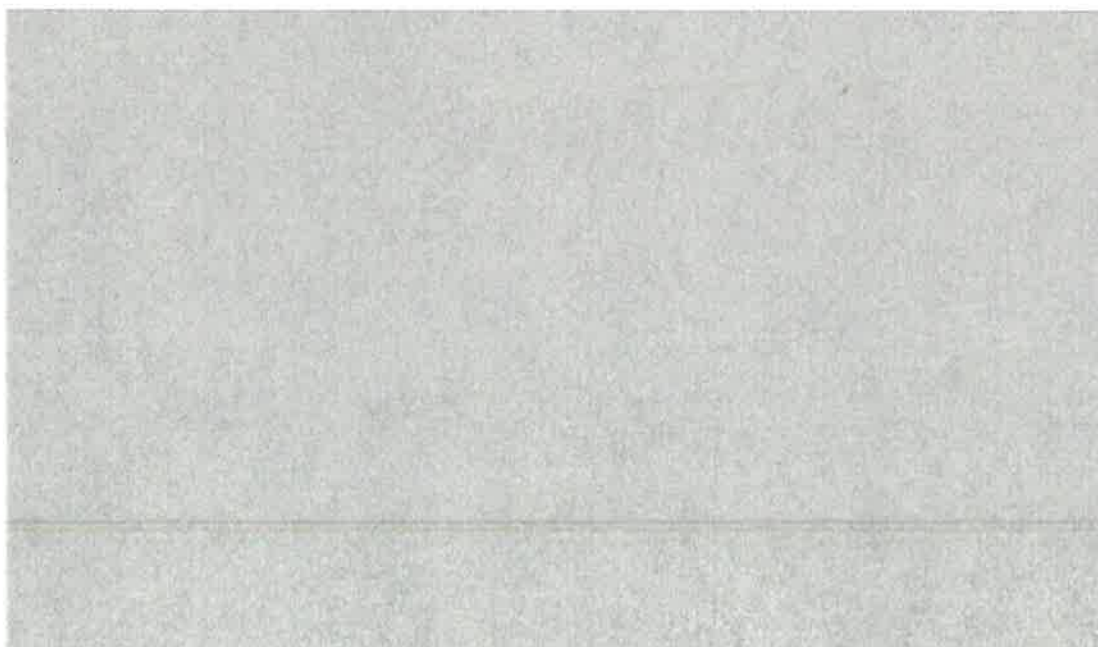


**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**

**FINANCIAL STATEMENTS**

**December 31, 2018**



**Wall,  
Smith,  
Bateman** Inc.

Certified Public Accountants

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**TABLE OF CONTENTS**  
**December 31, 2018**

	<u>Page</u>
<b>Independent Auditors' Report</b>	1
<b>Basic Financial Statements:</b>	
Statement of Net Position	3
Statement of Revenues, Expenses, and Changes in Net Position	4
Statement of Cash Flows	5
Notes to the Basic Financial Statements	6
<b>Supplementary Information:</b>	
Schedule of Revenues, Expenses, and Changes in Net Position – Budget Actual (Non-GAAP)	10

## INDEPENDENT AUDITORS' REPORT



Wall,  
Smith,  
Bateman Inc.

To the Board of Directors  
San Luis Valley E-911 Telephone Authority  
Alamosa, Colorado

We have audited the accompanying financial statements of the business-type activities and the major fund of San Luis Valley E-911 Telephone Authority (the Authority) as of and for the year ended December 31, 2018, 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.

### **Auditors' 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 auditors' 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 business-type activities and the major fund of the San Luis Valley E-911 Telephone Authority, as of December 31, 2018, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Certified Public Accountants**

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## **Other Matters**

### *Required Supplementary Information*

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The budgetary comparison information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The budgetary comparison information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the budgetary comparison information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Wall, Smith, Bateman Inc.*

Wall, Smith, Bateman Inc.  
Alamosa, Colorado

May 28, 2019

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**BASIC FINANCIAL STATEMENTS**

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**STATEMENT OF NET POSITION**  
**December 31, 2018**

**ASSETS**

**Current Assets**

Cash and Cash Equivalents	\$ 623,684
Accounts Receivable	36,202
Prepaid Items	3,667
	3,667

**Total Current Assets**

663,553

**Noncurrent Assets**

**Capital Assets**

Equipment	1,099,768
Less: Accumulated Depreciation	(738,855)
	360,913

**Total Noncurrent Assets**

360,913

**TOTAL ASSETS**

1,024,466

**LIABILITIES**

**Current Liabilities**

Accounts Payable	-
	-

**TOTAL LIABILITIES**

-

**NET POSITION**

Net Investment in Capital Assets	360,913
Unrestricted	663,553
	663,553

**TOTAL NET POSITION**

\$ 1,024,466

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**Year Ended December 31, 2018**

<b>OPERATING REVENUES</b>	
Surcharges	\$ 266,793
	<hr/>
<b>Total Operating Revenues</b>	<b>266,793</b>
	<hr/>
<b>OPERATING EXPENSES</b>	
Line Charges	33,042
Maintenance and Repair	1,349
Training / Travel	10,317
Professional Services	9,189
Public Relations and Education	4,877
Administration	19,055
Mapping / Addressing / Database	79,754
Emergency Notification System	11,000
Capital Expenditures for Others	18,000
Depreciation	69,349
	<hr/>
<b>Total Operating Expenses</b>	<b>255,932</b>
	<hr/>
Operating Income (Loss)	10,861
	<hr/>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Interest Income	390
	<hr/>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>390</b>
	<hr/>
Net Income (Loss)	11,251
	<hr/>
<b>Net Position at Beginning of Year</b>	<b>1,013,215</b>
	<hr/>
<b>Net Position at End of Year</b>	<b>\$ 1,024,466</b>
	<hr/> <hr/>

The accompanying notes are an integral part of this financial statement.

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**STATEMENT OF CASH FLOWS**  
**Year Ended December 31, 2018**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Surcharges	\$ 275,337
Cash Paid for Goods and Services	(167,528)
Cash Paid for Employees Services	<u>(19,055)</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u>88,754</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
	<u>-</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
	<u>-</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Acquisition of Capital Assets	(124,950)
Interest Income	<u>390</u>
<b>NET CASH PROVIDED(USED) BY INVESTING ACTIVITIES</b>	<u>(124,560)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(35,806)
<b>Cash and Cash Equivalents, Beginning of Year</b>	<u>659,490</u>
<b>Cash and Cash Equivalents, End of Year</b>	<u><u>\$ 623,684</u></u>
<b>OPERATING INCOME (LOSS)</b>	<b>\$ 10,861</b>
<b>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:</b>	
Depreciation	69,349
(Increase) Decrease in:	
Accounts Receivable	<u>8,544</u>
<b>NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	<u><u>\$ 88,754</u></u>

The accompanying notes are an integral part of this financial statement.

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting and reporting policies of the San Luis Valley E-911 Telephone Authority (the Authority) reflected in the accompanying financial statements conform to accounting principles generally accepted in the United States of America applicable to state and local governments. Accounting principles generally accepted in the United States of America for local governments are those promulgated by the Governmental Accounting Standards Board (GASB) in *Governmental Accounting and Financial Reporting Standards*.

**REPORTING ENTITY**

***Primary Government***

The Authority was formed in 1994 pursuant to the authority granted by C.R.S. 29-1-203 and C.R.S. 29-11-102(1)(a) by and between the following entities:

- |                     |   |
|---------------------|---|
| ▪ Alamosa County    | ▪ City of Monte Vista                               |
| ▪ Conejos County    | ▪ Town of South Fork                                |
| ▪ Costilla County   | ▪ Town of Crestone                                  |
| ▪ Mineral County    | ▪ Town of Saguache                                  |
| ▪ Rio Grande County | ▪ Alamosa County Fire Protection District           |
| ▪ Saguache County   | ▪ South Conejos Fire Protection District            |
| ▪ City of Alamosa   | ▪ Mineral County Fire Protection District           |
| ▪ Town of Hooper    | ▪ Center Fire Protection District                   |
| ▪ Town of Antonito  | ▪ Northern Saguache County Fire Protection District |
| ▪ Town of Blanca    | ▪ Alamosa County Ambulance District                 |
| ▪ Town of Creede    | ▪ Conejos County Hospital District                  |
| ▪ Town of Del Norte | ▪ Salida Hospital District                          |

The purpose of the Authority is to provide emergency telephone service. The Board consists of thirteen directors, two from each county and one alternate from each county. The thirteenth member shall be the administrator of the San Luis Valley PSAP.

***Component Units***

The Authority's financial statements include the accounts of all Authority operations. The criteria for including organizations as component units within the Authority's reporting entity, as set forth in Section 2100 of GASB's *Codification of Governmental Accounting and Financial Reporting Standards*, include whether:

- The organization is legally separate (can sue and be sued in their own name)
- The Authority holds the corporate powers of the organization
- The Authority appoints a voting majority of the organization's board
- The Authority is able to impose its will on the organization
- The organization has the potential to impose a financial benefit/burden on the Authority
- There is fiscal dependency by the organization on the Authority
- The organization is financially accountable to the Authority
- The organization receives or holds funds that are for the benefit of the Authority; and the Authority has access to a majority of the funds held; and the funds that are accessible are also significant to the Authority

Based on the aforementioned criteria, the San Luis Valley E-911 Telephone Authority has no component units.

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

The Authority's 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 the liability is incurred, regardless of the timing of related cash flows.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services to the general public on an ongoing basis in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**ASSETS, LIABILITIES, AND NET POSITION**

***Cash and Cash Equivalents***

The Authority's cash and cash equivalents are considered to be cash in bank, certificates of deposit, and liquid investments with an initial maturity of three months or less from the date of acquisition.

***Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the financial statements.

***Capital Assets***

The Authority defines capital assets as assets with an initial, individual cost of more than \$5,000 and a useful life of more than one year. Depreciation is computed on a straight-line basis over the estimated useful life of the assets. Estimated useful lives range from three to twenty five years. Capital assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

***Net Position***

Net position represents the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources. Net position should be displayed in the following three components:

- *Net investment in capital assets* - consists of capital assets, net accumulated depreciation, reduced by the outstanding balances of any borrowings that are attributable to the acquisition, construction, or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction, or improvement of those assets or related debt should be included in this component of net position.
- *Restricted* - consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets consist of assets that have limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.
- *Unrestricted* - consists of the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted components of net position.

When an expenditure is incurred for the purpose for which both restricted and unrestricted net position is available, the Authority considers restricted funds to have been spent first.

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

***Encumbrances***

The Authority does not record purchase orders in the accounting system until invoices are ready for payment. Unfulfilled purchase commitments outstanding at the end of the budget year are re-budgeted in the succeeding year.

***Use of Estimates***

The preparation of the financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 2 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

***Budgets and Budgetary Accounting***

The San Luis Valley E-911 Telephone Authority follows the procedures outlined in the Financial Management Manual – A Guide for Colorado Local Governments – when preparing annual budgets. Budget procedures include:

- 1) Preparation of budget documents by administrative staff shall be submitted to the Board no later than October 15 of each year.
- 2) Publication of a notice stating that the budget is available for public inspection.
- 3) Discussion of the budget in a meeting open to the public.
- 4) Adoption of the budget in a public meeting by appropriate resolution, no later than December 31.

Formal budgetary integration is employed as a management control device for the Authority. The Authority prepares their budget following Colorado Statutes. The budget is prepared on a basis of accounting other than in accordance with generally accepted accounting principles (GAAP).

The total expenditures cannot exceed the budgeted amount unless a supplemental appropriation is adopted. There were no supplemental appropriations during 2018.

All budget amounts presented in the accompanying supplementary information reflect the original budget and the final amended budget, if applicable.

**NOTE 3 CASH AND DEPOSITS**

***Cash and Deposits***

Colorado State Statutes govern the Authority's deposits of cash. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance (FDIC) on deposits held.

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories, determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized in accordance with PDPA. PDPA allows the institution to create a single collateral pool for all public funds to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least 102% of the aggregate uninsured deposits. All deposits in 2018 were in eligible public depositories, as defined by the Public Deposit Protection Act of 1989.

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**December 31, 2018**

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. At December 31, 2018, the Authority has no exposure to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

**NOTE 4 CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2018, was as follows:

	Balance 12/31/2017	Additions	Deletions	Balance 12/31/2018
<i>Business-type Activities</i>				
Capital assets being depreciated				
Equipment	\$ 1,099,768	\$ -	\$ -	\$ 1,099,768
Less: Accumulated depreciation	(669,506)	(69,349)	-	(738,855)
<i>Business-type Activities, Net</i>	<u>\$ 430,262</u>	<u>\$ (69,349)</u>	<u>\$ -</u>	<u>\$ 360,913</u>

**NOTE 5 TABOR EMERGENCY RESERVE**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Authority believes it is exempt from the requirements of the amendment.

**NOTE 6 RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. There have been no significant reductions in insurance coverage. Settled claims from these risks have not exceeded commercial insurance coverage for the current year or the three prior years.

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**SUPPLEMENTARY INFORMATION**

**SAN LUIS VALLEY E-911 TELEPHONE AUTHORITY**  
**SCHEDULE OF REVENUES, EXPENSES, AND CHANGES IN**  
**NET POSITION - BUDGET ACTUAL (NON-GAAP)**  
**Year Ended December 31, 2018**

	<u>BUDGETED AMOUNTS</u>		<u>ACTUAL</u>	<u>VARIANCE WITH</u>
	<u>ORIGINAL</u>	<u>FINAL</u>		<u>FINAL BUDGET</u>
				<u>POSITIVE</u>
				<u>(NEGATIVE)</u>
<b>OPERATING REVENUES</b>				
Surcharges	\$ 265,000	\$ 265,000	\$ 266,793	\$ 1,793
<b>Total Operating Revenues</b>	<u>265,000</u>	<u>265,000</u>	<u>266,793</u>	<u>1,793</u>
<b>OPERATING EXPENSES</b>				
Line Charges	10,500	10,500	33,042	(22,542)
Maintenance and Repair	5,000	5,000	1,349	3,651
Training / Travel	12,500	12,500	10,317	2,183
Professional Services	7,500	7,500	9,189	(1,689)
Public Relations and Education	7,000	7,000	4,877	2,123
Administration	27,000	27,000	19,055	7,945
Mapping / Addressing / Database	82,000	82,000	79,754	2,246
Emergency Notification System	11,000	11,000	11,000	-
Consulting	1,000	1,000	-	1,000
Capital Expenditures	10,000	10,000	-	10,000
Capital Expenditures for Others	24,000	24,000	18,000	6,000
<b>Total Operating Expenses</b>	<u>197,500</u>	<u>197,500</u>	<u>186,583</u>	<u>10,917</u>
Operating Income	<u>67,500</u>	<u>67,500</u>	<u>80,210</u>	<u>12,710</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Interest Income	500	500	390	(110)
<b>Total Nonoperating Revenues (Expenses)</b>	<u>500</u>	<u>500</u>	<u>390</u>	<u>(110)</u>
Net Income (Loss) - Budgetary Basis	<u>68,000</u>	<u>68,000</u>	<u>80,600</u>	<u>12,600</u>
Less: Depreciation			<u>(69,349)</u>	<u>(69,349)</u>
Net Income (Loss)	68,000	68,000	11,251	(56,749)
<b>Net Position at Beginning of Year</b>	<u>615,452</u>	<u>615,452</u>	<u>1,013,215</u>	<u>397,763</u>
<b>Net Position at End of Year</b>	<u>\$ 683,452</u>	<u>\$ 683,452</u>	<u>\$ 1,024,466</u>	<u>\$ 341,014</u>