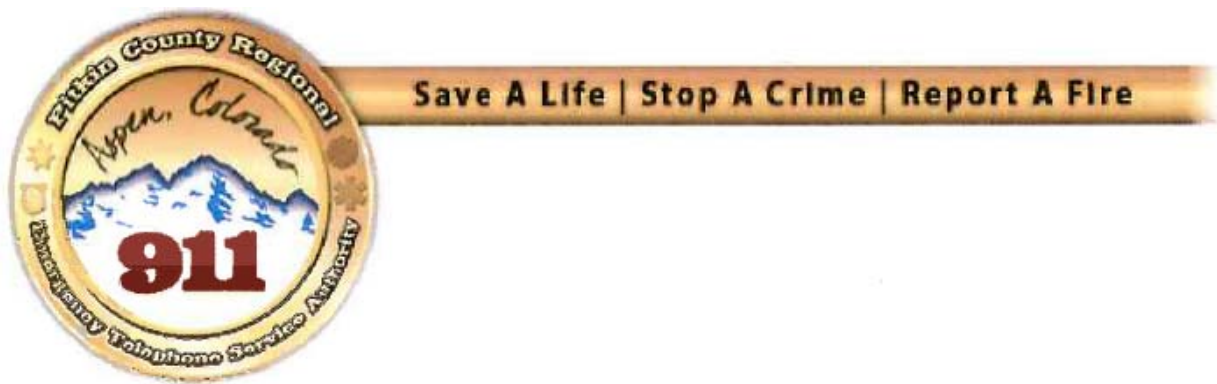
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NOTES TO THE FINANCIAL STATEMENTS



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**Pitkin County Regional Emergency Telephone Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**

**I. Summary of Significant Accounting Policies**

The Aspen – Pitkin County Emergency Telephone Service Authority was formed in 1990 by an intergovernmental agreement among Pitkin County (the “County”), the City of Aspen, the Town of Snowmass Village, the Town of Basalt, Aspen Fire Protection District, Snowmass-Wildcat Fire Protection District, Aspen Ambulance District, and Carbondale and Rural Fire Protection District; for the purpose of providing emergency telephone services to the citizens of Pitkin County, Colorado.

In 2014, the Aspen – Pitkin County Emergency Telephone Service Authority was renamed Pitkin County Regional Emergency Telephone Authority (the “Authority”) with the approval by all parties of an updated intergovernmental agreement. The Authority’s Board of Directors (the “Board”) is comprised of five members representing the parties subject to the intergovernmental agreement.

The financial statements of the Authority have been prepared in conformity with U.S. 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 accounting policies established by GAAP used by the Authority are discussed below.

**A. Reporting Entity**

The reporting entity consists of (a) the primary government; i.e., the Authority, and (b) organizations for which the Authority is financially accountable. The Authority 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 there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Authority. 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 Authority. Organizations for which the nature and significance of their relationship with the Authority 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 Authority has no component units and, commencing in 2014, is not a component unit of any other entity. The Authority’s prior financial information is available from the County.

**B. Government-wide and Fund Financial Statements**

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

**1. Government-wide Financial Statements**

In the Governmental Funds 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 Authority’s net position is reported as restricted for program purposes.

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

**Pitkin County Regional Emergency Telephone Authority**  
**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 Authority 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 comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Authority reports the following governmental fund:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

**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 / 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 and fiduciary fund 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. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental funds 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 (90 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

**Pitkin County Regional Emergency Telephone Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts**

**1. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents are defined as deposits that can be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All of the Authority's cash is held with the County Treasurer, who invests these funds to achieve the best possible return on the investments.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The County has adopted a formal investment policy to manage its interest rate risk, credit risk, and concentration of credit risk. The following is a summary of relevant guidelines from the policy:

- U.S. Treasury obligations - U.S. Treasury bills, notes and bonds and other securities backed by the full faith and credit of the federal government.
- U.S. Agencies and Instrumentalities and securities as authorized by Colorado Revised Statutes ("C.R.S.") 24-75-601.1(1)(a) and (b).
- Time certificates of deposit in state banks or national banks or in state or federally chartered savings and loan associations located in Colorado which are insured by the FDIC and which are approved as public fund depositories by the State of Colorado Banking Commissioner or Savings and Loan Commissioner. Depositories must be rated "3 stars" or more (on a scale of 0 to 5 stars, with 5 being the highest) by Bauer Financial or an equivalent rating agency.
- Demand deposit accounts in state banks or national banks located in Colorado which are insured by the FDIC and which are approved as public fund depositories by the State of Colorado Banking Commissioner. Depositories must be rated "3 stars" or more (on a scale of 0- 5 stars, with 5 being the highest) by Bauer Financial or an equivalent rating agency.
- Shares of any local government investment pool established under the provisions of C.R.S. 24-75-701.
- Money market mutual funds authorized under C.R.S. 24-75-601.1(1)(k).

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. The Authority's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

**3. Capital Assets**

Capital assets, which include equipment and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at their acquisition value at the date of donation.

**Pitkin County Regional Emergency Telephone Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**3. Capital Assets (continued)**

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

Capital assets (equipment) are depreciated using the straight-line method over estimated useful lives of 5 – 10 years.

During 2016, the Authority transferred all of its capital assets to the County. No proceeds were received from the County for this transaction.

**4. Fund Equity**

Government accounting standards establishes 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 the 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 with the General Fund. The General Fund should be the only fund balance 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 Account Policies**

**1. Use of Estimates**

The preparation of financial statements to conform to GAAP 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.

**2. Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then restricted resources as they are needed, except when it is appropriate to use restricted first, such as special-purpose grants.

**3. Credit Risk**

The receivables of the Authority are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

**Pitkin County Regional Emergency Telephone Authority**  
**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 and the government-wide Statement of Net Position includes a reconciling column. However, there were no differences between the assets and liabilities reported on the Governmental Fund Balance Sheet and those reported on the government-wide Statement of Net Position at December 31, 2017.

**B. Explanation of difference 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 and the government-wide Statement of Activities includes a reconciling column. However, there were no differences between the revenues and expenditures reported on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and those reported on the government-wide Statement of Activities at December 31, 2017.

**III. Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

Budgets are adopted on a basis consistent with GAAP. In accordance with Colorado State statutes, annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

The Authority adheres to Colorado statutes and the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) Budgets are required by state law. The Board approves formal budget resolutions for all operations of the Authority.
- (2) Supplementary budgets are approved by the Board.

For the year ended December 31, 2017, expenditures exceeded appropriations in the General Fund by \$18,557. Overspending of this appropriation is considered a budgetary violation.

**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 that 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.

**Pitkin County Regional Emergency Telephone Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment – Revenue and Spending Limitation Amendment (continued)**

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. However, the Authority meets the "enterprise" exclusion for 2017 and no TABOR emergency reserve is required at December 31, 2017.

The Authority'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.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The Authority's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Authority's deposits at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. Any remaining deposits are collateralized as required by PDPA. At year-end, the Authority had the following deposits, held via the County, with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
<b>Deposits:</b>				
Cash with County Treasurer	Not rated	\$ 810,049	810,049	-
		<u>\$ 810,049</u>	<u>810,049</u>	<u>-</u>

**B. Receivables**

The Authority has the following receivables, net of applicable uncollectible accounts:

	General Fund
<b>Current Receivables:</b>	
Charges for services	\$ 120,167
	<u>120,167</u>
Less: allowance for uncollectible	-
<b>Total per Government-wide Financial Statements</b>	<u><u>\$ 120,167</u></u>

**Pitkin County Regional Emergency Telephone Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

As disclosed elsewhere in these notes, during 2016, the Authority transferred all of its capital assets to the County.

**D. Fund Balance**

The Authority classifies governmental fund balances as follows:

*Non-spendable* – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, etc.

*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. The Authority maintains the following restricted fund balances:

**Restricted for program purposes:**

Restricted for emergency telephone services	<u>\$ 930,216</u>
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*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. The Authority's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Authority's platform to review and/or make changes to each department's budget. The budget is formally presented to the Board via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after Board approval, must be presented via a public process and again approved by the Board.

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Fund Balance may be assigned by the Board or its management designees.

*Unassigned* – includes residual positive fund balance within the 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 purposes.

The Authority uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The Authority does not have an adopted minimum fund balance policy; however, the Authority's budget includes calculations of targeted reserve positions, which is reported annually to the Board.

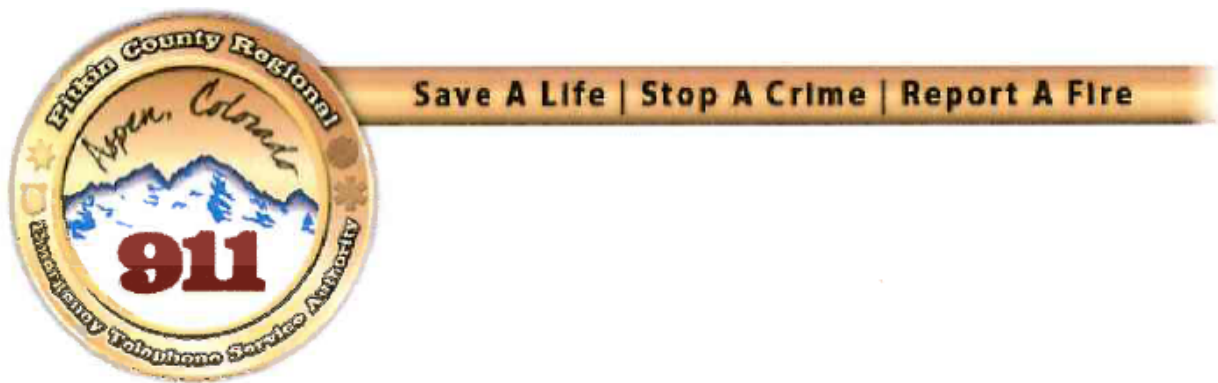
**Pitkin County Regional Emergency Telephone Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information**

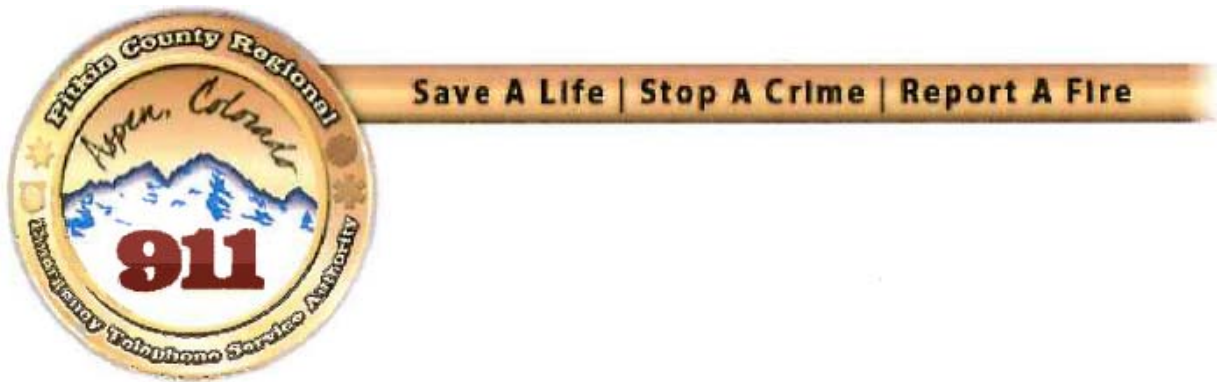
**A. Risk Management**

The Authority is exposed to various risks of loss related to general liability, torts, theft of, damage to, and destruction of assets; and errors and omissions. The Authority has acquired commercial insurance coverage for these risks, and claims, if any, are not expected to exceed such coverage.

REQUIRED SUPPLEMENTARY INFORMATION



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**Pitkin County Regional Emergency Telephone Authority**  
**General Fund**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget (GAAP Basis) and Actual**  
**For the Year Ended December 31, 2017**  
**(With Comparative Actual Amounts for 2016)**

	<u>2017</u>			<b>Final Budget Variance Positive (Negative)</b>	<u>2016</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
<b>Revenues:</b>					
Charges for services - Telephone surcharge	\$ 537,118	\$ 537,118	\$ 508,181	\$ (28,937)	\$ 526,132
Investment income	14,560	14,560	10,701	(3,859)	10,840
Miscellaneous:					
Other	-	-	511	511	714
<b>Total Revenues</b>	<u>551,678</u>	<u>551,678</u>	<u>519,393</u>	<u>(32,285)</u>	<u>537,686</u>
<b>Expenditures:</b>					
<b>Current:</b>					
Public safety	605,762	605,762	624,319	(18,557)	494,005
<b>Capital Outlay:</b>					
Capital outlay	-	-	-	-	147,976
<b>Total Expenditures</b>	<u>605,762</u>	<u>605,762</u>	<u>624,319</u>	<u>(18,557)</u>	<u>641,981</u>
<b>Net Change in Fund Balance</b>	(54,084)	(54,084)	(104,926)	(50,842)	(104,295)
<b>Fund Balance - January 1</b>	<u>937,444</u>	<u>937,444</u>	<u>1,035,142</u>	<u>97,698</u>	<u>1,139,437</u>
<b>Fund Balance - December 31</b>	<u>\$ 883,360</u>	<u>\$ 883,360</u>	<u>\$ 930,216</u>	<u>\$ 46,856</u>	<u>\$ 1,035,142</u>

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