

**WESTERN COLORADO REGIONAL DISPATCH CENTER**  
MONTROSE, COLORADO

FINANCIAL STATEMENTS  
With  
INDEPENDENT AUDITOR'S REPORT

For the Year Ended  
DECEMBER 31, 2022

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## Management’s Discussion and Analysis

As management of the Western Colorado Regional Dispatch Center (WestCO), we offer readers of WestCO’s financial statements this narrative overview and analysis of the financial activities of WestCO for the fiscal year ended December 31, 2022.

### Financial Highlights

- WestCO was established in September 2015 and in March of 2016 began to provide emergency services to several communities in Montrose, and San Miguel.
- On November 1<sup>st</sup>, 2018, WestCO expanded services to 13 additional public safety agencies within Montrose County and Ouray County.
- The assets of WestCO exceeded its liabilities as of December 31, 2022, by \$2,597,966. Of this amount \$1,942,473 is unrestricted to meet WestCO’s ongoing obligations to the communities it serves and creditors.
- In 2022, WestCO’s revenue and liabilities continued to expand with the service growth area. WestCO continues to face many challenges as we transitioned out of pandemic operations to include the postponement of capital projects like phone system upgrades and increased costs of goods and services.

### Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to WestCO’s basic financial statements. WestCO’s basic financial statements comprise two components which are financial statements and notes to the financial statements.

**Proprietary funds.** WestCO is set up like a proprietary fund or enterprise fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

**Financial statements.** The *financial statements* are designed to provide the reader with a broad overview of WestCO’s finances, in a manner similar to a private-sector business.

The *statement of net position* presents information for all WestCO’s assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of WestCO is improving or deteriorating. WestCO’s current assets and more specifically cash has increased in 2022 over 2021 because it has proven difficult to hire all budgeted positions. WestCO adopted GASB 87 which resulted in a right of use asset and offsetting lease liability being added to the Statement of Net Position.

STATEMENT OF NET POSITION				
ASSETS	2022	2021	Amount of Change	% of Change
Current and Other Assets	2,062,305	1,575,387	486,918	31%
Capital Assets (net with depreciation)	770,477	813,732	(43,255)	-5%
<b>Total Assets</b>	<b>2,832,782</b>	<b>2,389,119</b>	<b>443,663</b>	<b>19%</b>
<b>LIABILITIES</b>				
Current Liabilities	119,832	89,275	30,557	34%
Other Liabilities	114,984	-	114,984	0%
	<b>234,816</b>	<b>89,275</b>	<b>145,541</b>	<b>163%</b>
<b>NET POSITION</b>				
Net Investment in Capital Assets	655,493	813,732	(158,239)	-19%
Unrestricted	1,942,473	1,486,112	456,361	31%
<b>TOTAL NET POSITION</b>	<b>2,597,966</b>	<b>2,299,844</b>	<b>298,122</b>	<b>13%</b>

The *statement of revenues, expenses and changes in net position* presents information on all WestCO’s revenue and expenses, with the difference between the two reported as *net position*. In 2022 WestCo’s overall net position increased \$236,1766, due to revenues exceeding expenses. Specifically, WestCO collected more revenue in 2022 from user fees and contributions from Montrose Emergency Telephone Service (METSA) and San Miguel Emergency Telephone Service (SMETSA)

CONDENSED STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION			
	2022	2021	Amount of Change
PROGRAM REVENUES			
Operating Revenues	2,725,928	2,405,178	320,750
Operating Expenses	2,445,343	2,343,425	101,918
Investment Earnings	17,537	193	17,344
Increase (decrease) in net assets	298,122	61,946	236,176
Change in Net Position	298,122	61,946	236,176
Net Position - Beginning	2,299,844	2,237,898	61,946
Prior Period Restatement			
Net Position - Ending	2,597,966	2,299,844	298,122

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes for the financial statements can be found on pages 6 through 12 of the report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning WestCO’s budgetary comparisons. Required supplementary information can be found on page 13 of this report.

**Unrestricted Net Position.** At the end of the current fiscal year, WestCO’s assets total \$2,062,305 with liabilities totaling \$119,832 which leaves a positive unrestricted net position of \$1,942,473.

**Budgetary Highlights.** WestCO’s final budget was \$3,337,063 with actual expenditures totaled \$2,290,421. This variance was mainly due to not purchasing/replacing equipment and not being able to hire the number of employees originally budgeted. The budget was completed in accordance with WestCO’s governing agreement.

**Capital Assets.** In 2022, Capital Assets increased \$99,744 with the purchase of an upgraded server and upgraded router and firewall as well as backup equipment

**Long-term debt.** At the end of the current fiscal year, WestCO does not have any long-term debt.

**Requests for Information**

This financial report is designed to provide a general overview of WestCO’s finances for all those with an interest in WestCO’s finances. Questions concerning any of the information provided in the report or requests for additional financial information should be addressed to either the Executive Director of WestCO, Amber Lillard at [alillard@wcrdc.net](mailto:alillard@wcrdc.net) or the City of Montrose, Finance Director, Shani Wittenberg at [swittenberg@cityofmontrose.org](mailto:swittenberg@cityofmontrose.org)

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Western Colorado Regional Dispatch Center  
Montrose, Colorado

### ***Opinion***

We have audited the accompanying financial statements of the business-type activities of Western Colorado Regional Dispatch Center, as of and for the year ended December 31, 2022, and the related financial statements, which collectively comprise the Western Colorado Regional Dispatch Center's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Western Colorado Regional Dispatch Center, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Western Colorado Regional Dispatch Center 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***

Western Colorado Regional Dispatch Center's management is responsible for the preparation and fair presentation of the 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 Western Colorado Regional Dispatch Center'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.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS 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 GAAS, 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 Western Colorado Regional Dispatch Center'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 Western Colorado Regional Dispatch Center'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.

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages M1 – M2 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Western Colorado Regional Dispatch Center's basic financial statements. The Statement of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Statement of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including

comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Statement of Revenues, Expenses and Changes in Fund Net Position – Budget and Actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Watson Coon Ryan, LLC*

WATSON COON RYAN, LLC  
CENTENNIAL, COLORADO

SEPTEMBER 25, 2023

**WESTERN COLORADO REGIONAL DISPATCH CENTER**  
**Statement of Net Position**  
**Proprietary Fund**  
**December 31, 2022**

**ASSETS AND DEFERRED OUTFLOWS**

**ASSETS**

Cash and investments	\$	1,957,622
Accounts receivable, net		62,482
Prepaid expenses		42,201
Capital assets, net of accumulated depreciation		770,477
TOTAL ASSETS	\$	2,832,782

**LIABILITIES AND NET POSITION**

**LIABILITIES**

Accounts payable	\$	22,354
Accrued salaries and benefits		30,157
Accrued vacation		67,321
Right of use leases payable:		
Due within one year		44,351
Due in more than one year		70,633
TOTAL LIABILITIES		234,816

**NET POSITION**

Net investment in capital assets		655,493
Unrestricted net position		1,942,473
TOTAL NET POSITION		2,597,966
TOTAL LIABILITIES AND NET POSITION	\$	2,832,782

The accompanying notes are an integral part of this financial statement.

**WESTERN COLORADO REGIONAL DISPATCH CENTER**  
**Statement of Revenues, Expenses, and Changes in Net Position**  
**Proprietary Fund**  
**For the year ended December 31, 2022**

<b>Operating Revenues</b>	
Charges for services	\$ 2,725,928
<b>Operating Expenses</b>	
Personnel services	1,746,782
Administrative/office expenses	10,479
Insurance	13,666
Operating supplies	141,937
Professional fees	126,019
Travel and training	26,842
Telephone and utilities	71,721
Other operating expenses	53,231
Depreciation expense	254,666
Total operating expenses	2,445,343
Operating income	280,585
<b>Other Income</b>	
Investment earnings	17,537
<b>Change in net position</b>	298,122
<b>Net position, beginning of year</b>	2,299,844
<b>Net position, end of year</b>	\$ 2,597,966

The accompanying notes are an integral part of this financial statement.

**WESTERN COLORADO REGIONAL DISPATCH CENTER**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**For the year ended December 31, 2022**

<b>Cash Flows From Operating Activities</b>	
Cash received from customers	\$ 2,672,098
Cash paid to suppliers	(394,097)
Cash paid to employees	(1,718,886)
Net cash provided by operating activities	559,115
<b>Cash Flows From Capital and Related Financing Activities</b>	
Acquisition of capital assets	(99,744)
Payment on leases	(42,652)
Cash flows used by capital and related financing activities	(142,396)
<b>Cash Flows From Investing Activities:</b>	
Interest received	17,537
Net change increase in cash	434,256
Cash, beginning of year	1,523,366
Cash, end of year	\$ 1,957,622
<b>Reconciliation of Operating Income to Net Cash Used for Operating Activities</b>	
Operating income	\$ 280,585
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	300,635
(Increase) Decrease in:	
Accounts receivable	(53,830)
Prepaid expenses	1,168
(Decrease) increase in:	
Accounts payable	2,661
Accrued salaries and benefits	9,047
Accrued vacation	18,849
Total adjustments	278,530
Net cash provided by operating activities	\$ 559,115
<b>Noncash capital financing activities:</b>	
Right-of-use assets obtained in exchange for lease liabilities	\$ 157,635

The accompanying notes are an integral part of this financial statement.

**WESTERN COLORADO REGIONAL DISPATCH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Note 1: Summary of Significant Accounting Policies**

**History and Function of Organization**

The Western Colorado Regional Dispatch Center (WestCO) is an intergovernmental agency created in 2015 between the City of Montrose, the Montrose Fire Protection District, the Telluride Fire Protection District, the Town of Telluride, the Town of Mountain Village, and the Town of Olathe governed by a board of directors consisting of five members and one administrative board member. WestCO was established to provide emergency dispatch services to entities within the counties of San Miguel, and Montrose and in late 2018 expanded to include Ouray County. WestCO commenced operations in 2016 and in November 2018 moved locations and expanded services. The significant accounting policies utilized are detailed below.

**Financial Reporting Entity**

WestCO applies the criteria set forth in GASB Codification Section 2100: Defining the Financial Reporting Entity, to determine which governmental organizations should be included in the reporting entity. The inclusion or exclusion of component units is based on the elected officials' accountability to their constituents, and the financial reporting entity follows the same accountability. Further, the financial statements of the reporting entity should enable the reader to distinguish between the primary government (including its blended component units, which are, in substance, part of the primary government) and discretely presented component units.

The criteria used for determining whether an entity should be included, either blended or discretely presented, includes but is not limited to: fiscal dependency, imposition of will, legal standing, and the primary recipient of services. Based on these criteria, WestCO has no includable component units. WestCO is also not included in the financial statements of any other entity.

**Basic Financial Statements**

As a special purpose government, basic financial statements are presented at the activity level.

Activity level financial statements focus on the sustainability of WestCO as an entity and the change in aggregate financial position resulting from the activities of the year. These aggregated statements consist of the Statements of Net Position, the Statements of Revenues, Expenses, and Change in Net Position, and the Statements of Cash Flows.

As a special purpose government, WestCO has only one fund, an enterprise/proprietary fund which is also considered its business type activity. WestCO does not present any other fund or activity information.

**Basis of Accounting**

Enterprise fund accounting is utilized in accordance with accounting principles generally accepted in the United States of America. Enterprise funds recognize revenues and expenses on the accrual basis of accounting where revenues are recorded when earned and expenses are recorded when incurred.

**WESTERN COLORADO REGIONAL DISPATCH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

WestCO distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with WestCO's principal ongoing operations. The principal operating revenues of WestCO are charges to customers for service. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

WestCO follows the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements and Management's Discussion and Analysis - for State and Local Governments. Statement No. 34 establishes standards for external financial reporting for all state and local governmental entities which includes a management's discussion and analysis section; a statement of net position; a statement of revenues, expenses, and changes in net position; and a statement of cash flows. It requires the classification of net position into three components – net investment in capital assets; restricted; and unrestricted.

### **Cash and Investments**

For purposes of the statement of cash flows, cash equivalents are defined as all bank and investment account balances with liquidity of three months or less. WestCO's investment in Colorado Local Government Liquid Asset Trust (COLOTRUST) PLUS+ fund is measured at net asset value, equal to \$1.00 per share.

### **Accumulated Unpaid Leave (Compensated Absences)**

Accumulated unpaid vacation and sick pay is recorded when earned.

### **Receivables**

Amounts due to WestCO are from services performed in 2022 that are to be paid back. Management believes all accounts receivable to be fully collectible as of December 31, 2022. Therefore, no allowance for uncollectible accounts has been established.

### **Prepaid Expenses**

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

### **Capital Assets**

Capital assets include assets with an initial individual cost of more than \$5,000 and a useful life of more than one year. Assets are stated at cost or fair market value in case of donated assets. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets useful lives are not capitalized. Depreciation is taken on these assets over their estimated remaining useful lives using the straight-line method. These assets primarily represent property, plant and equipment depreciated over a period of 5 to 50 years. Depreciation begins in the year following completion for assets under construction or following acquisition of the capital assets.

**WESTERN COLORADO REGIONAL DISPATCH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Adoption of New Accounting Standards**

In June 2017, the Governmental Accounting Standards Board (GASB) issued GASB Statement No. 87, Leases. This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

WestCO adopted the requirements of the guidance effective January 1, 2022, and has elected to apply the provisions of this standard to the beginning of the period of adoption.

**Leases**

GASB Statement No. 87 defines a lease as a contract that transfers the right to use another entity's asset for a specific period of time in an exchange or exchange-like transaction. WestCO has entered in to various lease agreements, primarily for equipment. Under these contracts, the WestCO recognizes a lease liability and a lease asset (intangible right-to-use asset) and the commencement of the lease term. The lease liability is measured at the present value of payments expected to be made during the lease term (less any lease incentives). The lease asset is measured at the amount of the initial measurement of the lease liability, plus any payments made to the lessor at or before the commencement of the lease term and certain direct costs.

An amendment to a lease contract is considered a lease modification, unless the lessee's right-to-use the underlying asset decreases, in which case it is considered a partial or full lease termination. A lease termination is accounted for by reducing the carrying values of the lease liability and lease asset by a lessee, or the lease receivable and deferred inflows of resources by the lessor, with any differences being recognizes as a gain or loss.

The future lease payments are discounted using the interest rate implicit in the lease. If the interest rate is not available, WestCO uses its incremental borrowing rate determined by WestCO. The lease term is determined by the sum of the non-cancellable periods, plus renewal options when they are reasonably certain of being exercised or early termination options when they are reasonably certain of not being exercised. WestCO did not have any variable lease payments, residual value guarantees or penalties recognized during the period that were not previously included in the lease liability.

**Equity**

Equity is classified as net position and may be displayed in three components:

- Net investment in capital assets - consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

**WESTERN COLORADO REGIONAL DISPATCH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

- Restricted net position - consists of net position with constraints placed on the use either by (1) external groups, such as creditors, grantors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- Unrestricted net position - all other net position that do not meet the definition of "restricted" or "net investment in capital assets." This net position is available for future operations or distributions.

It is WestCO's policy to fund operations through the most restricted available equity first.

### **Budgets and Budgetary Accounting**

Budgets are prepared on the same basis of accounting as that used for accounting purposes. In the budget versus actual statements, the actual results of operations are presented on the budgetary basis of accounting for proper comparison to the budget.

Budgets are adopted based on the requirements of state statutes. The following timetable is used:

1. Submission of the preliminary planning budget and cost estimates shall be presented to the Board of Directors by July 31 of each year.
2. The recommended budget is provided to the Board of Directors for comment by August 31.
3. Final adoption of the budget and appropriations by September 30 of each year.

WestCO does not utilize encumbrance accounting and all appropriations lapse at year end.

### **Use of Estimates**

The preparation of financial statements in conformity with US GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the financial statement date and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

### **Note 2: Cash and Cash Equivalents**

#### Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of bank failure, the government's deposits may not be returned to it. WestCO's deposit policy is in accordance with CRS 11-10.5-101, The Colorado Public Deposit Protection Act (PDPA), which governs the investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized by eligible collateral as determined by the PDPA. The financial institution is allowed to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The institution's internal records identify collateral by depositor and as such, these deposits are considered uninsured but collateralized. The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31,

**WESTERN COLORADO REGIONAL DISPATCH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

2022, all of WestCO's deposits as shown below were insured by federal depository insurance and are therefore not deemed to be exposed to custodial credit risk.

Cash and investments as of December 31, 2022, consist of the following:

Deposits with Financial Institutions	\$ 415,773
Investments	1,541,849
Total Cash and Investments	<u>\$ 1,957,622</u>

WestCO had cash deposits with financial institutions with a carrying amount of \$1,971,028. The bank balances with the financial institutions were \$1,957,622.

Investments

*Credit Risk*

Colorado statutes specify which instruments units of local government may invest, which include:

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

WestCO does not have an investment policy that would further limit its investment choices.

As of December 31, 2022, WestCO had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Amount</u>
Colorado Local Government Liquid Asset Trust (COLOTRUST)	Weighted Average Under 60 Days	<u>\$1,541,849</u>

COLOTRUST

WestCO invested in the Colorado Local Government Liquid Asset Trust (COLOTRUST) (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust currently offers one portfolio –COLOTRUST PLUS+.

COLOTRUST PLUS+, which operate similarly to a money market fund and each share is equal in value to \$1.00, offer daily liquidity. The portfolio may invest in U.S. Treasury securities and repurchase agreements collateralized by U.S. Treasury securities. The portfolio may also invest in certain obligations of U.S. government agencies, highest rated commercial paper, and any security allowed under CRS 24-75-601.

**WESTERN COLORADO REGIONAL DISPATCH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

A designated custodial bank serves as custodian for the Trust’s portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for the Trust’s investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian’s internal records segregate investments owned by the Trust. COLOTRUST is rated AAAM by Standard & Poor’s. COLOTRUST records its investments at fair value and WestCO records its investment in COLOTRUST at net asset value as determined by fair value. There are no unfunded commitments, the redemption frequency is daily or weekly, and there is no redemption notice period.

Concentration of Credit Risk

WestCO places no limit on the amount that may be invested in any one issuer.

Interest Rate Risk

Colorado Statutes require that no investment may have a maturity in excess of five years from the date of purchase. WestCO does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates, other than those contained in the statutes. WestCO’s investment portfolio contains no investments that exceed that limitation.

Custodial Credit Risk – Investments

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, WestCO will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of December 31, 2022, the WestCO’s custodial credit risk is related to the investments in Colotruster.

**Note 3: Capital Assets**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 12/31/21	Additions	Deletions	Balance 12/31/22
Capital assets being depreciated:				
Equipment	\$ 1,677,497	\$ 99,744	\$ -	\$ 1,777,241
Right of use assets being amortized:				
Equipment	-	157,635	-	157,635
Less accumulated depreciation:				
Equipment	(863,765)	(254,666)	-	(1,118,431)
Less accumulated amortization:				
Equipment	-	(45,970)	-	(45,968)
<b>Capital assets, net</b>	<b>\$ 813,732</b>	<b>\$ (43,255)</b>	<b>\$ -</b>	<b>\$ 770,477</b>

**WESTERN COLORADO REGIONAL DISPATCH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Note 4: Lease Liabilities**

The following represents the changes in lease liabilities for the year ended December 31, 2022:

	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	\$ -	\$ 157,635	\$ (42,651)	\$ 114,984

In 2021 WestCO entered into a lease for radio equipment. The lease commencement date was January 1, 2021 with five payments ranging from \$18,915 to \$22,991 per year. The lease will expire on December 31, 2025. Interest is not stated, but is implicitly .334%.

In 2022 WestCO entered into a lease for radio equipment. The lease commencement date was April 1, 2022 with three payments ranging from \$22,971 to \$26,392 per year. The lease will expire on March 31, 2025. Interest is not stated, but is implicitly 1.611%.

Future minimum lease payments are as follows:

	Principal	Interest	Total
2023	\$ 44,351	\$ 1,024	\$ 45,375
2024	47,718	570	48,288
2025	22,915	77	22,992
Total	\$ 114,984	\$ 1,671	\$ 116,655

**Note 5: Employee Retirement Plans**

WestCO provides benefits for all of its full-time employees through a 401(a) defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings.

The International City Managers Association (ICMA) Retirement Corporation Money Purchase Plan, a City of Montrose, Colorado plan, covers all full-time WestCO employees. Employees are eligible to participate on the first day of employment. WestCO agrees to match contributions for each full-time employee up to 8% of the employee's gross salary. Employees are vested 20% each year.

WestCO's contributions to the plan were \$66,121 for the year ended December 31, 2022.

**Note 6: Employee Medical Benefit Plan**

The employees for WestCO participates in the City of Montrose's medical benefit plan. Premiums are determined annually based on anticipated charges and expensed by WestCO in the period incurred.

**WESTERN COLORADO REGIONAL DISPATCH CENTER  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2022**

**Note 7: Participation in Public Entity Risk Pool**

WestCO 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. WestCO is a participant in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA operates as a common risk management and insurance program for 260 members participating in the Property & Casualty Pool and 128 members in the Worker's Compensation Pool. WestCO pays an annual premium to CIRSA for its general insurance coverage and works' compensation insurance coverage. The agreement for formation of CIRSA provides that CIRSA will be financed by member premiums and will reinsure through commercial companies for claims in excess of \$1,000,000 for each insured event. WestCO has other commercial insurance for other risks including employee health and accident insurance described in Note 5.

**Note 8: Emergency Telephone and Nonemergency Referral Services**

WestCO has entered into Funding Agreements with both the Montrose and San Miguel Emergency Telephone Service Authorities ("METSA" and "SMETSA," respectively). Both METSA and SMETSA provide WestCO financial contributions within the scope of C.R.S. § 29-11-104, which generally involves equipment and costs related to the receipt and routing of emergency calls. WestCO appears to be in compliance with CRS 29-11-104 as the services contracted directly relate to the allowable services provided in CRS 29-11-104. Amounts received from these agencies are included as charges for services in the financial statements.

**Note 9: Related Parties**

The City of Montrose provides certain services to WestCO, including finance, IT, human resources. Additionally, all WestCO employees fall under the City's benefit plans. WestCO reimburses payroll costs to the City for services provided.

During the year ended December 31, 2022, the City of Montrose paid WestCO \$836,768 under a user fee contract.

**Note 10: Subsequent Events**

WestCO has evaluated events through the date these financial statements were available to be issued.

A claim was filed subsequent to year end and as of the date of the report is pending in the United States District Court against WestCO for an unlawful termination. There is a reasonably possible chance of an unfavorable outcome, the amount cannot be reasonably estimated and the potential exposure is expected to be substantially covered by insurance.

**WESTERN COLORADO REGIONAL DISPATCH CENTER**  
**Statement of Revenues, Expenses and Changes in Net Position Budget and Actual**  
**For the year ended December 31, 2022**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Operating Revenues</b>			
Charges for services	\$ 3,337,063	\$ 2,725,928	\$ (611,135)
<b>Operating Expenses</b>			
Personnel services	2,106,656	1,746,782	359,874
Administrative/office expenses	5,000	10,479	(5,479)
Insurance	9,160	13,666	(4,506)
Operating supplies	25,885	141,937	(116,052)
Professional fees	201,608	126,019	75,589
Travel and training	61,100	26,842	34,258
Telephone and utilities	71,850	71,721	129
Other operating expenses	58,804	53,231	5,573
Other capital outlay	797,000	99,744	697,256
Total expenditures	<u>3,337,063</u>	<u>2,290,421</u>	<u>1,046,642</u>
Operating income	<u>--</u>	<u>435,507</u>	<u>435,507</u>
<b>Other Income</b>			
Investment earnings	<u>3,200</u>	<u>17,537</u>	<u>14,337</u>
Change in net position (budget basis)	<u>\$ 3,200</u>	453,044	<u>\$ 449,844</u>
<b>Budget to GAAP Reconciliation</b>			
Depreciation expense		(254,666)	
Capital outlay		<u>99,744</u>	
<b>Change in net position - GAAP basis</b>		298,122	
<b>Net position, beginning of year</b>		<u>2,299,844</u>	
<b>Net position, end of year</b>		<u>\$ 2,597,966</u>	

See accompanying Independent Auditor's Report.