

**BOULDER REGIONAL EMERGENCY
TELEPHONE SERVICE AUTHORITY**

**FINANCIAL STATEMENTS
December 31, 2020**



Logan and Associates, LLC
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Boulder Regional Emergency Telephone Service Authority
Boulder, Colorado

We have audited the accompanying financial statements of the Boulder Regional Emergency Telephone Service Authority (the "Authority") as of and for the year ended December 31, 2020, 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 the accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Boulder Regional Emergency Telephone Service Authority as of December 31, 2020, and the changes in financial position and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Comparative Financial Information

The comparative financial information for the prior year has been presented in the accompanying financial statements in order to provide an analysis of changes in the Authority's financial position and operations. However, complete comparative financial information has not been presented in accordance with generally accepted accounting principles since its inclusion would make the financial statements cumbersome and difficult to read. The comparative financial information for the year ended December 31, 2019, by which a report dated July 28, 2020, expressed an unmodified opinion.

Required Supplementary Information

Management has not presented the management's discussion and analysis that governmental 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion is not affected by this missing information.

Supplementary Information

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

The budgetary comparison schedule 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 schedule is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Logan and Associates, LLC

Aurora, Colorado
September 22, 2021

BASIC FINANCIAL STATEMENTS

BOULDER REGIONAL EMERGENCY TELEPHONE SERVICE AUTHORITY

STATEMENT OF NET POSITION

December 31, 2020

	2020	2019
ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 1,563,689	\$ 1,595,686
Investments	6,371,945	5,333,776
Accounts Receivable	984,845	964,279
Prepaid Expenses	441,667	537,273
Total Current Assets	9,362,146	8,431,014
Noncurrent Assets		
Capital Assets, Net of Accumulated Depreciation	2,204,742	2,644,604
TOTAL ASSETS	11,566,888	11,075,618
LIABILITIES		
Current Liabilities		
Accounts Payable	448,915	250,074
NET POSITION		
Net Investment in Capital Assets	2,204,742	2,644,604
Unrestricted	8,913,231	8,180,940
TOTAL NET POSITION	\$ 11,117,973	\$ 10,825,544

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

BOULDER REGIONAL EMERGENCY TELEPHONE SERVICE AUTHORITY

STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
 Year Ended December 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING REVENUES		
Telephone User Fees	\$ 3,806,747	\$ 3,770,094
PUC & State 911 Reimbursement Grant	205,356	-
Other Income	3,496	1,139
	<u>4,015,599</u>	<u>3,771,233</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES		
Telecommunication Charges		
Professional Services	165,705	177,186
Annual Maintenance and Support	2,090,267	1,956,870
Network Maintenance and Support	124,189	177,659
CAD GIS/MSAG	72,978	100,022
Software	191,376	102,801
Equipment Replacement	38,135	10,449
General Operating	711,633	493,919
Depreciation	451,527	921,312
	<u>3,845,810</u>	<u>3,940,218</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	169,789	(168,985)
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	137,780	146,127
Loss on Capital Assets Disposal	(15,140)	(37,056)
	<u>292,429</u>	<u>(59,914)</u>
CHANGE IN NET POSITION		
NET POSITION, Beginning	<u>10,825,544</u>	<u>10,885,458</u>
NET POSITION, Ending	<u>\$ 11,117,973</u>	<u>\$ 10,825,544</u>

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

BOULDER REGIONAL EMERGENCY TELEPHONE SERVICE AUTHORITY

STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash and Investments
Year Ended December 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Telecommunications	\$ 3,786,181	\$ 3,709,726
Cash Received from State Grant	205,356	-
Cash Received from Others	3,496	1,139
Cash Payments to Vendors and Grantees	(3,099,836)	(2,967,781)
Net Cash Provided by Operating Activities	895,197	743,084
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition of Capital Assets	(26,805)	(420,596)
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment Income Received	137,780	146,127
Sales (Purchases) of Investments, Net	(1,038,169)	(1,177,269)
Net Cash (Used) by Investing Activities	(900,389)	(1,031,142)
Increase (Decrease) in Cash and Investments	(31,997)	(708,654)
CASH AND INVESTMENTS, Beginning	1,595,686	2,304,340
CASH AND INVESTMENTS, Ending	\$ 1,563,689	\$ 1,595,686
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 169,789	\$ (168,985)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	451,527	921,312
Changes in Assets and Liabilities		
Accounts Receivable - Service Charges	(20,566)	(60,368)
Prepaid Expenses	95,606	(71,422)
Accounts Payable	198,841	122,547
Net Cash Provided by Operating Activities	\$ 895,197	\$ 743,084

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

BOULDER REGIONAL EMERGENCY TELEPHONE SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Boulder Regional Emergency Telephone Service Authority (the "Authority"), was formed in 1987 in order to provide and administer emergency (911) telephone service to Boulder County, Colorado. Operations of the Authority are financed by a surcharge assessed on all telecommunication lines (\$.75 per line, per month) in the County. The Authority is governed by a five-member Board of Directors.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

Reporting Entity

The definition of the reporting entity is based primarily on financial accountability. The Authority is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Authority officials appoint a voting majority of the organization's governing body and either it is 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. The Authority may also be financially accountable for organizations that are fiscally dependent upon it. Based on the application of the criteria, the Authority does not include additional organizations in its reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority uses a proprietary fund-type, an enterprise fund, to account for its activities of providing emergency telephone services to Authority residents. An enterprise fund is used to account for operations that are financed and operated in a manner similar to a private business, where a fee is charged to external users for goods or services.

The financial statements are reported using the economic resources measurement focus and 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.

Enterprise funds distinguishes operating revenues and expenses from non-operating revenues and expenses, and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the fund's principal ongoing operations. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation
(Continued)

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

Assets, Liabilities and Net Position

Cash Equivalents and Investments - Cash equivalents include cash deposits and highly liquid investments with original maturities of three months or less when purchased. Investments are reported at fair value.

Accounts Receivables - All receivables are reported at their gross value. An allowance for uncollectible accounts is not reported because the uncollectible amounts were determined to be immaterial by management.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets - Capital assets are defined by the Authority as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one (1) year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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 asset lives are not capitalized.

Capital assets of the Authority are depreciated using the straight-line method over the estimated useful lives of 5 to 10 years.

Net Position - Net position results from the accumulation of net earnings from operating income, non-operating revenues and expenses, and capital contributions and are classified in the financial statements as follows:

- Net Investment in Capital Assets - The investment in capital assets consists of capital assets, net of accumulated depreciation reduced by the balance remaining of capital debt used to purchase, acquire or construct the related capital assets. The Authority has no net investment in capital assets.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assets, Liabilities and Net Position (Continued)

- Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This classification includes the residual net position that does not meet the classification of “net investment in capital assets” or “restricted.”

Use of Estimates

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

Subsequent Events

The Authority has evaluated events subsequent to the year ended December 31, 2020 through September 22, 2021, the date these financial statements were issued, and has incorporated any required recognition into these financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets and Budgetary Accounting

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

- The budget is legally adopted by the Authority. The budget is adopted on a non-GAAP budgetary basis.
- In November, the Treasurer 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.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.

BOULDER REGIONAL EMERGENCY TELEPHONE SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3: CASH AND INVESTMENTS

A summary of cash and investments at December 31, 2020, follows:

Cash Deposits	\$ 1,410,310
Investments	<u>6,525,324</u>
Total	<u>\$ 7,935,634</u>

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of Federal Deposit Insurance Corporation (FDIC) levels must be collateralized by eligible collateral as determined by the PDPA. The FDIC insures depositors up to \$250,000 for each financial institution. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020, the Authority had bank deposits totaling \$1,480,383, of which \$1,230,383 were collateralized with securities held by the financial institutions' agents but not in their name.

Investments

The Authority has not adopted a formal investment policy, therefore follows State statutes regarding investments.

State statutes specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest which include the following.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

BOULDER REGIONAL EMERGENCY TELEPHONE SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)**Investments** (Continued)

At December 31, 2020, the Authority had the following investment:

<u>Investment Type</u>	Standards & Poors Rating	<u>Maturities (in Years)</u>		
		<u>1 or Less</u>	<u>1 to 5</u>	<u>Total</u>
U.S. Treasury Notes	N/A	\$ 3,329,796	\$ 3,042,149	\$ 6,371,945
Money Market Fund	AAAm	153,379	-	153,379
Totals		<u>\$ 3,483,175</u>	<u>\$ 3,042,149</u>	<u>\$ 6,525,324</u>

Interest Rate Risk – State statutes generally limit investments to an original maturity of five year unless the governing board authorizes the investment for a period in excess of five years.

Credit Risk – Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. U.S. Government securities explicitly or implicitly guaranteed by the U.S. Government are not considered to have credit risk exposure, including U.S. Treasury Bills, U.S. Treasury Notes, Federal Home Loan Bank (FHLB), Federal Home Loan Mortgage Corporation (FHLMC), and Federal National Mortgage Association (FNMA).

State statutes limit investments in money market funds to those that maintain a constant share price, with a maximum remaining maturity in accordance with the Securities and Exchange Commission’s Rule 2a-7, and either have assets of one billion dollars or the highest rating issued by a nationally recognized statistical rating organization (“NRSROs”). The Wells Fargo Government Money Market Fund has assets in excess of one billion dollars and is rated AAAM by S&P.

Concentration of Credit Risk – State statutes do not limit the amount the Authority may invest in a single issuer, except for corporate securities.

Fair Value of Investments – The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurements must maximize the use of observable inputs and minimize the use of unobservable inputs.

BOULDER REGIONAL EMERGENCY TELEPHONE SERVICE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2020

NOTE 3: CASH AND INVESTMENTS (Continued)

Investments (Continued)

There is a hierarchy of three levels of inputs used to measure fair value: *Level 1*: Quoted (unadjusted) prices in active markets or an identical asset or liability at the measurement date; *Level 2*: The market approach technique is utilized using quoted prices of securities with similar characteristics or independent asset pricing services; *Level 3*: Unobservable inputs for an asset or liability.

<u>Investment by Fair Value</u>	<u>Fair Value</u>	<u>Fair Value Measurements</u>		
		<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
U.S. Treasury Notes	\$ 6,371,945	\$ -	\$ 6,371,945	\$ -
<u>Investment by Net Asset Value</u>				
Money Market Fund	153,379			
Total	<u>\$ 6,525,324</u>			

NOTE 4: 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 and natural disasters. The participating entities maintain property and casualty insurance for the risks of loss related to the equipment and the Authority maintains general liability insurance.

NOTE 5: CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2020 is summarized below:

	<u>Balance</u> <u>12/31/2019</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2020</u>
Capital Assets, Being Depreciated				
Equipment	\$ 8,062,147	\$ 26,805	\$ 52,113	\$ 8,036,839
Accumulated Depreciation	(5,417,543)	(451,527)	(36,973)	(5,832,097)
Total Capital Assets, Being Depreciated	<u>\$ 2,644,604</u>	<u>\$ (424,722)</u>	<u>\$ 15,140</u>	<u>\$ 2,204,742</u>

NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6: COMMITMENTS AND CONTINGENCIES

Tabor Amendment

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR), 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.

Enterprises, defined as government-owned business authorized to issue revenue bonds and receiving less than 10% of annual revenue in grants from all state and local governments combined, are excluded from the provisions of TABOR. The Authority has made certain interpretations of the Amendment's language in order to determine compliance. The Authority's management believes a significant portion of its operations qualifies for the "enterprise" exclusion allowed by the Amendment. The Authority believes it is in compliance with the requirements of the Amendment.

NOTE 7: CONCENTRATIONS

The Authority operates solely in Boulder County, Colorado, and its primary significant source of revenue is the surcharge on telecommunication lines in that geographic region. A reduction in this revenue could have a significant impact on Authority operations.

NOTE 8: UNCERTAINTY – CORONAVIRUS PANDEMIC

On January 30, 2020, the World Health Organization declared the coronavirus outbreak a "Public Health Emergency of International Concern" and on March 10, 2020, declared it to be a pandemic. The coronavirus and actions taken by government and public health officials to mitigate it have had and are expected to continue to have an adverse impact on the economies and financial markets in many countries, including the geographical area in which the Authority is located. It is unknown how long these conditions will last and what the complete financial impact will be to the Authority.

SUPPLEMENTARY INFORMATION

BOULDER REGIONAL EMERGENCY TELEPHONE SERVICE AUTHORITY

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2020

(With Comparative Actual Totals for the Year Ended December 31, 2019)

	2020			VARIANCE Positive (Negative)	2019
	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL		ACTUAL
REVENUES					
Telephone User Fees	\$ 3,757,937	\$ 3,757,937	\$ 3,806,747	\$ 48,810	\$ 3,770,094
PUC & State 911 Reimbursement Grant	-	205,356	205,356	-	146,127
Investment Income	90,900	90,900	137,780	46,880	146,127
Other Income	-	-	3,496	3,496	1,139
TOTAL REVENUES	3,848,837	4,054,193	4,153,379	99,186	3,917,360
EXPENDITURES					
Telecommunication Charges					
Professional Services	180,536	180,536	165,705	14,831	177,186
Annual Maintenance and Support	2,049,537	2,123,749	2,090,267	33,482	1,956,870
Network Maintenance and Support	169,407	205,137	124,189	80,948	177,659
CAD GIS/MSAG	125,500	125,500	72,978	52,522	100,022
Software	211,847	203,847	191,376	12,471	102,801
Equipment Replacement	1,540,000	540,000	64,940	475,060	431,045
Total Telecommunication Charges	4,276,827	3,378,769	2,709,455	669,314	2,945,583
General Operating	762,462	784,818	711,633	73,185	493,919
TOTAL EXPENDITURES	5,039,289	4,163,587	3,421,088	742,499	3,439,502
CHANGE IN NET POSITION, Budgetary Basis	\$ (1,190,452)	\$ (109,394)	\$ 732,291	\$ 841,685	\$ 477,858
ADJUSTMENTS TO GAAP BASIS:					
Loss on Capital Assets Disposal			(15,140)		(37,056)
Capital Outlay			26,805		420,596
Depreciation			(451,527)		(921,312)
CHANGE IN NET POSITION, GAAP Basis			292,429		(59,914)
NET POSITION, Beginning			10,825,544		10,885,458
NET POSITION, Ending			\$ 11,117,973		\$ 10,825,544

See the accompanying Independent Auditor's Report.