

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

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

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**DECEMBER 31, 2017**

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**RECEIVED**

Office of the State Auditor

July 31, 2018

**FINANCIAL STATEMENTS - 2017**

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

**2017 BOARD OF DIRECTORS**

Gary Tillotson, Chairperson

Tony Pagni, Vice Chairman

Terry Wilson, Secretary

Marian Smith, Treasurer

David Blair

Ron Leach

Mike Samson

Lou Vallario

Cary Parmenter

Gene Schilling

Cindy Challis Orr

Yvonne Long

Rob Jones

Tommy Klien

Ron Leach

**ADMINISTRATIVE STAFF**

Carl Stephens, Executive Director



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Garfield County Emergency Communications Authority

We have audited the accompanying financial statements of the governmental activities and each major fund of the Garfield County Emergency Communications Authority, as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditor's Responsibility**

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

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

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

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Garfield County Emergency Communications 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.

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## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-6 and 27-28 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*CabePA Services, PC*

Rangely, Colorado  
July 18, 2018

## **MANAGEMENT DISCUSSION AND ANALYSIS**

The discussion and analysis of the Garfield County Emergency Communications Authority's (the "Authority") financial performance provides readers with an overall review of the financial activities of the Authority for the year ended December 31, 2017. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Authority's financial performance.

### **FINANCIAL HIGHLIGHTS**

- The Authority's assets exceeded liabilities by \$3,769,591 at December 31, 2017.
- Total Authority's cash and investments increased by \$41,146 or 3 percent from 2016.
- The December 31, 2017 General Fund balance is \$428,617 less than the previous year. The total fund balance is 46 percent of 2017 General Fund operating expenditures.

### **USING THIS ANNUAL REPORT**

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

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

### **OVERVIEW OF THE AUTHORITY'S FINANCIAL STATEMENTS**

#### **Government-wide Financial Statements**

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

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

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

## Fund Financial Statements

**Governmental Funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 19 through 25 of this report.

**Budgetary Comparisons.** The Authority adopts an annual appropriated budget for the General and Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund on page 27 and for the Special Revenue Fund on page 28 of this report.

### **REPORTING THE AUTHORITY AS A WHOLE**

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

The following table provides a summary of the Authority's net position for 2016 and 2017.

	<b>Governmental Activities</b>	
	<b>2016</b>	<b>2017</b>
<b>Assets</b>		
Current and other assets	\$ 2,309,594	\$ 2,132,536
Capital assets	1,985,160	1,839,121
Total assets	<u>4,294,754</u>	<u>3,971,657</u>
<b>Liabilities</b>		
Current and other liabilities	191,852	202,066
Total Liabilities	<u>191,852</u>	<u>202,066</u>
<b>Net Position</b>		
Net investment in capital assets	1,985,160	1,839,121
Unrestricted	2,117,742	1,930,470
Total net position	<u>\$ 4,102,902</u>	<u>\$ 3,769,591</u>

A significant portion of the Authority's position represents unrestricted net position of \$1,930,470, which may be used to meet the ongoing obligations to patrons and creditors.

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

The following table indicates the changes in net position.

	<b>Governmental Activities</b>	
	2016	2017
<b>Revenues:</b>		
Program revenues:		
Charge for services	\$ 640,250	\$ 911,066
Operating grants and contributions	-	50,268
Capital grants and contributions	328,099	78,225
<b>General revenues:</b>		
Sales taxes	1,732,799	1,910,771
Investment earnings	3,024	2,558
Loss on sale of asset	(61,822)	-
Other	66,663	56,731
<b>Total revenues</b>	<u>2,709,013</u>	<u>3,009,619</u>
<b>Expenses:</b>		
Administration	666,549	557,319
Services	2,637,686	2,785,611
<b>Total expenses</b>	<u>3,304,235</u>	<u>3,342,930</u>
Increase (decrease) in net position	<u>\$ (595,222)</u>	<u>\$ (333,311)</u>

**Governmental Activities.** Governmental activities decreased the Authority's net position by \$333,311 in 2017. Key elements of this decrease are as follows:

The Authority was required to refund sales taxes previously collected. The refund for 2017 was \$68,482.

### **FINANCIAL ANALYSIS OF THE AUTHORITY'S FUND**

Information about the Authority's governmental funds begins on page 13. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2017, the total fund balances of the Authority's governmental funds were \$2,092,072. Approximately 53 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the Authority. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a board reserve for future 911 services expenditures (\$977,169). The Authority had Governmental revenues of \$3,009,619 and expenditures of \$3,179,161.

## GENERAL FUND BUDGETARY HIGHLIGHTS

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

### 2017 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 1,652,211	\$ -	\$ 1,652,211	\$ 1,543,520
Revenue and other financing sources	2,147,247	-	2,147,247	2,019,367
Expenditures and other financing uses	<u>(3,799,458)</u>	-	<u>(3,799,458)</u>	<u>(2,447,984)</u>
Ending Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,114,903</u>

Actual revenues and other financing sources were less than the budget by \$127,880. Revenue from transfers was budgeted to be \$369,467, but the actual was \$0. Sales taxes revenue was budgeted to be \$1,695,000, but the actual was \$1,910,771.

Budgeted expenditures and other financing uses exceeded actual by \$1,351,474. Sales tax recovery was actually \$68,482 but was budgeted to be \$20,000, a \$48,482 difference. Maintenance and repairs were actually \$151,272 but were budgeted to be \$236,000, a \$84,728 difference. Operations reserve was actually \$17,997 but was budgeted to be \$1,096,495, a \$1,078,498 difference. Capital outlay was actually \$0 but was budgeted to be \$136,000, a \$136,000 difference.

## CAPITAL ASSET AND DEBT ADMINISTRATION

**Capital Assets.** The Authority's investment in capital assets for its governmental type activities as of December 31, 2017 totaled \$1,839,121 (net of accumulated depreciation). This investment includes all land, buildings, and equipment. The total decrease in investment in capital assets (net of depreciation) for the current year was \$146,039 or 7 percent.

Major capital asset events during the current fiscal year include the final payments on console upgrade for a total of \$156,450 and dispatch furniture for \$94,938.

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

The Authority has no infrastructure assets.

## ECONOMIC FACTORS AND OTHER MATTERS

**Other Matters.** The following factors are expected to have a significant effect on the Authority's financial position and results of operations and were taken into account in developing the 2018 budget:

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

## REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Authority, 585 E. First Street, Rifle, Colorado 81650.

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## **FINANCIAL STATEMENTS**

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**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

STATEMENT OF NET POSITION  
December 31, 2017

ASSETS

Cash and investments	\$ 1,417,234
Sales taxes receivable	474,391
Assessments receivable	154,834
Grants receivable	78,225
Prepays	7,852
Capital assets, nondepreciable	120,293
Capital assets, net of accumulated depreciation	<u>1,718,828</u>
<b>TOTAL ASSETS</b>	<b><u>3,971,657</u></b>

LIABILITIES

Accounts payable	29,140
Accrued liabilities	11,324
Compensated absences	<u>161,602</u>
<b>TOTAL LIABILITIES</b>	<b><u>202,066</u></b>

NET POSITION

Net investment in capital assets	1,839,121
Unrestricted	<u>1,930,470</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 3,769,591</u></b>

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

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017

	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
GOVERNMENTAL ACTIVITIES				
Administration	\$ 557,319	\$ -	\$ 50,268	\$ -
911 dispatch services	<u>2,785,611</u>	<u>911,066</u>	<u>-</u>	<u>78,225</u>
 TOTAL GOVERN- MENTAL ACTIVITIES	 <u>\$ 3,342,930</u>	 <u>\$ 911,066</u>	 <u>\$ 50,268</u>	 <u>\$ 78,225</u>

GENERAL REVENUES  
Sales tax  
Investment earnings  
Other

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

Net (Expense)  
Revenue and  
Changes in  
Net Position

Governmental  
Activities

\$ (507,051)  
(1,796,320)

(2,303,371)

1,910,771  
2,558  
56,731

1,970,060

(333,311)

4,102,902

\$ 3,769,591

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

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

BALANCE SHEET  
GOVERNMENTAL FUNDS  
December 31, 2017

	General Fund	Special Revenue Fund	Total
<b>ASSETS</b>			
Cash and investments	\$ 802,013	\$ 615,221	\$ 1,417,234
Sales taxes receivable	474,391	-	474,391
Assessments receivable	-	154,834	154,834
Grants receivable	-	78,225	78,225
Prepays	-	7,852	7,852
Due from Other Fund	-	145,248	145,248
	<b>\$ 1,276,404</b>	<b>\$ 1,001,380</b>	<b>\$ 2,277,784</b>
<b>LIABILITIES AND FUND BALANCES</b>			
<b>LIABILITIES</b>			
Accounts payable	\$ 4,929	\$ 24,211	\$ 29,140
Accrued liabilities	11,324	-	11,324
Due to Other Funds	145,248	-	145,248
	<b>161,501</b>	<b>24,211</b>	<b>185,712</b>
<b>FUND BALANCES</b>			
Fund balances:			
Restricted:			
Reserved for 911	-	977,169	977,169
Unassigned	1,114,903	-	1,114,903
	<b>1,114,903</b>	<b>977,169</b>	<b>2,092,072</b>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 1,276,404</b>	<b>\$ 1,001,380</b>	<b>\$ 2,277,784</b>

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

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE TO  
NET POSITION OF GOVERNMENTAL ACTIVITIES  
December 31, 2017

TOTAL GOVERNMENTAL FUNDS BALANCE	\$ 2,092,072
<b><i>Amounts reported for governmental activities in the statement of net position are different because:</i></b>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund.	1,839,121
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not included in the fund.	<u>(161,602)</u>
 NET POSITION OF GOVERNMENTAL ACTIVITIES	 <u><u>\$ 3,769,591</u></u>

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

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES  
For the Year Ended December 31, 2017

	General Fund	Special Revenue Fund	Total
<b>REVENUES</b>			
Sales taxes	\$ 1,910,771	\$ -	\$ 1,910,771
Assessments E911	-	911,066	911,066
Interest income	1,597	961	2,558
Grants and contributions	50,268	78,225	128,493
Other income	56,731	-	56,731
<b>TOTAL REVENUES</b>	<b>2,019,367</b>	<b>990,252</b>	<b>3,009,619</b>
<b>EXPENDITURES</b>			
Salaries and wages	1,567,738	-	1,567,738
Health and life insurance	316,056	-	316,056
Payroll taxes	119,818	75	119,893
Maintenance and repair	151,272	248,401	399,673
Retirement contribution	75,253	-	75,253
Accounting and audit	20,370	-	20,370
Treasurer fees	36,846	-	36,846
Sales Tax Recovery	68,482	-	68,482
Liability insurance	20,020	-	20,020
Office supplies	40	14,593	14,633
Telephone	-	80,350	80,350
Utilities	41,837	-	41,837
Legal fees	3,201	-	3,201
Workers compensation	4,400	-	4,400
Travel and subsistence	-	22,101	22,101
Public education	-	741	741
Training	-	59,385	59,385
Unemployment insurance	4,654	-	4,654
Advertising	-	34	34
Operations Reserve	17,997	28,664	46,661
Capital outlay	-	276,833	276,833
<b>TOTAL EXPENDITURES</b>	<b>2,447,984</b>	<b>731,177</b>	<b>3,179,161</b>
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	<b>(428,617)</b>	<b>259,075</b>	<b>(169,542)</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<b>1,543,520</b>	<b>718,094</b>	<b>2,261,614</b>
<b>FUND BALANCE - END OF YEAR</b>	<b>\$ 1,114,903</b>	<b>\$ 977,169</b>	<b>\$ 2,092,072</b>

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

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended December 31, 2017

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ (169,542)

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

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

Capital outlay	276,833	
Current year depreciation	<u>(422,871)</u>	
 TOTAL		 (146,038)

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

Compensated absences		<u>(17,731)</u>
 CHANGE IN NET POSITION		 <u><u>\$ (333,311)</u></u>

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

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## **NOTES TO FINANCIAL STATEMENTS**

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

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

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

**B. Government-wide and fund financial statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applications who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

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

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

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

**Governmental Funds**

**General Fund**

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

**Special Revenue Fund**

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

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

**D. Budgets and Budgetary Accounting**

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

1. Prior to the first Board meeting in October, the Director submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain the taxpayers' comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. Budgets are adopted for the General Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse at the end of each calendar year.
7. The Authority's directors may authorize supplemental appropriations during the year. There was no supplemental appropriation made during the year ended December 31, 2017.

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued**

**E. Use of Estimates**

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

**F. Capital Assets and Infrastructure**

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

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

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

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

**G. Compensated Absences**

Full-time, permanent employees are granted personal time off (PTO) in varying amounts to specified maximums, depending on their tenure with the Authority. PTO accrues to full-time, permanent employees to a maximum of 552 hours and the maximum paid to an employee upon separation is 80% of the maximum accrual rate based on years of services. The amount accrued for compensated absences was \$161,602 at December 31, 2017, an increase of \$17,730.

**H. Sales Taxes**

Sales tax revenue is recognized when the underlying exchange has occurred. The State of Colorado collects sales tax in the month following the underlying sale. The State remits the sales tax collected to Garfield County in the next month. Garfield County then remits the sales tax to the Authority the following month. Sales tax collected by the Authority in January, February, and March of 2018 has been accrued as a receivable and as sales tax revenue in 2017.

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

- A. There are certain differences between the governmental fund balance sheet and the government-wide statement of net position. A reconciliation of the differences can be found on page 14 of the financial statements.
- B. There are certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 16 of the financial statements.

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 3 - CASH AND INVESTMENTS**

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

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

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

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

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

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

Cash and Cash Equivalents	
Checking – General Fund	\$ 267,240
Money Market – General Fund	534,773
Checking – Special Revenue Fund	318,268
Money Market – Special Revenue Fund	<u>296,953</u>
Total Cash and Cash Equivalents	<u>\$ 1,417,234</u>

**NOTE 4 – DUE TO/FROM OTHER FUNDS**

A summary of the Authority's interfund receivables/payables as of December 31, 2017 follows:

Due to the Special Revenue Fund from the General Fund	<u>\$ 145,248</u>
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**NOTE 5 – CAPITAL ASSETS**

A summary of changes in capital assets during 2017 follows:

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Governmental activities: Capital assets, not being depreciated:				
Land	\$ 120,293	\$ -	\$ -	\$ 120,293
Construction in progress	<u>290,550</u>	<u>-</u>	<u>(290,550)</u>	<u>-</u>
Total capital assets, not being depreciated	<u>410,843</u>	<u>-</u>	<u>(290,550)</u>	<u>120,293</u>

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 5 – CAPITAL ASSETS, Continued**

	Balance January 1, 2017	Additions	Deletions	Balance December 31, 2017
Capital assets, being depreciated:				
Building	1,473,230	-	-	1,473,230
Equipment	7,663,305	567,383	-	8,230,688
Total capital assets, being depreciated	<u>9,136,535</u>	<u>567,383</u>	-	<u>9,703,918</u>
Less accumulated depreciation:				
Building	(628,559)	(49,592)	-	(678,151)
Equipment	(6,933,659)	(373,280)	-	(7,306,939)
Total accumulated depreciation	<u>(7,562,218)</u>	<u>(422,872)</u>	-	<u>(7,985,090)</u>
Total capital assets, being depreciated, net	<u>1,574,317</u>	<u>144,511</u>	-	<u>1,718,828</u>
Governmental activities capital Assets, net	<u>\$ 1,985,160</u>	<u>\$ 144,511</u>	<u>\$ (290,550)</u>	<u>\$ 1,839,121</u>

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

Governmental activities:	
Administration	\$ 197,255
911 dispatch services	<u>225,617</u>
Total depreciation expense – governmental activities	<u>\$ 422,872</u>

**NOTE 6 - EMPLOYEE BENEFIT PLAN**

**A. Defined Contribution Plan**

The Authority participates in a retirement plan sponsored by Great-West Life & Annuity. The type of retirement plan is established pursuant to IRC section 401(a) and is termed a "defined contribution plan". The benefits that participants are entitled to upon termination of employment consist of: 1) contributions by the employer entity; 2) equal or "matching" contributions by the employee through a mandatory withholding on their salary; 3) any additional "voluntary contribution" made by the employee; plus 4) any interest or investment return which is earned on such funds. Member contributions are limited up to a maximum set by the IRS (\$18,000 in 2017 and participants over age 50 are eligible to contribute \$5,000 more than the \$18,000 limit due to a catch up provision in the plan.).

Full-time Authority employees are eligible to participate. Both the Authority and members contribute 5% of the employee's W-2 wages each year. Employee contributions are 100% vested. The Authority's contributions vest at a rate of 20% for each year of service. A participant is fully vested after five years of service.

For the years ended December 31, 2015, 2016, and 2017, the Authority and member contributions each were \$62,336, \$69,566, and \$76,840, respectively. Contributions for 2017 were based on the salary of \$1,536,798.

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 6 - EMPLOYEE BENEFIT PLAN, Continued**

**B. Deferred Compensation Plan**

The Authority adopted a deferred compensation plan (457 Plan) as defined under the IRC section 457. Participants may defer up to the lesser of \$18,000 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute \$5,000 more than the \$18,000 limit due to a catch up provision in the plan. The Plan is administered by Great-West Life & Annuity. For the year ended December 31, 2017, participating employees contributed \$9,900.

**NOTE 7 - CONTINGENCIES**

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

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

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

**NOTE 8 - RISK MANAGEMENT**

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

The Authority will recognize an expenditure for the amount paid to CIRSA annually for these coverages. The Authority paid approximately \$24,644 to CIRSA in 2017. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS  
December 31, 2017

**NOTE 9 – COMMITTED FUND BALANCE**

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

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

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

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

**NOTE 10 – SUBSEQUENT EVENTS**

The Authority has evaluated subsequent events through July 18, 2018 the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

**REQUIRED SUPPLEMENTARY INFORMATION**

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND  
For the Year Ended December 31, 2017

	General Fund			Variance from final budget
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Sales taxes	\$ 1,695,000	\$ 1,695,000	\$ 1,910,771	\$ 215,771
Interest income	1,200	1,200	1,597	397
Other income	56,580	56,580	56,731	151
Grants	25,000	25,000	50,268	25,268
Transfers	369,467	369,467	-	(369,467)
<b>TOTAL REVENUES</b>	<u>2,147,247</u>	<u>2,147,247</u>	<u>2,019,367</u>	<u>(127,880)</u>
<b>EXPENDITURES</b>				
Salaries and wages	1,600,104	1,600,104	1,567,738	32,366
Health and life insurance	364,896	364,896	316,056	48,840
Payroll taxes	128,008	128,008	119,818	8,190
Maintenance and repair	236,000	236,000	151,272	84,728
Retirement contribution	78,505	78,505	75,253	3,252
Accounting and audit	24,000	24,000	20,370	3,630
Treasurer fees	33,900	33,900	36,846	(2,946)
Sales Tax Recovery	20,000	20,000	68,482	(48,482)
Liability insurance	21,500	21,500	20,020	1,480
Office supplies	-	-	40	(40)
Utilities	40,000	40,000	41,837	(1,837)
Legal fees	10,000	10,000	3,201	6,799
Workers compensation	5,250	5,250	4,400	850
Unemployment insurance	4,800	4,800	4,654	146
Operations reserve	1,096,495	1,096,495	17,997	1,078,498
Capital outlay	136,000	136,000	-	136,000
<b>TOTAL EXPENDITURES</b>	<u>3,799,458</u>	<u>3,799,458</u>	<u>2,447,984</u>	<u>1,351,474</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ (1,652,211)</u>	<u>\$ (1,652,211)</u>	<u>(428,617)</u>	<u>\$ 1,223,594</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<u>1,543,520</u>	
<b>FUND BALANCE - END OF YEAR</b>			<u>\$ 1,114,903</u>	

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

**GARFIELD COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

BUDGETARY COMPARISON SCHEDULE  
SPECIAL REVENUE FUND  
For the Year Ended December 31, 2017

	Special Revenue Fund			Variance from final budget
	Budget		Actual	
	Original	Final		
<b>REVENUES</b>				
Assessments E911	\$ 848,342	\$ 848,342	\$ 911,066	\$ 62,724
Charge for services	500	500	-	(500)
Grants	-	-	78,225	78,225
Interest income	900	900	961	61
<b>TOTAL REVENUES</b>	<b>849,742</b>	<b>849,742</b>	<b>990,252</b>	<b>140,510</b>
<b>EXPENDITURES</b>				
Salaries and Wages	326,097	326,097	-	326,097
Payroll taxes	27,066	27,066	75	26,991
Maintenance and repair	284,000	284,000	248,401	35,599
Retirement contribution	16,305	16,305	-	16,305
Office supplies	15,700	15,700	14,593	1,107
Telephone	86,000	86,000	80,350	5,650
Travel and subsistence	20,000	20,000	22,101	(2,101)
Public education	2,500	2,500	741	1,759
Training	60,000	60,000	59,385	615
Advertising	750	750	34	716
Operations reserve	247,404	247,404	28,664	218,740
Capital outlay	258,432	258,432	276,833	(18,401)
<b>TOTAL EXPENDITURES</b>	<b>1,344,254</b>	<b>1,344,254</b>	<b>731,177</b>	<b>613,077</b>
<b>EXCESS REVENUES OVER (UNDER) EXPENDITURES</b>	<b>\$ (494,512)</b>	<b>\$ (494,512)</b>	<b>259,075</b>	<b>\$ 753,587</b>
<b>FUND BALANCE - BEGINNING OF YEAR</b>			<b>718,094</b>	
<b>FUND BALANCE - END OF YEAR</b>			<b>\$ 977,169</b>	

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

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