

**SOUTHWEST COLORADO TELEVISION
TRANSLATOR ASSOCIATION**

Accountants' Reports
and
Basic Financial Statements

December 31, 2022

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

TABLE OF CONTENTS

December 31, 2022

Independent Auditors' Report on Basic Financial Statements	1-2
Management's Discussion and Analysis	3-11
Basic Financial Statements	
Government -Wide Financial Statements	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements	
Balance Sheet-Governmental Funds and the Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position	14
Statement of Revenues, Expenditures and Changes in Fund Balance-Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance- Governmental Funds to the Statement of Activities	16
Notes to the Financial Statements	17-24
Required Supplemental Information	25
Statement of Revenues, Expenditures and Changes in Fund Balance-Budget and Actual-General Fund	26

Majors and Haley, P.C. Certified Public Accountants

P.O. Box 1478
Cortez, CO 81321
(970) 565-9521
Fax: (970) 565-9441

Chris L. Majors, CPA, MT

Lori Hasty Haley, CPA

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Southwest Colorado Television Translator Association
Cortez, Colorado 81321

Opinions

We have audited the accompanying financial statements of the governmental activities, and each major fund and the aggregate remaining fund information of the Southwest Colorado Television Translator Association as of and for the year ended December 31, 2022, and the related notes to the financial statements which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Southwest Colorado Television Translator Association, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Southwest Colorado Television Translator Association, and to meet 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Southwest Colorado Television Translator Association's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. 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 Southwest Colorado Television Translator Association'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 Colorado Television Translator Associations 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.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3 through 11 and page 26 be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.



Majors and Haley, P.C.
June 15, 2023

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

FINANCIAL HIGHLIGHTS

Key financial highlights for the District in 2022 are as follows:

- Net position of governmental activities increased \$107,321, which represents a 4 percent increase from 2021.
- General revenues accounted for \$651,140 in revenue; 64% percent of all revenues.
- Governmental activities total current assets decreased by \$73,752. Net non-current assets increased by \$185,465. Current liabilities increased by \$4,392.
- The District incurred \$543,819 in expenses related to government activities. General revenues (primarily property taxes) of \$651,140 were adequate to cover the balance of the costs of these programs, as a result Net Position increased during the year.
- The only major fund, the General Fund had \$1,022,871 in revenues and \$1,101,015 in expenditures. Its fund balance decreased by \$78,144 from \$540,496 to \$462,352.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts: management's discussion and analysis, the basic financial statements, required supplementary information, and supplementary information. The basic financial statements include two kinds of statements that present different views of the District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements.
- The governmental funds statements tell how basic services such as television services were financed in the short-term as well as what remains for future spending.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplemental information that further explains and supports the financial statements with a comparison of the District's budget for the year.

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private companies. The statement of net position includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position (the difference between the District's assets and liabilities) are one way to measure the District's financial position.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating.
- To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of District facilities.

In the District-wide financial statements, the District's activities are reported in the following category:

- **Governmental activities-** All of the District's services are included here. These activities are financed mainly through property taxes.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds, not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Some funds are required to be established by state law. The District uses one type of fund:

- **Governmental funds-** All of the District's basic services are included in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general operations and the services it provides. Governmental fund information helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or difference) between them.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)**

For the Year Ended December 31, 2022

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Total current assets decreased by \$73,752. Net non-current assets increased by \$1,185,465. Current liabilities increased by \$4,392.

The District's combined net position was smaller on December 31, 2022 than it was at December 31, 2021, decreasing by 4 percent to \$2,892,301.

Table 1 provides a summary of the District's net position for 2022 compared to 2021:

Table 1
Condensed Statement of Net Position

	Governmental Activities		Total District	
	2022	2021	2022	2021
Assets				
Current assets	\$ 476,680	\$ 550,432	\$ 476,680	\$ 550,432
Capital assets	2,429,949	2,244,484	2,429,949	2,244,484
Total assets	<u>2,906,629</u>	<u>2,794,916</u>	<u>2,906,629</u>	<u>2,794,916</u>
Liabilities				
Current liabilities	14,328	9,936	14,328	9,936
Net Position				
Net Investment in Capital Assets	2,429,949	2,244,484	2,429,949	2,244,484
Restricted	35,000	29,000	35,000	29,000
Unrestricted	427,352	511,496	427,352	511,496
Total net position	<u>\$ 2,892,301</u>	<u>\$ 2,784,980</u>	<u>\$ 2,892,301</u>	<u>\$ 2,784,980</u>

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2022**

Table 2 shows the changes in net position for fiscal year 2022 as compared to 2021.

**Table 2
Changes in Net Position**

	Governmental Activities		Total District	
	2022	2021	2022	2021
Revenues				
Charges for Services	\$ 28,157	\$ 11,116	\$ 28,157	\$ 11,116
Grants	343,575	\$ 44,688	343,575	\$ 44,688
General revenues				
Property taxes	575,990	667,234	575,990	667,234
Specific ownership taxes	66,541	70,859	66,541	70,859
Other	8,609	11,795	8,609	11,795
Total revenues	<u>1,022,872</u>	<u>805,692</u>	<u>1,022,872</u>	<u>805,692</u>
Expenses				
Culture and recreation	915,551	856,373	915,551	856,373
Total expenses	<u>915,551</u>	<u>856,373</u>	<u>915,551</u>	<u>856,373</u>
Increase (decrease) in net position	<u>\$ 107,321</u>	<u>\$ (50,681)</u>	<u>\$ 107,321</u>	<u>\$ (50,681)</u>

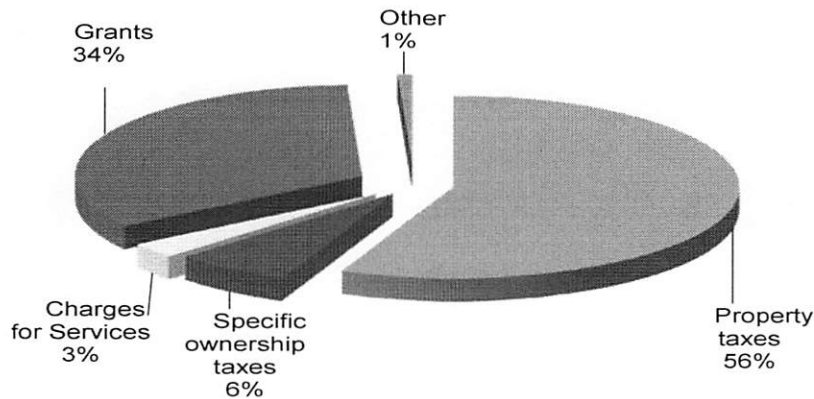
SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

Property taxes accounted for most of the District's total revenue, contributing 56 percent (See Table 3). Another 6 percent came from specific ownership taxes, 3 percent came from charges for services, 34 percent came from grants and the remaining 1 percent from other sources.

The District's expenses are all related to culture and recreation.

Table 3
Sources of Revenue for Fiscal Year 2022



Governmental Activities

The primary sources of operating revenue for the District come from property taxes. The District receives approximately 56 percent of this funding from these sources while the remaining amounts come from specific ownership taxes, grants, charges for services and other general revenues.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2022**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those service costs. Table 4 shows, for governmental activities, the total cost of services and net cost of services for 2022 as compared to 2021. That is, it identifies the cost of these services supported by general revenues including general property taxes and specific ownership taxes.

**Table 4
Government Activities**

	Total Cost of Services		Net Cost of Services	
	2022	2021	2022	2021
Culture and recreation	\$ 915,551	\$ 856,373	\$ 543,819	\$ 800,569
Total	<u>\$ 915,551</u>	<u>\$ 856,373</u>	<u>\$ 543,819</u>	<u>\$ 800,569</u>

- The cost of all governmental activities during the year was \$915,551.
- However, \$651,140 was financed by District taxpayers. This portion of governmental activities was financed with \$642,541 in property and specific ownership taxes, and \$8,609 in other general revenues.

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Information about the District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds have total revenues of \$1,022,871 and expenditures of \$1,101,015.

General Fund Budgetary Highlights

The District's budget is prepared according to Colorado law and is based on accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED) For the Year Ended December 31, 2022

Over the course of the year, the District made one revision the annual operating budget.

- Actual expenditures were \$162,965 more than budgeted. Primarily due to capital outlay expenditures being more than budgeted.

CAPITAL ASSET ADMINISTRATION

By the end of 2022, the District has invested \$4,698,067 in land, buildings, and equipment (including vehicles).

Table 5 shows capital assets for 2022 compared to 2021:

Table 5
Capital Assets at December 31

	Governmental Activities		Total District	
	2022	2021	2022	2021
Land	\$ 183,200	\$ 183,200	\$ 183,200	\$ 183,200
Buildings	699,425	487,550	699,425	487,550
Equipment	3,815,442	3,587,403	3,815,442	3,587,403
Total	<u>\$ 4,698,067</u>	<u>\$ 4,258,153</u>	<u>\$ 4,698,067</u>	<u>\$ 4,258,153</u>

Additional information on the District's capital assets can be found in the Notes to the Financial Statements on page 23 of this report.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District is not aware of any existing circumstances that could significantly affect its financial health in the future.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS
(UNAUDITED)
For the Year Ended December 31, 2022**

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Southwest Colorado Television Translator Association, 2395 East Hawkins Street Cortez, Colorado 81321.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION
Statement of Net Position

December 31, 2022

	Governmental Activities
Assets	
Current Assets	
Cash	\$ 452,344
Cash with county treasurers	19,880
Payroll Tax Pre-payment	4,456
Total Current Assets	476,680
Noncurrent Assets	
Capital assets	4,698,067
Accumulated depreciation	(2,268,118)
Total Noncurrent Assets	2,429,949
Total Assets	2,906,629
Liabilities	
Current Liabilities	
Accounts payable	12,218
Accrued payroll taxes	2,110
Total Current Liabilities	14,328
Total Liabilities	14,328
Net Position	
Net investment in capital assets	2,429,949
Restricted	
TABOR	35,000
Unrestricted	427,352
Total Net Position	\$ 2,892,301

The accompanying notes are an integral part of this statement.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION
Statement Activities

For the Year Ended December 31, 2022

	Program Revenues			Net (Expenses) Revenue And Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Governmental Activities						
Culture and recreation	\$, 915,551	\$ 28,157		\$ 343,575	\$ (543,819)	\$ (543,819)
Total Governmental Activities	<u>915,551</u>	<u>28,157</u>	<u>-</u>	<u>343,575</u>	<u>(543,819)</u>	<u>(543,819)</u>
Total Association	<u>\$ 915,551</u>	<u>\$ 28,157</u>	<u>\$ -</u>	<u>\$ 343,575</u>	<u>(543,819)</u>	<u>(543,819)</u>

General Revenues

Property taxes	575,990	575,990
Specific ownership taxes	66,541	66,541
Earnings on investments	5,586	5,586
Miscellaneous	3,023	3,023
Total General Revenues	<u>651,140</u>	<u>651,140</u>
Changes in Net Position	107,321	107,321
Net Position Beginning of the Year	2,784,980	2,784,980
Net Position End of the Year	<u>\$ 2,892,301</u>	<u>\$ 2,892,301</u>

The accompanying notes are an integral part of this statement.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

Balance Sheet Governmental Funds

December 31, 2022

	<u>General Fund</u>
Assets	
Cash	\$ 452,344
Cash with county treasurers	19,880
Pre-paid payroll taxes	4,456
Total assets	<u>\$ 476,680</u>
Liabilities	
Accounts payable	\$ 12,218
Accrued payroll taxes	2,110
Total liabilities	<u>14,328</u>
Fund balance	
Restricted	
TABOR	35,000
Unrestricted	
Assigned for subsequent year's expenditures	427,352
Total fund balance	<u>462,352</u>
Total liabilities and fund balance	<u>\$ 476,680</u>

Reconciliation of the Governmental Funds Balance Sheet with the Statement of Net Position

Total fund balance governmental funds	\$ 462,352
--	-------------------

Amounts reported for governmental activities in the Statement of Net Position are different because

Capital assets used in governmental activities are not financial resources and, therefore are not reported as assets in governmental funds.

Capital assets	4,698,067
Accumulated depreciation	(2,268,118)

Total net position governmental activities	<u><u>\$ 2,892,301</u></u>
---	----------------------------

The accompanying notes are an integral part of this statement.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended December 31, 2022

	General Fund
Revenues	
Taxes	\$ 642,532
Earnings on investments	5,586
Other	374,753
Total revenues	1,022,871
Expenditures	
Culture and recreation	1,101,015
Total expenditures	1,101,015
Excess revenues over (under) expenditures	(78,144)
Fund Balances beginning of the year	540,496
Fund balances end of the year	\$ 462,352

The accompanying notes are an integral part of this statement.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

**Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities**

December 31, 2022

Net Change in Fund Balances Governmental Funds **\$ (78,144)**

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

Governmental funds report capital outlay 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 depreciation exceeded capital outlay in the current period.

Capital outlay	\$ 439,914	
Depreciation expense	(254,449)	
		185,465

Change in Net Position of Governmental Activities **\$ 107,321**

The accompanying notes are an integral part of this statement.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

Summary of Significant Accounting Policies - The Southwest Colorado Television Translator Association's (the District) financial statements are prepared in accordance with U.S. generally accepted accounting principals (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statement of Interpretations).

The following significant accounting policies were applied to the preparation of the accompanying financial statements.

Reporting Entity – Southwest Colorado Television Translator Association is a special District organized under Colorado Revised Statutes 32-4-101. The area served is all of Montezuma County as well as parts of Dolores and La Plata County, Colorado.

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

The District is not financially accountable for any other organization, nor is the District a component unit of any other primary governmental entity.

Fund Accounting – The accounts of the District are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures or expenses, as appropriate. Governmental resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and in the means by which spending activities are controlled. The various funds are grouped into two categories: governmental and proprietary. Each category, in turn, is divided into separate "fund types".

Governmental Funds – are used to account for all or most of a government's general activities, including the collection and disbursement of earmarked funds (special revenue funds). The following are the District's major governmental funds.

General Fund – is the only fund maintained by the District it is the general operating fund of the District. It is used to account for all financial resources except those required to be

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

accounted for in another fund. Major revenue sources include local property taxes, specific ownership taxes and grants.

Basis of Presentation-

District -wide Financial Statements- The statement of net position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government.

The District -wide statements are prepared using the economic resources measurement focus and the accrual basis of accounting. This is the same approach used in the preparation of the proprietary fund financial statements but differs from the manner in which governmental fund financial statements are prepared. Governmental fund financial statements therefore include reconciliation with a brief explanation to better identify the relationship between the District-wide financial statements and the statements for governmental funds.

The District -wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues, which are not classified as program revenues, are presented as general revenues of the District, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements- Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. The financial statements for governmental funds are a balance sheet, which generally includes only current assets and current liabilities, and a statement of revenues, expenditures and changes in fund balances, which reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

Basis of Accounting – determines when transactions are recorded in the financial records and reported on the financial statements. District -wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting.

Revenues- Exchange and Non-exchange Transactions- Revenues resulting from exchange transactions, in which each party gives and receives essentially equal value are recorded on the accrual basis when the exchange takes place. On a modified accrual basis revenues are recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenues from property taxes are recognized in the fiscal year for which the taxes are levied. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when used is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes collected within 60 days after year-end, interest, and certain grants.

Expenses/Expenditures- On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the statement of revenues, expenses and changes in fund balances as an expense with a like amount reported as donated commodities revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds

Budgets and Budgetary Accounting – The District is required by Colorado Statutes to adopt annual budgets for all funds. Each budget is prepared on the same basis (U.S. GAAP basis) as that used for accounting purposes, except for the Proprietary Funds, which are prepared

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

essentially on the modified accrual basis of accounting. This basis of accounting is at variance with U.S. GAAP.

The following procedures are followed in establishing the budgetary data reflected in the financial statements:

Prior to October 15, the Budget Officer submits to the District Board a proposed operating budget for the fiscal year commencing the following January 1.

The operating budget includes proposed expenditures and the means of financing them.

Public hearings are conducted to obtain comments.

Prior to December 31, the budget is legally adopted through passage of adoption and appropriations resolutions.

Formal budgetary integration is employed as a management control device during the year.

Department directors are authorized to transfer budget amounts within the department. However, the District Board must approve any revisions that alter the total expenditures of any department.

Appropriations are adopted by resolution for each fund in total and lapse at the end of each year. Over-expenditures are not deemed to exist unless the fund as a total has expenditures in excess of appropriations.

Capital Assets – General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the District-wide statement of net position but are not reported in the fund financial statements. Capital assets utilized by the proprietary funds are reported both in the business-type activities column of the District -wide statements of net position and in the respective fund financial statements,

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated general fixed assets are valued at their estimated fair value on the date donated. The District maintains a capitalization threshold of five thousand dollars.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

All reported capital assets are depreciated. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Facilities	50 Years
Equipment	8 to 15 Years

Property Tax Revenue Recognition – Property taxes are billed and collected on behalf of the District by the Dolores, Montezuma, and La Plata County Treasurers. The property taxes are levied and certified in December of the year prior to the year the taxes are collected. Property taxes become an enforceable lien on January 1 of each year. Secured property taxes are due in two equal installments on February 28 and June 15, and are delinquent after February 28 and June 15 respectively. The entire balance can be paid by April 30 without penalty. Property taxes levied are recorded as deferred revenues in the year levied, as they are not due until the following year. An allowance for un-collectible taxes is not provided as the un-collectible amounts were determined to be negligible based upon an analysis of historical trends.

Accrued Liabilities and General Long-Term Obligations- All payables, accrued liabilities and long-term obligations are reported in the District -wide financial statements.

In general, payables and accrued liabilities that will be paid from governmental funds are reported on the governmental fund financial statements regardless of whether they will be liquidated with current resources. However, claims and judgments, the non-current portion of capital leases, compensated absences, and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current, expendable, available financial resources. In general, payment made within sixty days after year-end are considered to have been made with current available financial resources. Bonds and other long-term obligations that will be paid from governmental funds are not recognized as a liability in the fund financial statements.

Governmental Fund Balances- In the governmental fund financial statements, fund balances are classified as follows:

Non-spendable- Amounts that cannot be spent either because they are in a non-spendable form or because they are legally or contractually required to be maintained intact.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

Restricted- Amounts that can be used only for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. This includes the District's TABOR emergency reserve.

Committed- Amounts that can be used only for specific purposes determined by a formal action by the District Board.

Assigned- Amounts that are designated by the District Board for a particular purpose but are not spendable until appropriated. This includes assignments for subsequent year's expenditures.

Unassigned- All amounts not included in the other spendable classifications

Use of Restricted Resources- When an expense is incurred that can be paid using either restricted or unrestricted resources (net position), the District's policy is to first apply the expense toward restricted resources and then toward unrestricted resources. In governmental funds, the District's policy is to first apply the expenditure toward restricted fund balance and then to other less restrictive classifications- committed and then assigned fund balances before using unassigned fund balances

Net Position- Net position represents the difference between assets, deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are liabilities imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

Cash and Investments – The District maintains its cash in the form of deposits in financial institutions.

Deposits- The Colorado Public Deposit Protection Act (PDPA) governs the District's cash deposits. The statutes specify eligible depositories for public cash deposits, which must be Colorado institutions and must maintain federal insurance on deposits held. Each eligible depository with deposits in excess of the insured levels must pledge a collateral pool of defined eligible assets, to be maintained by another institution or held in trust for all of its local government depositors as a group, with a fair market value at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

associations are required be statute to monitor the naming of eligible depositories and the reporting of uninsured deposits and assets maintained in collateral pools.

At December 31, the carrying amount of the District's deposits was \$452,344 and the bank balance was \$439,585.25. The District's bank balances at December 31, 2022 and during the year then ended were entirely covered by FDIC insurance.

Capital Assets – Capital asset activity for the fiscal year ended December 31, 2022 follows:

	<u>Balance Jan 1, 2022</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance Dec 31, 2022</u>
Governmental Activities				
Capital assets, not being depreciated:				
Land	\$ 183,200			\$ 183,200
Capital assets, being depreciated:				
Buildings	487,550	\$ 211,876		699,426
Equipment	3,587,403	228,038		3,815,441
Total capital assets being depreciated	<u>4,074,953</u>	<u>439,914</u>	<u>-</u>	<u>4,514,867</u>
Less accumulated depreciation	<u>(2,013,669)</u>	<u>(254,449)</u>		<u>(2,268,118)</u>
Net capital assets being depreciated	2,061,284	185,465	-	2,246,749
Governmental Activities Capital Assets, net	<u>\$ 2,244,484</u>	<u>\$ 185,465</u>	<u>\$ -</u>	<u>\$ 2,429,949</u>

Fund Balance Restrictions and Assignments – Restricted indicates that a portion of the fund balance can only be spent for specific purposes because of state or federal laws, or externally imposed conditions by grantors or creditors. Assigned indicates amounts that are designated for a specific purpose by the District Board but are not spendable until appropriated. The District uses the following restrictions and assignments:

TABOR- indicates that a portion of the fund balance has been segregated for expenditures for declared emergencies only. Fund balance restricted for TABOR consists of \$35,000 in the General Fund.

Assigned for subsequent year's expenditures- indicates anticipated fund balance available for appropriation in the next budget year. Fund balance assigned for subsequent year's expenditures consists of \$427,352 in the General Fund.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2022

Commitments and Contingent Liabilities – There appear to be no commitments or contingencies that would pose a threat of significant liability to the District.

Tax Spending, Revenue and Debt Limitations- Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments.

The people of the District voted to authorize the spending of all monies in existing funds and to collect, retain, and expend the full revenues, including state grants and taxes, generated during 2000 and for each subsequent year regardless of any limitation contained in Article X, Section 20, of the Colorado Constitution. The Amendment is complex and subject to judicial interpretation. The District believes it is in compliance with the requirements of the amendment. However, the District has made certain interpretations of the amendment's language in order to determine its compliance.

Risk Management – The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The District has purchased commercial insurance for such risks. Settled claims resulting from these risks have not exceeded commercial insurance in any of the past three years.

Compliance with Laws and Regulations- The District may be in violation of State Statute. Expenditures exceeded appropriations in the General Fund.

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION
Required Supplementary Information

December 31, 2022

Required supplementary information includes financial information and disclosures that are required by the GASB but are not considered a part of the basic financial statements.

Such information includes:

Budgetary Comparison Schedule
General Fund

SOUTHWEST COLORADO TELEVISION TRANSLATOR ASSOCIATION

Schedule of Revenues, Expenditures and Changes in
Fund Balances- Budget and Actual
General Fund

For the Year Ended December 31, 2022

	Budgeted Amounts		Actual	Variance Favorable (Unfavorable)
	Original	Final		
Revenues				
Taxes				
General property taxes	\$ 565,000	\$ 561,000	\$ 558,489	\$ (2,511)
Delinquent tax and interest			66,541	66,541
Specific ownership taxes			17,501	17,501
Total taxes	565,000	561,000	642,531	81,531
Earnings on investments	500	500	5,586	5,086
Miscellaneous revenues	173,000	516,000	374,754	(141,246)
Total revenues	738,500	1,077,500	1,022,871	(54,629)
Expenditures				
Culture and recreation				
Salaries and benefits	249,000	249,000	247,994	1,006
Repairs	10,000	10,000	16,995	(6,995)
Taxes	-	-	19,455	(19,455)
Insurance	32,000	32,000	60,246	(28,246)
Professional fees	30,000	30,000	12,642	17,358
Supplies	15,000	15,000	23,321	(8,321)
Utilities	65,000	65,000	60,716	4,284
Subscriptions	50,000	50,000	25,692	24,308
Vehicle	9,000	9,000	21,282	(12,282)
County treasurer fees	-	-	14,016	(14,016)
Travel	1,000	1,000	3,240	(2,240)
Training	1,000	1,000		
Freight/Shipping	-	-	2,924	(2,924)
Advertising	50	50	58	(8)
Miscellaneous	1,000	1,000	361	639
Capital outlay	275,000	475,000	592,073	(117,073)
Total culture and recreation	738,050	938,050	1,101,015	(162,965)
Total expenditures	738,050	938,050	1,101,015	(162,965)
Excess (deficit) of revenues over (under) expenditures	450	139,450	(78,144)	(217,594)
Fund balance, beginning of the year	437,565	437,665	540,496	102,831
Fund balance, end of the year	\$ 438,015	\$ 577,115	\$ 462,352	\$ (114,763)