



**EL PASO - TELLER COUNTY
9-1-1 AUTHORITY**

Management's Discussion and Analysis,

Financial Statements,

And Supplemental Information

For the Year Ended December 31, 2021

And

Independent Auditors' Report

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
El Paso - Teller County 9-1-1 Authority

Opinion

We have audited the accompanying financial statements of El Paso - Teller County 9-1-1 Authority (the Authority) as of and for the year ended December 31, 2021, and the related notes to the financial statements, as listed in the table of contents, which collectively comprise the Authority's basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of El Paso - Teller County 9-1-1 Authority as of December 31, 2020, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the 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, and for 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 Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibility 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 auditors' 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 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 Company'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 Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 7, the schedule of the Authority's proportionate share of the net pension liability and the schedule of the Authority's pension contributions and related ratios on pages 33 and 34, the schedule of the Authority's proportionate share of the net OPEB liability and the schedule of the Authority's OPEB contributions and related ratios on pages 36 and 37 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 supplemental 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.

Report on Other Supplemental Information

Our audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The supplemental schedule of revenues, expenses and changes in net position – budget and actual (non-GAAP) is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplemental schedule as listed in the table of contents is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Stockman Kast Ryan + Co, LLP

July 27, 2022

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of El Paso - Teller County 9-1-1 Authority's (the Authority's) annual financial report presents the highlights of the Authority's financial activities and financial position. The analysis focuses on significant financial issues and major financial activity and the resulting changes in financial position.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of the following three parts: Management's Discussion and Analysis, Financial Statements and Supplemental Information. The Financial Statements include notes which explain in detail some of the information included in the financial statements.

REQUIRED FINANCIAL STATEMENTS

The financial statements are designed to provide readers with a broad overview of the Authority's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the Authority's assets, deferred outflows, deferred inflows and liabilities, with the difference between these balances reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating. The statement of activities and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the time of related cash flows. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements. The notes to the financial statements can be found on pages 11 to 32 of this report.

FINANCIAL POSITION AND RESULTS FROM OPERATIONS

The Authority's balance sheet is summarized as follows:

	2021	2020
ASSETS AND DEFERRED OUTFLOWS OF RESOURCES		
CURRENT ASSETS		
Cash and cash equivalents	\$ 8,534,767	\$ 7,706,482
Accounts receivable	2,291,984	1,943,223
Prepaid expenses	<u>724,220</u>	<u>800,831</u>
Total current assets	11,550,971	10,450,536
CAPITAL ASSETS, NET	6,388,001	6,198,833
DEFERRED OUTFLOWS OF RESOURCES	<u>379,448</u>	<u>751,863</u>
TOTAL	<u>\$ 18,318,420</u>	<u>\$ 17,401,232</u>

	2021	2020
LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION		
LIABILITIES		
Accounts payable and accrued expenses	\$ 512,868	\$ 540,467
Net pension liability	1,153,544	1,674,260
Net OPEB liability	<u>160,557</u>	<u>197,061</u>
Total liabilities	<u>1,826,969</u>	<u>2,411,788</u>
DEFERRED INFLOWS OF RESOURCES	<u>1,365,624</u>	<u>721,365</u>
NET POSITION		
Net investment in capital assets	6,388,001	6,198,833
Unrestricted - Board designated (reserve)	3,000,000	3,000,000
Unrestricted	<u>5,737,826</u>	<u>5,069,246</u>
Total net position	<u>15,125,827</u>	<u>14,268,079</u>
TOTAL	<u>\$ 18,318,420</u>	<u>\$ 17,401,232</u>

The Authority's current assets increased by \$1,100,435 due in part to change in net position in the current year and changes in timing of accounts receivable payments.

The Authority's total capital assets increased by \$189,168 as of December 31, 2021 largely due to capital asset purchases exceeding depreciation expense. The Authority purchased capital assets in the amount of \$846,865 consisting of computer and telephone equipment. In addition, the Authority had no net disposals due to disposal of fully depreciated capital assets. The Authority did not receive any capital contributions during 2021.

Current liabilities decreased by \$27,599 due to timing of payments in the current year.

As noted, net position may, over time serve as a useful indicator of the Authority's financial position. Assets and deferred outflows exceeded liabilities and deferred inflows by \$15,125,827 as of December 31, 2021.

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION

Operating and non-operating revenue and expenses were as follows:

	2021	2020
OPERATING REVENUE		
Telephone tariff:		
Wireless	\$ 12,861,957	\$ 11,352,212
Wireline	<u>1,182,089</u>	<u>1,279,788</u>
Total operating revenue	<u>14,044,046</u>	<u>12,632,000</u>

	2021	2020
OPERATING EXPENSES		
Administration	5,535,889	4,789,485
Personnel	2,768,605	2,749,965
License/maintenance	2,228,361	2,327,680
Communication services	1,567,902	2,012,710
Depreciation expense	657,697	448,982
PSAP expenses	623,176	1,548,715
Contracted services	<u>142,860</u>	<u>184,795</u>
Total operating expenses	<u>13,524,490</u>	<u>14,062,332</u>
OPERATING GAIN (LOSS)	<u>519,556</u>	<u>(1,430,332)</u>
NON-OPERATING REVENUE		
Colorado ESInet revenue	334,419	
Other income	<u>3,773</u>	<u>21,886</u>
Total non-operating revenue	<u>338,192</u>	<u>21,886</u>
Change in net position	<u>857,748</u>	<u>(1,408,446)</u>
NET POSITION, Beginning of year	<u>14,268,079</u>	<u>15,676,525</u>
NET POSITION, End of year	<u>\$ 15,125,827</u>	<u>\$ 14,268,079</u>

BUDGET VS ACTUAL

Revenue of \$14,375,870 was received which was \$1,686,256 more than the projected budget. Tariff revenue increased primarily as a result of an increase in the number of telephone lines.

FUTURE PROJECTS

Despite the impacts of the pandemic, revenue remained strong, increasing 13.7% during 2021, and expenses for the same period were under budget by \$1,823,585 primarily due to effective management control and the delay of several technology projects that were necessarily deferred to 2022.

The completion of the computer server room redevelopment should be completed by the end of the 2022 second quarter, providing a more robust technology environment worthy of mission-critical 9-1-1 services.

The 9-1-1 telephone system installation should be completed by the end of the 2022 second quarter and transition to the ongoing maintenance phase; systems analytics and computer-aided dispatching (CAD) reporting will continue to improve due to the Authority CAD team working with 9-1-1 leadership teams and the vendor partner, First Watch; the new HelpDesk product will be deployed in 2022, and the SharePoint document management system will be in full production by the end of 2022 first quarter.

Succession planning and cross-training to ensure operational continuity will continue in 2022; Onboarding tactics for new employees are in place and will benefit from continual process improvement; department-specific onboarding tactics will continue to be developed and deployed upon readiness.

The Leadership team has developed a five-year operating budget that provides a 10,000-foot view of the revenue and expenses for the foreseeable future. The contracted Human Resources manager has reduced operational continuity risk by identifying high-importance competency gaps and working to fill those gaps with cross-training.

2021 AUTHORITY BOARD MEMBERS

Representing the City of Colorado Springs

Mr. Derek Wheeler, Chairperson

Mr. Pat Rigdon, Secretary

Mr. Adrian Vasquez

Representing El Paso County

Mr. Pete Carey

Mr. Andy James

Representing Teller County

Mr. Dean O’Nale

Representing Cities, Towns, U.S. Military, and Special Districts

Ms. Diann Pritchard

Ms. Joe Ribeiro

Mr. James Michael Wiles

ADDITIONAL FINANCIAL INFORMATION

This financial report is designed to provide an overview of the El Paso - Teller County 9-1-1 Authority’s finances for all interested parties. Questions concerning any of the information provided in this report, or requests for additional information should be addressed to the Authority at 2350 Airport Road, Colorado Springs, Colorado 80910.

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

BALANCE SHEET DECEMBER 31, 2021

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES

CURRENT ASSETS	
Cash and cash equivalents	\$ 8,534,767
Accounts receivable	2,291,984
Prepaid expenses	<u>724,220</u>
Total current assets	<u>11,550,971</u>
CAPITAL ASSETS, NET	
	<u>6,388,001</u>
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions	356,327
Related to OPEB	<u>23,121</u>
Total deferred outflows of resources	<u>379,448</u>
TOTAL	<u>\$ 18,318,420</u>

LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION

CURRENT LIABILITIES	
Accounts payable and accrued expenses	\$ <u>512,868</u>
LONG-TERM LIABILITIES	
Net pension liability	1,153,544
Net OPEB liability	<u>160,557</u>
Total long-term liabilities	<u>1,314,101</u>
Total liabilities	<u>1,826,969</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	1,306,922
Related to OPEB	<u>58,702</u>
Total deferred inflows of resources	<u>1,365,624</u>
NET POSITION	
Net investment in capital assets	6,388,001
Unrestricted – Board designated (reserve)	3,000,000
Unrestricted	<u>5,737,826</u>
Total net position	<u>15,125,827</u>
TOTAL	<u>\$ 18,318,420</u>

See notes to financial statements.

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING REVENUE	
Telephone tariff:	
Wireless	\$ 11,507,562
Wireline	1,182,089
Prepaid wireless	<u>1,354,395</u>
Total operating revenue	<u>14,044,046</u>
OPERATING EXPENSES	
Administration	5,535,889
Personnel	2,768,605
License/maintenance	2,228,361
Communication services	1,567,902
Depreciation expense	657,697
PSAP expenses	623,176
Contracted services	<u>142,860</u>
Total operating expense	<u>13,524,490</u>
OPERATING INCOME	<u>519,556</u>
NON-OPERATING REVENUE	
Colorado ESInet revenue	334,419
Other income	<u>3,773</u>
Total non-operating revenue	<u>338,192</u>
CHANGE IN NET POSITION	<u>857,748</u>
NET POSITION, Beginning of year	<u>14,268,079</u>
NET POSITION, End of year	<u>\$ 15,125,827</u>

See notes to financial statements.

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2021

OPERATING ACTIVITIES	
Cash receipts from customers	\$ 13,695,285
Cash payments for goods and services	(9,399,056)
Cash payments to employees for services	<u>(2,959,271)</u>
Net cash provided by operating activities	<u>1,336,958</u>
CAPITAL AND RELATED FINANCING ACTIVITIES	
Purchase of capital assets	(846,865)
Proceeds from sale of capital assets	<u>6,368</u>
Net cash used in capital and related financing activities	<u>(840,497)</u>
NON-CAPITAL FINANCING ACTIVITIES	
Cash provided by non-capital financing activities —	
Other income	<u>330,371</u>
INVESTING ACTIVITIES	
Cash provided by investing activities —	
Interest income	<u>1,453</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	828,285
CASH AND CASH EQUIVALENTS, Beginning of year	<u>7,706,482</u>
CASH AND CASH EQUIVALENTS, End of year	<u>\$ 8,534,767</u>
RECONCILIATION OF OPERATING GAIN TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating income	\$ 519,556
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation	657,697
Changes in operating assets and liabilities:	
Accounts receivable	(348,761)
Prepaid expenses	76,611
Accounts payable and accrued expenses	(27,599)
Pension and OPEB liabilities and deferred inflows and outflows	<u>459,454</u>
Net cash provided by operating activities	<u>\$ 1,336,958</u>

See notes to financial statements.

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Reporting Entity — El Paso - Teller County 9-1-1 Authority (the Authority) provides a primary means for the public safety agencies in times of emergency and supports the efficient and accurate provision of emergency services within El Paso and Teller County. The Authority was formed in 1990 under Article 11 of Title 29 of the Colorado State Statutes. The purpose was to establish a separate legal entity for the El Paso and Teller County governments to provide emergency telephone service. The governing board for the Authority consists of nine members appointed by various governments within the area. The Authority is authorized to collect \$1.35 per month per phone line within the service area for which emergency telephone service is provided. The funds collected shall be spent solely to pay for the equipment costs, installation costs and other costs directly related to the continued operation and total implementation of an emergency telephone service and emergency notification service.

For financial reporting purposes, the Authority includes all funds for which it is financially accountable. The Authority does not exercise any power over any other entity and is considered a sole reporting entity. The Authority has no component units as defined by the Governmental Accounting Standards Board (GASB).

Basis of Accounting — The financial statements of the Authority have been prepared in accordance with accounting principles generally accepted in the United States of America, including all applicable statements of GASB. The financial statements have been prepared on the accrual basis of accounting using the economic resource measurement focus. An enterprise fund is used to account for operations that are financed and operated in a similar manner to a private business enterprise: (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenue earned, expenses incurred and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Net Position — The Authority's net position is classified in the following three components:

- **Net Investment in Capital Assets** — This component consists of capital assets, net of accumulated depreciation.
- **Restricted** — This component consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets. Restricted assets are assets which have restrictions placed on the use of the assets through external constraints imposed by creditors (such as through debt covenants), contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation. Generally, a liability relates to restricted assets if the asset results from a resource flow that also results in the recognition of a liability or if the liability will be liquidated with the restricted assets reported.

- **Unrestricted** — This component consists of the net amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

Budgets — In the fall, the Budget officer is required to submit to the Board of Directors a budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted by the Authority to obtain public comments on the budget. Prior to December 31, the budget is officially adopted by the Board. The Authority is authorized to transfer budgeted amounts between line items of the budget; however, any revisions that increase the total expenditures of the Authority must be approved by the Board of Directors.

Cash and Cash Equivalents — All short-term liquid investments are considered cash equivalents. Cash equivalents are readily convertible to known amounts of cash and, at the day of purchase, they have a maturity date no longer than three months.

Capital Assets — Capital assets are recorded at cost and capitalized if over \$5,000 and have a useful life of one year or more and are depreciated using the straight-line method over estimated useful lives from three to 39 years.

Accounts Receivable — The Authority's accounts receivable consists primarily of amounts due from phone companies for emergency telephone service charges. Management has determined all receivables are considered collectible and no allowance for doubtful accounts is deemed necessary.

Operating Revenue and Expenses — Operating revenue and expenses are those that result from providing services and producing and delivering goods and services. It also includes all revenue and expenses not related to capital and related financing, noncapital financing, or investing activities. All revenue and expenses not meeting this definition are reported as non-operating revenue and expenses.

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

Subsequent Events — The Authority has evaluated subsequent events for recognition or disclosure through the date of the Independent Auditors' Report, which is the date the financial statements were available for issuance.

2. DEPOSITS

The Colorado Public Deposit Protection Act (PDPA) requires all units of local government to deposit cash in eligible public depositories. Eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by PDPA. PDPA allows the financial institution to create a single collateral pool for 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, 2021, the Authority's deposits had a bank balance of \$5,880,156, of which \$250,000 was covered by federal depository insurance. The remainder of the bank balance of \$5,630,156 at December 31, 2021 was collateralized with securities held by the pledging financial institutions and covered by eligible collateral as determined by PDPA.

Colorado Government Liquid Asset Trust (COLOTRUST) is an investment vehicle established for local government entities in Colorado to pool surplus funds for investment purposes by state statutes. At December 31, 2021, the Authority had deposits with COLOTRUST of \$3,018,872. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. Designated custodial banks provide safekeeping and depository services to COLOTRUST in connection with the direct investment and withdrawal functions of COLOTRUST. All securities owned by COLOTRUST are held by the Federal Reserve Bank in the account maintained for the custodial bank. The custodian's internal records identify the investment owned by COLOTRUST. Investments of COLOTRUST consist of U.S. Treasury bills, notes and note strips and repurchase agreements collateralized by U.S. Treasury notes.

Fair Value Measurements — The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles.

The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest level to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurements) and the lowest level to unobservable inputs (level 3) as follows:

Level 1: Unadjusted quoted prices for identical instruments in active markets.

Level 2: Observable inputs other than quoted market prices.

Level 3: Valuation derived from valuation techniques in which significant inputs are unobservable.

Investments that are measured at fair value using the net asset value (NAV) per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy. COLOTRUST deposits are measured at NAV.

3. CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 is as follows:

	Balance at January 1, 2021	Increase	Decrease	Balance at December 31, 2021
Building and building additions	\$ 6,346,796			\$ 6,346,796
Next generation assets	1,553,870			1,553,870
Capitalized software	2,042,806			2,042,806
Equipment and vehicles	<u>9,422,354</u>	<u>\$ 846,865</u>	<u>\$ 673,216</u>	<u>9,596,003</u>
Total	19,365,826	846,865	673,216	19,539,475
Less accumulated depreciation	<u>(13,166,993)</u>	<u>(657,697)</u>	<u>673,216</u>	<u>(13,151,474)</u>
Net capital assets	<u>\$ 6,198,833</u>	<u>\$ 189,168</u>	<u>\$ —</u>	<u>\$ 6,388,001</u>

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 for which it carries commercial insurance. There have been no significant reductions in coverage from the prior year, and settlements have not exceeded coverage in the past seven years.

5. DEFINED BENEFIT PENSION PLAN

The Authority contributes to the Local Government Division Trust Fund (LGDTF), a cost-sharing multiple-employer defined benefit pension plan administered by the Colorado Public Employees' Retirement Association PERA. In accordance with GASB 68, the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Authority have been determined using the same basis as they are reported by LGDTF which uses the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description — The LGDTF provides retirement and disability, post-retirement annual increases, and death benefits for members or their beneficiaries. All employees of the Authority are members of the LGDTF. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplemental information for the LGDTF. That report may be obtained online at www.copera.org, by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Benefits Provided — The LGDTF provides retirement, disability, and survivor benefits. Retirement benefits are determined by the amount of service credit earned and/or purchased, highest average salary, the benefit structure(s) under which the member retires, the benefit option selected at retirement, and age at retirement. Retirement eligibility is specified in tables set forth at C.R.S. § 24-51-602, 604, 1713 and 1714.

The lifetime retirement benefit for all eligible retiring employees under the LGDTF Benefit Structure is the greater of the:

- Highest average salary multiplied by 2.5% and then multiplied by years of service credit.
- The value of the retiring employee's member contribution account plus a 100% match on eligible amounts as of the retirement date. This amount is then annualized into a monthly benefit based on life expectancy and other actuarial factors.

The service retirement benefit is limited to 100% of highest average salary and also cannot exceed the maximum benefit allowed by the Internal Revenue Code.

Members may elect to withdraw their member contribution accounts upon termination of employment with all PERA employers; waiving rights to any lifetime retirement benefits earned. If eligible, the member may receive a match of either 50% or 100% on eligible amounts depending on

when contributions were remitted to PERA, the date employment was terminated, whether five years of service credit has been obtained and the benefit structure under which contributions were made.

Benefit recipients who elect to receive a lifetime retirement benefit are generally eligible to receive post-retirement cost-of-living adjustments (COLAs), referred to as annual increases in the C.R.S. Benefit recipients under the PERA Benefit Structure who began eligible employment before January 1, 2007 receive an annual increase of 2%, unless PERA has a negative investment year, in which case the annual increase for the next three years is the lesser of 2% or the average of the Consumer Price Index for Urban Wage Earners and Clerical Workers (CPI-W) for the prior calendar year. Benefit recipients under the LGDTF benefit structure who began eligible employment after January 1, 2007 receive an annual increase of the lesser of 2% or the average CPI-W for the prior calendar year, not to exceed 10% of PERA's Annual Increase Reserve for the LGDTF Division.

Disability benefits are available for eligible employees once they reach five years of earned service credit and are determined to meet the definition of disability. The disability benefit amount is based on the retirement benefit formula shown above considering a minimum 20 years of service credit, if deemed disabled.

Survivor benefits are determined by several factors, which include the amount of earned service credit, highest average salary of the deceased, the benefit structure(s) under which service credit was obtained, and the qualified survivor(s) who will receive the benefits.

Contributions — Eligible employees and the Authority are required to contribute to the LGDTF Division at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-401, *et seq.* Eligible employees are required to contribute 8% prior to July 1, 2021, and 8.5% as of July 1, 2021, of their PERA-includable salary.

The employer contribution requirements are summarized in the table below for the year ended December 31, 2021:

Employer contribution rate ¹	10.50%
Amount of employer contribution apportioned to the LGDTF HCTF as specified in C.R.S. § 24-51-208(1)(f) ¹	<u>(1.02)%</u>
Amount apportioned to the LGDTF	9.48%
Amortization Equalization Disbursement (AED) as specified in C.R.S. § 24-51-411 ¹	2.20%
Supplemental Amortization Equalization Disbursement (SAED) as specified in C.R.S. § 24-51-411 ¹	<u>1.50%</u>
Total employer contribution rate to the LGDTF division	<u><u>13.18%</u></u>

¹ Rates are expressed as a percentage of salary as defined in C.R.S. § 24-51-101(42).

Employer contributions are recognized by the LGDTF Division in the period in which the compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions to the LGDTF Division. Employer contributions recognized by the LGDTF Division from the Authority were \$202,058 for the year ended December 31, 2021.

Pension Liabilities, Pension Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2021, the Authority reported a liability of \$1,153,544 for its proportionate share of the collective net pension liability. The net pension liability was measured as of December 31, 2020 and the total pension liability used to calculate the net pension liability was determined as of December 31, 2020 using standard roll-forward techniques based upon the December 31, 2019 actuarial valuation. The Authority's proportion of the net pension liability was based on the Authority's contributions to LGDTF Division for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF Division. The Authority has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA.

At December 31, 2020, the Authority's proportion was 0.22% which was a decrease of 0.01% from its proportion measured as of December 31, 2012.

For the year ended December 31, 2021, the Authority's recognized pension loss of \$461,144. At December 31, 2021, the Authority's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 55,773	
Net difference between projected and actual earnings on pension plan investments		\$ 1,247,494
Changes in proportion and differences between contributions recognized and proportionate share of contributions	21,787	59,428
Changes in assumptions	<u>278,767</u>	<u>59,428</u>
Total	<u>\$ 356,327</u>	<u>\$ 1,306,922</u>

The Authority reported \$950,595 as deferred inflows of resources related to pension, resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability for the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year Ended December 31,	
2022	\$ (134,823)
2023	(166,297)
2024	(437,735)
2025	<u>(211,740)</u>
Total	<u>\$ (950,595)</u>

The differences between expected and actual experience, changes of assumptions as well as the Department's change in their proportion are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the plan. The LGDTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2019 measurement period to be 5.00 years. The difference between expected and actual investment experience is amortized over a closed five-year period.

Actuarial Assumptions — The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50%-10.45%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases;	
PERA Benefit Structure hired prior to January 1, 2007 and LGDTF Benefit Structure (automatic) ¹	1.25%
PERA Benefit Structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the annual increase reserve

¹ Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA's Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, for the period January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA's Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total pension liability from December 31, 2019, to December 31, 2020.

Price inflation	2.30%
Real wage growth	0.70%
Wage inflation	3.00%
Salary increases, including wage inflation:	
Members other than State Troopers	3.20%-11.30%
State Troopers ¹	3.20%-12.40%
Long-term investment rate of return, net of pension plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Future post-retirement benefit increases;	
PERA Benefit Structure hired prior to January 1, 2007 and LGDTF Benefit Structure (automatic) ²	1.25%
PERA Benefit Structure hired after December 31, 2006 (ad hoc, substantively automatic)	Financed by the annual increase reserve

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of "State Troopers" to include certain employees within the Trust Fund, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

² Post-retirement benefit increases are provided by the AIR, accounted separately within each Division Trust Fund, and subject to moneys being available; therefore, liabilities related to increases for members of these benefit tiers can never exceed available assets.

Salary scale assumptions were revised to align with revised economic assumptions and to more closely reflect actual experience.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for Members other than State Troopers were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a benefit-weighted basis.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

	Target Allocations	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives ¹	<u>6.00</u>	4.70
Total	<u>100.00%</u>	

¹ The Opportunity Fund's name changed to Alternatives, effective January 1, 2020.

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate — The discount rate used to measure the total pension liability was 7.25%. The basis for the projection of liabilities and the fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2019, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2019). In addition, the following methods and assumptions were used in the projection of cash flows:

- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employee contributions were assumed to be made at the member contribution rates in effect for each year, including the scheduled increase in SB 18-200. Employee contributions for future plan members were used to reduce the estimated amount of total service costs for future plan members.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law for each year, including the scheduled increase in SB 18-200. Employer contributions also include current and estimated future AED and SAED, until the actuarial value funding ratio reaches 103 percent, at which point the AED and SAED will each drop 0.50 percent every year until they are zero. Additionally, estimated employer contributions reflect reductions for the funding of the AIR and retiree health care benefits. For future plan members, employer contributions were further reduced by the estimated amount of total service costs for future plan members not financed by their member contributions.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.

- The AIR balance was excluded from the initial FNP, as, per statute, AIR amounts cannot be used to pay benefits until transferred to either the retirement benefits reserve or the survivor benefits reserve, as appropriate. AIR transfers to the FNP position and the subsequent AIR benefit payments were estimated and included in the projections.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on those assumptions, the LGDTF Division's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Authority's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate — The following presents the proportionate share of the net pension liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) or one-percentage-point higher (8.25%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
	6.25%	7.25%	8.25%
Proportionate share of the net pension liability	\$ 2,657,305	\$ 1,153,544	\$ (101,901)

Pension Plan Fiduciary Net Position — Detailed information about the LGDTF Division's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

6. POST-RETIREMENT HEALTHCARE BENEFITS

The Authority contributes to the Health Care Trust Fund (HCTF), a cost-sharing multiple-employer defined benefit other postemployment benefit (OPEB) plan administered by PERA. In accordance with GASB 75, the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, OPEB expense, information about the fiduciary net position and additions to/deductions from the fiduciary net position of the Department have been determined using the same basis as they are reported by LGDTF which uses the economic resources measurement focus and the accrual basis of accounting. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Plan Description — Eligible employees of the Authority are provided with OPEB through the HCTF, a cost-sharing multiple-employer healthcare trust administered by PERA. The HCTF is established under Title 24, Article 51 of the CRS, as amended. Title 24, Article 51, Part 12 of the C.R.S. as amended sets forth a framework that grants authority to the PERA Board to contract, self-insure, and authorize disbursements necessary in order to carry out the purpose of the PERACare program including the administration of premium subsidies. PERA issues a publicly available Comprehensive Annual Financial Report that includes financial statements and required supplementary information for the HCTF. That report may be obtained as described previously.

Benefits Provided — The HCTF provides a health care premium subsidy to eligible participating PERA benefit recipients and retirees who choose to enroll in one of the PERA health care plans, however, the subsidy is not available if only enrolled in the dental and/or vision plan(s). The health care premium subsidy is based upon the benefit structure under which the member retires and the member's years of service credit. The basis for the amount of the premium subsidy funded by each trust fund is the percentage of the member contribution account balance from each division as it relates to the total member contribution account balance from which the retirement benefit is paid.

C.R.S. § 24-51-1202 et seq. specifies the eligibility for enrollment in the health care plans offered by PERA and the amount of the premium subsidy. The law governing a benefit recipient's eligibility for the subsidy and the amount of the subsidy differs slightly depending under which benefit structure the benefits are calculated. All benefit recipients under the PERA benefit structure are eligible for a premium subsidy, if enrolled in a health care plan under PERACare.

Enrollment in PERACare is voluntary and includes, among others, benefit recipients and their eligible dependents, as well as certain surviving spouses, divorced spouses and guardians. Eligible benefit recipients may enroll into the program upon retirement, upon the occurrence of certain life events, or on an annual basis during an open enrollment period.

The maximum service-based premium subsidy is \$230 (actual dollars) per month for benefit recipients who are under 65 years of age and who are not entitled to Medicare; the maximum service-based subsidy is \$115 (actual dollars) per month for benefit recipients who are 65 years of age or older or who are under 65 years of age and entitled to Medicare. The basis for the maximum service-based subsidy, in each case, is for benefit recipients with retirement benefits based on 20 or more years of service credit. There is a 5 percent reduction in the subsidy for each year less than 20. The benefit recipient pays the remaining portion of the premium to the extent the subsidy does not cover the entire amount.

For benefit recipients who have not participated in Social Security and who are not otherwise eligible for premium-free Medicare Part A for hospital-related services, C.R.S. § 24-51-1206(4) provides an additional subsidy. According to the statute, PERA cannot charge premiums to benefit recipients without Medicare Part A that are greater than premiums charged to benefit recipients with Part A for the same plan option, coverage level, and service credit. Currently, for each individual PERACare enrollee, the total premium for Medicare coverage is determined assuming plan participants have both Medicare Part A and Part B and the difference in premium cost is paid by the HCTF or the DPS HCTF on behalf of benefit recipients not covered by Medicare Part A.

Contributions — Eligible employees and the Authority are required to contribute to the HCTF Division at a rate set by Colorado statute. The contribution requirements are established under C.R.S. § 24-51-208, et seq. Eligible employees are required to contribute 1.02% of their PERA-includable salary.

Employer contributions are recognized by HCTF in the period in which compensation becomes payable to the member and the Authority is statutorily committed to pay the contributions. Employer contributions recognized by HCTF from the Authority were \$15,938 for the year ended December 31, 2021.

OPEB Liabilities, OPEB Expense, Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

At December 31, 2021, the Authority reported a liability of \$160,557 for its proportionate share of the collective net OPEB liability. The net OPEB liability was measured as of December 31, 2020 and the total OPEB liability used to calculate the net OPEB liability was determined as of December 31, 2020 using standard roll-forward techniques based upon the December 31, 2019 actuarial valuation. The Authority's proportion of the net OPEB liability was based on the Authority's contributions to LGDTF Division for the calendar year 2020 relative to the total contributions of participating employers to the LGDTF Division. The Authority has no legal obligation to fund this shortfall nor does it have any ability to affect funding, benefit, or annual required contribution decisions made by PERA.

At December 31, 2020, the Authority's proportion was 0.02% which was the same as its proportion measured as of December 31, 2019.

For the year ended December 31, 2021, the Authority's recognized OPEB gain was \$1,690. At December 31, 2021, the Authority's reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 426	\$ 35,298
Net difference between projected and actual earnings on pension plan investments		6,561
Changes in proportion and differences between contributions recognized and proportionate share of contributions	21,495	6,998
Changes in assumptions	<u>1,200</u>	<u>9,845</u>
Total	<u>\$ 23,121</u>	<u>\$ 58,702</u>

The Authority reported \$35,581 as deferred inflows of resources related to OPEB, resulting from contributions subsequent to the measurement date which will be recognized as a reduction of the net OPEB liability for the year ended December 31, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended <u>December 31,</u>	
2022	\$ (5,489)
2023	(5,489)
2023	(6,887)
2024	(8,888)
2025	(6,132)
Thereafter	<u>(2,696)</u>
Total	<u>\$ (35,581)</u>

The differences between expected and actual experience, changes of assumptions as well as the Department's change in their proportion are amortized over a closed period equal to the average expected remaining service lives of active and inactive members in the Trust Fund. The HCTF determined the average expected remaining service lives for active and inactive members at the beginning of the 2020 measurement period to be 6.07 years. The difference between expected and actual investment experience is amortized over a closed five-year period.

Actuarial Assumptions — The total OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs:

Actuarial cost method	Entry age
Price inflation	2.40%
Real wage growth	1.10%
Wage inflation	3.50%
Salary increases, including wage inflation	3.50% in the aggregate
Long-term investment rate of return, net of OPEB plan investment expenses, including price inflation	7.25%
Discount rate	7.25%
Health care cost trend rates;	
Service-based premium subsidy	0.00%
PERACare Medicare plans	8.10% in 2020 gradually decreasing to 4.50% in 2029
Medicare Part A premium	3.50% in 2020 gradually increasing to 4.50% in 2029

In determining the additional liability for PERACare enrollees who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following monthly costs/premiums (in actual dollars) are assumed for 2019 for the PERA Benefit Structure:

Medicare Plan	Cost for Members Without Medicare Part A	Premiums for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$588	\$227
Kaiser Permanente Medicare Advantage HMO	621	232

The 2020 Medicare Part A premium is \$458 (in actual dollars) per month.

In determining the additional liability for PERACare enrollees in the PERA Benefit Structure who are age sixty-five or older and who are not eligible for premium-free Medicare Part A, the following chart details the initial expected value of Medicare Part A benefits (in actual dollars), age adjusted to age 65 for the year following the valuation date:

Medicare Plan	Cost for Members Without Medicare Part A
Medicare Advantage/Self-Insured Prescription	\$550
Kaiser Permanente Medicare Advantage HMO	586

All costs are subject to the health care cost trend rates, as discussed below.

Health care cost trend rates reflect the change in per capita health costs over time due to factors such as medical inflation, utilization, plan design, and technology improvements. For the PERA benefit structure, health care cost trend rates are needed to project the future costs associated with providing benefits to those PERACare enrollees not eligible for premium-free Medicare Part A.

Health care cost trend rates for the PERA benefit structure are based on published annual health care inflation surveys in conjunction with actual plan experience (if credible), building block models and heuristics developed by health plan actuaries and administrators, and projected trends for the Federal Hospital Insurance Trust Fund (Medicare Part A premiums) provided by the Centers for Medicare & Medicaid Services. Effective December 31, 2018, the health care cost trend rates for Medicare Part A premiums were revised to reflect the current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

The PERA benefit structure health care cost trend rates that were used to measure the total OPEB liability are summarized in the table below:

Year	PERACare Medicare Plans	Medicare Part A Premiums
2020	8.10%	3.50%
2021	6.40	3.75
2022	6.00	3.75
2023	5.70	3.75
2024	5.50	4.00
2025	5.30	4.00
2026	5.10	4.00
2027	4.90	4.25
2028	4.70	4.25
2029+	4.50	4.50

Mortality assumptions used in the December 31, 2019 valuation for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below were applied, as applicable, in the December 31, 2019 valuation for the Trust Fund. Affiliated employers of these Division Trust Funds in the Trust Fund.

Healthy mortality assumptions for active members were based on the RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriate margin of improved mortality prospectively, the mortality rates incorporate a 70 percent factor applied to male rates and a 55 percent factor applied to female rates.

Post-retirement non-disabled mortality assumptions for State and Local Government Divisions used in the December 31, 2019, valuation were based on the RP-2014 Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 73 percent factor applied to rates for ages less than 80, a 108 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 78 percent factor applied to rates for ages less than 80, a 109 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

Post-retirement non-disabled mortality assumptions for School and Judicial Divisions used in the December 31, 2019, valuation were based on the RP-2014 White Collar Healthy Annuitant Mortality Table, adjusted as follows:

- Males: Mortality improvement projected to 2018 using the MP-2015 projection scale, a 93 percent factor applied to rates for ages less than 80, a 113 percent factor applied to rates for ages 80 and above, and further adjustments for credibility..
- Females: Mortality improvement projected to 2020 using the MP-2015 projection scale, a 68 percent factor applied to rates for ages less than 80, a 106 percent factor applied to rates for ages 80 and above, and further adjustments for credibility.

The mortality assumption for disabled retirees was based on 90 percent of the RP-2014 Disabled Retiree Mortality Table.

The actuarial assumptions used in the December 31, 2019, valuation were based on the results of the 2016 experience analysis for the period January 1, 2012, through December 31, 2015, as well as the October 28, 2016, actuarial assumptions workshop and were adopted by PERA’s Board during the November 18, 2016, Board meeting.

Based on the 2020 experience analysis, dated October 28, 2020, and November 4, 2020, for the period of January 1, 2016, through December 31, 2019, revised economic and demographic assumptions were adopted by PERA’s Board on November 20, 2020, and were effective as of December 31, 2020. The assumptions shown below were reflected in the roll forward calculation of the total OPEB liability from December 31, 2019, to December 31, 2020.

	Trust Fund			
	State Division	School Division	Local Government Division	Judicial Division
Actuarial cost method	Entry Age	Entry Age	Entry Age	Entry Age
Price inflation	2.30%	2.30%	2.30%	2.30%
Real wage growth	0.70%	0.70%	0.70%	0.70%
Wage inflation	3.00%	3.00%	3.00%	3.00%
Salary increases, including wage inflation:				
Members other than State Troopers	3.30%-10.90%	3.40%-11.00%	3.20%-11.30%	2.80%-5.30%
State Troopers	3.20%-12.40%	N/A	3.20%-12.40% ¹	N/A

¹ C.R.S. § 24-51-101 (46), as amended, expanded the definition of “State Troopers” to include certain employees within the Local Government Division, effective January 1, 2020. See Note 4 of the Notes to the Financial Statements in PERA's 2020 Annual Report for more information.

The long-term rate of return, net of OPEB plan investment expenses, including price inflation and discount rate assumptions were 7.25 percent.

Mortality assumptions used in the roll forward calculations for the State Division, School Division, Local Government Division, and Judicial Division Trust Funds as shown below were applied in the roll forward calculation for the Trust Fund.

Rates of termination/withdrawal, retirement, and disability were revised to more closely reflect actual experience.

Pre-retirement mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for State Troopers were based upon the PubS-2010 Employee Table with generational projection using scale MP-2019.

The pre-retirement mortality assumptions for the School Division were based upon the PubT-2010 Employee Table with generational projection using scale MP-2019.

Pre-retirement mortality assumptions for the Judicial Division were based upon the PubG-2010(A) Above-Median Employee Table with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the State and Local Government Divisions (Members other than State Troopers) were based upon the PubG-2010 Healthy Retiree Table, adjusted as follows:

- Males: 94 percent of the rates prior to age 80 and 90 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 87 percent of the rates prior to age 80 and 107 percent of the rates for ages 80 and older with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Healthy Retiree Table, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the School Division were based upon the PubT-2010 Healthy Retiree Table, adjusted as follows:

- Males: 112 percent of the rates prior to age 80 and 94 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.
- Females: 83 percent of the rates prior to age 80 and 106 percent of the rates for ages 80 and older, with generational projection using scale MP-2019.

Post-retirement non-disabled mortality assumptions for the Judicial Division were based upon the unadjusted PubG-2010(A) Above-Median Healthy Retiree Table with generational projection using scale MP-2019.

Post-retirement non-disabled beneficiary mortality assumptions were based upon the Pub-2010 Contingent Survivor Table, adjusted as follows:

- Males: 97 percent of the rates for all ages, with generational projection using scale MP-2019.
- Females: 105 percent of the rates for all ages, with generational projection using scale MP-2019.

Disabled mortality assumptions for Members other than State Troopers were based upon the PubNS-2010 Disabled Retiree Table using 99 percent of the rates for all ages with generational projection using scale MP-2019.

Disabled mortality assumptions for State Troopers were based upon the unadjusted PubS-2010 Disabled Retiree Table with generational projection using scale MP-2019.

The mortality tables described above are generational mortality tables on a head-count weighted basis.

The following health care costs assumptions were updated and used in the roll forward calculation for the Trust Fund:

- Initial per capita health care costs for those PERACare enrollees under the PERA benefit structure who are expected to attain age 65 and older ages and are not eligible for premium-free Medicare Part A benefits were updated to reflect the change in costs for the 2020 plan year.
- The health care cost trend rates for Medicare Part A premiums were revised to reflect the then-current expectation of future increases in rates of inflation applicable to Medicare Part A premiums.

Actuarial assumptions pertaining to per capita health care costs and their related trend rates are analyzed and updated annually by the Board's actuary, as discussed above.

The long-term expected return on plan assets is reviewed as part of regular experience studies prepared every four to five years for PERA. Recently this assumption has been reviewed more frequently. The most recent analyses were outlined in the Experience Study report dated October 28, 2020. As a result of the November 20, 2020, PERA Board meeting, the following economic assumptions were changed, effective December 31, 2020:

- Price inflation assumption decreased from 2.40 percent per year to 2.30 percent per year.
- Real rate of investment return assumption increased from 4.85 percent per year, net of investment expenses to 4.95 percent per year, net of investment expenses.
- Wage inflation assumption decreased from 3.50 percent per year to 3.00 percent per year.

Several factors are considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) were developed for each major asset class. These ranges were

combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentages and then adding expected inflation.

The PERA Board first adopted the 7.25 percent long-term expected rate of return as of November 18, 2016. Following an asset/liability study, the Board reaffirmed the assumed rate of return at the Board's November 15, 2019, meeting, to be effective January 1, 2020. As of the most recent reaffirmation of the long-term rate of return, the target asset allocation and best estimates of geometric real rates of return for each major asset class are summarized in the table as follows:

	Target Allocations	30 Year Expected Geometric Real Rate of Return
Global Equity	54.00%	5.60%
Fixed Income	23.00	1.30
Private Equity	8.50	7.10
Real Estate	8.50	4.40
Alternatives	<u>6.00</u>	4.70
Total	<u>100.00%</u>	

In setting the long-term expected rate of return, projections employed to model future returns provide a range of expected long-term returns that, including expected inflation, ultimately support a long-term expected rate of return assumption of 7.25%.

Discount Rate — The discount rate used to measure the total OPEB liability was 7.25%. The basis for the projection of liabilities and the fiduciary net position used to determine the discount rate was an actuarial valuation performed as of December 31, 2019, and the financial status of the Trust Fund as of the prior measurement date (December 31, 2019). In addition, the following methods and assumptions were used in the projection of cash flows:

- Updated health care cost trend rates for Medicare Part A premiums as of the December 31, 2020, measurement date.
- Total covered payroll for the initial projection year consists of the covered payroll of the active membership present on the valuation date and the covered payroll of future plan members assumed to be hired during the year. In subsequent projection years, total covered payroll was assumed to increase annually at a rate of 3.00 percent.
- Employer contributions were assumed to be made at rates equal to the fixed statutory rates specified in law and effective as of the measurement date.
- Employer contributions and the amount of total service costs for future plan members were based upon a process to estimate future actuarially determined contributions assuming an analogous future plan member growth rate.
- Estimated transfers of dollars into the Trust Fund representing a portion of purchase service agreements intended to cover the costs associated with OPEB benefits.
- Benefit payments and contributions were assumed to be made at the middle of the year.

Based on the above assumptions and methods, the Trust Fund's fiduciary net position was projected to be available to make all projected future benefit payments of current members. Therefore, the long-term expected rate of return of 7.25 percent on pension plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability. The discount rate determination does not use the municipal bond index rate, and therefore, the discount rate is 7.25 percent. There was no change in the discount rate from the prior measurement date.

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates — The following presents the proportionate share of the net OPEB liability calculated using the healthcare cost trend rate, as well as what the proportionate share of the net OPEB liability would be if it were calculated using a healthcare cost trend rate that is one-percentage-point lower or one-percentage-point higher than the current rate:

	1% Decrease	Current Rate	1% Increase
Initial PERACare Medicare trend rate	7.10%	8.10%	9.10%
Ultimate PERACare Medicare trend rate	3.50%	4.50%	5.50%
Initial Medicare Part A trend rate	2.50%	3.50%	4.50%
Ultimate Medicare Part A trend rate	3.50%	4.50%	5.50%
Proportionate share of the net OPEB liability	\$ 156,408	\$ 160,557	\$ 165,388

Sensitivity of the Authority's Proportionate Share of the Net OPEB Liability to Changes in the Discount Rate — The following presents the proportionate share of the net OPEB liability calculated using the discount rate of 7.25%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.25%) of one-percentage-point higher (8.25%) than the current rate:

	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
Proportionate share of the net OPEB liability	\$ 183,921	\$ 160,557	\$ 140,595

OPEB Plan Fiduciary Net Position — Detailed information about the HCTF Division's fiduciary net position is available in PERA's comprehensive annual financial report which can be obtained at www.copera.org/investments/pera-financial-reports.

7. DEFINED CONTRIBUTION PENSION PLAN

Plan Description — Employees of the Authority who are members of the LGDTF (see Note 5) may voluntarily contribute to the Voluntary Investment Program (401(k) Plan), an Internal Revenue Code Section 401(k) defined contribution plan administered by PERA. Plan participation is voluntary, and contributions are separate from others made to PERA. Part 14, Title 24, Article 51 of the CRS, as amended, assigns the Authority to establish the 401(k) Plan provisions to the State Legislature. PERA issues a publicly available annual report for Colorado PERA's 401(k) and Defined Contribution Plans.

That report may be obtained online at www.copera.org, by writing to Colorado PERA, 1301 Pennsylvania Street, Denver, Colorado 80203, or by calling PERA at 303-832-9550 or 1-800-759-PERA (7372).

Funding Policy — The 401(k) Plan is funded by voluntary member contributions of up to a maximum limit set by the IRS (\$19,500 for the year 2021). In addition, catch-up contributions, up to \$6,500 for the year 2021 were allowed for participants who had attained age 50 before the close of the plan year, subject to the limitations of IRC §414(v). The contributions requirements for the Authority are established under Title 24, Article 51, Section 1402 of the CRS, as amended.

8. AMENDMENT TO COLORADO CONSTITUTION

In November 1992, the voters of Colorado approved Amendment I, commonly known as the Taxpayer Bill of Rights (TABOR), which adds a new Section 20 to Article X of the Colorado Constitution. TABOR contains tax spending, revenue and debt limitation that apply to the State of Colorado and all local governments. The Authority's financial activity for 1992 provides the basis for calculation of future limitations adjusted for allowable increases tied to inflation and local growth.

TABOR excludes enterprise governments from its provisions. Enterprise governments, defined as governmental-owned businesses that are authorized to issue revenue bonds and receive less than 10% of their annual revenue in grants from all state and local governments combined are excluded from the provisions of TABOR. The Authority is of the opinion that the enterprise operations qualify for the exclusion. The amendment is complex and subject to judicial interpretation. The Authority believes it is in compliance with the requirements of the amendment.

9. USE OF FUNDS

The Authority believes it has complied with current CRS regarding use of funds associated with revenue resulting from emergency telephone service charges. The excess funds collected will be used for future funding of the transition to NG 911, capital outlays set forth in the Authority's five year capital expenditure plan, maintaining Authority operations, maintenance and Authority and PSAP staffing.

**EL PASO - TELLER COUNTY
9-1-1 AUTHORITY**

**SUPPLEMENTAL SCHEDULES
AND
NOTES TO SUPPLEMENTAL SCHEDULE**

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
FOR THE YEARS ENDED DECEMBER 31,**

	2021	2020	2019	2018	2017	2016	2015
Authority's proportion of the net pension liability	0.22%	0.23%	0.21%	0.20%	0.19%	0.16%	0.17%
Authority's proportionate share of the net pension liability	\$ 1,153,544	\$ 1,674,260	\$ 2,632,338	\$ 2,182,517	\$ 2,552,443	\$ 1,760,614	\$ 1,499,241
Authority's covered-employee payroll	\$ 1,562,523	\$ 1,576,417	\$ 1,373,301	\$ 1,236,556	\$ 1,145,711	\$ 907,688	\$ 916,553
Authority's proportionate share of the net pension liability as a percentage of its covered-employee payroll	73.83%	106.21%	191.68%	176.50%	222.78%	193.97%	163.57%
Authority's plan fiduciary net position as a percentage of the total pension liability	90.88%	86.26%	75.96%	79.37%	73.6%	76.90%	80.70%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

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**SCHEDULE OF PENSION CONTRIBUTIONS AND RELATED RATIOS
FOR THE YEARS ENDED DECEMBER 31,**

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 202,058	\$ 199,890	\$ 174,135	\$ 156,796	\$ 145,276	\$ 115,095	\$ 116,219
Contributions in relation to the contractually required contribution	202,058	199,890	174,135	156,796	145,276	115,095	116,219
Contribution deficiency (excess)	—	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Authority covered-employee payroll	\$ 1,562,523	\$ 1,576,417	\$ 1,373,301	\$ 1,236,556	\$ 1,145,711	\$ 907,688	\$ 916,553
Contributions as a percentage of covered-employee payroll	12.93%	12.68%	12.68%	12.68%	12.68%	12.68%	12.68%

Note: Information is not available prior to 2015. In future reports, additional years will be added until 10 years of historical data are presented.

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NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – LOCAL GOVERNMENT DIVISION TRUST FUND

1. CHANGES IN BENEFITS

2019 – The following major changes were made to plan provisions as part of SB 18-200: The number of years used in the Highest Average Salary calculation for non-vested members as of January 1, 2020, increases from three to five years for the Local Government Division. Annual increase (AI) cap is lowered from 2.00% per year to 1.50% per year. Initial AI waiting period is extended from one year after retirement to three years after retirement

2. CHANGES OF ACTUARIAL ASSUMPTION

2019 - The following major changes were made to plan provisions as part of SB 18-200: Member contribution rates increase by 0.75% effective July 1, 2019, an additional 0.75% effective July 1, 2020 and an additional 0.50% effective July 14, 2021.

2017 - The investment return assumption was lowered from 7.50% to 7.25%. The price inflation assumption was lowered from 2.80% to 2.40%. The wage inflation assumption was lowered from 3.90% to 3.50%. The post-retirement mortality assumption for healthy lives was changed to the RP-2014 Healthy Annuitant Mortality Table with adjustments for credibility and gender adjustments of 73.0% factor applied to ages below 80 and a 108.0% factor applied to age 80 and above, projected to 2018, for males and a 78.0% factor applied to ages below 80 and a 109.0% factor applied to age 80 and above, projected to 2020, for females. For disabled retirees, the mortality assumption was changed to reflect 90.0% of RP-2014 Disabled Retiree Mortality Table. The mortality assumption for active members was changed to RP-2014 White Collar Employee Mortality Table, a table specifically developed for actively working people. To allow for an appropriated margin of improved mortality prospectively, the mortality rates incorporate a 70.0% factor applied to male rates and 55.0% factor applied to female rates. The rates of retirement, withdrawal and disability were revised to reflect more closely actual experience.

3. SUBSEQUENT EVENTS

2020 - Subsequent to December 31, 2019, as a result of the COVID-19 pandemic, the global economic outlook has changed. The duration and full effects of the pandemic are currently unknown, as the global picture continues to evolve. Although unprecedented federal fiscal and monetary stimulus have helped to stabilize and soften the impact of economic contraction, the near-term negative impact on PERA's investment portfolio, as well the short-medium term impact on the Trust Fund's membership and demographics, remains uncertain.

2019 - During the 2019 legislative session, the Colorado General Assembly passed HB 19-1217: PERA Public Employees' Retirement Association Local Government Division Member Contribution Rate. The bill was signed into law on May 20, 2019, and eliminated the 2.00% increase in the contribution rate required by SB 18-200 for members in the LGDTF. The impact of this change will be reflected in the subsequent fiscal year, for the measurement date December 31, 2019.

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

**SCHEDULE OF PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
FOR THE YEARS ENDED DECEMBER 31,**

	2021	2020	2019	2018	2017
Authority's proportion of the net OPEB liability	0.02%	0.02%	0.02%	0.02%	0.01%
Authority's proportionate share of the net OPEB liability	\$ 160,557	\$ 197,061	\$ 220,916	\$ 197,947	\$ 188,217
Authority's covered-employee payroll	\$ 1,562,523	\$ 1,576,417	\$ 1,373,301	\$ 1,236,556	\$ 1,145,711
Authority's proportionate share of the net OPEB liability as a percentage of its covered-employee payroll	10.28%	12.50%	16.09%	16.01%	16.42%
Authority's plan fiduciary net position as a percentage of the total OPEB liability	32.78%	24.49%	17.03%	17.53%	16.72%

Note: Information is not available prior to 2017. In future reports, additional years will be added until 10 years of historical data are presented.

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

SCHEDULE OF EMPLOYER OPEB CONTRIBUTIONS AND RELATED RATIOS FOR THE YEARS ENDED DECEMBER 31,

	2021	2020	2019	2018	2017
Contractually required contribution	\$15,938	\$ 16,079	\$ 14,008	\$ 12,613	\$ 11,686
Contributions in relation to the contractually required contribution	<u>15,938</u>	<u>16,079</u>	<u>14,008</u>	<u>12,613</u>	<u>11,686</u>
Contribution deficiency (excess)	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ —</u>
Authority covered-employee payroll	\$1,562,523	\$1,576,417	\$ 1,373,301	\$ 1,236,556	\$ 1,145,711
Contributions as a percentage of Covered-employee payroll	1.02%	1.02%	1.02%	1.02%	1.02%

Note: Information is not available prior to 2017. In future reports, additional years will be added until 10 years of historical data are presented.

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NOTES TO REQUIRED SUPPLEMENTAL INFORMATION – HEALTH CARE TRUST FUND

1. CHANGES IN BENEFITS

None

2. CHANGES OF ACTUARIAL ASSUMPTION

None

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

SUPPLEMENTAL SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET POSITION — BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED DECEMBER 31, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance Favorable (Unfavorable)
Beginning net position	\$ 7,687,729	\$ 7,687,729	\$ 14,268,079	\$ 6,580,350
Revenue				
Wireline tariff	1,125,000	1,125,000	1,182,089	57,089
Wireless tariff	11,000,000	11,000,000	11,507,562	507,562
Prepaid wireless	544,114	544,114	1,354,395	810,281
Interest income	20,000	20,000	1,453	(18,547)
Miscellaneous income	500	500	330,371	329,871
Total revenue	<u>12,689,614</u>	<u>12,689,614</u>	<u>14,375,870</u>	<u>1,686,256</u>
Expense (including capital asset expenditures)				
Personnel	2,333,838	2,333,838	2,768,605	(434,767)
Administration	5,732,610	5,732,610	5,535,889	196,721
Contracted professional services	217,705	217,705	142,860	74,845
Communications	827,000	827,000	1,567,902	(740,902)
License and maintenance contracts	2,582,890	2,582,890	2,228,361	354,529
PSAP expenses:				
Global PSAP services	1,265,000	1,265,000	74,449	1,190,551
Cripple Creek	241,250	241,250	237,500	3,750
Woodland Park	144,000	144,000	38,220	105,780
Teller County	692,950	692,950	271,322	421,628
Fort Carson			1,685	(1,685)
Capital outlay	<u>1,500,000</u>	<u>1,500,000</u>	<u>846,865</u>	<u>653,135</u>
Total expense	<u>15,537,243</u>	<u>15,537,243</u>	<u>13,713,658</u>	<u>1,823,585</u>
Increase (decrease) in net assets	<u>(2,847,629)</u>	<u>(2,847,629)</u>	<u>662,212</u>	<u>3,509,841</u>
Ending fund balance	<u>\$ 4,840,100</u>	<u>\$ 4,840,100</u>	<u>14,930,291</u>	<u>\$ 10,090,191</u>
RECONCILIATION OF REVENUE AND EXPENSES - GAAP BASIS				
Depreciation			(657,697)	
Gain on disposal of assets			6,368	
Capital outlay			<u>846,865</u>	
Deficiency of revenue over expenditures			<u>195,536</u>	
Net Position - GAAP Basis			<u>\$ 15,125,827</u>	

EL PASO - TELLER COUNTY 9-1-1 AUTHORITY

NOTES TO SUPPLEMENTAL SCHEDULE

1. BUDGET AND BUDGETARY ACCOUNTING

Procedures followed by the Authority in establishing its budget:

1. Prior to October 15, the Authority mandatorily submits to the Board a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means for financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through a Board resolution.
4. The Authority is authorized to transfer budgeting amounts between line items.
5. The budget for the Authority is adopted on a basis that is not consistent with accounting principles generally accepted in the United States of America (GAAP). As permitted by Colorado Local Government Budget law, the budget for the Authority is prepared on a cash basis.
6. All annual appropriations lapse at year-end.

2. SCHEDULE OF BUDGET AND ACTUAL (NON-GAAP BASIS)

The schedule of budget and actual (non-GAAP basis) is presented on a basis of accounting other than accounting principles generally accepted in the United States of America. As permitted by Colorado government Budget law, the budget for the Authority is prepared on a cash basis rather than accrual (GAAP) basis. The budget is prepared including capital expenditures and principal payments on expense for GAAP purposes but is not treated as an expense (or expenditure) for budgetary purposes and, for budgetary purposes, the Authority treats the ending cash balance as being available for budgetary purposes rather than the entire accrual basis fund balance as being available. We did a reconciliation from the non-GAAP basis to the GAAP basis at the bottom of page 39.