

**JEFFERSON COUNTY COMMUNICATIONS
CENTER AUTHORITY
Jefferson County, Colorado**


**FINANCIAL STATEMENTS
December 31, 2020**


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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Jefferson County Communications Center Authority
Lakewood, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and major funds of the Jefferson County Communications Center Authority as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major funds of the Jefferson County Communications Center Authority as of December 31, 2020, and the respective changes in financial position and budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Jefferson County Communications Center Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jefferson County Communications Center Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Jefferson County Communications Center Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Jefferson County Communications Center Authority's ability to continue as a going concern for a reasonable period of time.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Jefferson County Communications Center Authority's basic financial statements.

The Schedule of Revenues, Expenditures and Change in Fund Balance – Budget and Actual – Capital Projects Fund 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Haynie & Company

Littleton, Colorado
June 8, 2021

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Introduction

This management discussion and analysis (MD&A) is designed to provide an overview of the financial activities of the Jefferson County Communications Center Authority (Jeffcom) for the fiscal year ended December 31, 2020. The MD&A should be read in conjunction with Jeffcom's financial statements.

Financial Highlights

- Total assets of Jeffcom at December 31, 2020 were \$10,054,773. Total assets exceed liabilities by \$8,365,071.
- Total net capital assets for 2020 were \$2,639,552.
- Total revenues for the year totaled \$17,606,306 and consists of member contributions of \$10,629,987, user fees of \$321,202 and Jefferson County Emergency Communications Authority (JCECA) contributions in the amount of \$6,500,000. General revenues also include interest income of \$22,151, COVID relief funds of \$124,514 and other miscellaneous revenues of \$8,452.
- Total budgeted general fund expenses for 2020 were \$18,142,305. Actual general fund expenses were \$15,548,826 a positive difference of \$2,593,479. Similar to 2019, salaries and benefits were lower than anticipated.

Overview of the Financial Statements

This discussion and analysis serves as an introduction to the Jeffcom's basic financial statements, which are comprised of the statement of net position, statement of activities, balance sheet, statement of revenues, expenditures and change in fund balance, reconciliation and notes to financial statements.

Fund Financial Statements

A fund is a group of accounts used to maintain control of services that have been set aside for specific activities or objectives. Jeffcom uses fund accounting to account for all financial activities and to ensure and demonstrate compliance with finance related legal requirements.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Notes to Financial Statements

The notes provide detail clarifying additional information necessary for a complete understanding of the data contained in the financial statements.

Financial Analysis

The Jefferson County Communications Center Authority (Jeffcom) was formed in June 2016 and began 911 dispatch operations in 2018. Jeffcom is a consolidation of eight pre-existing Public Safety Answering Points (PSAPs). These PSAPs include Arvada Police Department, Golden Police Department, Jefferson County Sheriff's Office, Lakewood Police Department, Wheat Ridge Police Department, Arvada Fire Protection District, Evergreen Fire Protection District, and West Metro Fire Protection District. Jeffcom serves as the PSAP for nearly all of Jefferson County.

Jeffcom is financed by contributions from the Jefferson County Emergency Communication Authority (JCECA), member contributions, and service user fees.

The member contributions are determined annually based upon the Equitable Sharing Cost Allocation Funding Formula contained in the 2017 Intergovernmental Agreement, which established Jeffcom. Service user fees are also determined annually and are based upon the prior year's utilization of Jeffcom's emergency dispatch services in the prior year. Member contributions and service user fees are paid quarterly and are due the first day of each quarter.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2020

The table below shows a comparison in Net Position as of December 31, 2020 and 2019.

Jefferson County Communications Center Authority
Comparison of Net Position at December 31,

	2020	2019
ASSETS		
Current assets:		
Cash and investments	\$ 6,681,563	\$ 4,834,970
Receivable from JCECA	587,666	527,147
Receivable from vendors	8,883	14,965
Prepaid expenses	137,109	117,851
Non-current assets:		
Capital assets being depreciated, net	2,639,552	3,628,211
Total assets	\$ 10,054,773	\$ 9,123,144
LIABILITIES		
Current liabilities:		
Accounts payable and accrued expenses	\$ 164,010	\$ 219,577
Accrued salaries and related expenses	362,333	466,883
Unearned revenue	356,118	333,193
Current portion of accrued compensated absences	42,429	21,374
Current portion of long-term debt	215,029	207,055
Non-current liabilities:		
Accrued compensated absences, net of current portion	476,281	332,103
Long-term debt, net of current portion	73,502	288,531
Total liabilities	1,689,702	1,868,716
NET POSITION		
Net investment in capital assets	2,351,021	3,132,625
Unrestricted	6,014,050	4,121,803
Total net position	8,365,071	7,254,428
Total liabilities and net position	\$ 10,054,773	\$ 9,123,144

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2020

The table below shows the change in net position for the years ended December 31, 2020 and 2019.

Jefferson County Communications Center Authority
Comparison of Statement of Activities at December 31,

	2020	2019
REVENUES		
Member contributions	\$ 10,629,987	\$ 10,585,934
User fees	321,202	385,325
JCECA contributions	6,500,000	6,325,767
Interest	22,151	11,240
Records requests	2,741	10,748
COVID relief funds	124,514	-
Miscellaneous	5,711	19,869
Total revenues	17,606,306	17,338,883
EXPENDITURES		
Accounting and audit	71,696	86,864
Legal	63,029	54,281
Consulting	186,750	438,445
Dues	12,539	24,785
Software	671,833	510,754
Hardware	106,906	126,834
Meetings and office expense	83,212	78,210
Insurance	59,050	57,901
Interest	15,189	22,867
Rent	324,508	317,862
Facility and equipment expenses	85,964	64,121
Salaries	9,604,335	8,783,886
Benefits	2,578,702	2,585,264
Overtime	1,173,728	1,112,757
Employment related expenses	214,855	3,408
Recruiting	100,037	9,881
Training	154,671	142,831
Depreciation	988,659	988,659
Total expenditures	16,495,663	15,409,610
CHANGE IN NET POSITION	1,110,643	1,929,273
NET POSITION, BEGINNING OF YEAR	7,254,428	5,325,155
NET POSITION, END OF YEAR	\$ 8,365,071	\$ 7,254,428

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
Management's Discussion and Analysis
For the Year Ended December 31, 2020

Budgetary Highlights

Jeffcom approves a budget in December based on anticipated costs for the following year. The following summarizes significant budget to actual variances.

Actual contributions from JCECA of \$6,500,000 were equal to the budgeted amount of \$6,500,000.

Actual total operating expenses of \$15,548,826 were \$2,593,479 less than the budgeted amount of \$18,142,305. The primary reason for the lower expenses was that actual salaries and benefits of \$12,017,804 were less than the budgeted amount of \$14,715,949.

Next Year's Budget

JCECA contributions are budgeted to be \$7,112,789 for 2021, which is an increase of \$612,789 over 2020. Member contributions for 2021 are budgeted at \$10,585,947, which is \$44,040 lower than 2020 member contributions. User service fees for 2021 are budgeted at \$336,650, which is an increase of \$15,448 over 2020.

Requests for Information

This financial report is designed to provide a general overview of the Jeffcom's finances. Questions concerning any of the information provided in this report or request for additional financial information should be addressed to:

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BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
STATEMENT OF NET POSITION
December 31, 2020

ASSETS

Current assets:

Cash and investments - unrestricted	\$ 6,681,563
Receivable from JCECA	587,666
Receivable from vendors	8,883
Prepaid expenses	137,109
Total current assets	7,415,221

Non-current assets:

Capital assets being depreciated, net	2,639,552
Total non-current assets	2,639,552

Total assets	\$ 10,054,773
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LIABILITIES

Current liabilities:

Accounts payable and accrued expenses	\$ 164,010
Accrued salaries and related expenses	362,333
Unearned revenue	356,118
Current portion of accrued compensated absences	42,429
Current portion of long-term debt	215,029
Total current liabilities	1,139,919

Non-current liabilities:

Accrued compensated absences, net of current portion	476,281
Long-term debt, net of current portion	73,502
Total non-current liabilities	549,783

Total liabilities	1,689,702
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NET POSITION

Net investment in capital assets	2,351,021
Unrestricted	6,014,050
Total net position	8,365,071

Total liabilities and net position	\$ 10,054,773
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These financial statements should be read only in connection with
the accompanying notes to financial statements.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2020

Functions/Programs	Expenses	Charges for Services	Program Revenues	Capital Grants and Contribution	Net (Expense) Revenue and Change in Net Position
Primary government:					
Governmental activities:					
General government	\$ 16,495,663	\$ 321,202	\$ 17,129,987	\$ -	\$ 955,526
	\$ 16,495,663	\$ 321,202	\$ 17,129,987	\$ -	\$ 955,526
General revenues:					
COVID relief funds					124,514
Records requests					2,741
Interest					22,151
Miscellaneous					5,711
Total general revenues					155,117
Change in net position					1,110,643
Net position - beginning					7,254,428
Net position - ending					\$ 8,365,071

These financial statements should be read only in connection with the accompanying notes to financial statements.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2020

	General	Capital Projects	Total Governmental Funds
ASSETS			
Cash and investments - unrestricted	\$ 4,825,770	\$ 1,855,793	\$ 6,681,563
Receivable from JCECA	587,666	-	587,666
Other receivables	8,883	-	8,883
Prepaid expenses	137,109	-	137,109
Total assets	\$ 5,559,428	\$ 1,855,793	\$ 7,415,221
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 161,588	\$ -	\$ 161,588
Accrued expenses	2,422	-	2,422
Accrued salaries	362,333	-	362,333
Unearned revenue	356,118	-	356,118
Total liabilities	882,461	-	882,461
FUND BALANCES			
Nonspendable:			
Prepaid expenses	137,109	-	137,109
Assigned	-	1,855,793	1,855,793
Unassigned	4,539,858	-	4,539,858
Total fund balances	4,676,967	1,855,793	6,532,760
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 5,559,428	\$ 1,855,793	

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

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	2,639,552
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds	
Long-term debt	(288,531)
Accrued compensated absences	(518,710)
Net position of governmental activities	\$ 8,365,071

These financial statements should be read only in connection with
the accompanying notes to financial statements.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
Year Ended December 31, 2020

	General Fund	Capital Projects Fund	Total Governmental Funds
REVENUES			
Member contributions	\$ 10,629,987	\$ -	\$ 10,629,987
User fees	321,202	-	321,202
JCECA contributions	6,500,000	-	6,500,000
Interest	14,751	7,400	22,151
Records requests	2,741	-	2,741
COVID relief funds	124,514	-	124,514
Miscellaneous	5,711	-	5,711
Total revenues	<u>17,598,906</u>	<u>7,400</u>	<u>17,606,306</u>
EXPENDITURES			
Accounting and audit	71,696	-	71,696
Legal	63,029	-	63,029
Consulting	186,750	-	186,750
Dues and memberships	12,539	-	12,539
Software	671,833	-	671,833
Hardware	106,906	-	106,906
Meetings and office expense	83,212	-	83,212
Insurance	59,050	-	59,050
Interest	15,189	-	15,189
Rent	324,508	-	324,508
Facility and equipment expenses	293,019	-	293,019
Salaries	9,392,893	-	9,392,893
Benefits	2,624,911	-	2,624,911
Overtime	1,173,728	-	1,173,728
Employment related expenses	214,855	-	214,855
Recruiting	100,037	-	100,037
Training	154,671	-	154,671
Total expenditures	<u>15,548,826</u>	<u>-</u>	<u>15,548,826</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>2,050,080</u>	<u>7,400</u>	<u>2,057,480</u>
OTHER FINANCING SOURCES (USES)			
Transfers to / from other funds	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,000,000)</u>	<u>1,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	1,050,080	1,007,400	2,057,480
FUND BALANCES, BEGINNING OF YEAR	<u>3,626,887</u>	<u>848,393</u>	<u>4,475,280</u>
FUND BALANCES, END OF YEAR	<u>\$ 4,676,967</u>	<u>\$ 1,855,793</u>	<u>\$ 6,532,760</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

**JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGE IN FUND BALANCE OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended December 31, 2020**

Amounts reported for governmental activities in the Statement of Activities are different because:

Net change in fund balance - Total governmental funds	\$ 2,057,480
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Depreciation	(988,659)
<p>Repayment of capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the government wide-statement of net position.</p>	
	207,055
<p>Some expenses reported in the statement of activities do not require the use of financial resources and, therefore, are not reported as expenditures in governmental funds:</p>	
Net change in compensated absences	<u>(165,233)</u>
Change in net position of governmental activities	<u><u>\$ 1,110,643</u></u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2020

	<u>Budget</u> <u>Amounts</u> <u>Original-Final</u>	<u>Actual</u> <u>Amounts</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Member contributions	\$ 10,585,947	\$ 10,629,987	\$ 44,040
User fees	360,586	321,202	(39,384)
JCECA contributions	6,500,000	6,500,000	-
Records requests	5,000	2,741	(2,259)
COVID relief funds	-	124,514	124,514
Interest	45,500	14,751	(30,749)
Miscellaneous	6,000	5,711	(289)
Total revenues	<u>17,503,033</u>	<u>17,598,906</u>	<u>95,873</u>
EXPENDITURES			
Accounting and audit	69,500	71,696	(2,196)
Legal	75,000	63,029	11,971
Consulting	289,300	186,750	102,550
Dues and memberships	18,660	12,539	6,121
Software	671,650	671,833	(183)
Hardware maintenance	387,705	106,906	280,799
Meetings and office expense	94,520	83,212	11,308
Insurance	75,500	59,050	16,450
Interest	-	15,189	(15,189)
Rent	324,508	324,508	-
Facility and equipment expenses	50,667	293,019	(242,352)
Salaries	11,048,445	9,392,893	1,655,552
Benefits	3,667,504	2,624,911	1,042,593
Overtime	1,058,226	1,173,728	(115,502)
Employment related expenses	87,270	214,855	(127,585)
Recruiting	20,000	100,037	(80,037)
Training	203,850	154,671	49,179
Total expenditures	<u>18,142,305</u>	<u>15,548,826</u>	<u>2,593,479</u>
EXCESS OF REVENUES OVER (UNDER)			
EXPENDITURES	<u>(639,272)</u>	<u>2,050,080</u>	<u>2,689,352</u>
OTHER FINANCING USES			
Transfer to capital reserve fund	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
Total other financing uses	<u>(1,000,000)</u>	<u>(1,000,000)</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	(1,639,272)	1,050,080	2,689,352
FUND BALANCE - BEGINNING OF YEAR	<u>4,038,001</u>	<u>3,626,887</u>	<u>(411,114)</u>
FUND BALANCE - END OF YEAR	<u>\$ 2,398,729</u>	<u>\$ 4,676,967</u>	<u>\$ 2,278,238</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 - DEFINITION OF REPORTING ENTITY

Jefferson County Communications Center Authority (Jeffcom or Authority) was formed in May 2016. Jeffcom is a consolidation of eight pre-existing Public Safety Answering Points within Jefferson County and provides dispatch services to most of Jefferson County. Operations began in January of 2018.

Jeffcom follows the Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

In general, the financial reporting entity consists of the Authority, organizations for which the Authority is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Authority. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. Legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the Authority.

Based on the application of this criteria, Jeffcom does not include additional organizations in its reporting entity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of Jeffcom are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of Jeffcom. For the most part, the effect of inter-fund activity has been removed from these statements.

JEFFERSON COUNTY COMMUNICATIONS CENTERLY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The statement of net position reports all financial and capital resources of Jeffcom. The difference between the assets and liabilities of Jeffcom is reported as net position.

The statement of activities demonstrates the degree to which the direct and indirect 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 applicants 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. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and promissory notes are recorded as a reduction in liabilities.

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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are member contributions, user fees and JCECA contributions. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or when the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by Jeffcom.

Jeffcom reports the following major governmental funds:

The General Fund is Jeffcom's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

JEFFERSON COUNTY COMMUNICATIONS CENTERY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Capital Projects Fund accounts for financial resources to be used for the acquisition and construction of capital equipment and facilities.

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

Budgets

In accordance with the Local Government Budget Law of Colorado, Jeffcom's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. Jeffcom's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

Pooled Cash and Investments

Jeffcom follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Capital Assets

Capital assets, which include building improvements, equipment and furniture, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by Jeffcom as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives of the assets.

Building improvements	5 – 10 years
Hardware	5 years
Software	5 years
Communications equipment	5 years
Furniture	3 – 5 years

Fund Balances – Governmental Funds

Jeffcom's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nonspendable fund balance - the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance - the amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by Jeffcom itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless Jeffcom takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts Jeffcom intends to use for a specific purpose. Intent can be expressed by Jeffcom's Board of Directors or by an official or body to which Jeffcom's Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, Jeffcom considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, Jeffcom considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless Jeffcom's Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2020 are classified in the accompanying statement of net position as follows:

Statement of net position:

Cash and investments - unrestricted	\$ 6,681,563
Total cash and investments	<u>\$ 6,681,563</u>

Cash and investments as of December 31, 2020 consist of the following:

Deposits with financial institutions	\$ 2,715,495
Investments	<u>3,966,068</u>
Total cash and investments	<u>\$ 6,681,563</u>

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Cash Deposits

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

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At December 31, 2020, Jeffcom's cash deposits had a bank and carrying balance of \$2,715,495.

Investments

Credit Risk

Jeffcom has adopted a formal investment policy entitled, *Financial Management Policies: Accounting, Budgeting and Fiscal Guidelines*. Jeffcom also follows state statutes regarding investments.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

Jeffcom generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, Jeffcom is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Board of Directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

As of December 31, 2020, Jeffcom had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	<u>\$ 3,966,068</u>

COLOTRUST

During 2020, Jeffcom invested in the Colorado Local Government Liquid Asset Trust (Colostrust) an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colostrust. Colostrust operates similarly to a money market fund and each share is equal in value to \$1.00. Colostrust offers shares in two portfolios, COLOTRUST PRIME and COLOTRUST PLUS+. Both portfolios may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. COLOTRUST PLUS+ may also invest in certain obligations of U.S. government agencies, highest rated commercial paper and repurchase agreements collateralized by certain obligations of U.S. government agencies. A designated custodial bank serves as custodian for Colostrust portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colostrust investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colostrust.

As of December 31, 2020, Jeffcom had \$3,966,068 invested in COLOTRUST PLUS+ in the name of Jeffcom. Colostrust is rated AAAM by S&P Global Ratings.

Investment Valuation

Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

JEFFERSON COUNTY COMMUNICATIONS CENTERY AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

Jeffcom’s investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. Jeffcom held investments in Colotrust at yearend for which the investment valuations were determined as follows.

Colotrust determines the NAV of the shares of each portfolio as of the close of business on each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of Colotrust, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of Colotrust to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held by Colotrust and there can be no assurance that the NAV will not vary from \$1.00 per share.

NOTE 4 – CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2020 follows:

	Balance at			Balance at
	December 31, 2019	Increases	Decreases	
Governmental Activities:				
Capital assets, being depreciated:				
Buildings and improvements	\$ 1,638,640	\$ -	\$ -	\$ 1,638,640
Furniture	725,942	-	-	725,942
Hardware	179,852	-	-	179,852
Software	1,763,143	-	-	1,763,143
Communications equipment	<u>1,366,777</u>	<u>-</u>	<u>-</u>	<u>1,366,777</u>
Total capital assets, being depreciated	<u>5,674,354</u>	<u>-</u>	<u>-</u>	<u>5,674,354</u>
Less accumulated depreciation for:				
Buildings and improvements	(344,386)	(172,193)	-	(516,579)
Furniture	(309,024)	(154,512)	-	(463,536)
Hardware	(71,940)	(35,970)	-	(107,910)
Software	(705,258)	(352,629)	-	(1,057,887)
Communications equipment	<u>(615,535)</u>	<u>(273,355)</u>	<u>-</u>	<u>(888,890)</u>
Total accumulated depreciation	<u>(2,046,143)</u>	<u>(988,659)</u>	<u>-</u>	<u>(3,034,802)</u>
Total capital assets, being depreciated, net	<u>3,628,211</u>	<u>(988,659)</u>	<u>-</u>	<u>2,639,552</u>
Governmental activities capital assets, net	<u>\$ 3,628,211</u>	<u>\$ (988,659)</u>	<u>\$ -</u>	<u>\$ 2,639,552</u>

Depreciation expense of \$988,659 is included in general government expenses in the Statement of Activities.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 5 - LONG-TERM LIABILITIES

In 2017, the Authority entered into a lease purchase agreement for communication equipment. The agreement requires sixty monthly payments of \$18,520 consisting of both principal and interest at an effective rate of 3.785%. Payments are due through April 2022. Depreciation of the leased communication equipment is included in the current year depreciation expense. The capital asset and related accumulated depreciation of the leased communication equipment is \$1,010,963 and \$724,524 at December 31, 2020, respectively.

Changes in capital leases and accrued compensated absences for the year ended December 31, 2020, were as follows.

	Balance at December 31, 2019	Increases	Decreases	Balance at December 31, 2020	Due Within One Year
Compensated absences	\$ 353,477	\$ 211,442	\$ (46,209)	\$ 518,710	\$ 42,429
Capital lease	495,586	-	(207,055)	288,531	215,029
Total	<u>\$ 849,063</u>	<u>\$ 211,442</u>	<u>\$ (253,264)</u>	<u>\$ 807,241</u>	<u>\$ 257,458</u>

Future minimum payments on the capital lease are as follows:

Year Ending December 31,	Principal	Interest	Total
2021	\$ 215,029	\$ 7,215	\$ 222,244
2022	73,502	580	74,082
	<u>\$ 288,531</u>	<u>\$ 7,795</u>	<u>\$ 296,326</u>

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 6 – OPERATING LEASE

Jeffcom entered into an operating lease in September of 2017, which continues through to 2027. At the beginning of 2019 the monthly rental payment was recalculated. During the year ended December 31, 2020, Jeffcom paid \$324,508 in rent, adjusted for Jeffcom’s share of utilities. The annual rent is trued-up each year for the amount of utilities owed by Jeffcom.

<u>Year Ending December 31,</u>	<u>Total</u>
2021	\$ 324,508
2022	324,508
2023	324,508
2024	324,508
2025	324,508
Thereafter	540,844
Total Rent	\$ 2,163,384

NOTE 7 – RETIREMENT COMMITMENTS

Jeffcom has established a flexible 401(a) profit-sharing plan on behalf of its employees. The Authority will contribute a matching amount up to 10% of each participating employee’s compensation, depending on the employee’s contract terms. Employees become fully vested as follows:

One year completed	20% vested
Two years completed	40% vested
Three years completed	60% vested
Four years completed	80% vested
Five years completed	100% vested

The plan provisions and contribution requirements are established and may be amended by the Board of Directors. For the year ended December 31, 2020, the Authority contributed \$1,011,703 to the plan.

NOTE 8 - RISK MANAGEMENT

Except as provided in the Colorado Governmental Immunity Act, Jeffcom may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God.

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 8 - RISK MANAGEMENT (CONTINUED)

Jeffcom is a member of the Colorado Special Districts Property and Liability Pool (Pool). The Pool is an organization created by intergovernmental agreement to provide property, liability, public officials' liability, boiler and machinery and workers compensation coverage to its members. Settled claims have not exceeded this coverage in any of the past three fiscal years. Jeffcom pays annual premiums to the Pool for liability, property, public officials' liability and workers compensation coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from the Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

Jeffcom provides dispatch services throughout Jefferson County, Colorado. Its major sources of revenues include contributions from Jefferson County Emergency Communications Authority (which come from a surcharge on telephone service in that geographic region), membership contributions, and a smaller portion from user fees. A reduction in this revenue, if it were to occur, may have a significant effect of Jeffcom's activities.

NOTE 9 - TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments, except Enterprise.

Based on the structure of Jeffcom as a "quasi-governmental" entity and restriction of financial activities, including the lack of ability to assess and collect tax revenue, Jeffcom does not believe that it is directly subject to the TABOR limitation.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTAL INFORMATION

JEFFERSON COUNTY COMMUNICATIONS CENTER AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
Year Ended December 31, 2020

	<u>Budget Amounts</u> <u>Original - Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES			
Interest	\$ -	\$ 7,400	\$ 7,400
Total revenues	<u>-</u>	<u>7,400</u>	<u>7,400</u>
EXPENDITURES			
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>-</u>	<u>7,400</u>	<u>7,400</u>
OTHER FINANCING SOURCES			
Transfer from general fund	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
Total other financing sources	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,000,000	1,007,400	7,400
FUND BALANCE - BEGINNING OF YEAR	<u>820,732</u>	<u>848,393</u>	<u>27,661</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,820,732</u>	<u>\$ 1,855,793</u>	<u>\$ 35,061</u>