Douglas County Emergency Telephone Service Authority

Financial Statements
with Independent Auditor's Report

December 31, 2023 and 2022

HINKLE & COMPANY PC
Strategic Business Advisors

Douglas County Emergency
Telephone Service Authority
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December 31, 2023 and 2022

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Independent Auditor's Report

Board of Directors
Douglas County Emergency Telephone Service Authority
Castle Rock, Colorado

Report on the Audit of the Financial Statements

Opinions
We have audited the accompanying financial statements of the Douglas County Emergency Telephone Service Authority (the Authority) as of and for the years ended December 31, 2023 and 2022, and the related notes to the financial statements, which collectively comprise the 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 Authority as of December 31, 2023 and 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements
The Authority'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 the 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 the 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 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 required supplementary information listed in the table of contents 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 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.

The Authority has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Hinkle & Company, PC

Englewood, Colorado
August 10, 2026

Basic Financial Statements

Douglas County Emergency Telephone Service Authority

Statement of Net Position

For the Year Ended December 31, 2023 and 2022

	2023	2022
Assets		
Current Assets		
Cash	$ 5,762,619	$ 6,747,029
Accounts Receivable	728,360	719,599
Prepaid Expenses	931,323	903,375
Total Assets	$ 7,422,302	$ 8,370,003
Liabilities and Net Position		
Current Liabilities		
Accounts Payable	$ 167,228	$ 593,719
Total Liabilities	167,228	593,719
Net Position		
Unrestricted	7,255,074	7,776,284
Total Net Position	7,255,074	7,776,284
Total Liabilities and Net Position	$ 7,422,302	$ 8,370,003

Douglas County Emergency Telephone Service Authority

Statements of Revenues, Expenditures and Changes in Net Position
For the Year Ended December 31, 2023 and 2022

	2023	2022
Operating Revenues		
Emergency Telephone Charges	$ 4,722,703	$ 4,748,968
Total Operating Revenues	4,722,703	4,748,968
Operating Expenses		
PSAP Telephone	1,404,958	860,389
Conferences	117,492	70,075
Membership/Subscriptions	-	4,981
Mileage Reimbursement	1,624	754
Training	90,336	97,883
Personnel Back Fill	64,188	41,243
Call Boxes	33,448	26,093
Non-Capital Equipment (Equip for Other Agencies)	1,017,431	970,375
Radios	1,729,892	1,115,242
Insurance	-	16,353
Contract Services	481,755	390,835
Professional Fees	95,277	68,630
Miscellaneous	19,330	15,436
Software Maintenance	582,650	1,071,643
Repairs and Maintenance	-	34,625
Public Education	43,301	53,157
Office Supplies	11,416	8,062
Other Expenses	6,157	368
Banking Fees	5,851	-
Total Operating Expenses	5,705,106	4,846,144
Net Operating Loss	(982,403)	(97,176)
Nonoperating Revenues		
Interest Income	211,192	27,334
Change in Net Position	(771,211)	(69,842)
Net Position, *Beginning of Year*		
As Originally Stated	7,776,284	7,846,126
Restatement	250,001	-
Net Position, *Beginning of Year*		
As Restated	8,026,285	7,846,126
Net Position, *End of Year*	$ 7,255,074	$ 7,776,284

See Notes to the Financial Statements.

Douglas County Emergency Telephone Service Authority

Statements of Cash Flows
For the Year Ended December 31, 2023 and 2022

	2023	2022
Cash Flows From Operating Activities		
Cash Received from Emergency Telephone Charges	$ 4,713,942	$ 4,600,516
Cash Payments to Suppliers	(5,909,544)	(5,536,015)
Net Cash Used by Operating Activities	(1,195,602)	(935,499)
Cash Flows From Investing Activities		
Investment Earnings Received	211,192	27,334
Net Decrease in Cash	(984,410)	(908,165)
Cash, *Beginning of Year*	6,747,029	7,655,194
Cash, *End of Year*	$ 5,762,619	$ 6,747,029
Reconciliation of Net Operating Loss to Net Cash Used by Operating Activities		
Net Operating Loss	$ (982,403)	$ (97,176)
Adjustments to Reconcile Net Operating Loss to Net Cash Used by Operating Activities		
Changes in Assets and Liabilities		
Accounts Receivable	(8,761)	(148,452)
Prepaid Expenses	(27,948)	(809,075)
Accounts Payable	(176,490)	119,204
Net Cash Used by Operating Activities	$ (1,195,602)	$ (935,499)

Note 1: Summary of Significant Accounting Policies

The Douglas County Emergency Telephone Service Authority (the Authority) is a Special Authority for Emergency Telephone Service created under the laws of Colorado to provide services for its residents. The Authority provides emergency telephone service in Douglas County and provides services to the City of Lone Tree, towns of Parker, Larkspur and Castle Rock Fire Protection District, the Highlands Ranch Metropolitan District, the Roxborough Park Metropolitan District, the South Metro Fire Protection Authority, the Franktown Fire Protection District, Jackson 105 Fire Protection District, West Douglas Fire Protection District, and the Douglas County Sheriff's office.

The purpose of the Authority is to provide for the purchase and maintenance of 911 telephone equipment. No provision is made for operations, as these are covered by other agencies. The Authority is operated by a Board of Directors consisting of persons appointed from the following agencies: four members comprised the Executive Board of the Douglas County Fire Chiefs Association, one member from each of the law enforcement agencies within the county, and one member from the county selected by the Board of County Commissioners.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. 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.

Reporting Entity

The financial reporting entity consists of the Authority, organizations for which the Authority is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Authority. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. Legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization's governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on the Authority.

Based on the application of this criteria, the Authority does not include additional organizations in its reporting entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The Authority uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where a fee is charged to external users for goods or services.

Note 1: Summary of Significant Accounting Policies (Continued)

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

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with ongoing operations. 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 nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific purpose, the Authority uses restricted resources first, then unrestricted resources as they are needed.

Assets, Liabilities and Net Position

Accounts Receivable - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Expenses - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

Capital Assets - The Authority has no capital assets. The Authority transfers all new authority funded improvements to the Member Agencies.

Employee Benefits - The Authority has no employees, therefore, has no employee benefit obligations. The Authority reimburses the Member Agencies for their expenses relating to the Authorities operations.

Net Position - Net position is restricted when constraints placed on the use of resources are externally imposed.

Reserve for Future Capital Expenditures - The Authority has begun to set aside monies for major capital expenditures for replacing E911 equipment as needed and providing funds to implement NexGen 911 in accordance with the Public Utilities Commission requirements. The financial statements reflect $5,000,000 of the Authority's Net Position reserved for this purpose.

Note 1: Summary of Significant Accounting Policies (Continued)

Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority maintains commercial insurance for these risks of loss.

Subsequent Events

We have evaluated subsequent events through August 10, 2026, the date the financial statements were available to be issued.

Note 2: Cash and Investments

Cash and investments at December 31, 2023 and 2022, consisted of the following:

	2023	2022
Deposits	$ 5,762,619	$ 6,747,029
Total	$ 5,762,619	$ 6,747,029

Deposits

The Colorado Public Deposit Protection Act (PDPA) requires local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution 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 uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2023 and 2022, the Authority had bank deposits of $6,320,341 and $7,261,607, respectively, collateralized with securities held by the financial institution's agent but not in the Authority's name.

Note 3: Commitments and Contingencies

TABOR Amendment

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 Authority's management believes it is exempt from the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

Note 4: Restatement of Prior Year Balances

The Authority recorded accounts payable for receipt in the incorrect period in error in the amount of $250,001 which is recorded in a future period.

The assets, liabilities, fund balance and net position as of December 31, 2022, were restated as follows:

	2022 Balances *as Reported*	Unavailable Revenue	Accounts Payable	2022 Balances *as Restated*
Balance Sheet				
Total Liabilities	$ 593,719	$ -	$ (250,001)	$ 343,718
Fund Balance	$ 7,776,284	$ -	$ 250,001	$ 8,026,285

Required Supplementary Information

Douglas County Emergency Telephone Service Authority

Budgetary Comparison Schedule
General Fund
December 31, 2023

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Emergency Telephone Charges	$ 4,368,000	$ 4,722,703	$ 354,703
Interest Income	7,000	211,192	204,192
Total Revenues	4,375,000	4,933,895	558,895
Expenses			
PSAP Telephone	610,000	1,404,958	(794,958)
Conferences	80,000	117,492	(37,492)
Membership/Subscriptions	5,000	-	5,000
Mileage Reimbursement	2,000	1,624	376
Training	130,000	90,336	39,664
Personnel Back Fill	75,000	64,188	10,812
Call Boxes	40,000	33,448	6,552
Non-Capital Equipment (Equip for Other Agencies)	1,555,000	1,017,431	537,569
Radios	470,000	1,729,892	(1,259,892)
Insurance	22,000	-	22,000
Contract Services	440,000	481,755	(41,755)
Professional Fees	200,000	95,277	104,723
Miscellaneous	-	19,330	(19,330)
Software Maintenance	836,000	582,650	253,350
Repairs and Maintenance	-	-	-
Public Education	50,000	43,301	6,699
Office Supplies	5,500	11,416	(5,916)
Other Expenses	-	6,157	(6,157)
Service Contract	1,295,000	-	1,295,000
Capital Projects	2,458,353	-	2,458,353
Banking Fees	100	5,851	(5,751)
Contingency Fund (5% Total Expenditures)	413,698	-	413,698
Total Expenses	8,687,651	5,705,106	2,982,545
Change in Net Position	$ (4,312,651)	(771,211)	$ 3,541,440
Net Position, *Beginning of Year*			
As Originally Stated		7,776,284	
Restatement		250,001	
Net Position, *Beginning of Year*			
As Restated		8,026,285	
Net Position, *End of Year*		$ 7,255,074	

Douglas County Emergency Telephone Service Authority

Budgetary Comparison Schedule
General Fund
December 31, 2022

	Original and Final Budget	Actual	Variance *Positive (Negative)*
Revenues			
Emergency Telephone Charges	$ 4,858,500	$ 4,748,968	$ (109,532)
Interest Income	2,000	27,334	25,334
Total Revenues	4,860,500	4,776,302	(84,198)
Expenses			
PSAP Telephone	758,000	860,389	(102,389)
Conferences	100,000	70,075	29,925
Membership/Subscriptions	3,500	4,981	(1,481)
Mileage Reimbursement	2,000	754	1,246
Training	130,000	97,883	32,117
Personnel Back Fill	65,000	41,243	23,757
Call Boxes	35,000	26,093	8,907
Non-Capital Equipment (Equip for Other Agencies)	1,285,000	970,375	314,625
Radios	458,055	1,115,242	(657,187)
Insurance	22,000	16,353	5,647
Contract Services	320,000	390,835	(70,835)
Professional Fees	70,000	68,630	1,370
Miscellaneous	-	15,436	(15,436)
Software Maintenance	798,000	1,071,643	(273,643)
Repairs and Maintenance	-	34,625	(34,625)
Public Education	-	53,157	(53,157)
Office Supplies	50,000	8,062	41,938
Other Expenses	5,500	368	5,132
Banking Fees	-	-	-
Service Contract	1,244,894	-	1,244,894
Capital Projects	2,643,267	-	2,643,267
Contingency Fund (5% Total Expenditures)	390,760	-	390,760
Total Expenses	8,380,976	4,846,144	3,534,832
Change in Net Position	$ (3,520,476)	(69,842)	$ 3,450,634
Net Position, *Beginning of Year*		7,846,126	
Net Position, *End of Year*		$ 7,776,284	

Douglas County Emergency Telephone Service Authority

Notes to Required Supplementary Information
December 31, 2023 and 2022

Note 1: Stewardship, Compliance and Accountability

Budgets and Budgetary Accounting

A budget is adopted for the Authority on a basis consistent with generally accepted accounting principles.

Management submits to the Board of Directors a proposed budget for the fiscal year commencing the following January 1, for their approval. The budget includes proposed expenditures and the means of financing them.

Expenditures may not legally exceed appropriations at the fund level. Revisions that alter the total expenditures of any fund must be approved by the Board of Directors.

All annual appropriations lapse at fiscal year-end.