

Huerfano County Emergency Telephone Service Authority
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July 30, 2025

State Auditor
1525 N. Sherman Street
Suite # 700
Denver, CO. 802023

Attached is the Financial Audit for Huerfano County Emergency Telephone Service Authority for the fiscal year of 2024.

If there are any questions or concerns, please contact the Administrator listed below by phone 719-989-8819 or email huerfano911@gmail.com.

Sincerely,



Laurie Erwin
Administrator



Rec'd
8/4/25



APPROVED

By Meredith Yoder at 10:03 am, Aug 04, 2025



Huerfano County Emergency Telephone Service Authority

Financial Statements

December 31, 2024

Huerfano County Emergency Telephone Service Authority
Table of Contents
December 31, 2024

	<u>Page</u>
Table of Contents	i
Independent Auditor's Report	1
Management's Discussion and Analysis	ii
Basic Financial Statements:	
Statement of Net Position	4
Statement of Activities	5
Statement of Cash Flows	6
Notes to the Financial Statements	7
Supplementary Information:	
Schedule of Revenues and Expenses Budget (Non GAAP) & Actual	12



Independent Auditor's Report

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

Opinion

We have audited the financial statements of the business-type activities Huerfano County Emergency Telephone Service Authority, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise Huerfano County Emergency Telephone Service Authority's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of Huerfano County Emergency Telephone Service Authority, as of December 31, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Huerfano County Emergency Telephone Service Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Huerfano County Emergency

1

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Telephone Service Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Huerfano County Emergency Telephone Service Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Huerfano County Emergency Telephone Service Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the required supplementary information including the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context.

Management has elected to omit the management's discussion and analysis. The omission of this information does not affect our opinion on the basic financial statements.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Huerfano County Emergency Telephone Service Authority's basic financial statements. The supplementary information presented on page 12 is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

rfarmer, llc

July 18, 2025

Huerfano County Emergency Telephone Service Authority
Statement of Net Position
Proprietary Funds
December 31, 2024

	E-911 Emergency Services
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 147,320
Investments	257,798
Accounts Receivable, net	11,789
Total current assets	416,907
Non-current assets:	
Capital Assets:	
Enterprise System Assets	374,906
Less Accumulated depreciation	(242,335)
Total non-current assets	132,571
Total assets	549,478
 LIABILITIES	
Total liabilities	-
 NET POSITION	
Net investment in capital assets	132,571
Unrestricted	416,907
Total net position	\$ 549,478

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

Huerfano County Emergency Telephone Service Authority
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended December 31, 2024

	E-911 Emergency Services
REVENUES	
Charges for services	\$ 104,609
Miscellaneous	1,579
Total operating revenues	106,188
OPERATING EXPENSES	
Contractual services	2,300
Professional fees	5,514
Repairs and maintenance	821
Maintenance contract	13,774
Monthly telephone expense	19,834
Depreciation	15,995
Total Operating Expenses	58,238
Operating income (loss)	47,950
NON-OPERATING REVENUES (EXPENSES)	
Interest and investment revenue	3,900
Total non-operating revenue (expenses)	3,900
Income (loss) before transfers	51,850
Change in net position	51,850
Total net position - beginning	497,628
Total net position - ending	\$ 549,478

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

Huerfano County Emergency Telephone Service Authority
Statement of Cash Flows
Proprietary Funds
For the year ended December 31, 2024

	<u>E-911 Emergency Services</u>
CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash Received from Charges for Services	\$ 106,204
Cash Payments to Suppliers for Goods & Services	<u>(42,243)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>63,961</u>
CASH FLOWS FROM INVESTING ACTIVITIES:	
Interest Received on Investments	<u>3,900</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>3,900</u>
NET INCREASE (DECREASE) IN CASH & CASH EQUIVALENTS	67,861
Cash & Cash Equivalents:	
Beginning of Year	<u>337,257</u>
End of Year	<u><u>\$ 405,118</u></u>
 Cash and cash equivalents includes cash and investments.	
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:	
Operating Income (Loss)	\$ 47,950
Adjustments to Reconcile Operating Income	
Depreciation	15,995
To Net Cash Provided by Operating Activities:	
Change in Assets and Liabilities:	
(Increase) Decrease in Receivables	<u>16</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u><u>63,961</u></u>

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

Huerfano County Emergency Telephone Service Authority
Notes to Financial Statements
December 31, 2024

Note 1 **Summary of Significant Accounting Policies**

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

The Authority operates under an appointed Board with three members.

Reporting Entity

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

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

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

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

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

Fund Accounting

The accounts of the Authority are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, deferred flows, fund equity, revenues and expenditures, or expenses, as appropriate. Resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled. The major funds presented in the accompanying basic financial statements are as follows:

Major Proprietary Funds – Business-Type Activities

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

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

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

Equipment	3-15 years
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Budgets and Budgetary Accounting

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

1. Prior to September 1, the Authority submits to the Huerfano County Board of County Commissioners a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
2. Prior to December 31, the budget is legally enacted through passage of a resolution.
3. Formal budgetary integration should be employed as a management control device during the year for the Enterprise Fund.
4. The budget for the Enterprise Fund is adopted on a Non-GAAP Basis.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded in order to reserve that portion of the applicable

appropriation, is employed as an extension of formal budgetary integration. Encumbrance accounting is not used.

Use of Estimates

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

Interest

Interest income is recognized as revenue when earned.

Cash and Cash Equivalents

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

Allowance for Bad Debts

Due to the nature of the accounts receivable, management has not established an allowance account as all receivables are deemed collectible.

Note 2

Cash

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

At December 31, 2024, the Authority's cash deposits had a bank balance and corresponding carrying balance as follows:

	Bank Balance	Carrying Amount
Cash in bank	\$ 147,320	\$ 147,320
Certificate of deposit and ColoTrust	257,798	257,798
Total Cash	<u>\$ 405,118</u>	<u>\$ 405,118</u>

The Authority's amounts, other than ColoTrust, are covered by FDIC insurance.

Investments

Colorado statute specifies investment instruments meeting defined rating and risk criteria in which special districts may invest, including:

- Obligations of the United States and certain United States government agency securities.
- General obligation and revenue bonds of United States local government entities.
- Bankers' acceptances of certain banks.
- Commercial paper.
- Local government investment pools.
- Written repurchase agreements collateralized by certain authorized securities.
- Certain money market funds.

The District does not have custodial risk policies for investments.

At December 31, 2024, the District had \$207,798 invested in Colorado Local Government Liquid Asset Trust (COLOTRUST), an investment vehicle established for government entities in Colorado to pool surplus funds. As an investment pool, COLOTRUST operates under the Colorado revised Statutes (24-75-701) and is overseen by the Colorado Securities Commissioner. The Trust invests in securities that are specified by the Colorado Revised Statutes (24-75-601). These assets are valued at net asset value per share as determined by the pool and are not subject to leveling as required by GASB Statement No. 72. Authorized securities include US Treasuries, US Agencies, commercial paper, repurchase agreements and bank deposits (collateralized through PDPA). The Trust operates similar to a 2a7-like money market fund with a share value equal to \$1.00 and a maximum weighted average maturity of 60 days. COLOTRUST is rated AAA by the Standard & Poor's Corporation. Designated custodial banks provide safekeeping and depository services to the Trusts in connection with the direct investment and withdrawal functions of the Trusts. Substantially all securities owned by the Trusts are held by the Federal Reserve Bank in the account maintained for the custodial bank.

Note 3 Accounts Receivable

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

Note 4 Amendment One

Colorado voters passed an amendment to the State Constitution, Article X, Section 30, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and

subject to judicial interpretation. The entity has made certain interpretations of the amendment's language and believes the amendment does not apply to Huerfano County Emergency Telephone Service Authority since the Authority is an enterprise fund.

Note 5 Risk Management

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

Currently the Authority does not maintain commercial insurance for all risks of loss.

Note 6 Capital Assets

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

Business-Type Activities:	Beginning Balance	Additions	Deletions	Ending Balance
Equipment	\$ 374,906	\$ -	\$ -	\$ 374,906
Less: Accumulated Depreciation	(226,340)	(15,995)	-	(242,335)
Total Capital Assets	<u>\$ 148,566</u>	<u>\$ (15,995)</u>	<u>\$ -</u>	<u>\$ 132,571</u>

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

Huerfano County Emergency Telephone Service Authority \$ 15,995

Huerfano County Emergency Telephone Service Authority
Budget and Actual
E-911 Emergency Services
For the year ended December 31, 2024

	Budgeted Amounts		Actual Amounts, Budgetary Basis
	Original	Final	
REVENUES			
Charges for services	\$ 90,000	\$ 90,000	\$ 104,609
Interest and investment earnings	800	800	3,900
Miscellaneous	-	-	1,579
Total revenues	<u>90,800</u>	<u>90,800</u>	<u>110,088</u>
EXPENDITURES			
Contractual services	8,000	8,000	2,300
Professional fees	6,400	6,400	5,514
Maintenance contracts	-	-	13,774
Capital outlay	120,000	120,000	-
Repairs and maintenance	5,700	5,700	821
Miscellaneous expenses	10,260	10,260	-
Monthly telephone expense	20,000	20,000	19,834
Depreciation	-	-	15,995
Contingency	198,336	198,336	-
Total expenditures	<u>368,696</u>	<u>368,696</u>	<u>58,238</u>
Revenues over (under) expenditures	<u>(277,896)</u>	<u>(277,896)</u>	<u>51,850</u>
Change in net position	(277,896)	(277,896)	51,850
Net Position - beginning	322,300	322,300	497,628
Net Position - ending	<u>\$ 44,404</u>	<u>\$ 44,404</u>	<u>\$ 549,478</u>

