



FINANCIAL STATEMENTS

Year Ended December 31, 2020





Independent Auditors' Report

Board of Directors
Larimer Emergency Telephone Authority
Larimer County, Colorado

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of the Larimer Emergency Telephone Authority as of and for the year ended December 31, 2020 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States; 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Larimer Emergency Telephone Authority as of December 31, 2020, and the changes in its financial position and the budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States.

Other Matters

Accounting principles generally accepted in the United States require that management 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, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 evidence sufficient to express an opinion or provide any assurance.

Anderson & Whitney, P.C.

June 1, 2021

MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) General Fund budgetary comparison, and (3) notes to the financial statements.

The Statement of Net Position (on page 6) and the Statement of Activities (on page 7) provide information about the activities of LETA as a whole and present a longer-term view of LETA's finances. For governmental activities, these statements also explain how these services were financed in the short term, as well as what remains for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2020, assets exceeded liabilities by \$7,208,046.

The following table provides a summary of the Authority's net position:

December 31	2020	2019
Assets:		
Cash and investments	\$ 6,104,676	\$ 5,162,651
Receivables and prepaid items	583,111	672,703
Capital assets	5,133,272	428,167
Total Assets	11,821,059	6,263,521
Liabilities:		
Accounts payable	52,837	52,837
Lease purchase agreement	4,500,000	--
Compensated absences	60,176	--
Total Liabilities	4,613,013	52,837
Net Position:		
Investment in capital assets	633,272	428,167
Unrestricted	6,574,774	5,782,517
Total Net Position	\$ 7,208,046	\$ 6,210,684

A significant portion of LETA's net position represents unrestricted net position of \$6,574,774 which may be used to meet the Authority's ongoing obligations to citizens and coordinating governments.

Another significant portion of the Authority's net position reflects its investment in capital assets. These assets include primarily equipment at various sites. These capital assets are used to provide services to citizens; consequently, they are not available for future spending.

The following table indicates the changes in net position:

Years Ended December 31	2020	2019
Revenues:		
Program revenue:		
Telephone surcharges	\$ 3,172,634	\$ 3,067,668
General revenue:		
Investment earnings and grants	370,378	99,689
Total Revenues	3,543,012	3,167,357
Expenses:		
Telephone Charges	427,261	169,828
Administration	679,992	699,011
Board	95,691	164,041
Public Safety Answering Points	264,077	266,380
Depreciation	165,092	106,332
Projects	913,537	871,089
Capital Outlay	--	67,794
Total Expenses	2,545,650	2,344,475
Increase in Net Position	\$ 997,362	\$ 822,882

Governmental Activities. Governmental activities increased LETA's net position by \$997,362 in 2020. Key elements of this increase are as follows:

- * There was a 12% increase in revenues from 2019, primarily from a state grant.
- * There was a 8% increase in expenses from 2019, primarily due to the new statewide tariff.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority's budget is prepared according to Colorado statutes on the modified accrual method, which does not include depreciation.

Year Ended December 31, 2020	Original and Final	
	Budget	Actual
Beginning Fund Balance	\$ 5,782,517	\$ 5,782,517
Revenue	7,869,000	8,043,012
Expenditures	10,469,000	7,190,579
Ending Fund Balance	\$ 3,182,517	\$ 6,634,950

Actual expenditures were less than budget primarily due to special projects not occurring that were anticipated during 2020

CAPITAL ASSET ADMINISTRATION

Capital Assets. LETA's investment in capital assets for its governmental type activities as of December 31, 2020, totals \$5,133,272 net of accumulated depreciation. This investment includes emergency telephone equipment at various sites. The total increase in capital assets for the current year was \$4,705,104, due to the acquisition and finish of the building at 4872 Endeavor Drive, Johnstown, Colorado.

The Authority implemented the straight-line depreciation method under GASB 34 for its capital assets. Additional information on the Authority's capital assets can be found in Note 3 to the financial statements.

DEBT

Capital Lease. In 2020, the Authority entered into a capital lease for \$4,500,000 for the acquisition of property. Additional information can be found in Note 7 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of LETA's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Authority, 4872 Endeavor Drive, Johnstown, Colorado 80534.

LARIMER EMERGENCY TELEPHONE AUTHORITY

GENERAL FUND BALANCE SHEET/STATEMENT OF NET POSITION

December 31, 2020	General Fund	Adjustments (Note 9)	Statement of Net Position
<u>ASSETS</u>			
Cash	\$ 1,450,414	\$ -	\$ 1,450,414
Investments	4,654,262	-	4,654,262
Accounts receivable	457,046	-	457,046
Prepaid items	126,065	-	126,065
Capital Assets, net of depreciation	-	5,133,272	5,133,272
TOTAL ASSETS	6,687,787	5,133,272	11,821,059
<u>LIABILITIES</u>			
Accounts payable	52,837	-	52,837
Long-Term Liabilities:			
Capital lease	-	4,500,000	4,500,000
Compensated absences	-	60,176	60,176
Total Liabilities	52,837	4,560,176	4,613,013
<u>FUND BALANCE/NET POSITION</u>			
Fund Balance:			
Nonspendable	126,065	(126,065)	-
Assigned:			
Operations and 9-1-1 Projects	6,508,885	(6,508,885)	-
Total Fund Balance	6,634,950	(6,634,950)	-
TOTAL LIABILITIES AND FUND BALANCE	\$ 6,687,787		
Net Position:			
Net Investment in capital assets		633,272	633,272
Unrestricted		6,574,774	6,574,774
TOTAL NET POSITION		\$ 7,208,046	\$ 7,208,046

See Accompanying Notes to Financial Statements.

LARIMER EMERGENCY TELEPHONE AUTHORITY

STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

Year Ended December 31, 2020	General Fund	Adjustments (Note 10)	Statement of Activities
Revenue:			
Telephone surcharge fees:			
Hardwire	\$ 263,250	\$ -	\$ 263,250
Wireless	2,281,611	-	2,281,611
Voice-over internet protocol (VOIP)	526,756	-	526,756
Prepaid wireless	101,017	-	101,017
Investment earnings and other	92,544	-	92,544
Grant	277,834	-	277,834
Total Revenue	3,543,012	-	3,543,012
Expenditures:			
Current Operating:			
Administration	50,254	-	50,254
Personnel	569,562	60,176	629,738
Telephone	427,261	-	427,261
Board expenses	95,691	-	95,691
Public Safety Answering Points	264,077	-	264,077
Projects	913,537	-	913,537
Capital Outlay	4,870,197	(4,870,197)	-
Depreciation	-	165,092	165,092
Total Expenditures	7,190,579	(4,644,929)	2,545,650
Other Financing Sources:			
Proceeds of capital lease	4,500,000	(4,500,000)	-
Total Other Financing Sources	4,500,000	(4,500,000)	-
Revenue and Other Financing Sources Over			
Expenditures	852,433	144,929	997,362
Fund Balance/Net Position, Beginning of Year	5,782,517	428,167	6,210,684
FUND BALANCE/NET POSITION, End of Year	\$ 6,634,950	\$ 573,096	\$ 7,208,046

See Accompanying Notes to Financial Statements.

LARIMER EMERGENCY TELEPHONE AUTHORITY

BUDGETARY COMPARISON STATEMENT

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
Revenue:			
Telephone surcharge fees:			
Hardwire	\$ 263,250	\$ 367,500	\$ (104,250)
Wireless	2,281,611	2,170,000	111,611
Voice-over internet protocol	526,756	465,000	61,756
Prepaid wireless	101,017	82,000	19,017
Investment earnings and other	92,544	34,500	58,044
Grants	277,834	250,000	27,834
Total Revenue	3,543,012	3,369,000	174,012
Expenditures:			
Administration:			
Personnel salaries	446,588	560,000	113,412
Benefits	122,974	148,000	25,026
Operating supplies	-	1,200	1,200
Training	-	10,000	10,000
Travel	1,115	16,000	14,885
Office lease	18,567	30,000	11,433
Operating expenses	30,572	124,000	93,428
Total Administration	619,816	889,200	269,384
Telephone:			
AT&T language line	-	1,500	1,500
Networking	146,960	85,000	(61,960)
Comcast	1,367	1,950	583
ESI Net - NG 911 tariff	278,934	225,000	(53,934)
Total Telephone	427,261	313,450	(113,811)
Board Expenses:			
Attorney	55,631	125,000	69,369
Audit and budget	21,493	14,500	(6,993)
Bank charges	14,165	2,500	(11,665)
Insurance	3,959	4,200	241
Postage	443	500	57
Web page	-	3,400	3,400
Total Board Expenses	95,691	150,100	54,409

Continued on next page.

LARIMER EMERGENCY TELEPHONE AUTHORITY

BUDGETARY COMPARISON STATEMENT - Continued

Year Ended December 31, 2020	Actual	Original and Final Budget	Variance
Expenditures - Continued:			
Public Safety Answering Points (PSAP):			
Logging recorder costs	\$ 88,921	\$ 325,000	\$ 236,079
Emergency Medical Dispatch (EMD)	83,102	77,000	(6,102)
Operating expenses	52,055	162,245	110,190
National Q	37,414	55,000	17,586
EMD Trainer	2,585	12,000	9,415
Total PSAPs	264,077	631,245	367,168
Other:			
Public education	4,182	12,000	7,818
Callbox repairs	50,007	51,705	1,698
Emergency notification system	159,912	216,500	56,588
Pictometry	332,702	350,000	17,298
GIS Point based address map	-	15,000	15,000
Special projects, VIPER maintenance	248,629	400,800	152,171
Debt service interest	118,105	124,000	5,895
Total Other	913,537	1,170,005	256,468
Capital Outlay:			
New building and finish	4,870,197	7,315,000	2,444,803
Total Expenditures	7,190,579	10,469,000	3,278,421
Other Financing Sources:			
Proceeds from capital lease	4,500,000	4,500,000	-
Total Financing Sources	4,500,000	4,500,000	-
Revenue and Other Financing Sources Over (Under)			
Expenditures	852,433	(2,600,000)	3,452,433
Fund Balance, January 1, 2020	5,782,517	5,782,517	-
Fund Balance, December 31, 2020	\$ 6,634,950	\$ 3,182,517	\$ 3,452,433

See Accompanying Notes to Financial Statements.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Larimer Emergency Telephone Authority (the Authority) conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the Authority's financial statements.

Reporting Entity:

LETA was formed November 14, 1990, by an intergovernmental agreement among twenty governments and special authorities located in Larimer County, Colorado. It is governed by a seven-member board consisting of two members from the cities, two from the towns, and one each from the hospital authorities, fire authorities, and the County.

LETA's purpose is to contract for the installation and operation of an emergency telephone service (9-1-1). Revenue is generated to defray the costs involved through a monthly surcharge for each telephone exchange access facility in the County. The monthly rate was \$0.70 for 2020. State statutes limit the spending of surcharges to costs of equipment directly related to the receipt and routing of emergency calls, monthly recurring charges of service suppliers, costs related to the provision of the emergency notification system and other costs directly related to the emergency telephone service.

The financial report of the Authority includes all of the integral parts of the Authority's operations. The Authority has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

Government-wide and Fund Financial Statements:

The Authority reports as a special purpose government engaged in a single governmental program. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are supported by telephone surcharges.

Separate financial statements are provided for the General Fund. The General Fund is reported as a separate column in the financial statements.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

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. Telephone surcharges are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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 a 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. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Telephone surcharges and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental fund:

The *general fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority.

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for specific purpose.

Assigned fund balances, if any, are amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

Capital Assets:

Capital assets consist primarily of communication and computer equipment for the operation of a county-wide emergency telephone service. These assets are recorded at cost or estimated historical cost if actual historical cost is not available.

Depreciation has been provided on capital assets using straight-line methods over three to ten years. The Authority's capitalization level is \$5,000.

Investments:

Investments are stated at their fair value as of the financial statement date.

Budget:

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the Local Government Budget Law. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States for governmental funds. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Board is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Board through a supplemental appropriation resolution. There were no supplemental appropriations in 2020.

Paid Time Off:

Employees receive annual leave which may accumulate to varying levels. Unused leave is paid upon termination and employees can also request a cash out of earned unused hours once per month, payable upon the next payroll cycle.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Cash and Investments:

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

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

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain money market funds and corporate bonds within three years of maturity and rated not less than AA- or Aa3.

The Authority's investment policy is not more restrictive than State statutes. The Authority's investments are concentrated in bank CD's of \$250,000 or less.

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

Investments for the Authority are reported at market value. Investments held are as follows:

<u>December 31, 2020</u>	<u>Cost</u>	<u>Fair Value</u>
U.S. Treasury notes due in 2021 – 2022, .125% - 2.5%	\$ 1,665,213	\$ 1,659,441
Bank CD's due in 2021, .1% - 2.5%	1,750,000	1,765,410
<u>Goldman Sachs Financial Square Government Fund</u>	<u>1,229,412</u>	<u>1,229,412</u>
	<u>\$ 4,644,625</u>	<u>\$ 4,654,263</u>

At December 31, 2020, the Authority held \$1,229,412 in the Goldman Sachs Financial Square Government Fund. This investment cannot be categorized since it is not evidenced by specific securities. The investment is rated AAA by Fitch. The Authority's investment is measured at net asset value (NAV).

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - Cash and Investments – Continued:

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. There is a hierarchy of three levels of inputs that may be used to measure fair value:

- Level 1 Quoted prices in active markets for identical assets or liabilities
- Level 2 Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities
- Level 3 Unobservable inputs supported by little or no market activity and are significant to the fair value of the assets or liabilities

The following table presents the fair value measurements of assets and liabilities recognized in the accompanying statement of net position measured at fair value on a recurring basis and the level within the fair value hierarchy in which the fair value measurements fall at December 31:

Description	Fair Value Measurements at Reporting Date Using		
	Quoted Prices In Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>December 31, 2020</u>			
Bank C.D.'s	\$ --	\$ 1,765,410	\$ --
U.S. Treasury and Agencies Notes	--	1,659,441	--

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Changes in Capital Assets:

Capital assets acquired as of December 31, 2020 and installed at various locations are as follows:

	Balance, 1/1/20	Additions	Deletions	Balance, 12/31/20
Property Held At:				
Larimer County Sheriff's Office	\$ 403,850	\$ 22,478	\$ --	\$ 426,328
Loveland Police Department	480,761	8,840	--	489,601
Estes Park Police Department	367,946	--	--	367,946
Fort Collins 9-1-1	909,689	--	--	909,689
CSU	331,136	--	--	331,136
County-wide:				
GIS Project	27,000	--	--	27,000
Fiber	101,452	--	--	101,452
VIPER	31,147	--	--	31,147
Back-up PSAP	--	80,329	--	80,329
Office remodel	95,413	--	95,413	--
LETA office furniture	36,085	271,529	--	307,614
LETA building	150,000	4,528,367	--	4,678,367
Total Capital Assets	2,934,479	4,911,543	95,413	7,750,609
Less Accumulated Depreciation:				
Larimer County Sheriff's Office	390,822	8,298	--	399,120
Loveland Police Department	431,686	28,138	--	459,824
Estes Park Police Department	351,666	9,318	--	360,984
Fort Collins 9-1-1	860,188	28,129	--	888,317
CSU	307,065	9,116	--	316,181
County-wide:				
GIS Project	27,000	--	--	27,000
Fiber	22,947	14,493	--	37,440
VIPER	31,148	--	--	31,148
Office remodel	47,705	6,361	54,066	--
LETA office furniture	36,085	6,788	--	42,873
LETA office building	--	54,451	--	54,451
Total Accumulated Depreciation	2,506,312	165,092	54,066	2,617,338
Capital Assets, net	\$ 428,167	\$ 4,746,451	\$ 41,347	\$ 5,133,271

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - Contingencies:

The intergovernmental agreement states that if emergency telephone service is ever discontinued, any remaining balance may be transferred to the public entities on a basis proportional to the service provided and the number of users in each public entity.

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The Authority is a member of Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a separate legal entity established by member governments pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. Settled claims have not exceeded this coverage in any of the past three fiscal years.

In 1992, Colorado voters approved the Taxpayer's Bill of Rights (TABOR). The Authority believes that it is exempt from TABOR on the grounds that the Authority does not have legal authority to levy taxes and that the Authority's revenue is derived from fees paid for emergency telephone services by telephone users. Such fees are regulated by the Colorado Public Utilities Commission. The enabling legislation allowing the creation of the Authority explicitly contemplates that the primary purpose of the fee is to defray the cost of services provided to those charged.

NOTE 5 – Operating Lease:

The Authority leases a copier from Ricoh expiring December 31, 2022. Future minimum rental payments are:

Year Ending December 31	Amount
2021	\$ 1,620
2022	1,620
	<u>\$ 3,240</u>

NOTE 6 – Related Party Transaction:

In 2020, in conjunction with the purchase of the building on Endeavor Drive, LETA and Larimer County jointly formed a new organization, 4872 Endeavor Condominium Association (Association). The Association manages the expenditures for the joint areas of the building. LETA paid in \$45,000 during 2020 to the Association.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – Lease Purchase Agreement:

On January 15, 2020, the Authority entered into a \$4,500,000 lease purchase agreement with BBVA to finance the purchase of the second floor of a new building and interior finish. The lease requires repayment over a 15-year period with interest only payments during the first year and then semi-annual payments thereafter of both interest and principal. The annual interest rate on the lease is 2.99%.

As part of the proceeds, BBVA provided the Authority with \$1,769,969 in cash to help fund various construction costs to complete the interior and furnish the second floor of a new building.

As of December 31, 2020, annual maturities of the lease purchase agreement are as follows:

Years Ending December 31	Principal	Interest	Total
2021	\$ 168,000	\$ 134,550	\$302,550
2022	173,000	129,526	302,526
2023	178,000	124,354	302,354
2024	183,000	119,032	302,032
2025	189,000	113,560	302,560
2026-2030	1,030,000	479,745	1,509,745
2031-2034	2,579,000	267,246	2,846,246
	<u>\$4,500,000</u>	<u>\$1,368,013</u>	<u>\$5,868,013</u>

NOTE 8 – Employee Benefits:

Employees of Authority participate in the employee benefit plans of the Thompson Valley Health Services District with the Authority paying the applicable employer share.

Employees also participate in the Thompson Valley Health Services District Retirement Plan. Employee contributions are matched by the Authority and range from 5% of salary upon hire to 8% of salary after ten years of service. Employees are not vested in the Authority contributions until they reach five years of service and become 100% vested. Contributions from the Authority to the Plan were \$62,390 in 2020 and \$59,331 in 2019.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 9 – Reconciliation Between the General Fund Balance Sheet and the Statement of Net Position:

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

December 31, 2020	
Fund balance of General Fund	\$ 6,634,950
Capital assets used in governmental activities are not financial resources and therefore are not reported in the General Fund	5,133,272
Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:	
Lease purchase agreement	(4,500,000)
Compensated absences	(60,176)
Total Net Position	\$ 7,208,046

NOTE 10– Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of the General Fund to the Statement of Activities:

Year Ended December 31, 2020	
Net change in fund balance – General Fund	\$ 852,433
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation.	4,705,105
Governmental funds report capital lease proceeds as other financing resources. The following summarizes the Authority’s long-term debt transactions for the year:	
Proceeds from the issuance of capital lease	(4,500,000)
In the Statement of Activities, compensated absences are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used. These amounts represent the net effect changes in compensated absences payable.	(60,176)
Change in Net Position of Governmental Activities	\$ 997,362
