

cPa DIXON, WALLER & CO., INC.

LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

FINANCIAL STATEMENTS

DECEMBER 31, 2020 and 2019

DIXON, WALLER & CO., INC.

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LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

DECEMBER 31, 2020

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FINANCIAL SECTION



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Independent Auditor's Report

Board of Directors
Las Animas County Emergency Telephone Service Authority
Trinidad, CO 81082

We have audited the accompanying financial statements of the business-type activities of Las Animas County Emergency Telephone Service Authority as of and for the years ended December 31, 2020 and 2019 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities of the Las Animas County Emergency Telephone Service Authority as of December 31, 2020 and 2019 and the changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Las Animas County Emergency Telephone Service Authority's basic financial statements. The schedule of revenues and expenses, budget (non-GAAP) and actual is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of revenues and expenses, budget (non-GAAP) and actual 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. Such 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 schedule of revenues and expenses, budget (non-GAAP) and actual is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Olson, Waller & Co., Inc.

July 16, 2021

MANAGEMENT'S DISCUSSION AND ANALYSIS

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
referred to as (E-911)
Management Discussion and Analysis
Year Ended December 31, 2020

INTRODUCTION

Our discussion and analysis of the E-911 financial performance provides an overview of E-911's financial activities for the year 2019. It should be read with the accompanying financial statements of E-911.

FINANCIAL HIGHLIGHTS

- E-911's assets at the end of 2020 were \$473,394 compared to \$460,761 in 2019.
- compared to \$622,709 in 2018.
- E-911 made no purchases of capital assets in 2020.
- E-911 entered into no new lease agreements in 2020.
- Current assets increased by \$ 83,118 in 2020.
- Current liabilities decreased by \$ 312 in 2020.

USING THIS ANNUAL REPORT

E-911's financial statements consist of three statements. 1 – a statement of net position, 2 – a statement of revenues, expenses and changes in net position and, 3 – a statement of cash flows. These statements provide information about the activities of E-911 including resources held by E-911 but restricted for specific purposes by creditors, contributors, grantors or enabling legislation. E-911 is accounted for as a business-type activity and presents its financial statements using the accrual basis of accounting.

**STATEMENT OF NET POSITION AND STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN NET POSITION**

One of the most important questions to ask about E-911's finances is, "Is E-911 as a whole, in a better financial position as a result of the year's activities?" The Statement of Net Position and Statement of Revenues, Expenses and Changes in Net Position reports information about E-911's resources and its activities, and helps answer this question. These statements include all restricted and unrestricted assets and all liabilities using the accrual basis of accounting. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Services' assets and changes in them. You can think of E-911's net position (the difference between assets and liabilities) as one way to measure its financial health, or financial position. Over time, increases or decreases in E-911's net position is one indicator of whether its financial health is improving or deteriorating. You will also call volume base and measures of the quality of service it

provides to the community, as well as local economic factors to assess the overall health of E-911.

THE STATEMENT OF CASH FLOWS

The final required statement is the Statement of Cash Flows. This statement reports cash receipts, cash payments and net changes in cash and cash equivalents resulting from operations, investing, non-capital financing and capital and related financing activities. It provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash and cash equivalents during the reporting period.

E-911 NET POSITION

E-911's net position is the difference between its assets and liabilities reported in the statement of net position. E-911's net position decreased in the 2020 year by \$86,708.

COMPARATIVE FINANCIAL STATEMENT ARE PRESENTED BELOW:

STATEMENT OF NET POSITION

<u>ASSETS</u>	<u>2020</u>	<u>2019</u>
Cash and Investments	\$ 119,832	\$ 91,317
Accounts Receivable	\$ 69,883	\$ 34,913
Prepaid Expense	\$ 31,741	\$ 12,108
Capital assets (net)	<u>\$ 251,938</u>	<u>\$ 322,423</u>
<u>TOTAL ASSETS</u>	<u>\$ 473,394</u>	<u>\$ 460,761</u>
<u>LIABILITIES</u>		
Current Liabilities	\$ 76,330	\$ 76,642
Lease Purchase Long Term	<u>\$ 76,747</u>	<u>\$ 150,510</u>
<u>TOTAL LIABILITIES</u>	<u>\$ 153,077</u>	<u>\$ 227,152</u>
<u>NET POSITION</u>		
Invested in Capital assets, net of related debt	\$ 101,428	\$ 101,041
Unrestricted	<u>\$ 218,889</u>	<u>\$ 132,568</u>
<u>TOTAL NET POSITION</u>	<u>\$ 320,317</u>	<u>\$ 233,609</u>

STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION

OPERATING REVENUES

Net Surcharges	\$ <u>357,777</u>	\$ <u>215,779</u>
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OPERATING EXPENSES

\$ <u>262,902</u>	\$ <u>291,193</u>
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GAIN (LOSS) FROM OPERATIONS

\$ 94,875	\$ (75,414)
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NON-OPERATING REVENUES (EXPENDITURES)

Interest Expense	\$ (8,257)	\$ (11,040)
Other Income	\$ 0	\$ 0
Interest Income	\$ 90	\$ 1,911

TOTAL NON-OPERATING REVENUES

EXPENDITURES

\$ (8,167)	\$ (9,129)
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CHANGE IN NET POSITION

<u>\$ 86,708</u>	<u>\$ (85,543)</u>
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OPERATING REVENUE

The first component of the overall change in E-911's net position is its operating revenue. In the calendar year 2020, E-911's operating revenue increased by \$ 141,998 in comparison to 2019 operating revenue.

NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues and expenses consist primarily of interest and other income and interest expense.

E-911'S CASH FLOW

Changes in E-911's operating cash flows are consistent with changes in operating income and non-operating revenues and expenses.

CAPITAL ASSET AND DEBT ADMINISTRATION

EQUIPMENT ACTIVITY

	<u>Balance</u> <u>1/1/2019</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/2020</u>
Equipment	\$ 1,603,755	\$ -0-	-0 -	\$ 1,603,755
Accum. Depreciation	<u>\$(1,281,332)</u>	<u>\$(70,485)</u>	<u>-0-</u>	<u>\$(1,351,817)</u>
<u>CAPITAL ASSETS, NET</u>	<u>\$ 322,423</u>	<u>\$(70,485)</u>	<u>-0-</u>	<u>\$ 251,938</u>

DEBT

At the end of 2019, E-911 outstanding debt was \$ 150,510 in the form of a lease for capital equipment. Two years remain on the lease at a rate of 3.99% interest. Total interest payments for the two years are \$ 9,194.

CONTACTING THE E-911 FINANCIAL MANAGEMENT

This financial report is designed to provide our customers, supplies, creditors and citizens with a general overview of E-911's finances and accountability for the money it receives. If you have any questions about this report or need additional information, contact the Board President at Las Animas County Emergency Telephone Service Authority at P.O. Box 46, Trinidad, CO 81082.

BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
STATEMENT OF NET POSITION
December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash	119,832	91,317
Prepaid Expense	31,741	12,108
Accounts Receivable	69,883	34,913
<u>Total Current Assets</u>	<u>221,456</u>	<u>138,338</u>
<u>NonCurrent Assets</u>		
<u>Capital Assets</u>		
Office Equipment	23,165	23,165
Telephone Emergency Equipment	<u>1,580,590</u>	<u>1,580,590</u>
<u>Totals</u>	<u>1,603,755</u>	<u>1,603,755</u>
Less Accumulated Depreciation	<u>(1,351,817)</u>	<u>(1,281,332)</u>
<u>Net Capital Assets</u>	<u>251,938</u>	<u>322,423</u>
<u>TOTAL ASSETS</u>	<u>473,394</u>	<u>460,761</u>
<u>DEFERRED OUTFLOW OF RESOURCES</u>	<u>-</u>	<u>-</u>
<u>LIABILITIES</u>		
Lease Payable (Current)	73,763	70,872
Accrued Interest Payable	1,522	2,245
Accounts Payable	1,045	3,525
Lease Payable (Long Term)	<u>76,747</u>	<u>150,510</u>
<u>TOTAL LIABILITES</u>	<u>153,077</u>	<u>227,152</u>
<u>DEFERRED INFLOW OF RESOURCES</u>	<u>-</u>	<u>-</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	101,428	101,041
Unrestricted	<u>218,889</u>	<u>132,568</u>
<u>TOTAL NET POSITION</u>	<u>320,317</u>	<u>233,609</u>

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

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Operating Revenues</u>		
Surcharges	357,777	215,779
<u>Operating Expenses</u>		
Contract Dispatching Services	100,000	100,000
Services – Clerical	15,000	6,000
Insurance	2,551	2,924
Office and Administration	2,048	1,960
Consultant Mapping Services	11,094	25,848
Professional Services	6,546	5,917
Line Charges/Networking	6,170	19,505
Maintenance	49,008	58,555
Depreciation	<u>70,485</u>	<u>70,484</u>
<u>Total Operating Expenses</u>	<u>262,902</u>	<u>291,193</u>
<u>Operating Income Before Non-Operating Revenue</u>	<u>94,875</u>	<u>(75,414)</u>
<u>Non-Operating Revenue (Expense)</u>		
Interest Earned	90	1,911
Other Income	-	-
Interest Expense	<u>(8,257)</u>	<u>(11,040)</u>
<u>Total Non-Operating Revenue (Expense)</u>	<u>(8,167)</u>	<u>(9,129)</u>
<u>CHANGE IN NET POSITION</u>	86,708	(84,543)
<u>NET POSITION, Beginning of Year</u>	<u>233,609</u>	<u>318,152</u>
<u>NET POSITION, End of Year</u>	<u>320,317</u>	<u>233,609</u>

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

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
STATEMENT OF CASH FLOWS
Years Ended December 31, 2020 and 2019

	<u>2020</u>	<u>2019</u>
<u>Cash Flows from Operating Activities</u>		
Receipts from Customers and Users	322,807	219,320
Payments to Vendors	<u>214,530</u>	<u>241,400</u>
<u>Net Cash Provided (Used) by Operations</u>	<u>108,277</u>	<u>(22,080)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Non-Financed Purchase of Equipment	-	-
Lease Principal Payment	(70,872)	(68,139)
Lease Interest Payment	<u>(8,980)</u>	<u>(11,724)</u>
<u>Net Cash Provided (Used) by Capital and Related Financing Activities</u>	<u>(79,852)</u>	<u>(79,863)</u>
<u>Cash Flows from Investing Activities</u>		
Purchase of Investments	-	(1,826)
Sale of Investments	-	87,654
Interest Income	90	1,911
Other Income	-	-
<u>Net Cash Provided (Used) by Investing Activities</u>	<u>90</u>	<u>87,739</u>
<u>Net Increase (Decrease) in Cash and Cash Equivalents</u>	28,515	(14,204)
<u>Cash and Equivalents-Beginning of Year</u>	<u>91,317</u>	<u>105,521</u>
<u>Cash and Equivalents-End of Year</u>	<u>119,832</u>	<u>91,317</u>
<u>Reconciliation of Cash Flows from Operating Activities</u>		
Net Income (Loss) – Operations	94,875	(75,414)
Adjustments to Reconcile:		
Depreciation	70,485	70,484
Changes in Assets and Liabilities:		
Prepaid Expense - (Increase) Decrease	(19,633)	(12,108)
Accounts Receivable – (Increase) Decrease	(34,970)	3,541
Accounts Payable – Increase (Decrease)	<u>(2,480)</u>	<u>(8,583)</u>
<u>Net Cash Provided (Used) by Operations</u>	<u>108,277</u>	<u>(22,080)</u>
<u>Supplemental Cash Flow Disclosure</u>		
Cash Paid for Income Tax	-	-
Cash Paid for Interest	<u>8,980</u>	<u>11,724</u>
Property Acquired by Debt	-	-

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

NOTES TO BASIC FINANCIAL STATEMENTS

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING**

The accounting policies of the Las Animas 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 nine members.

A. Reporting Entity

Governmental Accounting Standards Board (GASB) Statement No. 14 (as amended by Statements No. 34, No. 39 and No. 61), "*The Financial Reporting Entity*" (GASB No. 14) 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 and does not include any other component unit as part of its "reporting entity". As required by accounting principles generally accepted in the USA, these basis financial statements present the Authority (the primary government) and its component units.

B. 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 and all liabilities associated with their activity are included on their balance sheets. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total position.

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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.

C. 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, 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.

D. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumption 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.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

E. 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 October 1, a proposed operating budget for the fiscal year commencing the following January 1 is developed. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to December 31, the budget is legally enacted through passage of an ordinance or resolution.
4. Budgets for the Enterprise Funds are adopted on a budgetary basis not consistent with generally accepted accounting principles (GAAP).

F. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the financial statements. Capital assets are defined by the Authority as assets with an initial estimated useful 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 estimated fair value at the date of donation.

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

Capital assets of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Equipment	3-15

G. Revenue Recognition

Operating revenues are recognized when billed.

H. Interest

Interest income is recognized as revenue when earned.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Cash, Interest Bearing

The Authority's deposits are covered by Federal depository insurance or secured under the Public Deposit Protection Act of the State of Colorado. The Authority's custodial bank pledges collateral for amounts on deposit in excess of the amount guaranteed by the FDIC for governmental entities.

J. 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.

K. Long-Term Obligations

In the proprietary fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are expensed in the year incurred.

L. Fund Equity

In the financial statements, funds report reservations of net position for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of net position represent tentative management plans that are subject to change.

NOTE 2 CAPITAL ASSETS

Capital assets activity for the year ended December 31, 2019 and 2020 was as follows:

December 31, 2019

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
E-911 Equipment	1,580,590	-	-	1,580,590
Office Equipment	<u>23,165</u>	-	-	<u>23,165</u>
Total Capital Assets Being Depreciated	<u>1,603,755</u>	-	-	<u>1,603,755</u>
Less Accumulated Depreciation	<u>1,210,848</u>	<u>70,484</u>	-	<u>1,281,332</u>
<u>Business-Type Activities</u>				
<u>Capital Assets, Net</u>	<u>392,907</u>	<u>(70,784)</u>	-	<u>322,423</u>

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 2 CAPITAL ASSETS (Continued)

December 31, 2020

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<u>Business-Type Activities</u>				
Capital Assets Being Depreciated:				
E-911 Equipment	1,580,590	-	-	1,580,590
Office Equipment	<u>23,165</u>	-	-	<u>23,165</u>
Total Capital Assets Being Depreciated	<u>1,603,755</u>	-	-	<u>1,603,755</u>
Less Accumulated Depreciation	<u>1,281,332</u>	<u>70,485</u>	-	<u>1,351,817</u>
<u>Business-Type Activities</u>				
Capital Assets, Net	<u>322,423</u>	<u>(70,485)</u>	-	<u>251,938</u>

NOTE 3 CASH AND INVESTMENTS

Deposits

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. The market value of the collateral must be at least equal to the aggregate uninsured deposits.

At December 31, 2020 and 2019, the Authority's bank balance and corresponding carrying balance were as follows:

	2020		2019	
	<u>Carrying Balance</u>	<u>Bank Balance</u>	<u>Carrying Balance</u>	<u>Bank Balance</u>
Insured (FDIC):				
Cash	119,832	131,709	91,317	105,890
Uninsured, Collateralized under the Public Deposit Protection Act of the State of Colorado				
	-	-	-	-
<u>Total Cash and Deposits</u>	<u>119,832</u>	<u>131,709</u>	<u>91,317</u>	<u>105,890</u>

As presented above, deposits with a bank balance of \$0 and \$0 and a carrying balance of \$0 and \$0 as of December 31, 2020 and 2019 are uninsured, are exposed to custodial risk, and are collateralized with securities held by the pledging financial institution.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 4 ACCOUNTS RECEIVABLE

The accounts receivable are stated at gross, and represent amounts receivable from Enterprise Fund customers. The amount of accounts receivable considered uncollectible is not significant, therefore an allowance for uncollectible receivables has not been recorded.

NOTE 5 BUDGET TO ACTUAL COMPARISONS

For the year ended 12-31-2019:

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>Revenues</u>	229,600	217,690	(11,910)
<u>Expenses</u>	345,876	299,888	45,988
Net Income (Loss) – Budget Basis	(116,276)	(82,198)	
Reconciliation – Lease Proceeds		-	
Reconciliation – Capital Expenditures		-	
Reconciliation – Debt Service Principal		68,139	
Reconciliation – Depreciation		(70,484)	
Net Income (Loss) – GAAP Basis		(84,543)	

For the year ended 12-31-2020:

	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>Revenues</u>	324,196	357,867	33,671
<u>Expenses</u>	384,243	271,546	112,697
Net Income (Loss) – Budget Basis	(60,047)	86,321	
Reconciliation: Lease Proceeds		-	
Reconciliation – Capital Expenditures		-	
Reconciliation – Debt Service Principal		70,872	
Reconciliation – Depreciation		(70,485)	
Net Income (Loss) – GAAP Basis		86,708	

NOTE 6 CONTINGENCIES – TAX, SPENDING AND DEBT LIMITATIONS

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations including revenue raising, spending abilities, and other specific requirements of state and local governments. The 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 Las Animas County Emergency Telephone Service Authority.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 7 **RISK MANAGEMENT**

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

The Authority maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE 8 **CONTINGENCIES**

There were no contingent liabilities payable at December 31, 2020.

NOTE 9 **INTERGOVERNMENTAL AGREEMENT**

The Authority is a member of (CIRSA). The Colorado Intergovernmental Risk Sharing Agency (CIRSA), a separate and independent governmental and legal entity, was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 29-1-201 et. Seq., C.R.S. as amended, 8-44-101(1)(c) and (3), and 8-44-110, C.R.S. as amended, and Colorado Constitution, Article XIV, Section 18(2).

The purposes of CIRSA are to provide members a self-insurance pool to provide defined coverages, and claims and risk management services related thereto.

It is the intent of the members of CIRSA to create an entity to defend and indemnify, in accordance with the Bylaws, any member of CIRSA against liability or loss, to the limit of the financial resources of CIRSA available to pay such liability or loss. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverages at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members. The Bylaws shall constitute the substance of the intergovernmental contract among the members.

Summary audited financial information as of December 31, 2019 and December 31, 2018 (the latest information to date) is as follows:

	<u>12-31-2019</u>	<u>12-31-2018</u>
Assets	<u>87,354,854</u>	<u>83,659,446</u>
Liabilities	37,380,157	33,114,953
Net Position	<u>49,974,688</u>	<u>50,544,493</u>
	<u>87,354,845</u>	<u>83,659,446</u>
Revenues	29,379,298	27,433,840
Expenditures	29,157,832	29,755,861
Distributions and Credits to Members	<u>(791,271)</u>	<u>(924,193)</u>
Increase (Decrease) in Net Position	<u>(569,805)</u>	<u>(3,246,214)</u>

The Las Animas County Emergency Telephone Service Authority share of these amounts is estimated to be less than 2%.

NOTE 10 **COMPLIANCE WITH BUDGET LAWS**

There were no budget violations for the years ended 12-31-20 and 12-31-19.

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2020

NOTE 11 E-911 EQUIPMENT LEASE WITH BANK OF THE WEST

The following is a summary of the transactions in the Authority's long-term debt.

	<u>Balance at</u> <u>1-1-20</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at</u> <u>12-31-20</u>	<u>Due Within</u> <u>One Year</u>
Equipment Lease	<u>221,382</u>	<u>-</u>	<u>70,872</u>	<u>150,510</u>	<u>73,763</u>

The Authority entered into a lease in September of 2017 with Bank of the West for emergency telephone equipment in the amount of \$354,898. The lease requires five equal payments of \$79,851.95. Annual payments are due September 1 of each year, with an interest rate of 3.99%.

Minimum required lease payments are as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2021	3.99%	73,763	6,089	79,852
2022	3.99%	<u>76,747</u>	<u>3,105</u>	<u>79,852</u>
		<u>150,510</u>	<u>9,194</u>	159,704
Less amount representing interest				<u>9,194</u>
Net Present Value of Minimum Lease Payments				<u>150,510</u>
Total Lease Payable – December 31, 2020				<u>150,510</u>
Total Lease Payable – December 31, 2019				<u>221,382</u>

SUPPLEMENTAL INFORMATION

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY
SCHEDULE OF REVENUES AND EXPENSES
BUDGET (NON-GAAP BASIS) AND ACTUAL
For the Year Ended December 31, 2020

	<u>Original & Final</u>	<u>Actual</u>	<u>Variance-With</u> <u>Final Budget</u> <u>Favorable</u> <u>(Unfavorable)</u>
<u>Operating Revenues:</u>	<u>Budget</u>	<u>Actual</u>	<u>(Unfavorable)</u>
Surcharges	324,196	357,777	33,581
<u>Operating Expenses</u>			
PSAP Contract Services	100,000	100,000	-
Insurance	3,041	2,551	490
Office and Administration	3,532	2,048	1,484
Professional Services	7,800	6,546	1,254
Line Charges/Networking	9,048	6,170	2,878
Service – Clerical	15,000	15,000	-
Consultant Mapping Services	20,000	11,094	8,906
Maintenance	68,959	49,008	19,951
Emergency Reporting	51,000	-	51,000
Interest Expense	8,287	8,257	30
Capital Expenditures	6,000	-	6,000
Debt Service	71,576	70,872	704
Contingency	20,000	-	20,000
<u>Total Operating Expenses</u>	<u>384,243</u>	<u>271,546</u>	<u>112,697</u>
<u>Operating Income</u>	<u>(60,047)</u>	<u>86,231</u>	
<u>Non-Operating Revenue</u>			
Interest	-	90	90
Loan Proceeds	-	-	-
Other Income	-	-	-
<u>Total Non-Operating Revenue</u>	<u>-</u>	<u>90</u>	<u>90</u>
<u>Net Income (Loss)</u>		86,321	
Reconciliation: Lease Proceeds		-	
Reconciliation: Capital Expenditures		-	
Reconciliation: Debt Service-Principal		70,872	
Reconciliation: Depreciation		(70,485)	
<u>Change in Net Position</u>		86,708	
<u>Net Position, Beginning of Year</u>		<u>233,609</u>	
<u>Net Position, End of Year</u>		<u>320,317</u>	

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