

cPa **DIXON, WALLER & CO., INC.**

LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

REPORT OF EXAMINATION

DECEMBER 31, 2005

**DIXON, WALLER & CO., INC.**

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LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

DECEMBER 31, 2005

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**FINANCIAL SECTION**





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130 N. SECOND STREET  
RATON, NEW MEXICO 87740

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

**Independent Auditor's Report**

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, 2005 and 2004, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Las Animas County Emergency Telephone Service Authority's management. Our responsibility is to express an opinion 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 basic financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the basic financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Las Animas County Emergency Telephone Service Authority as of December 31, 2005 and 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.



The Management's Discussion and Analysis on pages i through v is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

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 supplemental information statement listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*R. DeFon, Walker & Co., Inc.*

July 13, 2006

**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, 2005

**INTRODUCTION**

Our discussion and analysis of the E-911 financial performance provides an overview of E-911's financial activities for the year 2005. It should be read with the accompanying financial statements of E-911.

**FINANCIAL HIGHLIGHTS**

- E-911's assets as the end of 2005 was \$542,929 compared to \$479,272 in 2004.
- E-911 made purchases of fixed assets in the amount of \$3,441 in 2005.
- Operating expenses increased by approximately \$3,020.
- Current assets increased by \$100,613 in 2005.

**USING THIS ANNUAL REPORT**

E-911's financial statements consist of three statements. 1 – a balance sheet, 2 – a statement of revenues, expenses and changes in net assets 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.

**BALANCE SHEET AND STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN NET ASSETS**

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 Balance Sheet and Statement of Revenues, Expenses and Changes in Net Assets report information about E-911's resources and its activities 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.



## **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 ASSETS**

E-911's net assets are the difference between its assets and liabilities reported in the Balance Sheet. E-911's net assets increased in the 2005 year by \$76,137.

Accounts payable decreased by \$12,480 in 2005.

COMPARATIVE FINANCIAL STATEMENT ARE PRESENTED BELOW:

**TABLE 1: ASSETS, LIABILITIES AND NET ASSETS**

<b><u>ASSETS</u></b>	<b><u>2005</u></b>	<b><u>2004</u></b>
Cash and cash equivalents	\$245,873	\$167,893
Accounts Receivable	\$ 54,283	\$ 31,650
Capital assets (net)	<u>\$242,773</u>	<u>\$279,729</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$542,929</u></b>	<b><u>\$479,272</u></b>
<b><u>LIABILITIES</u></b>		
Current Liabilities	\$ 4,785	\$ 17,265
Long-term debt	\$ -0-	\$ -0-
Lease Purchase Remaining	<u>\$ -0-</u>	<u>\$ -0-</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 4,785</u></b>	<b><u>\$ 17,265</u></b>
<b><u>NET ASSETS</u></b>		
Invested in Capital assets, net of related debt	\$242,773	\$279,728
Unrestricted	<u>\$295,371</u>	<u>\$182,279</u>
<b><u>TOTAL NET ASSETS</u></b>	<b><u>\$538,144</u></b>	<b><u>\$462,007</u></b>
<b><u>OPERATING REVENUES</u></b>		
Net Surcharges	\$201,233	\$191,301
Other Operating Revenues	<u>\$ 72</u>	<u>\$ -0-</u>
<b><u>TOTAL OPERATING REVENUES</u></b>	<b><u>\$201,305</u></b>	<b><u>\$191,301</u></b>
<b><u>OPERATING EXPENSES</u></b>	\$129,764	\$126,744
<b><u>GAIN FROM OPERATIONS</u></b>	\$ 71,541	\$ 64,557
<b><u>NON-OPERATING REVENUES</u></b>		

## OPERATING REVENUE

The first component of the overall change in E-911's net assets is its operating revenue. In the calendar year 2005, E-911's operating revenue was above that of 2004 by \$8,832.

## NON-OPERATING REVENUES AND EXPENSES

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

## 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

### CAPITAL ASSETS

Planning for future capital improvements include mapping equipment to be placed in service in 2005.

### EQUIPMENT ACTIVITY

	<u>Balance</u> <u>1/1/2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/2005</u>
Equipment	\$494,779	\$ 3,441	-0-	\$498,220
Accum. Depreciation	\$215,050	\$ 40,397	-0-	\$255,447
<b><u>CAPITAL ASSETS, NET</u></b>	<b><u>\$279,729</u></b>	<b><u>\$(36,956)</u></b>	<b><u>-0-</u></b>	<b><u>\$242,773</u></b>

  

	<u>Balance</u> <u>1/1/2004</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/2004</u>
Equipment	\$390,395	\$104,384	-0-	\$494,779
Accum. Depreciation	\$172,713	\$ 42,337	-0-	\$215,050
<b><u>CAPITAL ASSETS, NET</u></b>	<b><u>\$217,682</u></b>	<b><u>\$ 62,047</u></b>	<b><u>-0-</u></b>	<b><u>\$279,729</u></b>



**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 2309 East Main Street, Trinidad, CO 81082.

**BASIC FINANCIAL STATEMENTS**

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 STATEMENT OF NET ASSETS  
 December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash	172,387	95,851
Investments	73,486	72,042
Accounts Receivable	<u>54,283</u>	<u>31,650</u>
<b><u>Total Current Assets</u></b>	<b><u>300,156</u></b>	<b><u>199,543</u></b>
<b><u>NonCurrent Assets</u></b>		
<b><u>Capital Assets</u></b>		
Office Equipment	20,608	19,201
Telephone Emergency Equipment	<u>477,612</u>	<u>475,578</u>
<b><u>Totals</u></b>	<b>498,220</b>	<b>494,779</b>
Less Accumulated Depreciation	<u>(255,447)</u>	<u>(215,050)</u>
<b><u>Net Capital Assets</u></b>	<b><u>242,773</u></b>	<b><u>279,729</u></b>
<b><u>TOTAL ASSETS</u></b>	<b><u>542,929</u></b>	<b><u>479,272</u></b>
<b><u>LIABILITIES</u></b>		
<b><u>Liabilities</u></b>		
<b><u>Current Liabilities</u></b>		
Accounts Payable	<u>4,785</u>	<u>17,265</u>
<b><u>NET ASSETS</u></b>		
Investment in Capital Assets		
Net of Related Debt	242,773	279,729
Unrestricted	<u>295,371</u>	<u>182,278</u>



LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 STATEMENT OF REVENUES, EXPENSES  
 AND CHANGES IN NET ASSETS  
 Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b><u>Operating Revenues:</u></b>		
Surcharges	<u>201,233</u>	<u>191,301</u>
<b><u>Operating Expenses</u></b>		
PSAP Salaries – Contract Services	60,000	55,000
Services – Clerical – Contract Services	3,600	2,500
Publication and Advertising	-	21
Insurance	1,344	1,123
Office	879	2,673
Professional Services	4,305	4,133
Line Charges/Networking	18,435	18,159
Maintenance	680	798
Other	124	-
Depreciation	<u>40,397</u>	<u>42,337</u>
<b><u>Total Operating Expenses</u></b>	<b><u>129,764</u></b>	<b><u>126,744</u></b>
<b><u>Operating Income Before Non-Operating Revenue</u></b>	<b>71,469</b>	<b>64,557</b>
<b><u>Non-Operating Revenue</u></b>		
Interest Income	4,596	2,748
Other Income	<u>72</u>	<u>-</u>
<b>Total Non-Operating Revenue</b>	<b><u>4,668</u></b>	<b><u>2,748</u></b>

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 STATEMENT OF CASH FLOWS  
 Years Ended December 31, 2005 and 2004

	<u>2005</u>	<u>2004</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from Customers and Users	178,600	191,975
Payments to Vendors	<u>(101,847)</u>	<u>(84,199)</u>
<b><u>Net Cash Provided (Used) by Operations</u></b>	<u>76,753</u>	<u>107,776</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Acquisition of Capital Assets	<u>(3,441)</u>	<u>(104,384)</u>
<b><u>Net Cash Provided (Used) by Capital and Related Financing Activities</u></b>	<u>(3,441)</u>	<u>(104,384)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Investments	(1,444)	(1,238)
Sale of Investments	-	-
Interest Income	4,596	2,748
Other Income	<u>72</u>	<u>-</u>
<b><u>Net Cash Provided (Used) by Investing Activities</u></b>	<u>3,224</u>	<u>1,510</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	76,536	4,902
<b><u>Cash and Equivalents-Beginning of Year</u></b>	<u>95,851</u>	<u>90,949</u>
<b><u>Cash and Equivalents-End of Year</u></b>	<u>172,387</u>	<u>95,851</u>
<b><u>Reconciliation of Cash Flows from Operating Activities</u></b>		
Net Income (Loss) – Operations	71,469	64,557
Adjustments to Reconcile:		
Depreciation	40,397	42,337
Changes in Assets and Liabilities:		
Accounts Receivable – (Increase) Decrease	(22,633)	673
Accounts Payable – Increase (Decrease)	<u>(12,480)</u>	<u>209</u>
<b><u>Net Cash Provided (used) by Operations</u></b>	<u>76,753</u>	<u>107,776</u>
 Cash Paid for Income Tax	 == -	 == -
Cash Paid for Interest	== -	== -

NOTES TO BASIC FINANCIAL STATEMENTS



**NOTE 1**    **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The Las Animas County Emergency Telephone Service Authority (Authority) is an independent governmental entity organized under provisions of the Colorado Revised Statutes. It operates within Las Animas County, Colorado but is not part of any other government. It operates under an intergovernmental agreement.

The financial statements of the Authority have been prepared in conformity 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.

A.    **Reporting entity:**

The Authority is independently governed by an appointed seven member board. As required by generally accepted accounting principles, these financial statements present the Authority (the primary government) and its component units. The Authority does not have any component units.

B.    **Government – Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statement of net assets and the statement of activities) report information on all the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. All activities of the Las Animas County Emergency Telephone Service Authority are reported as business-type. Likewise, the *primary government* is reported separately from the Authority's legally separate *component units* for which the Authority is financially accountable.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

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



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

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

The Authority consists of one major proprietary fund:

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Authority has elected not to follow subsequent private-sector guidance.

Proprietary funds distinguish *operating revenues* and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority are surcharges for services. Operating expenses for the Authority include the cost of services, administrative expenses, and depreciation on capital assets.

**D. Capital Assets**

Capital assets, which includes office equipment and E-911 equipment, 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



LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005

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**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. 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 not employed as an extension of formal budgetary integration.

**G. Inventory**

Inventory is valued at the lower of cost (first-in, first-out) or market. The costs of inventories are recorded as expenditures when they are used.

**H. 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 expense during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant change relate to the determination of the allowance for losses on customer accounts receivable. In connection with the determination of the estimated losses on receivables, management evaluates



LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2005

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

**I. Deposits and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the Authority to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

**J. 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 assets. Bond premiums and discounts, as well as issuance costs, 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 reported as deferred charges and amortized over the term of the related debt.

**K. Fund Equity**

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

**NOTE 2** **CAPITAL ASSETS**

Capital assets activity for the year ended December 31, 2005 and 2004 was as follows:

**December 31, 2005**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
Capital Assets Being Depreciated:				
E-911 Equipment	475,578	2,034	-	477,612

LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2005

**NOTE 2**    CAPITAL ASSETS (Continued)

December 31, 2004

Capital assets activity for the year ended December 31, 2004 was as follows:

	<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	371,194	104,384	-	475,578
Office Equipment	<u>19,201</u>	<u>-</u>	<u>-</u>	<u>19,201</u>
Total Capital Assets Being Depreciated	<u>390,395</u>	<u>104,384</u>	<u>-</u>	<u>494,779</u>
Less Accumulated Depreciation	<u>172,713</u>	<u>42,337</u>	<u>-</u>	<u>215,050</u>
<u>Business-Type Activities</u>				
<u>Capital Assets, Net</u>	<u>217,682</u>	<u>62,047</u>	<u>-</u>	<u>279,729</u>

**NOTE 3**    CASH AND INVESTMENTS

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 regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the depository 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 one hundred two percent of the aggregate uninsured deposits. Deposits are categorized to give an indication of risk assumed by the government at the end of the year. Category 1 includes deposits that are insured. Category 2 includes collateralized deposits held by the pledging institution's department or agent in the Authority's name. Category 3 includes uncollateralized, uninsured deposits.

At December 31, 2005, the Authority's bank balance and corresponding carrying balance were as follows:

	<u>Bank Balance</u>	<u>Carrying Balance</u>
Deposits Covered by Federal Insurance	100,000	100,000



LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS  
 December 31, 2005

**NOTE 3**    **CASH AND INVESTMENTS (Continued)**

**Investments**

Colorado statutes specify investments meeting defined rating and risk criteria in which local government entities may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. 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
- Guaranteed investment contracts

Investments in local government investment pools or in money market funds are not categorized because they are not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Value	Fair Value
	1	2	3		
Certificates of Deposit	<u>73,486</u>	—	—	<u>73,486</u>	<u>73,486</u>

**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**

	Budget	Actual	Variance- Favorable (Unfavorable)
<u>Revenues</u>	<u>167,500</u>	<u>205,901</u>	<u>38,401</u>



LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2005

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**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.

**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, 2005.

**NOTE 9**    **JOINT VENTURE**

The Authority entered into an agreement with Colorado Intergovernmental Risk Sharing Agency (CIRSA) on April 10, 2002 for all types of insurance.

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 stated 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

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2005**

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**NOTE 9**    **JOINT VENTURE (Continued)**

Summary audited financial information for the pool as of December 31, 2005 follows:

Assets	<u>50,606,535</u>
Liabilities	32,242,203
Fund Equity	<u>18,364,332</u>
	<u>50,606,535</u>
Revenues	20,646,828
Expenditures	17,217,755
Distributions to Members (Credits to Members)	<u>(274,821)</u>
Current Period Excess (Deficiency)	<u>3,154,252</u>

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



SUPPLEMENTAL INFORMATION



LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
 STATEMENT OF INCOME  
 BUDGET (NON-GAAP BASIS) AND ACTUAL  
 For the Year Ended December 31, 2005

	Original and Final Budget	Actual	Variance-With Final Budget Favorable (Unfavorable)
<b><u>Operating Revenues:</u></b>			
Surcharges	165,000	201,233	36,233
<b><u>Operating Expenses</u></b>			
Publication and Advertising	700	-	700
PSAP Salaries-Contract Services	85,000	60,000	25,000
Service – Clerical-Contract Services	-	3,600	(3,600)
Insurance	1,350	1,344	6
Office	11,200	879	10,321
Professional Services	18,100	4,305	13,795
Line Charges/Networking	36,400	18,435	17,965
Maintenance	-	680	(680)
Other	-	124	(124)
Capital Expenditures	14,750	3,441	11,309
<u>Total Operating Expenses</u>	167,500	92,808	74,692
<b><u>Operating Income</u></b>	(2,500)	108,425	
<b><u>Non-Operating Revenue</u></b>			
Interest Income	2,500	4,596	2,096
Other Income	-	72	72
<u>Total Non-Operating Revenue</u>	2,500	4,668	21,68
<b><u>Net Income</u></b>	-	113,093	
Reconciliation: Capital Expenditures	-	3,441	
Reconciliation: (Depreciation)	-	(40,397)	
<b><u>Net Assets, Beginning of Year</u></b>	-	462,007	
<b><u>Net Assets, End of Year</u></b>	-	538,144	