



**Huerfano County Emergency
Telephone Service Authority
Financial Statements
December 31, 2023**

**Huerfano County Emergency
Telephone Service Authority
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December 31, 2023**

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Independent Auditor's Report

Board of Directors
Huerfano County Emergency Telephone Service Authority
Walsenburg CO 81089

Opinions

We have audited the financial statements of the business-type activities of Huerfano County Emergency Telephone Service Authority, as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise Huerfano County Emergency Telephone Service Authority'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 Huerfano County Emergency Telephone Service Authority, as of December 31, 2023, 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 Opinions

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 Huerfano 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 opinions.

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 Huerfano 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 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 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 Huerfano 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 Huerfano 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Huerfano County Emergency Telephone Service Authority's basic financial statements. The accompanying supplementary information on page 17 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The accompanying supplementary 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 accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc

August 2, 2024

**Huerfano County Emergency Telephone Service Authority
Statement of Net Position
Proprietary Funds
December 31, 2023**

	<u>E-911 Emergency Services</u>
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 151,200
Investments- certificates of deposit	186,057
Accounts Receivable, net	11,805
Total current assets	<u>349,062</u>
Non-current assets:	
Capital Assets:	
Enterprise System Assets	374,906
Less Accumulated depreciation	<u>(226,340)</u>
Total non-current assets	<u>148,566</u>
Total assets	<u><u>497,628</u></u>
 LIABILITIES	
Total liabilities	<u>-</u>
 NET POSITION	
Net investment in capital assets	148,566
Unrestricted	<u>349,062</u>
Total net position	<u><u>\$ 497,628</u></u>

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

Huerfano County Emergency Telephone Service Authority
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2023

	E-911 Emergency Services
REVENUES	
Charges for services	\$ 108,720
Total operating revenues	<u>108,720</u>
 OPERATING EXPENSES	
Professional fees	5,775
Repairs and maintenance	10,484
Maintenance contract	23,657
Monthly telephone expense	18,847
Depreciation	<u>21,727</u>
Total Operating Expenses	<u>80,490</u>
Operating income (loss)	<u>28,230</u>
 NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	<u>3,877</u>
Total non-operating revenue (expenses)	<u>3,877</u>
Income (loss) before transfers	<u>32,107</u>
Change in net position	32,107
Total net position - beginning	<u>465,521</u>
Total net position - ending	<u><u>\$ 497,628</u></u>

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

Huerfano County Emergency Telephone Service Authority
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2023

	<u>E-911 Emergency Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Charges for Services	\$ 102,046
Cash Payments to Suppliers for Goods & Services	<u>(58,763)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>43,283</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Received on Investments	<u>3,877</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,877</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	47,160
Cash & Cash Equivalents:	
Beginning of Year	<u>290,097</u>
End of Year	<u><u>\$ 337,257</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ 28,230
Adjustments to Reconcile Operating Income	
Depreciation	21,727
To Net Cash Provided by Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	<u>(6,674)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>43,283</u></u>

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

**Huerfano County Emergency
Telephone Service Authority
Notes to Financial Statements
December 31, 2023**

Note 1 Summary of Significant Accounting Policies

The accounting policies of Huerfano 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 Center's accounting policies are described below.

The Authority operates under an appointed Board with three members.

Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14, (as amended) 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 Center is not included in any other governmental "reporting entity" as defined in GASB No. 14, including amendments, and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the United States, these basic financial statements present the Authority (the primary government) and its component units, if any.

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, liabilities and deferred flows associated with their activity are included on their statements of net position. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

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 Center'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 Center's policy to use restricted resources first, then unrestricted resources, as they are needed.

Fund Accounting

The accounts of the Center 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, deferred flows, 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.

Depreciation of all exhaustible fixed assets used by proprietary funds should be charged as an expense against their operations.

Accumulated depreciation should be reported on proprietary fund balance sheets. Depreciation has been provided over the estimated useful lives using the straight line method. The estimated useful lives are as follows:

Equipment	3-15 years
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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 September 1, the Authority submits to the Huerfano County Board of County Commissioners 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.
2. Prior to December 31, the budget is legally enacted through passage of a resolution.
3. Formal budgetary integration should be employed as a management control device during the year for the Enterprise Fund.
4. The budget for the Enterprise Fund is adopted on a Non-GAAP Basis.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is employed as an extension of formal budgetary integration. Encumbrance accounting is not used.

Use of Estimates

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

Interest

Interest income is recognized as revenue when earned.

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.

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.

Note 2

Cash

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.

At December 31, 2023, the Authority's cash deposits had a bank balance and corresponding carrying balance as follows:

	Bank Balance	Carrying Amount
Cash in bank	\$ 250,000	\$ 151,200
Certificates of deposit	125,033	186,057
Total Cash	<u>\$ 375,033</u>	<u>\$ 337,257</u>

The Authorities amounts are covered by FDIC Insurance totaling \$250,000, with the balance over \$250,000, covered by the PDPA.

Note 3 Accounts Receivable

The accounts receivable are stated at gross and represent amounts receivable from Enterprise Fund customers.

Note 4 Amendment One

Colorado voters passed an amendment to the State Constitution, Article X, Section 30, 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 Huerfano County Emergency Telephone Service Authority.

Note 5 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 7 Capital Assets

A summary of changes in the Authority's capital assets is as follows:

	Balance Jan 1, 2023	Additions	Deletions	Balance Dec 31, 2024
Business-Type Activities:				
Equipment	\$ 374,906	\$ -	\$ -	\$ 374,906
Less: Accumulated Depreciation	(204,613)	(21,727)	-	(226,340)
Total Capital Assets	\$ 170,293	\$ (21,727)	\$ -	\$ 148,566

Depreciation expense was charged to functions/programs of the Authority as follows:

Huerfano County Emergency Telephone Service Authority \$ 21,727

Huerfano County Emergency Telephone Service Authority
Budget and Actual
E-911 Emergency Services
For the year ended December 31, 2023

	<u>Budgeted Amounts</u>		<u>Actual Amounts, Budgetary Basis</u>
	<u>Original</u>	<u>Final</u>	
REVENUES			
Charges for services	\$ 90,000	\$ 90,000	\$ 108,720
Interest and investment earnings	180	180	3,877
Total revenues	<u>90,180</u>	<u>90,180</u>	<u>112,597</u>
EXPENDITURES			
Professional fees	5,700	5,700	5,775
Maintenance contracts	22,500	22,500	23,657
Capital outlay	105,600	105,600	-
Repairs and maintenance	4,000	4,000	10,484
Miscellaneous expenses	13,950	13,950	-
Monthly telephone expense	21,000	21,000	18,847
Depreciation	-	-	21,727
Contingency	5,183	5,183	-
Total expenditures	<u>177,933</u>	<u>177,933</u>	<u>80,490</u>
Revenues over (under) expenditures	<u>(87,753)</u>	<u>(87,753)</u>	<u>32,107</u>
Change in net position	(87,753)	(87,753)	32,107
Net Position - beginning	285,482	285,482	465,521
Net Position - ending	<u>\$ 197,729</u>	<u>\$ 197,729</u>	<u>\$ 497,628</u>