

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

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LAS ANIMAS COUNTY EMERGENCY

TELEPHONE SERVICE AUTHORITY

TRINIDAD, COLORADO

DECEMBER 31, 2013

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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

**Report on the Financial Statements**

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, 2013 and 2012 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, 2013 and 2012 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 and budgetary comparison information on pages i through iv and 15 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 supplemental information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplemental 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. 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 supplemental information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Arthur, Waller & Co., Inc.*

June 30, 2014

**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, 2013

**INTRODUCTION**

Our discussion and analysis of the E-911 financial performance provides an overview of E-911's financial activities for the year 2013. It should be read with the accompanying financial statements of E-911.

**FINANCIAL HIGHLIGHTS**

- E-911's assets as the end of 2013 was \$564,397 compared to \$637,312 in 2012.
- E-911 made purchases of fixed assets in the amount of \$138,882 in 2013.
- Operating expenses decreased by approximately \$23,631.
- Current assets decreased by \$119,433 in 2013.
- Liabilities decreased by \$38,459 in 2013.

**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 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.

**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 Position 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.

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 are 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 ASSETS**

E-911's net position are the difference between its assets and liabilities reported in the Balance Sheet. E-911's net position decreased in the 2013 year by \$34,456.

**COMPARATIVE FINANCIAL STATEMENT ARE PRESENTED BELOW:**

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

<b><u>ASSETS</u></b>	<b><u>2013</u></b>	<b><u>2012</u></b>
Cash and cash equivalents	\$171,434	\$290,181
Accounts Receivable	\$ 40,494	\$ 41,180
Capital assets (net)	<u>\$352,469</u>	<u>\$305,951</u>
<b><u>TOTAL ASSETS</u></b>	<b><u>\$564,397</u></b>	<b><u>\$637,312</u></b>
 <b><u>LIABILITIES</u></b>		
Current Liabilities	\$ 963	\$ -0-
Lease Purchase Remaining	<u>\$ 50,515</u>	<u>\$ 89,937</u>
<b><u>TOTAL LIABILITIES</u></b>	<b><u>\$ 51,478</u></b>	<b><u>\$ 89,937</u></b>
 <b><u>NET POSITION</u></b>		
Invested in Capital assets, net of related debt	\$301,954	\$216,013
Unrestricted	<u>\$210,965</u>	<u>\$331,362</u>
<b><u>TOTAL NET POSITION</u></b>	<b><u>\$512,919</u></b>	<b><u>\$547,375</u></b>
 <b><u>OPERATING REVENUES</u></b>		
Net Surcharges	\$243,949	\$255,432
Other Operating Revenues	<u>\$ 229</u>	<u>\$ 2,049</u>
<b><u>TOTAL OPERATING REVENUES</u></b>	<b><u>\$244,178</u></b>	<b><u>\$257,491</u></b>
<b><u>OPERATING EXPENSES</u></b>	<b>\$275,468</b>	<b>\$299,099</b>
<b><u>GAIN (LOSS) FROM OPERATIONS</u></b>	<b>\$ (31,290)</b>	<b>\$ (41,618)</b>
 <b><u>NON-OPERATING REVENUES (EXPENDITURES)</u></b>		
Interest Expense	\$ (3,342)	\$ (4,764)
Interest	<u>\$ 176</u>	<u>\$ 225</u>
<b><u>TOTAL NON-OPERATING REVENUES</u></b>	<b>\$ (3,166)</b>	<b>\$ (4,539)</b>
<b><u>EXPENDITURES</u></b>	<b><u>\$ (3,166)</u></b>	<b><u>\$ (4,539)</u></b>
<b><u>CHANGE IN NET POSITION</u></b>	<b><u>\$ (34,456)</u></b>	<b><u>\$ (46,157)</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 2013, E-911's operating revenue decreased by \$13,313 over 2012.

## NON-OPERATING REVENUES AND EXPENSES

Non-operating revenues and expenses consist primarily of interest 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>1/1/2013</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>12/31/2013</u>
Equipment	\$1,078,223	\$ 138,882	(14,790)	\$1,202,315
Accum. Depreciation	<u>\$ (772,272)</u>	<u>\$ (92,364)</u>	<u>14,790</u>	<u>\$ (849,846)</u>
<b><u>CAPITAL ASSETS, NET</u></b>	<b><u>\$ 305,951</u></b>	<b><u>\$ (46,518)</u></b>	<b><u>-0-</u></b>	<b><u>\$ 352,469</u></b>

### DEBT

At the end of 2013, E-911 outstanding debt was \$50,515.

## 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 POSITION**  
**December 31, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>ASSETS</u></b>		
<b><u>Current Assets</u></b>		
Cash	88,317	207,162
Investments	83,117	83,019
Accrued Interest Receivable	-	-
Accounts Receivable	40,494	41,180
<u>Total Current Assets</u>	<u>211,928</u>	<u>331,361</u>
<b><u>NonCurrent Assets</u></b>		
<b><u>Capital Assets</u></b>		
Office Equipment	21,890	21,890
Telephone Emergency Equipment	1,180,425	1,056,333
<u>Totals</u>	<u>1,202,315</u>	<u>1,078,223</u>
Less Accumulated Depreciation	(849,846)	(772,272)
<u>Net Capital Assets</u>	<u>352,469</u>	<u>305,951</u>
<b><u>TOTAL ASSETS</u></b>	<u>564,397</u>	<u>637,312</u>
<b><u>DEFERRED OUTFLOW OF RESOURCES</u></b>	-	-
<b><u>LIABILITIES</u></b>		
Lease Payable (Current)	40,897	39,423
Accrued Interest Payable	-	-
Accounts Payable	963	-
Lease Payable (Long Term)	9,618	50,514
<b><u>TOTAL LIABILITES</u></b>	<u>51,478</u>	<u>89,937</u>
<b><u>DEFERRED INFLOW OF RESOURCES</u></b>	-	-
<b><u>NET POSITION</u></b>		
Net Investment in Capital Assets	301,954	216,013
Unrestricted	210,965	331,362
<b><u>TOTAL NET POSITION</u></b>	<u>512,919</u>	<u>547,375</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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Operating Revenues:</u></b>		
Surcharges	243,949	255,432
<b><u>Operating Expenses</u></b>		
Contract Dispatching Services	100,000	100,000
Services – Clerical	3,600	3,600
Insurance	2,693	2,599
Office – Training - Dues	408	918
Consultant Mapping Services	9,813	20,000
Professional Services	5,689	5,172
Line Charges/Networking	19,958	21,055
Maintenance	40,943	52,636
Depreciation	<u>92,364</u>	<u>93,119</u>
<b><u>Total Operating Expenses</u></b>	<b><u>275,468</u></b>	<b><u>299,099</u></b>
<b><u>Operating Income Before Non-Operating Revenue</u></b>	<b><u>(31,519)</u></b>	<b><u>(43,667)</u></b>
<b><u>Non-Operating Revenue (Expense)</u></b>		
Interest Earned	176	225
Other Income	229	2,049
Interest Expense	<u>(3,342)</u>	<u>(4,764)</u>
<b><u>Total Non-Operating Revenue</u></b>	<b><u>(2,937)</u></b>	<b><u>(2,490)</u></b>
<b><u>CHANGES IN NET POSITION</u></b>	<b><u>(34,456)</u></b>	<b><u>(46,157)</u></b>
<b><u>NET POSITION, Beginning of Year</u></b>	<b><u>547,375</u></b>	<b><u>593,532</u></b>
<b><u>NET POSITION, End of Year</u></b>	<b><u>512,919</u></b>	<b><u>547,375</u></b>

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, 2013 and 2012**

	<u>2013</u>	<u>2012</u>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from Customers and Users	244,635	257,741
Payments to Vendors	<u>182,141</u>	<u>205,980</u>
<b><u>Net Cash Provided (Used) by Operations</u></b>	<u>62,494</u>	<u>51,761</u>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Acquisition of Capital Assets	(138,882)	-
Lease Principal Payment	(39,422)	(38,001)
Lease Interest Payment	<u>(3,342)</u>	<u>(4,764)</u>
<b><u>Net Cash Provided (Used) by Capital and Related Financing Activities</u></b>	<u>(181,646)</u>	<u>(42,765)</u>
<b><u>Cash Flows from Investing Activities</u></b>		
Purchase of Investments	(98)	(96)
Sale of Investments	-	-
Interest and Dividend Income	176	225
Other Income	<u>229</u>	<u>2,049</u>
<b><u>Net Cash Provided (Used) by Investing Activities</u></b>	<u>307</u>	<u>2,178</u>
<b><u>Net Increase (Decrease) in Cash and Cash Equivalents</u></b>	(118,845)	11,174
<b><u>Cash and Equivalents-Beginning of Year</u></b>	<u>207,162</u>	<u>195,988</u>
<b><u>Cash and Equivalents-End of Year</u></b>	<u>88,317</u>	<u>207,162</u>
<b><u>Reconciliation of Cash Flows from Operating Activities</u></b>		
Net Income (Loss) – Operations	(31,519)	(43,667)
Adjustments to Reconcile:		
Depreciation	92,364	93,119
Changes in Assets and Liabilities:		
Accounts Receivable – (Increase) Decrease	686	2,309
Accounts Payable – Increase (Decrease)	<u>963</u>	<u>-</u>
<b><u>Net Cash Provided (Used) by Operations</u></b>	<u>62,494</u>	<u>51,761</u>
<b><u>Supplemental Cash Flow Disclosure</u></b>		
Cash Paid for Income Tax	<u>-</u>	<u>-</u>
Cash Paid for Interest	<u>3,342</u>	<u>4,764</u>

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

**NOTES TO BASIC FINANCIAL STATEMENTS**

**N E 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING**

The Las Animas County Emergency Telephone Service Authority (the Authority) is a local government unit created for the purpose of providing emergency telephone services within a service area allowed by law.

**A Reporting Entity**

The reporting entity, for financial purposes, is defined as the primary government (the Las Animas County Emergency Telephone Service Authority) and its component units. The Authority has no component units; the financial statements are comprised of the funds more fully described in subsequent information contained in the footnotes.

The accounting policies of the Las Animas County Emergency Telephone Service Authority conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies:

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

The government-wide financial statements (i.e. the statement of net position and the statement of activities) report information on all 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**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The Authority consists of one major proprietary fund.

**N E 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. 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 the Authority 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.

**D. 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



**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. 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.

**H. Interest**

Interest Income is recognized as revenue when earned.

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**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 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.

**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, 2013 and 2012 was as follows:

**December 31, 2013**

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
<b>Capital Assets Being Depreciated:</b>				
E-911 Equipment	1,056,333	138,882	14,790	1,180,425
Office Equipment	<u>21,890</u>	-	-	<u>21,890</u>
<b>Total Capital Assets Being Depreciated</b>	<u><b>1,078,223</b></u>	<u><b>138,882</b></u>	<u><b>14,790</b></u>	<u><b>1,202,315</b></u>
<b>Less Accumulated Depreciation</b>	<u><b>772,272</b></u>	<u><b>92,364</b></u>	<u><b>14,790</b></u>	<u><b>849,846</b></u>
<b><u>Business-Type Activities</u></b>				
<b>Capital Assets, Net</b>	<u><b>305,951</b></u>	<u><b>46,518</b></u>	<u><b>-</b></u>	<u><b>352,469</b></u>

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE 2 CAPITAL ASSETS (Continued)**

**December 31, 2012**

Capital assets activity for the year ended December 31, 2012 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
<b><u>Business-Type Activities</u></b>				
<b>Capital Assets Being Depreciated:</b>				
E-911 Equipment	1,056,333	-	-	1,056,333
Office Equipment	<u>21,890</u>	-	-	<u>21,890</u>
<b>Total Capital Assets Being Depreciated</b>	<u>1,078,223</u>	-	-	<u>1,078,223</u>
<b>Less Accumulated Depreciation</b>	<u>679,153</u>	<u>93,119</u>	-	<u>772,272</u>
<b><u>Business-Type Activities</u></b>				
<b>Capital Assets, Net</b>	<u>399,070</u>	<u>(93,119)</u>	-	<u>305,951</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, 2013 and 2012, the Authority's bank balance and corresponding carrying balance were as follows:

	<u>2013</u>		<u>2012</u>	
	<u>Carrying Balance</u>	<u>Bank Balance</u>	<u>Carrying Balance</u>	<u>Bank Balance</u>
<b>Insured (FDIC):</b>				
Cash	88,317	96,640	166,981	166,981
Certificates of Deposit	83,117	83,117	83,019	83,019
<b>Uninsured, Collateralized under the Public</b>				
<b>Deposit Protection Act of the State of Colorado</b>	-	-	<u>40,181</u>	<u>40,181</u>
<b><u>Total Cash and Deposits</u></b>	<u>171,434</u>	<u>179,757</u>	<u>290,181</u>	<u>290,181</u>

As presented above, deposits with a bank balance of \$0 and \$40,181 and a carrying balance of \$0 and \$40,181 as of December 31, 2013 and 2012 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, 2013**

**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

At December 31, 2013 and 2012, the Authority had the following investments:

<u>Year</u>	<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>	<u>Credit Risk Rating</u>
2013	Certificates of Deposit	6 to 12 Months	<u>83,117</u>	N/A
2012	Certificates of Deposit	6 to 12 Months	<u>83,019</u>	N/A

**Interest Rate Risk** – The Authority does not have a formal investment policy that limits investment maturities for managing possible fair value losses due to increasing interest rates.

**Credit Risk** – State Law limits the type of investments allowable. The ratings by Standard & Poor for each investment are disclosed above.

**Concentration of Credit Risk** – The Authority has no policy restricting the amount that can be invested in any issuer.

**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 12-31-2013:	<u>Budget</u>	<u>Actual</u>	<u>Variance- Favorable (Unfavorable)</u>
<u>Revenues</u>	<u>250,300</u>	<u>244,354</u>	<u>(5,946)</u>
<u>Expenses</u>	<u>399,086</u>	<u>364,750</u>	<u>34,336</u>
Net Income (Loss) – Budget Basis	<u>(148,786)</u>	<u>(120,396)</u>	
Reconciliation – Lease Proceeds		-	
Reconciliation – Capital Expenditures		138,882	
Reconciliation – Debt Service Principal		39,422	
Reconciliation – Depreciation		<u>(92,364)</u>	
Net Income (Loss) – GAAP Basis		<u>(34,456)</u>	

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

**NOTE 5 BUDGET TO ACTUAL COMPARISONS (continued)**

	<u>Budget</u>	<u>Actual</u>	Variance- Favorable <u>(Unfavorable)</u>
For the year ended 12-31-2012:			
<u>Revenues</u>	<u>260,300</u>	257,706	<u>(2,594)</u>
<u>Expenses</u>	<u>367,522</u>	<u>248,745</u>	<u>118,777</u>
Net Income (Loss) – Budget Basis	<u>(107,222)</u>	8,961	
Reconciliation: Lease Proceeds		-	
Reconciliation – Capital Expenditures		-	
Reconciliation – Debt Service Principal		38,001	
Reconciliation – Depreciation		<u>(93,119)</u>	
Net Income (Loss) – GAAP Basis		<u>(46,157)</u>	

**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, 2013.

**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.

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
December 31, 2013**

**TE 9 INTERGOVERNMENTAL AGREEMENT (Continued)**

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, 2011 and December 31, 2012 (the latest information to date) is as follows:

	<u>12-31-2011</u>	<u>12-31-2012</u>
Assets	<u>77,404,638</u>	<u>77,474,738</u>
Liabilities	43,787,928	40,063,159
Fund Equity	<u>33,616,710</u>	<u>37,411,579</u>
	<u>77,404,638</u>	<u>77,474,738</u>
Revenues	22,933,579	22,214,452
Expenditures	23,277,413	17,275,363
Distributions to Members (Credits to Members)	<u>(2,028,400)</u>	<u>(1,144,220)</u>
Current Period Excess (Deficiency)	<u>(2,372,234)</u>	<u>3,794,869</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 12-31-13 and 12-31-12.

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

The Authority entered into a lease in February of 2011 with Bank of the West for emergency telephone equipment in the amount of \$152,439. The lease covered the cost of equipment purchased by accounts payable in 2009 of \$128,158 and additional 2011 equipment of \$24,281. The lease requires five equal payments of \$32,809.78. The first payment was due at inception with annual payments due March 1 of each year thereafter, with an interest rate of 3.81%.

Minimum required lease payments are as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3.81%	31,605	1,204	<u>32,809</u>
				32,809
				<u>(1,204)</u>
				<u>31,605</u>

**LAS ANIMAS COUNTY EMERGENCY TELEPHONE SERVICE AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2013**

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**NOTE 11    E-911 EQUIPMENT LEASE WITH BANK OF THE WEST (continued)**

The Authority entered into a lease in February of 2011 with Bank of the West for emergency telephone equipment in the amount of \$46,515. The lease requires five equal payments of \$9,954.83. The first payment was due at inception with annual payments due March 1 of each year thereafter, with an interest rate of 3.505%.

Minimum required lease payments are as follows:

<u>Year</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2014	3.505%	9,292	663	9,955
2015	3.505%	9,618	337	<u>9,955</u>
				19,910
				<u>1,000</u>
				<u>18,910</u>
<b>Total Lease Payable - December 31, 2013</b>				<b><u>50,515</u></b>
<b>Total Lease Payable – December 31, 2012</b>				<b><u>89,937</u></b>

**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, 2013**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Variance-With Final Budget Favorable (Unfavorable)</u>
<b><u>Operating Revenues:</u></b>			
Surcharges	<u>250,000</u>	<u>243,949</u>	<u>(6,051)</u>
<b><u>Operating Expenses</u></b>			
PSAP Salaries	100,000	100,000	-
Insurance	2,693	2,693	-
Office – Training - Dues	950	408	542
Professional Services	6,200	5,689	511
Line Charges/Networking	22,000	19,958	2,042
Service – Clerical	3,600	3,600	-
Consultant Mapping Services	10,000	9,813	187
Maintenance	71,678	40,943	30,735
Interest Expense	3,342	3,342	-
Capital Expenditures	139,200	138,882	318
Debt Service	<u>39,423</u>	<u>39,422</u>	<u>1</u>
<b><u>Total Operating Expenses</u></b>	<u>399,086</u>	<u>364,750</u>	<u>34,336</u>
<b><u>Operating Income</u></b>	<u>(149,086)</u>	<u>(120,801)</u>	
<b><u>Non-Operating Revenue</u></b>			
Interest - Dividends	300	176	(124)
Other Income	-	229	229
<b><u>Total Non-Operating Revenue</u></b>	<u>300</u>	<u>405</u>	<u>105</u>
<b><u>Net Income (Loss)</u></b>	<u>(148,786)</u>	<u>(120,396)</u>	
<b>Reconciliation: Lease Proceeds</b>	-	-	
<b>Reconciliation: Capital Expenditures</b>	-	138,882	
<b>Reconciliation: Debt Service-Principal</b>	-	39,422	
<b>Reconciliation: Depreciation</b>	-	(92,364)	
<b><u>Net Position, Beginning of Year</u></b>	<u>196,315</u>	<u>547,375</u>	
<b><u>Net Position, End of Year</u></b>	<u>47,529</u>	<u>512,919</u>	

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