

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

—

FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

—

DECEMBER 31, 2023

FINANCIAL STATEMENTS - 2023

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

2023 BOARD OF DIRECTORS

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David Blair, Vice Chairman

Mike Samson, Secretary

Jay Richstrew, Treasurer

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Crystal Mariscal

ADMINISTRATIVE STAFF

Carl Stephens, Executive Director

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Garfield County Emergency Communications Authority

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of the Garfield County Emergency Communications Authority as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Garfield County Emergency Communications 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 respective financial position of the governmental activities and each major fund of the Garfield County Emergency Communications Authority, as of December 31, 2023, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis of Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements Section of our report. We are required to be independent of the Garfield County Emergency Communications 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 the Garfield County Emergency Communications Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including 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, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgement 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 Garfield County Emergency Communications 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 Garfield County Emergency Communications 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 and budgetary comparison schedule - General Fund and Special Revenues Fund to 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.

Other Information

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Colo CPA Services, PC

Rangely, Colorado
July 24, 2024

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Garfield County Emergency Communications Authority's (the "Authority") financial performance provides readers with an overall review of the financial activities of the Authority for the year ended December 31, 2023. The intent of this discussion and analysis is to look at the Authority's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Authority's financial performance.

FINANCIAL HIGHLIGHTS

- The Authority's assets exceeded liabilities by \$6,493,898 at December 31, 2023.
- Total Authority's cash and investments increased by \$1,012,934 or 41% from 2022.
- The December 31, 2023 General Fund balance is \$226,816 more than the previous year. The total General Fund balance is 44% of 2023 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Authority as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Authority, presenting both an aggregate view of the Authority's finances and a longer-term view of those assets. The Statement of Activities shows net (expense) revenue and changes to net position related to each department of the Authority. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE AUTHORITY'S FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the Authority's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the Authority as a whole, the financial position of the Authority has improved or diminished. However, in evaluating the overall position of the Authority, non-financial information such as changes in the Authority's tax base and the condition of Authority capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, all of the Authority's activities are reported as Governmental Activities.

Fund Financial Statements

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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 to the financial statements can be found on pages 19 through 25 of this report.

Budgetary Comparisons. The Authority adopts an annual appropriated budget for the General and Special Revenue Funds. A budgetary comparison schedule has been provided for the General Fund on page 27 and for the Special Revenue Fund on page 28 of this report.

REPORTING THE AUTHORITY AS A WHOLE

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the Authority's net position for 2022 and 2023.

	Governmental Activities	
	2022	2023
Assets		
Current and other assets	\$ 3,558,946	\$ 4,624,300
Capital assets	2,449,036	2,275,118
Total assets	<u>6,007,982</u>	<u>6,899,418</u>
Liabilities		
Current and other liabilities	140,640	184,093
Long-term liabilities	200,400	221,427
Total Liabilities	<u>341,040</u>	<u>405,520</u>
Net Position		
Net investment in capital assets	2,449,036	2,275,118
Unrestricted	3,217,906	4,218,780
Total net position	<u>\$ 5,666,942</u>	<u>\$ 6,493,898</u>

A significant portion of the Authority's position represents unrestricted net position of \$4,218,780, which may be used to meet the ongoing obligations to patrons and creditors.

Another significant portion of the Authority's net position reflects its investment in capital assets. These assets include land, buildings, and equipment. These capital assets are used to provide services to patrons; consequently, they are not available for future spending.

The following table indicates the changes in net position.

	Governmental Activities	
	2022	2023
Revenues:		
Program revenues:		
Charge for services	\$ 1,213,543	\$ 1,443,402
Operating grants and contributions	-	-
Capital grants and contributions	10,000	-
General revenues:		
Sales tax	3,424,762	3,625,125
Investment earnings	193	103,681
Other	388,391	364,629
Total revenues	5,036,889	5,536,837
Expenses:		
Administration	1,060,076	907,321
Services	3,337,618	3,802,560
Total expenses	4,397,694	4,709,881
Increase (decrease) in net position	\$ 639,195	\$ 826,956

Governmental Activities. Governmental activities increased the Authority's net position by \$826,956 in 2023. Key elements of this increase are as follows:

The Authority's charge for services and sale tax revenue were \$229,859 and \$200,363, respectively, more than the previous year.

FINANCIAL ANALYSIS OF THE AUTHORITY'S FUND

Information about the Authority's governmental funds begins on page 13. These funds are accounted for using the modified accrual basis of accounting.

As of December 31, 2023, the total fund balances of the Authority's governmental funds were \$4,440,207. Approximately 38% of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the Authority. The remainder of fund balance is reserved to indicate that it is not available for new spending because it is committed for the following purposes: (1) a board reserve for future 911 services expenditures (\$1,968,781). The Authority had governmental revenues of \$5,536,837 and expenditures of \$4,514,936.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority's budget is prepared according to Colorado statutes.

2023 General Fund Budget

	<u>Original Budget</u>	<u>Amend- ments</u>	<u>Final Budget</u>	<u>Actual</u>
Beginning Fund Balance	\$ 1,129,624	\$ -	\$ 1,129,624	\$ 1,449,525
Revenue and other financing sources	3,887,149	64,864	3,952,013	4,015,518
Expenditures and other financing uses	(5,016,773)	-	(5,016,773)	(3,788,702)
Ending Fund Balance	<u>\$ -</u>	<u>\$ 64,864</u>	<u>\$ 64,864</u>	<u>\$ 1,676,341</u>

Actual revenues and other financing sources were more than the budget by \$63,505. Revenue from sales tax was budgeted to be \$3,607,693, but the actual was \$3,625,125, a \$17,432 difference.

Budgeted expenditures and other financing uses exceeded actual by \$1,228,071. Operations reserve was actually \$9,727 but was budgeted to be \$781,475, a \$771,748 difference.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Authority's investment in capital assets for its governmental type activities as of December 31, 2023 totaled \$2,275,118 (net of accumulated depreciation and related debt). This investment includes all land, buildings, and equipment. The total decrease in investment in capital assets (net of depreciation and related debt) for the current year was \$173,918 or 7%.

Major capital asset events during the current fiscal year include the purchase of a Side x Side for \$38,720 and air conditioners for the server room for \$35,368.

The Authority uses the straight-line depreciation method under GASB 34 for its capital assets, except for land, which is not depreciated.

The Authority has no infrastructure assets.

ECONOMIC FACTORS AND OTHER MATTERS

Other Matters. The following factors are expected to have a significant effect on the Authority's financial position and results of operations and were taken into account in developing the 2024 budget:

- An increase in salaries, wages, and benefits.
- A decrease in sale tax revenue.
- New radio site.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Authority, 585 E. First Street, Rifle, Colorado 81650.

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FINANCIAL STATEMENTS

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**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

STATEMENT OF NET POSITION
December 31, 2023

ASSETS

Cash and investments	\$ 3,471,446
Other receivable	24,623
Sales tax receivable	843,366
Prepays	41,808
Assessments receivable	243,057
Capital assets, nondepreciable	120,293
Capital assets, net of accumulated depreciation	<u>2,154,825</u>
TOTAL ASSETS	<u>6,899,418</u>

LIABILITIES

Accounts payable	57,286
Accrued liabilities	11,009
Accrued payroll	115,798
Compensated absences	<u>221,427</u>
TOTAL LIABILITIES	<u>405,520</u>

NET POSITION

Net investment in capital assets	2,275,118
Unrestricted	<u>4,218,780</u>
TOTAL NET POSITION	<u>\$ 6,493,898</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

		Program Revenues	
Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
GOVERNMENTAL ACTIVITIES			
Administration	\$ 907,321	\$ -	\$ -
911 dispatch services	3,802,560	1,443,402	-
TOTAL GOVERN- MENTAL ACTIVITIES	\$ 4,709,881	\$ 1,443,402	\$ -

GENERAL REVENUES

Sales tax
Investment earnings
Other

TOTAL GENERAL REVENUES

CHANGE IN NET POSITION

NET POSITION - BEGINNING OF YEAR

NET POSITION - END OF YEAR

Net (Expense)
Revenue and
Changes in
Net Position

Governmental
Activities

\$ (907,321)
(2,359,158)

(3,266,479)

3,625,125
103,681
364,629

4,093,435

826,956

5,666,942

\$ 6,493,898

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023

	General Fund	Special Revenue Fund	Total
ASSETS			
Cash and investments	\$ 1,018,176	\$ 2,453,270	\$ 3,471,446
Other receivable	19,188	5,435	24,623
Sales tax receivable	843,366	-	843,366
Prepays	-	41,808	41,808
Assessments receivable	-	243,057	243,057
Due from Other Fund	-	64,108	64,108
	<u>\$ 1,880,730</u>	<u>\$ 2,807,678</u>	<u>\$ 4,688,408</u>
LIABILITIES AND FUND BALANCES			
LIABILITIES			
Accounts payable	\$ 13,474	\$ 43,812	\$ 57,286
Accrued liabilities	11,009	-	11,009
Accrued payroll	115,798	-	115,798
Due to Other Funds	64,108	-	64,108
	<u>204,389</u>	<u>43,812</u>	<u>248,201</u>
FUND BALANCES			
Fund balances:			
Restricted:			
Reserved for 911	-	2,763,866	2,763,866
Unassigned	1,676,341	-	1,676,341
	<u>1,676,341</u>	<u>2,763,866</u>	<u>4,440,207</u>
TOTAL FUND BALANCES	<u>1,676,341</u>	<u>2,763,866</u>	<u>4,440,207</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 1,880,730</u>	<u>\$ 2,807,678</u>	<u>\$ 4,688,408</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
December 31, 2023

TOTAL GOVERNMENTAL FUNDS BALANCE	\$ 4,440,207
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore not reported in the fund.	2,275,118
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore are not included in the fund.	<u>(221,427)</u>
NET POSITION OF GOVERNMENTAL ACTIVITIES	<u><u>\$ 6,493,898</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
For the Year Ended December 31, 2023

	General Fund	Special Revenue Fund	Total
REVENUES			
Sales tax	\$ 3,625,125	\$ -	\$ 3,625,125
Assessments E911	-	1,442,852	1,442,852
Interest income	25,764	77,917	103,681
Charge for services	-	550	550
Other income	364,629	-	364,629
	<u>4,015,518</u>	<u>1,521,319</u>	<u>5,536,837</u>
TOTAL REVENUES			
EXPENDITURES			
Salaries and wages	2,168,026	-	2,168,026
Health and life insurance	418,666	-	418,666
Payroll taxes	165,341	-	165,341
Maintenance and repair	345,044	364,313	709,357
Retirement contribution	154,274	-	154,274
Accounting and audit	60,700	-	60,700
Treasurer fees	71,988	-	71,988
Sales tax refund	25,721	-	25,721
Sales tax recovery	278,226	-	278,226
Liability insurance	40,171	-	40,171
Office supplies	-	16,145	16,145
Telephone	-	112,158	112,158
Utilities	40,267	-	40,267
Legal fees	2,608	-	2,608
Workers compensation	3,651	-	3,651
Travel and subsistence	-	15,397	15,397
Public education	-	2,506	2,506
Training	-	53,517	53,517
Unemployment insurance	4,292	-	4,292
Advertising	-	1,813	1,813
Operations reserve	9,727	15,411	25,138
Capital outlay	-	144,974	144,974
	<u>3,788,702</u>	<u>726,234</u>	<u>4,514,936</u>
TOTAL EXPENDITURES			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES	<u>226,816</u>	<u>795,085</u>	<u>1,021,901</u>
OTHER FINANCING SOURCES (USES)			
Grants and contributions	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL OTHER FINANCING SOURCES (USES)			
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES AND OTHER FINANCING SOURCES (USES)	<u>226,816</u>	<u>795,085</u>	<u>1,021,901</u>
FUND BALANCE - BEGINNING OF YEAR	<u>1,449,525</u>	<u>1,968,781</u>	<u>3,418,306</u>
FUND BALANCE - END OF YEAR	<u>\$ 1,676,341</u>	<u>\$ 2,763,866</u>	<u>\$ 4,440,207</u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

RECONCILIATION OF THE CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2023

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ 1,021,901

***Amounts reported for governmental activities in the
statement of activities are different because:***

Governmental funds report capital outlays as expenditures.
However, in the statement of activities, the costs of those
assets is allocated over their estimated useful lives as
depreciation expense. This is the amount by which
depreciation exceeded capital outlay in the current period.

Capital outlay	144,974	
Current year depreciation	<u>(318,892)</u>	
TOTAL		(173,918)

Some expenses reported in the statement of activities, such
as compensated absences and capital leases, do not require
the use of current financial resources and therefore are not
reported as expenditures in governmental funds.

Compensated absences	<u>(21,027)</u>	
TOTAL		<u>(21,027)</u>
CHANGE IN NET POSITION		<u><u>\$ 826,956</u></u>

The accompanying "Notes to Financial Statements" are an integral part of the statement.

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NOTES TO FINANCIAL STATEMENTS

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Garfield County Emergency Communications Authority (the Authority) conform to generally accepted accounting principles (GAAP) as applicable to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies consistently used in the preparation of the financial statements.

A. Reporting Entity

On February 7, 1997, Garfield County and various other governmental entities entered into an intergovernmental agreement to establish the Authority. The Authority was established for the purpose of promoting and creating a centralized county-wide emergency communications operation, including a unified county-wide dispatch service.

A Board of Directors serves as the governing body of the Authority. Each member of the Authority is entitled to one representative on the Board of Directors. For those members that are municipal entities, their designee is the Chief of Police or Chief of Law Enforcement Officer. For those members that are Special Districts, their representative is appointed by the Board of that Special District and is either a Board member or a member of the staff. The Board of County Commissioners of Garfield County has one member on the Authority Board. The Garfield County Sheriff is a member of the Authority Board. There is also a Citizen at Large member of the Authority Board.

The Authority is not included in any other governmental "reporting entity" as defined by Statement No. 14 of the Governmental Accounting Standards Board. The Directors have decision making authority, the power to designate management, the responsibility to significantly influence operations and primary accounting for fiscal matters. In addition, the Authority does not exercise any of the above powers over any other entity. These financial statements, therefore, include only the operations of Garfield County Emergency Communications Authority.

B. Government-wide and fund financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applications who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

C. Measurement focus, basis of accounting, and financial statement presentation

The government-wide 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 a liability is incurred, regardless of the timing of related cash flows. Sales tax are recognized as revenues in the year in which they are collected. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

C. Measurement focus, basis of accounting, and financial statement presentation, continued

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Governmental Funds

General Fund

The General Fund is the Authority's general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund. The major revenue source is state sales tax.

Special Revenue Fund

The Special Revenue Fund accounts for revenues received from telephone surcharges assessed on all telephone users in the area participating in the intergovernmental agreement.

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

D. Budgets and Budgetary Accounting

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements.

1. Prior to the first Board meeting in October, the Director submits to the Board of Directors 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. Public hearings are conducted to obtain the taxpayers' comments.
3. Prior to December 15, the budget is legally enacted through passage of a resolution.
4. Formal budgetary integration is employed as a management control device during the year.
5. Budgets are adopted for the General Fund. All budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
6. Appropriations lapse at the end of each calendar year.
7. The Authority's directors may authorize supplemental appropriations during the year. There was supplemental appropriations for the General Fund made during the year ended December 31, 2023.

**GARFIELD COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY**

NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, Continued

E. Use of Estimates

The preparation of the governmental funds 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

F. Capital Assets and Infrastructure

Capital assets, which include property, plant and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$1,000 and an estimated 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 their estimated market value at the date of donation. The Authority does not have infrastructure.

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

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	15-40
Vehicles	5-10
Equipment	5-20

G. Compensated Absences

Full-time, permanent employees are granted personal time off (PTO) in varying amounts to specified maximums, depending on their tenure with the Authority. PTO accrues to full-time, permanent employees to a maximum of 532 hours and is paid to an employee upon separation of the maximum accrual rate based on years of service. The amount accrued for compensated absences was \$221,427 at December 31, 2023, an increase of \$21,027.

H. Sales Tax

Sales tax revenue is recognized when the underlying exchange has occurred. The State of Colorado collects sales tax in the month following the underlying sale. The State remits the sales tax collected to Garfield County in the next month. Garfield County then remits the sales tax to the Authority the following month. Sales tax collected by the Authority in January, February, and March of 2024 has been accrued as a receivable and as sales tax revenue in 2023.

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- A. There are certain differences between the governmental fund balance sheet and the government-wide statement of net position. A reconciliation of the differences can be found on page 14 of the financial statements.
- B. There are certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 16 of the financial statements.

**GARFIELD COUNTY EMERGENCY
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NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS

The Authority's bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral included municipal bonds, U.S. government securities, mortgage, and deeds of trust.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

The Authority's investment policy is not more restrictive than State statutes. The Authority's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value arising from increasing interest rates.

A summary of cash and investments on the balance sheet is as follows:

Cash and Cash Equivalents		
Checking – General Fund	\$ 420,552	
Money Market – General Fund	597,624	
Checking – Special Revenue Fund	325,684	
Money Market – Special Revenue Fund	<u>2,127,586</u>	
 Total Cash and Cash Equivalents		<u>\$ 3,471,446</u>

NOTE 4 – DUE TO/FROM OTHER FUNDS

A summary of the Authority's interfund receivables/payables as of December 31, 2023 follows:

Due to the Special Revenue Fund from the General Fund	<u>\$ 64,108</u>
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NOTE 5 – CAPITAL ASSETS

A summary of changes in capital assets during 2023 follows:

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 120,293	\$ -	\$ -	\$ 120,293
Total capital assets, not being depreciated	<u>120,293</u>	<u>-</u>	<u>-</u>	<u>120,293</u>

**GARFIELD COUNTY EMERGENCY
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NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 5 – CAPITAL ASSETS, Continued

	Balance January 1, 2023	Additions	Deletions	Balance December 31, 2023
Capital assets, being depreciated:				
Building	1,642,176	47,260	-	1,689,436
Equipment	10,075,656	97,714	-	10,173,370
Total capital assets, being depreciated	<u>11,717,832</u>	<u>144,974</u>	<u>-</u>	<u>11,862,806</u>
Less accumulated depreciation:				
Building	(912,737)	(51,042)	-	(963,779)
Equipment	(8,476,352)	(267,850)	-	(8,744,202)
Total accumulated depreciation	<u>(9,389,089)</u>	<u>(318,892)</u>	<u>-</u>	<u>(9,707,981)</u>
Total capital assets, being depreciated, net	<u>2,328,743</u>	<u>(173,918)</u>	<u>-</u>	<u>2,154,825</u>
Governmental activities capital Assets, net	<u>\$ 2,449,036</u>	<u>\$ (173,918)</u>	<u>\$ -</u>	<u>\$ 2,275,118</u>

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
Administration	\$ 32,868
911 dispatch services	<u>286,024</u>
Total depreciation expense – governmental activities	<u>\$ 318,892</u>

NOTE 6 - EMPLOYEE BENEFIT PLAN

A. Defined Contribution Plan

The Authority participates in a retirement plan sponsored by Great-West Life & Annuity. The type of retirement plan is established pursuant to IRC section 401(a) and is termed a "defined contribution plan". The benefits that participants are entitled to upon termination of employment consist of: 1) contributions by the employer entity; 2) equal or "matching" contributions by the employee through a mandatory withholding on their salary; 3) any additional "voluntary contribution" made by the employee; plus 4) any interest or investment return which is earned on such funds. Employee plus employer contributions are limited up to a maximum set by the IRS (lesser of employee earnings or \$66,000 in 2023).

Full-time Authority employees are eligible to participate. Both the Authority and members contribute 5% of the employee's W-2 wages each year. Employee contributions are 100% vested. The Authority's contributions vest at a rate of 20% for each year of service. A participant is fully vested after five years of service.

For the years ended December 31, 2021, 2022, and 2023, the Authority and member contributions each were \$88,129, \$96,640, and \$107,858, respectively. Contributions for 2023 were based on the salary of \$2,157,169.

**GARFIELD COUNTY EMERGENCY
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NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 - EMPLOYEE BENEFIT PLAN, Continued

B. Deferred Compensation Plan

The Authority adopted a deferred compensation plan (457 Plan) as defined under the IRC section 457. Participants may defer up to the lesser of \$22,500 or 100% of the participant's includable compensation. Participants over age 50 are eligible to contribute \$7,500 more than the \$22,500 limit due to a catch up provision in the plan. The Plan is administered by Great-West Life & Annuity. The Authority matches up to 3% of W-2 wages each year. The Authority's contributions vest at a rate of 20% for each year of service and are fully vested after five years of service. For the year ended December 31, 2023, participating employees contributed \$60,943 and the Authority contributed \$45,565.

NOTE 7 - CONTINGENCIES

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires that reserves be established for declared emergencies, with 3% of fiscal year spending required.

In 1997, the registered voters of the Garfield County Emergency Communication Authority voted to allow the Authority to collect, retain and expend all revenues and other funds collected in 1997 and each subsequent year thereafter, for general operation expenses without limiting in any year the amount of the other revenues that may be collected and expended by the Authority in excess of the limits of Article X, Section 20 of the Colorado Constitution.

The Authority's management and legal counsel believes that the Authority is not subject to the TABOR Amendment and it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

NOTE 8 - RISK MANAGEMENT

The Authority is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority is a member of Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool. The agreement provides that CIRSA will be self sustaining through member premiums and will reinsure through commercial companies for claims in excess of \$500,000 property, \$1,000,000 liability, \$400,000 worker's compensation and \$150,000 crime for each insured event.

The Authority will recognize an expenditure for the amount paid to CIRSA annually for these coverages. The Authority paid approximately \$43,838 to CIRSA in 2023. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

**GARFIELD COUNTY EMERGENCY
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NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 9 – COMMITTED FUND BALANCE

Beginning with the fiscal year 2011, the Authority implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a governments' fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provision or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

The board establishes (and modifies or rescinds) fund balance commitments as action items in board meetings. A fund balance commitment is further indicated in the budget document as a designation or commitment on the fund. Assigned fund balance is established by the board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of fixed assets, construction, debt service, or for other purposes).

Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

NOTE 10 – SUBSEQUENT EVENTS

The Authority has evaluated subsequent events through July 24, 2024, the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

