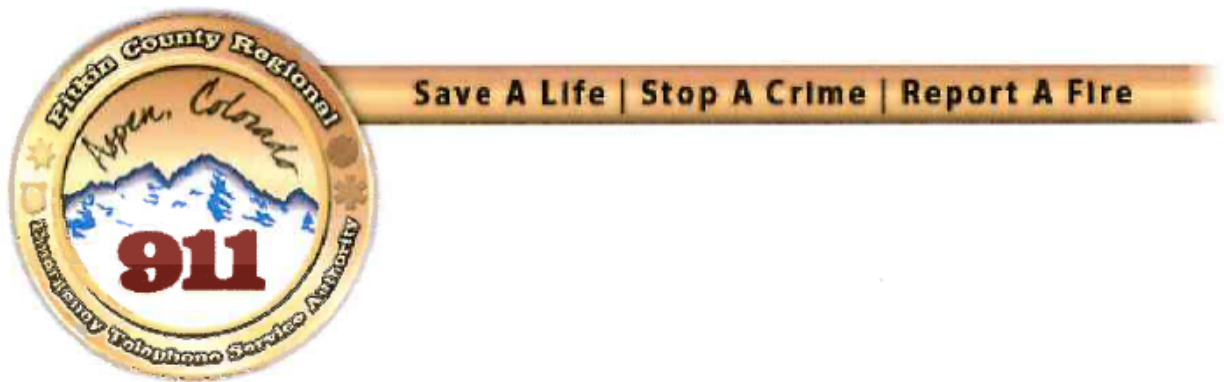


Pitkin County Regional Emergency Telephone Authority

Financial Statements

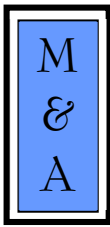
December 31, 2023



**Pitkin County Regional Emergency Telephone Authority
Financial Report
December 31, 2023**

Table of Contents

	Page(s)
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B3
Basic Financial Statements:	
Government-wide and Fund Financial Statements:	
Governmental Fund Balance Sheet / Statement of Net Position	C1
Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities	C2
Notes to the Financial Statements	D1 – D8
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (GAAP Basis) and Actual – General Fund	E1



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

CHAPEL SQUARE, BLDG C
245 CHAPEL PLACE, SUITE 300
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM
MAIN OFFICE: (970) 845-8800
FACSIMILE: (970) 845-8108
E-MAIL: MCMAHAN@MCMAHANCPA.COM

INDEPENDENT AUDITOR'S REPORT

**Board of Directors
Pitkin County Regional Emergency Telephone Authority
Aspen, Colorado**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of the Pitkin County Regional Emergency Telephone Authority (the "Authority"), as of and for the year ended December 31, 2023, which collectively comprise the Authority's basic financial statements as listed in the table of contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Pitkin County Regional Emergency Telephone Authority, as of December 31, 2023 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. 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 Pitkin County Regional Emergency Telephone 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

Pitkin County Regional Emergency Telephone Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

Member: American Institute of Certified Public Accountants

PAUL J. BACKES, CPA, CGMA
MICHAEL N. JENKINS, CA, CPA, CGMA
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800
ASPEN: (970) 544-3996
FRISCO: (970) 668-3481

INDEPENDENT AUDITORS REPORT
Board of Directors
Pitkin County Regional Emergency Telephone Authority
Aspen, Colorado

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 U.S. 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 U.S. 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

U.S. GAAP require that the Management's Discussion and Analysis in Section B and the individual fund budgetary comparison in Section E 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 U.S. GAAS, 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.

McMahan and Associates, L.L.C.
McMahan and Associates, L.L.C.
Avon, Colorado
July 18, 2024

MANAGEMENT'S DISCUSSION AND ANALYSIS





Pitkin County Regional Emergency Telephone Authority Management's Discussion and Analysis December 31, 2023

As management of Pitkin County Regional Emergency Telephone Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative summary of the financial position and activities of the Authority as of and for the fiscal year ended December 31, 2023.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

Financial statements: The financial statements are designed to provide readers with an overview of the Authority's finances, from both a short-term fund perspective and a long-term economic perspective.

The Governmental Fund Balance Sheet / Statement of Net Position presents information on all the Authority's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet columns present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance / Statement of Activities shows how the government's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures, and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

The Authority's financial statements can be found in section C of this report.

Notes to the Financial Statements: The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the Authority. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in section D of this report.

Financial Analysis of the Authority

The following table summarizes the Authority's government-wide net position at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Assets:		
Current and other assets	\$ 1,391,614	\$ 779,985
Total Assets	<u>1,391,614</u>	<u>779,985</u>
Liabilities:		
Current liabilities	-	29,327
Total Liabilities	<u>-</u>	<u>29,327</u>
Net Position:		
Restricted for program purposes	1,391,614	750,658
Total Net Position	<u>\$ 1,391,614</u>	<u>\$ 750,658</u>

The Authority's assets exceeded its liabilities by \$1,391,614 at the end of 2023. Due to the Authority's transfer of its capital assets to the County during 2016, the Authority has no net investment in capital assets at December 31, 2023. The Authority's net position at the end of 2023 is restricted for ongoing public safety operations.

The following table presents a summary of changes in the Authority's government-wide net position for the fiscal years ended December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Revenues:		
Charges for services - Telephone surcharge	\$ 1,041,616	\$ 799,721
Investment income	30,924	12,120
Total Revenues	<u>1,072,540</u>	<u>811,841</u>
Expenses:		
Public safety	431,584	966,354
Total Expenses	<u>431,584</u>	<u>966,354</u>
Change in Net Position	640,956	(154,513)
Net Position - January 1	<u>750,658</u>	<u>905,171</u>
Net Position - December 31	<u>\$ 1,391,614</u>	<u>\$ 750,658</u>

Overall, the Authority's net position increased by \$640,956 during the 2023 fiscal year.

Emergency telephone surcharges levied on users within the Authority's jurisdiction are the most significant source of the Authority's revenues, representing 97% of total revenues in the current year. 2023 revenues generated by the Authority increased by \$260,699 from the prior year primarily due to a 40% increase in 911 wireless fees due to increased call volume.

The Authority's costs of operating and maintaining emergency telephone services in 2023 decreased \$534,770 from 2022 levels. In 2023 both operating support for the Dispatch center and the one-time capital contributions decreased respectively by 56% and 70%, resulting in an overall decrease in the contribution to the Dispatch center in 2023.

Budget Variances in the General Fund

The Authority's budgetary comparison schedule for the General Fund can be found on page E1 of this report.

Total revenues for 2023 were \$98,126 higher than budgeted due to increase in call volume resulting in 911 wireless fees being higher than budgeted.

The Authority's total expenditures for 2023 were \$431,703 under budgeted amounts, due to overhead cost savings in the 911 fund, as well as expenditure savings in the Dispatch center mainly for capital, payroll and technical services. The 911 fund supports the operations of the Dispatch center. A deficit or a surplus in the Dispatch center is compensated by a transfer from(to) the 911 fund. In 2023 the subsidies received and the revenue generated exceeded the actual operating and capital expenditures of the Dispatch center. That required less subsidy from the 911 fund- \$255,359 from the initial contribution was transferred back to the 911 fund, resulting in the difference of the budgeted vs. actual expenditures in the 911 fund. The rest of the difference was capital projects deferred to future years.

Request 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 government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Pitkin County Finance Director at 530 E. Main Street, Suite 304, Aspen, Colorado 81611 or by telephone at (970) 920-5225.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS



**Pitkin County Regional Emergency Telephone Authority
Governmental Fund Balance Sheet / Statement of Net Position
December 31, 2023**

	General Fund	Adjustments	Statement of Net Position
Assets:			
Cash with County Treasurer	\$ 1,278,920	\$ -	\$ 1,278,920
Accounts receivable	112,694	-	112,694
Total Assets	1,391,614	-	1,391,614
Fund Balances / Net Position:			
Fund Balances:			
Spendable:			
Restricted for emergency telephone services	1,391,614	(1,391,614)	-
Total Fund Balances	1,391,614	(1,391,614)	-
Total Liabilities and Fund Balances	\$ 1,391,614		
Net Position:			
Restricted for program purposes		1,391,614	1,391,614
Total Net Position		\$ 1,391,614	\$ 1,391,614

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

**Pitkin County Regional Emergency Telephone Authority
 Governmental Fund Statement of Revenues, Expenditures, and
 Changes in Fund Balance / Statement of Activities
 For the Year Ended December 31, 2023**

	General Fund	Adjustments	Statement of Activities
Revenues:			
Charges for services	\$ 1,041,616	\$ -	\$ 1,041,616
Investment income	30,924	-	30,924
	1,072,540	-	1,072,540
Expenditures/Expenses:			
Public safety	431,584	-	431,584
	431,584	-	431,584
Net Change in Fund Balance / Net Position	640,956	<u><u>\$ -</u></u>	640,956
Fund Balance / Net Position:			
Beginning of Year	750,658		750,658
End of Year	<u><u>\$ 1,391,614</u></u>		<u><u>\$ 1,391,614</u></u>

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

NOTES TO THE FINANCIAL STATEMENTS



Pitkin County Regional Emergency Telephone Authority
Notes to the Financial Statements
December 31, 2023

I. Summary of Significant Accounting Policies

The Aspen – Pitkin County Emergency Telephone Service Authority was formed in 1990 by an intergovernmental agreement among Pitkin County (the “County”), the City of Aspen, the Town of Snowmass Village, the Town of Basalt, Aspen Fire Protection District, Snowmass-Wildcat Fire Protection District, Aspen Ambulance District, and Carbondale and Rural Fire Protection District; for the purpose of providing emergency telephone services to the citizens of Pitkin County, Colorado.

In 2014, the Aspen – Pitkin County Emergency Telephone Service Authority was renamed Pitkin County Regional Emergency Telephone Authority (the “Authority”) with the approval by all parties of an updated intergovernmental agreement. The Authority’s Board of Directors (the “Board”) is comprised of five members representing the parties subject to the intergovernmental agreement. In 2019, Snowmass-Wildcat Fire Protection District combined with Basalt Rural Fire Protection District and now operates under the Roaring Fork Fire Rescue Authority.

The financial statements of the Authority have been prepared in conformity with U.S. 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 accounting policies established by GAAP used by the Authority are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government; i.e., the Authority, and (b) organizations for which the Authority is financially accountable. The Authority is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization’s governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Authority. Consideration is also given to other organizations that are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by the Authority. Organizations for which the nature and significance of their relationship with the Authority are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete are also included in the reporting entity.

The Authority has no component units and, commencing in 2014, is not a component unit of any other entity. The Authority’s prior financial information is available from the County.

B. Government-wide and Fund Financial Statements

The Authority’s basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority’s major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental or business type. However, the Authority does not have any business-type activities, only governmental activities.

1. Government-wide Financial Statements

In the Governmental Funds Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority’s net position is reported as restricted for program purposes.

Pitkin County Regional Emergency Telephone Authority
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

B. Government-wide and Fund Financial Statements (continued)

1. Government-wide Financial Statements (continued)

The government-wide focus is on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Authority reports the following governmental fund:

The *General Fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority, except those required to be accounted for in another fund.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures / expenses are recognized in the accounts and reported in the financial statements. Financial statement presentation refers to classification of revenues by source and expenses by function.

1. Long-term Economic Focus and Accrual Basis

Governmental activities in the government-wide financial statements and fiduciary fund financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

2. Current Financial Focus and Modified Accrual Basis

The governmental funds financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter (90 days) to be used to pay liabilities of the current period. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term liabilities and acquisitions under capital leases are reported as other financing sources.

Pitkin County Regional Emergency Telephone Authority
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash, Cash Equivalents, and Investments

Cash and cash equivalents are defined as deposits that can be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. All of the Authority's cash is held with the County Treasurer, who invests these funds to achieve the best possible return on the investments.

Investments are stated at fair value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

The County has adopted a formal investment policy to manage its interest rate risk, credit risk, and concentration of credit risk. The following is a summary of relevant guidelines from the policy:

- U.S. Treasury securities fully guaranteed by, or for which the full credit of the U.S. Treasury is pledged for payment.
- Federal Agency and U.S. Government-Sponsored Enterprise (GSE) Securities issued by or fully guaranteed as to principal and interest by federal agencies or U.S. GSEs.
- Corporate or Bank Securities denominated in U.S. dollars.
- Money market mutual funds registered under the Investment Company Act of 1940, provided they have a constant daily net asset value per share of \$1.00; are "no-load" and charge no 12b1 fees; limit assets of the fund to securities authorized by state statute; have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and have a rating of AAAm by Standard and Poor's or AAA by Moody's, or AAA/V-1+ by Fitch Investors Service or have assets of one billion dollars or more.
- Local Government Investment Pools authorized under C.R.S. § 24-75-701, et seq., provided they have a constant daily net asset value per share of \$1.00; are "no-load" and charge no 12b1 fees; limit assets of the fund to securities authorized by state statute; have a maximum stated maturity and weighted average maturity in accordance with Rule 2a-7 of the Investment Company Act of 1940; and have a rating of AAAm by Standard and Poor's or AAA by Moody's or AAA/V-1+ by Fitch Investors Service.
- Certificates of Deposits with a maturity not exceeding five years in any bank that is a member of the Federal Deposit Insurance Corporation (FDIC). Certificates of deposit that exceed FDIC insurance limits shall be collateralized as required by the Public Deposit Protection Act or the Savings and Loan Association Public Deposit Protection Act.
- Repurchase Agreements collateralized with marketable U.S. Treasury, Agency or GSE securities listed in the first two items above and maintained at a market value plus accrued interest of at least 102% of the dollar value of the repurchase agreement.
- Municipal Securities of state or local governments with a maturity not exceeding five years from the date of trade settlement.
- Supranationals, provided that issues are U.S. dollar denominated senior unsecured unsubordinated obligations issued or unconditionally guaranteed by the World Bank and that the securities are rated at the time of purchase at least "AA" or its equivalent by an NRSRO.

Pitkin County Regional Emergency Telephone Authority
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. The Authority's policy is to establish an allowance for uncollectible accounts based on historical experience and individual analysis of accounts.

3. Capital Assets

Capital assets, which include equipment and construction in progress, are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of five years. Such assets are recorded at historical cost. Donated capital assets are recorded at their acquisition value at the date of donation.

Capital expenditures for projects are capitalized as projects are constructed. Interest incurred during the construction phase is capitalized as part of the value of the asset.

Capital assets (equipment) are depreciated using the straight-line method over estimated useful lives of 5 – 10 years.

During 2016, the Authority transferred all capital assets to the County.

4. Fund Equity

Government accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned and Unassigned. These classifications reflect not only the nature of the funds, but also provide clarity to the level of restriction placed upon fund balance. Fund balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification with the General Fund. The General Fund should be the only fund balance that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance. For further details of the various fund balance classifications, refer to Note IV.D.

E. Significant Account Policies

1. Use of Estimates

The preparation of financial statements to conform to GAAP 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.

Pitkin County Regional Emergency Telephone Authority
Notes to the Financial Statements
December 31, 2023
(Continued)

I. Summary of Significant Accounting Policies (continued)

E. Significant Account Policies (continued)

2. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the Authority's policy to use unrestricted resources first, then restricted resources as they are needed, except when it is appropriate to use restricted first, such as special-purpose grants.

3. Credit Risk

The receivables of the Authority are primarily due from other governments. Management believes that the credit risk related to these receivables is minimal.

II. Reconciliation of Government-wide and Fund Financial Statements

A. Explanation of Differences between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position

The Governmental Fund Balance Sheet and the government-wide Statement of Net Position includes a reconciling column. However, there were no differences between the assets and liabilities reported on the Governmental Fund Balance Sheet and those reported on the government-wide Statement of Net Position at December 31, 2023.

B. Explanation of difference between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Activities

The Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the government-wide Statement of Activities includes a reconciling column. However, there were no differences between the revenues and expenditures reported on the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and those reported on the government-wide Statement of Activities at December 31, 2023.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

Budgets are adopted on a basis consistent with GAAP. In accordance with Colorado State statutes, annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level. All appropriations lapse at year-end.

The Authority adheres to Colorado statutes and the following procedures in establishing the budgetary data reflected in the financial statements:

- (1) Budgets are required by state law. The Board approves formal budget resolutions for all operations of the Authority.
- (2) Supplementary budgets are approved by the Board.

Pitkin County Regional Emergency Telephone Authority
Notes to the Financial Statements
December 31, 2023
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment – Revenue and Spending Limitation Amendment

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 that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used only for declared emergencies. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, salary, or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenues. However, the Authority meets the "enterprise" exclusion for 2023 and no TABOR emergency reserve is required at December 31, 2023.

The Authority's management believes it is in compliance with the financial 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.

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Authority's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Authority's deposits at each separately chartered FDIC-member financial institution, without regard to the nature of the accounts. Any remaining deposits are collateralized as required by PDPA. At year-end, the Authority had the following deposits, held via the County, with the following maturities:

	Standard & Poors Rating	Carrying Amounts	Maturities	
			Less than one year	One to five years
Deposits:				
Cash with County Treasurer	Not rated	\$ 1,278,920	1,278,920	-
		<u>\$ 1,278,920</u>	<u>1,278,920</u>	<u>-</u>

Pitkin County Regional Emergency Telephone Authority
Notes to the Financial Statements
December 31, 2023
(Continued)

IV. Detailed Notes on All Funds (continued)

B. Receivables

The Authority did not have any receivables at December 31, 2023.

C. Fund Balance

The Authority classifies governmental fund balances as follows:

Non-spendable – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, etc.

Spendable Fund Balance:

Restricted – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation. The Authority maintains the following restricted fund balances:

Restricted for program purposes:

Restricted for emergency telephone services	<u>\$ 1,391,614</u>
Total	<u>\$ 1,391,614</u>

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority, which is the Board. The Authority's original budget legislation begins with combining historical data, assessment of needs for the upcoming year and the Authority's platform to review and/or make changes to each department's budget. The budget is formally presented to the Board via an advertised public process for their review, revisions and final approval by year-end. All subsequent budget requests made during the year, after Board approval, must be presented via a public process and again approved by the Board.

Assigned – includes spendable fund balance amounts that are intended to be used for specific purposes that are considered neither restricted nor committed. Fund Balance may be assigned by the Board or its management designees.

Unassigned – includes residual positive fund balance within the General Fund, which has not been classified within the other above-mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those purposes.

The Authority uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents or contracts that prohibit this, such as grant agreements that require dollar for dollar spending. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts when expenditures are made. The Authority does not have an adopted minimum fund balance policy; however, the Authority's budget includes calculations of targeted reserve positions, which is reported annually to the Board.

Pitkin County Regional Emergency Telephone Authority
Notes to the Financial Statements
December 31, 2023
(Continued)

V. Other Information

A. Risk Management

The Authority is exposed to various risks of loss related to general liability, torts, theft of, damage to, and destruction of assets; and errors and omissions. The Authority has acquired commercial insurance coverage for these risks, and claims, if any, are not expected to exceed such coverage.

REQUIRED SUPPLEMENTARY INFORMATION



Pitkin County Regional Emergency Telephone Authority
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget (GAAP Basis) and Actual
For the Year Ended December 31, 2023
(With Comparative Actual Amounts for 2022)

	<u>2023</u>			Final Budget Variance Positive (Negative)	<u>2022</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		<u>Actual</u>
Revenues:					
Charges for services - Telephone surcharge	\$ 950,000	\$ 950,000	\$ 1,041,616	\$ 91,616	\$ 799,721
Investment income	24,414	24,414	30,924	6,510	12,120
Total Revenues	<u>974,414</u>	<u>974,414</u>	<u>1,072,540</u>	<u>98,126</u>	<u>811,841</u>
Expenditures:					
Current:					
Public safety	813,287	863,287	431,584	431,703	966,354
Total Expenditures	<u>813,287</u>	<u>863,287</u>	<u>431,584</u>	<u>431,703</u>	<u>966,354</u>
Net Change in Fund Balance	161,127	111,127	640,956	529,829	(154,513)
Fund Balance - January 1	<u>819,204</u>	<u>819,204</u>	<u>750,658</u>	<u>(68,546)</u>	<u>905,171</u>
Fund Balance - December 31	<u>\$ 980,331</u>	<u>\$ 930,331</u>	<u>\$ 1,391,614</u>	<u>\$ 461,283</u>	<u>\$ 750,658</u>

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