

cPa DIXON, WALLER & CO., INC.

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LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2022 and 2021

**DIXON, WALLER & CO., INC.**

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LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

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FINANCIAL SECTION

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**Independent Auditor's Report**

Board of Directors  
Las Animas County Emergency Telephone Service Authority  
Trinidad, CO 81082

**Opinion**

We have audited the accompanying financial statements of the business-type activities of Las Animas County Emergency Telephone Service Authority, as of and for the year ended December 31, 2022 and 2021, and the related notes to the financial statements, which collectively comprise the Las Animas County Emergency Telephone Service Authority'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 financial position of the business-type activities of Las Animas County Emergency Telephone Service Authority, as of December 31, 2022 and 2021, and the changes in financial position and cash flows thereof for the years 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Las Animas County Emergency Telephone Service 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 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 the Las Animas County Emergency Telephone Service Authority'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 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 Las Animas County Emergency Telephone Service Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Las Animas County Emergency Telephone Service Authority'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 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 an opinion on the financial statements that collectively comprise the Las Animas County Emergency Telephone Service Authority's basic financial statements. The schedule of revenues and expenses – budget (non-GAAP) and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information 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. The 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 schedule of revenues and expenses – budget (non-GAAP) and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

  
September 5, 2023

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**referred to as (E-911)**  
Management Discussion and Analysis  
Year Ended December 31, 2022

**INTRODUCTION**

Our discussion and analysis of the E-911 financial performance provides an overview of E-911's financial activities for the year 2022. It should be read with the accompanying financial statements of E-911.

**FINANCIAL HIGHLIGHTS**

- E-911's assets at the end of 2022 were \$840,945
- compared to \$618,960 in 2021.
- E-911 made purchases of \$35,403 in capital assets in 2022.
- E-911 entered into a new lease agreement in 2022.
- Current assets increased by \$159,909 in 2022.
- Current liabilities decreased by \$33,821 in 2022.

**USING THIS ANNUAL REPORT**

E-911's financial statements consist of three statements. 1 – a statement of net position, 2 – a statement of revenues, expenses and changes in net position and, 3 – a statement of cash flows. These statements provide information about the activities of E-911 including resources held by E-911 but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. E-911 is accounted for as a business-type activity and presents its financial statements using the accrual basis of accounting.

**STATEMENT OF NET POSITION AND STATEMENT OF REVENUES,  
EXPENDITURES AND CHANGES IN NET POSITION**

One of the most important questions to ask about E-911's finances is, "Is E-911 as a whole, in a better financial position as a result of the year's activities?" The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position reports information about E-911's resources and its activities, and helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Services' assets and changes in them. You can think of E-911's net position (the difference between assets and liabilities) as one way to measure its financial health, or financial position. Over time, increases or decreases in E-911's net position is one indicator of whether its financial health is improving or deteriorating. You will also call volume base and measures of the quality of service it

provides to the community, as well as local economic factors to assess the overall health of E-911.

### **THE STATEMENT OF CASH FLOWS**

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from operations, investing, non-capital financing and capital and related financing activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

### **E-911 NET POSITION**

E-911's net position is the difference between its assets and liabilities reported in the statement of net position. E-911's net position increased in the 2022 year by \$173,199.

COMPARATIVE FINANCIAL STATEMENT ARE PRESENTED BELOW:

STATEMENT OF NET POSITION

<u>ASSETS</u>	<u>2022</u>	<u>2021</u>
Cash and Investments	\$ 431,818	\$ 236,851
Accounts Receivable	\$ 84,911	\$ 98,111
Prepaid Expense	\$ 0	\$ 21,858
Capital assets (net)	\$ 251,938	\$ 262,140
<b><u>TOTAL ASSETS</u></b>	<b><u>\$ 840,945</u></b>	<b><u>\$ 618,960</u></b>
 <u>LIABILITIES</u>		
Current Liabilities	\$ 59,651	\$ 93,472
Lease Purchase Long Term	\$ 82,607	\$ 0
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 142,258</u></b>	<b><u>\$ 93,472</u></b>
 <u>NET POSITION</u>		
Invested in Capital assets, net of related debt	\$ 324,216	\$ 185,393
Unrestricted	\$ 357,146	\$ 340,095
<b><u>TOTAL NET POSITION</u></b>	<b><u>\$ 698,687</u></b>	<b><u>\$ 525,488</u></b>
 <u>STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION</u>		
 <u>OPERATING REVENUES</u>		
Net Surcharges	\$ 537,416	\$ 497,816
 <u>OPERATING EXPENSES</u>	\$ 357,146	\$ 311,539
 <u>GAIN (LOSS) FROM OPERATIONS</u>	\$ 180,270	\$ 186,277
 <u>NON-OPERATING REVENUES (EXPENDITURES)</u>		
Interest Expense	\$ (7,297)	\$ (5,343)
Other Income	\$ 0	\$ 24,160
Interest Income	\$ 226	\$ 77
<b><u>TOTAL NON-OPERATING REVENUES</u></b>		
<b><u>EXPENDITURES</u></b>	<b><u>\$ (7,071)</u></b>	<b><u>\$ 18,894</u></b>
 <u>CHANGE IN NET POSITION</u>	<b><u>\$ 173,199</u></b>	<b><u>\$ 205,171</u></b>

## OPERATING REVENUE

The first component of the overall change in E-911's net position is its operating revenue. In the calendar year 2022, E-911's operating revenue increased by \$ 39,600 in comparison to 2021 operating revenue.

## NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues and expenses consist primarily of interest and other income and interest expense.

## E-911'S CASH FLOW

Changes in E-911's operating cash flows are consistent with changes in operating income and non-operating revenues and expenses in the calendar year 2022. Net Cash provided by operations was \$339,443, Net cash used by capital and financing activities was \$(144,702) and Net cash provided by investing activities was \$226, resulting in a net change to cash of \$194,967 and an ending cash balance of \$431,818. Cash paid for interest was \$7,454 and property required by debt was \$133,433.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### EQUIPMENT ACTIVITY

	<u>Balance</u> <u>1/1/20121</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/2022</u>
Equipment	\$ 1,697,645	\$ 168,836	-0 -	\$ 1,866,481
Accum. Depreciation	\$(1,435,505)	\$(106,760)	-0-	\$(1,542,265)
<b><u>CAPITAL ASSETS, NET</u></b>	<b><u>\$ 262,140</u></b>	<b><u>\$ 62,050</u></b>	<b><u>-0-</u></b>	<b><u>\$ 324,216</u></b>

### DEBT

At the end of 2022, E-911 outstanding debt was \$ 108,336 in the form of a lease for capital equipment. One year remains on the lease at a rate of 3.431% interest. Total interest payments for the remaining years are \$ 9,488.

## CONTACTING THE E-911 FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, supplies, creditors and citizens with a general overview of E-911's finances and accountability for the money it receives. If you have any questions about this report or need additional information, contact the Board President at Las Animas County Emergency Telephone Service Authority at P.O. Box 46, Trinidad, CO 81082.

**BASIC FINANCIAL STATEMENTS**

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
STATEMENT OF NET POSITION  
December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash	431,818	236,851
Prepaid Expense	-	21,858
Accounts Receivable	<u>84,911</u>	<u>98,111</u>
<b><u>Total Current Assets</u></b>	<u>516,729</u>	<u>356,820</u>
<b><u>NonCurrent Assets</u></b>		
<b><u>Capital Assets</u></b>		
Office Equipment	23,165	23,165
Telephone Emergency Equipment	<u>1,843,316</u>	<u>1,674,480</u>
<b><u>Totals</u></b>	<u>1,866,481</u>	<u>1,697,645</u>
Less Accumulated Depreciation	<u>(1,542,265)</u>	<u>(1,435,505)</u>
<b><u>Net Capital Assets</u></b>	<u>324,216</u>	<u>262,140</u>
<b><u>TOTAL ASSETS</u></b>	<u>840,945</u>	<u>618,960</u>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>	<u>-</u>	<u>-</u>
<b><u>LIABILITIES</u></b>		
Lease Payable (Current)	25,729	76,747
Accrued Interest Payable	619	776
Accounts Payable	33,303	15,949
Lease Payable (Long Term)	<u>82,607</u>	<u>-</u>
<b><u>TOTAL LIABILITES</u></b>	<u>142,258</u>	<u>93,472</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>	<u>-</u>	<u>-</u>
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	215,880	185,393
Unrestricted	<u>482,807</u>	<u>340,095</u>
<b><u>TOTAL NET POSITION</u></b>	<u>698,687</u>	<u>525,488</u>

The accompanying notes to financial statements are an integral part of these statements.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET POSITION  
 Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<u>Operating Revenues</u>		
Surcharges	537,416	497,816
<u>Operating Expenses</u>		
Contract Dispatching Services	100,000	100,000
Services – Clerical	18,000	15,000
Insurance	2,954	2,808
Office and Administration	1,919	1,218
Consultant Mapping Services	5,238	5,400
Professional Services	7,706	8,211
Line Charges/Networking	42,120	28,979
Maintenance	72,449	66,235
Depreciation	106,760	83,688
<u>Total Operating Expenses</u>	<u>357,146</u>	<u>311,539</u>
<u>Operating Income Before Non-Operating Revenue</u>	<u>180,270</u>	<u>186,277</u>
<u>Non-Operating Revenue (Expense)</u>		
Interest Earned	226	77
Other Income	-	24,160
Interest Expense	<u>(7,297)</u>	<u>(5,343)</u>
<u>Total Non-Operating Revenue (Expense)</u>	<u>(7,071)</u>	<u>18,894</u>
<u>CHANGE IN NET POSITION</u>	173,199	205,171
<u>NET POSITION, Beginning of Year</u>	<u>525,488</u>	<u>320,317</u>
<u>NET POSITION, End of Year</u>	<u>698,687</u>	<u>525,488</u>

The accompanying notes to financial statements are an integral part of these statements.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
STATEMENT OF CASH FLOWS  
Years Ended December 31, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from Customers and Users	550,617	469,588
Payments to Vendors	(211,174)	(203,064)
<b><u>Net Cash Provided (Used) by Operations</u></b>	<b><u>339,443</u></b>	<b><u>266,524</u></b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Non-Financed Purchase of Equipment	(35,403)	(93,890)
Lease Principal Payment	(101,844)	(73,763)
Lease Interest Payment	(7,455)	(6,089)
<b><u>Net Cash Provided (Used) by Capital and Related Financing Activities</u></b>	<b><u>(144,702)</u></b>	<b><u>(173,742)</u></b>
<b><u>Cash Flows from Non-Capital Financing Activities</u></b>		
Grants	-	<u>24,160</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Investments	-	-
Sale of Investments	-	-
Interest Income	226	77
Other Income	-	-
<b><u>Net Cash Provided (Used) by Investing Activities</u></b>	<b><u>226</u></b>	<b><u>77</u></b>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	<b>194,967</b>	<b>117,019</b>
<b><u>Cash and Equivalents-Beginning of Year</u></b>	<b><u>236,851</u></b>	<b><u>119,832</u></b>
<b><u>Cash and Equivalents-End of Year</u></b>	<b><u>431,818</u></b>	<b><u>236,851</u></b>
<b><u>Reconciliation of Cash Flows from Operating Activities</u></b>		
Net Income (Loss) – Operations	180,270	186,277
Adjustments to Reconcile:		
Depreciation	106,760	83,688
Changes in Assets and Liabilities:		
Prepaid Expense - (Increase) Decrease	21,858	9,883
Accounts Receivable – (Increase) Decrease	13,201	(28,228)
Accounts Payable – Increase (Decrease)	<u>17,354</u>	<u>14,904</u>
<b><u>Net Cash Provided (Used) by Operations</u></b>	<b><u>339,443</u></b>	<b><u>266,524</u></b>
<b><u>Supplemental Cash Flow Disclosure</u></b>		
Cash Paid for Income Tax	-	-
Cash Paid for Interest	<u>7,454</u>	<u>6,089</u>
Property Acquired by Debt	<u>133,433</u>	-

The accompanying notes to financial statements are an integral part of these statements.

**NOTES TO BASIC FINANCIAL STATEMENTS**

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING**

The accounting policies of the Las Animas County Emergency Telephone Service Authority (the Authority) conform with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

The Authority operates under an appointed Board with nine members.

**A.    Reporting Entity**

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) describes the financial reporting entity as it relates to governmental accounting. According to this Statement, the financial reporting entity consists of a) the primary government, b) organizations for which the primary government is financially accountable, and c) other organizations whose exclusion from the reporting entity's financial statements would cause those statements to be misleading or incomplete. Any organizations that can be described by these last two items are included with the primary government in the financial statements as component units.

This Authority is not included in any other governmental "reporting entity" as defined in GASB No. 14 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basis financial statements present the Authority (the primary government) and its component units.

**B.    Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The proprietary fund types are accounted for on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred. The measurement focus in these funds is on the flow of economic resources and emphasizes the determination of net income. All assets and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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**NOTE 1**     **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B.     Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services in connection with a proprietary fund's ongoing operations. The principal operating revenues of the Authority's proprietary funds are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

**C.     Fund Accounting**

The accounts of the Authority are organized on the basis of funds, each of which is considered to be 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. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

- Major Proprietary Funds – Business –Type Activities

Enterprise Funds – used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent is that the costs (including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges. Enterprise funds are considered major funds because of community interests in the activities and sources of funding supporting these operations.

**D.     Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption 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.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

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**NOTE 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E.    Budgets and Budgetary Accounting**

The Authority has set procedures to be followed in establishing the budgetary data reflected in the financial statements:

1.    Prior to October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2.    Public hearings are conducted to obtain taxpayer comments.
3.    Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4.    Budgets for the Enterprise Funds are adopted on a budgetary basis not consistent with generally accepted accounting principles (GAAP).

**F.    Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-15

**G.    Revenue Recognition**

Operating revenues are recognized when billed.

**H.    Interest**

Interest income is recognized as revenue when earned.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2022

**NOTE 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I.    Cash, Interest Bearing**

The Authority's deposits are covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado. The Authority's custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

**J.    Cash and Cash Equivalents**

For purpose of the Statement of Cash Flows, the Authority considers cash in bank and highly liquid investments with an original maturity of three months or less to be cash and cash equivalents.

**K.    Long-Term Obligations**

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

**L.    Fund Equity**

In the financial statements, funds report reservations of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of net position represent tentative management plans that are subject to change.

**NOTE 2**    **CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2021 and 2022 was as follows:

**December 31, 2021**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
<b>Capital Assets Being Depreciated:</b>				
E-911 Equipment	1,580,590	93,890	-	1,674,480
Office Equipment	<u>23,165</u>	<u>-</u>	<u>-</u>	<u>23,165</u>
<b>Total Capital Assets Being Depreciated</b>	<u>1,603,755</u>	<u>93,890</u>	<u>-</u>	<u>1,697,645</u>
Less Accumulated Depreciation	<u>1,351,817</u>	<u>83,688</u>	<u>-</u>	<u>1,435,505</u>
<b><u>Business-Type Activities</u></b>				
<b>Capital Assets, Net</b>	<u>251,938</u>	<u>10,202</u>	<u>-</u>	<u>262,140</u>

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2022

**NOTE 2 CAPITAL ASSETS (Continued)**

December 31, 2022

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
<b>Capital Assets Being Depreciated:</b>				
E-911 Equipment	1,674,480	168,836	-	1,843,316
Office Equipment	23,165	-	-	23,165
<b>Total Capital Assets Being Depreciated</b>	<u>1,697,645</u>	<u>168,836</u>	<u>-</u>	<u>1,866,481</u>
<b>Less Accumulated Depreciation</b>	<u>1,435,505</u>	<u>106,760</u>	<u>-</u>	<u>1,542,265</u>
<u>Business-Type Activities</u>				
<b>Capital Assets, Net</b>	<u>262,140</u>	<u>62,076</u>	<u>-</u>	<u>324,216</u>

**NOTE 3 CASH AND INVESTMENTS**

Deposits

The Colorado Public Deposit Protection Act (PDPA), requires that all units of local government deposit cash in eligible public depositories, eligibility is determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool 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 the aggregate uninsured deposits.

At December 31, 2021 and 2022, the Authority's bank balance and corresponding carrying balance were as follows:

	<u>2021</u>		<u>2022</u>	
	<u>Carrying Balance</u>	<u>Bank Balance</u>	<u>Carrying Balance</u>	<u>Bank Balance</u>
<b>Insured (FDIC):</b>				
Cash	236,851	236,851	250,000	250,000
<b>Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado</b>	<u>-</u>	<u>-</u>	<u>181,818</u>	<u>188,454</u>
<b><u>Total Cash and Deposits</u></b>	<u>236,851</u>	<u>236,851</u>	<u>431,818</u>	<u>438,454</u>

As presented above, deposits with a bank balance of \$0 and \$188,454 and a carrying balance of \$0 and \$181,818 as of December 31, 2021 and 2022 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2022

**NOTE 4**    ACCOUNTS RECEIVABLE

The accounts receivable are stated at gross, and represent amounts receivable from Enterprise Fund customers. The amount of accounts receivable considered uncollectible is not significant, therefore an allowance for uncollectible receivables has not been recorded.

**NOTE 5**    BUDGET TO ACTUAL COMPARISONS

For the year ended 12-31-2021:

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>Revenues</u>	<u>325,000</u>	<u>522,053</u>	<u>197,053</u>
<u>Expenses</u>	<u>499,195</u>	<u>400,847</u>	<u>98,348</u>
Net Income (Loss) – Budget Basis	<u>(174,195)</u>	121,206	
Reconciliation – Lease Proceeds		-	
Reconciliation – Capital Expenditures		93,890	
Reconciliation – Debt Service Principal		73,763	
Reconciliation – Depreciation		<u>(83,688)</u>	
Net Income (Loss) – GAAP Basis		<u>205,171</u>	

For the year ended 12-31-2022:

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable (Unfavorable)
<u>Revenues</u>	<u>480,000</u>	<u>537,642</u>	<u>57,642</u>
<u>Expenses</u>	<u>723,363</u>	<u>528,363</u>	<u>195,000</u>
Net Income (Loss) – Budget Basis	<u>(243,363)</u>	9,279	
Reconciliation – Capital Expenditures		168,836	
Reconciliation – Debt Service Principal		101,844	
Reconciliation – Depreciation		<u>(106,760)</u>	
Net Income (Loss) – GAAP Basis		<u>173,199</u>	

**NOTE 6**    CONTINGENCIES – TAX, SPENDING 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 amendment is complex and subject to judicial interpretation. The entity has made certain interpretations of the amendment's language and believes the amendment does not apply to Las Animas County Emergency Telephone Service Authority.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2022

**NOTE 7**      **RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets; errors or omissions; injuries to employees, or acts of God.

The Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**NOTE 8**      **CONTINGENCIES**

There were no contingent liabilities payable at December 31, 2022.

**NOTE 9**      **INTERGOVERNMENTAL AGREEMENT**

The Authority is a member of (CIRSA). The Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity, was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 29-1-201 et. Seq., C.R.S. as amended, 8-44-101(1)(c) and (3), and 8-44-110, C.R.S. as amended, and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members a self-insurance pool to provide defined coverages, and claims and risk management services related thereto.

It is the intent of the members of CIRSA to create an entity to defend and indemnify, in accordance with the Bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA available to pay such liability or loss. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The Bylaws shall constitute the substance of the intergovernmental contract among the members.

Summary audited financial information as of December 31, 2020 and December 31, 2021 (the latest information to date) is as follows:

	<u>12-31-2020</u>	<u>12-31-2021</u>
Assets	<u>94,173,730</u>	<u>98,166,748</u>
Liabilities	<u>35,750,846</u>	<u>42,047,618</u>
Net Position	<u>58,422,884</u>	<u>56,119,130</u>
	<u>94,173,730</u>	<u>95,166,748</u>
Revenues	33,496,772	32,058,222
Expenditures	24,091,402	33,223,759
Distributions and Credits to Members	<u>(957,174)</u>	<u>(1,138,217)</u>
Increase (Decrease) in Net Position	<u>8,448,196</u>	<u>(2,303,754)</u>

The Las Animas County Emergency Telephone Service Authority share of these amounts is estimated to be less than 2%.

**NOTE 10**      **COMPLIANCE WITH BUDGET LAWS**

There were no budget violations for the years ended 12-31-21 and 12-31-22.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2022

**NOTE 11**    **E-911 EQUIPMENT LEASES**

The following is a summary of the transactions in the Authority's long-term debt.

	<u>Balance at</u> <u>1-1-22</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12-31-22</u>	<u>Due Within</u> <u>One Year</u>
Bank of the West	76,747	-	76,747	-	-
Motorola	-	<u>133,433</u>	<u>25,097</u>	<u>108,336</u>	<u>25,729</u>
	<u>76,747</u>	<u>133,433</u>	<u>101,844</u>	<u>108,336</u>	<u>25,729</u>

The Authority entered into a lease in September of 2017 with Bank of the West for emergency telephone equipment in the amount of \$354,898. The lease requires five equal payments of \$79,851.95. Annual payments are due September 1 of each year, with an interest rate of 3.99%. The lease paid off in the year ended 12-31-22.

The Authority entered into a lease in September of 2022 with Motorola Solutions Credit Company LLC for emergency telephone equipment in the amount of \$133,433. The lease requires five equal payments of \$29,446.00. Annual payments are due November 1 of each year with an interest rate of 3.431%.

Minimum required lease payments are as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	3.431%	25,729	3,717	29,446
2024	3.431%	26,612	2,834	29,446
2025	3.431%	27,525	1,921	29,446
2026	3.431%	<u>28,470</u>	<u>976</u>	<u>29,446</u>
<b>Total</b>		<u>108,336</u>	<u>9,448</u>	<u>117,784</u>
Less amount representing interest				<u>9,448</u>
Net Present Value of Minimum Lease Payments				<u>108,336</u>
Total Lease Payable – December 31, 2022				<u>108,336</u>
Total Lease Payable – December 31, 2021				<u>76,747</u>

**SUPPLEMENTAL INFORMATION**

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 SCHEDULE OF REVENUES AND EXPENSES  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended December 31, 2022

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance-With Final Budget Favorable (Unfavorable)
<b><u>Operating Revenues:</u></b>				
Surcharges	<u>480,000</u>	<u>480,000</u>	<u>537,416</u>	<u>57,416</u>
<b><u>Operating Expenses</u></b>				
PSAP Contract Services	100,000	100,000	100,000	-
Insurance	3,200	3,200	2,954	246
Office and Administration	17,800	17,800	1,919	15,881
Professional Services	9,500	9,500	7,706	1,794
Line Charges/Networking	211,000	211,000	42,120	168,880
Service – Clerical	18,000	18,000	18,000	-
Consultant Mapping Services	8,000	8,000	5,238	2,762
Maintenance	104,000	104,000	72,449	31,551
Emergency Reporting	37,000	37,000	-	37,000
Interest Expense	5,378	5,378	7,297	(1,919)
Capital Expenditures	45,000	45,000	168,836	(123,836)
Debt Service	74,485	74,485	101,844	(27,359)
Contingency	<u>90,000</u>	<u>90,000</u>	<u>-</u>	<u>90,000</u>
<u>Total Operating Expenses</u>	<u>723,363</u>	<u>723,363</u>	<u>528,363</u>	<u>195,000</u>
<b><u>Operating Income</u></b>	<b><u>(243,363)</u></b>	<b><u>(243,363)</u></b>	<b><u>9,053</u></b>	
<b><u>Non-Operating Revenue</u></b>				
Interest	-	-	226	226
Other Income	-	-	-	-
<u>Total Non-Operating Revenue</u>	<u>-</u>	<u>-</u>	<u>226</u>	<u>226</u>
<b><u>Net Income (Loss)</u></b>	<b><u>(243,363)</u></b>	<b><u>(243,363)</u></b>	<b><u>9,279</u></b>	
Reconciliation: Capital Expenditures	-	-	168,836	
Reconciliation: Debt Service-Principal	-	-	101,844	
Reconciliation: Depreciation	-	-	<u>(106,760)</u>	
<b><u>Change in Net Position</u></b>	<b><u>(243,363)</u></b>	<b><u>(243,363)</u></b>	<b><u>173,199</u></b>	
<b><u>Net Position, Beginning of Year</u></b>	<b><u>244,000</u></b>	<b><u>244,000</u></b>	<b><u>525,488</u></b>	
<b><u>Net Position, End of Year</u></b>	<b><u>637</u></b>	<b><u>637</u></b>	<b><u>698,687</u></b>	

The accompanying notes to financial statements are an integral part of these statements.