

**JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY**

**FINANCIAL STATEMENTS**

**December 31, 2014**

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Board of Directors  
Jefferson County Emergency Communications Authority  
Jefferson County, Colorado

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the Jefferson County Emergency Communications Authority as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Jefferson County Emergency Communications 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.

### Auditors' Responsibility

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 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 auditors' 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 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 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 opinion.

### Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson County Emergency Communications Authority as of December 31, 2014, and the changes in financial position and cash flows for the year 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 listed in the table of contents 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 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 Matters (Other Information)**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Jefferson County Emergency Communications Authority's basic financial statements. The supplementary information 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 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling the information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



July 6, 2015

# **JEFFERSON COUNTY EMERGENCY COMMUNICATIONS AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

## **Introduction**

This management discussion and analysis (this "MD&A") is designed to provide an overview of the financial activities of the Jefferson County Emergency Communications Authority ("Authority") for the fiscal year ended December 31, 2014. The MD&A should be read in conjunction with the Authority's financial statements.

## **Financial Highlights**

- Total assets of the Authority at the close of 2014 were \$8,129,623. The assets include \$5,002,368 in cash and investments.
- Total Capital Assets for 2014 were \$1,855,891. An increase of \$153,448 over 2013.
- Total revenue for the year was \$4,821,809 and consists of telephone surcharge revenue of \$4,799,357, interest income of \$6,586, and miscellaneous income of \$15,866. Telephone surcharge revenue is comprised of three (3) components: wireline telephones, wireless telephones including prepaid surcharge collected at the point of sale, and VOIP service.
- Total budgeted expenses for 2014 were \$9,708,827. Actual expenses were \$6,946,771.
- The Authority paid \$1,092,322 for use by the ten public safety answering points ("PSAPs") through the agency operating fund.
- The largest category for expenditure was the program fund. This fund is primarily used to reimburse the PSAPs for CAD maintenance and wireless data expenditures.

## **Overview of the Financial Statements**

This discussion and analysis serves as an introduction to the Authority's basic financial statements, which are comprised of Statement of Net Position, Statement of Revenues, Expenses and Changes in Net Position, Statement of Cash Flows and Notes to Financial Statements. Additionally, there is a Budgetary Comparison Schedule.

## **Proprietary Fund Financial Statements**

A fund is a group of accounts used to maintain control of services that have been set aside for specific activities or objectives. The Authority uses fund accounting to account for all financial activities and to ensure and demonstrate compliance with finance related legal requirements.

## **JEFFERSON COUNTY EMERGENCY COMMUNICATIONS AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS**

The Authority used only one fund for the 2014 fiscal budget year. It is a proprietary fund and it is intended to account for all financial resources associated with the operating activities of the Authority. There were no capital funds, public utilities trust funds, personnel and benefits funds, or any other funds actively used during 2014. The Board has enacted a policy providing for \$2,000,000 to be used for Next Generation and a 40% operating reserve, which in 2014 was set at \$2,250,000.

### **Notes to Financial Statements**

The notes provide detail clarifying additional information necessary for a complete understanding of the data contained in the financial statements.

### **Financial Analysis**

In 1983 the Jefferson County E911 Emergency Telephone Service Authority was created to assist in funding the operation of the emergency telephone service program. The name of the Authority was subsequently changed to Jefferson County Emergency Communications Authority. The Intergovernmental Agreement includes participants from cities, towns, and special districts within Jefferson and Broomfield County, as well as Jefferson County government. The Authority collects revenue through a monthly emergency telephone charge (the "ETC") for each non-governmental telephone (wireless, wireline, and VOIP). The 2014 monthly charge was \$0.52.

Beginning January 1, 2011, prepay wireless customers began contributing to 911 funding, with the vendors collecting 1.4% of the price of the prepaid minutes, and remitting the funds to the Colorado Department of Revenue ("DOR"). The DOR will then distribute these funds to each Colorado 911 authority based on each authority's number of wireless 911 calls compared to the number of wireless 911 calls statewide.

The ETC funds are used to pay for equipment and software purchase and installation, operating costs directly related to an emergency telephone service, costs for emergency telephone notification for emergency medical services, and for the monthly recurring charges billed by the service supplier for the emergency telephone service. The Authority also pays for emergency notification to citizens during emergent situations.

**JEFFERSON COUNTY EMERGENCY COMMUNICATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Authority's Net Position**

	<u>Dec 31, 2014</u>	<u>Dec 31, 2013</u>
Cash and Investments	\$ 5,002,368	\$ 7,819,977
Accounts Receivable	612,831	695,135
Grants Receivable	0	40,299
Prepaid Expenses	658,533	262,154
Capital Assets, Not Being Depreciated	1,011,917	1,702,443
Capital Assets, Net of Accumulated Depreciation	<u>843,974</u>	<u>0</u>
Total Assets	\$ 8,129,623	\$ 10,520,008
Current Liabilities - Accounts Payable	\$ 397,306	\$ 818,053
Other Liabilities - Accrued Compensated Absences	<u>31,213</u>	<u>29,337</u>
Total Liabilities	\$ 428,519	\$ 847,390
Net Position		
Net Investment in Capital Assets	\$ 1,855,891	\$ 1,702,443
Unrestricted	<u>5,845,213</u>	<u>7,970,175</u>
Total Net Position	\$ 7,701,104	\$ 9,672,618

A portion of the Authority's assets (61.5%) is in cash and investments and (22.8%) are net capital assets. The majority of the remaining assets represent accounts receivable and prepaid expenses.

**JEFFERSON COUNTY EMERGENCY COMMUNICATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Authority's Change in Net Position**

For the Years Ended December 31, 2014 and December 31, 2013

	<u>Dec 31, 2014</u>	<u>Dec 31, 2013</u>
Operating Revenues		
Emergency Telephone Charges	\$ 4,799,357	\$ 4,739,331
Miscellaneous	<u>15,866</u>	<u>11,465</u>
Total Operating Revenues	<u>4,815,223</u>	<u>4,750,796</u>
Operating Expenses		
Administrative	440,071 <sup>1</sup>	242,821
Agency Operating	1,092,322	773,597
Consultants	62,353	90,155
Depreciation	21,640 <sup>2</sup>	0
Disaster & Recovery Plan	161	3,245
Emergency Medical Dispatching	29,147	97,891
GIS System	191,819	279,014
Line Charges	503,571	561,314
Logging Systems	326,994	334,674
Master Street Address Guide Maintenance <sup>3</sup>	0	69,675
Notification System	152,310	51,828
Phone System	394,098	451,843
Public Education	46,905	28,954
Programs	2,862,306	1,546,842
Recruiting	8,402	19,848
Special Projects	456,001	129,298
Training	195,375	134,700
Translation Services	<u>9,848</u>	<u>10,799</u>
Total Operating Expenses	<u>6,793,323</u>	<u>4,826,498</u>
Net Operating Income (Loss)	<u>(1,978,100)</u>	<u>(75,702)</u>
Non-operating Revenues		
Investment Income	6,586	10,615
Capital Contributions		
Broadband Technology Opportunities Grant	<u>0</u>	<u>40,299</u>
Change in Net Position	<u>(1,971,514)</u>	<u>(24,788)</u>
Net Position, Beginning	<u>9,672,618</u>	<u>9,967,406</u>
Net Position, Ending	<u>\$ 7,701,704</u>	<u>\$ 9,672,618</u>

<sup>1</sup> Administrative expenses increased due predominantly to recognition of the fee telephone service providers are able to retain to recover costs of collection of emergency telephone charges.

<sup>2</sup> Began depreciating Jefferson County Public Safety Fiber Optic Network assets.

<sup>3</sup> Master Street Address Guide Maintenance became part of GIS System in 2014.



**JEFFERSON COUNTY EMERGENCY COMMUNICATIONS AUTHORITY  
MANAGEMENT’S DISCUSSION AND ANALYSIS**

**Budgetary Highlights**

The Authority approves a budget in December based on anticipated costs for the following year. The following summarizes significant budget to actual variances.

Actual Administrative expenses of \$440,071 exceeded the budgeted amount by \$208,564. The addition of an expense sub-category entitled “911 Admin Fees” in order to capture and reflect the 2% fee telephone service providers are able to retain from emergency telephone charges collected added expenses of \$101,214 that heretofore was not reflected. Higher than anticipated accounting and legal costs associated with the decision making and notice process necessary for the emergency telephone charge increase along with an increase in executive director salary contributed to additional Administrative expenses.

Actual Program expenses \$2,862,306 were \$726,358 less than the budgeted amount of \$3,588,664 due to delays in completion of radio console replacement projects and less than anticipated annual radio software maintenance costs.

Actual Phone System expenses of \$394,098 were less than the budgeted \$859,836 due to delay of an anticipated upgrade project for the Wheat Ridge PSAP in the amount of \$165,000 and lower than anticipated support costs for all of the PSAPs.

**Capital Assets**

The capital assets of the Authority are the fiber optic cable, associated appurtenances and right-of-ways for the Jefferson County Public Safety Fiber Optic Network (J-FON). These assets will eventually provide for high bandwidth, very low recurring cost connectivity for the PSAPs and associated local governments served by the Authority. Net capital assets were \$1,855,891. Depreciation expense of \$21,640 was reported for the depreciable (fiber optic infrastructure) assets.

**Next Year’s Budget**

The Authority anticipates continuing the build out of its Jefferson County Public Safety Fiber Optic Network (“J-FON”). This project will require the Authority to pay approximately \$1,300,000 for the Gold Line fiber and \$950,000 for the North Metro Line fiber. The Authority anticipates fiber placement along Hwy 36 also. The Board of Directors passed Resolutions in May 2014 to commit to funding these projects. Payment for these projects will be anticipated in the 2015 budget. The Authority is working with RTD for the placement of the fiber while RTD is establishing its metro wide mass transit system. The fiber will one day connect the PSAPs in two counties, and with PSAPs outside the two counties. J-FON will also provide the basis for the Next Generation 9-1-1 communications systems. The board also approved a \$0.18 increase of the monthly emergency telephone charge (ETC) bringing the total monthly ETC rate to \$0.70. The increase will offset anticipated costs related to fiber optic projects and costs related to the planned consolidation of 8 public safety answering points (PSAPs) into a planned Jefferson County Communications Center (JEFFCOM).

**JEFFERSON COUNTY EMERGENCY COMMUNICATIONS AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS**

**Requests for Information**

This financial report is designed to provide a general overview of the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Jeffrey J. Irvin, Executive Director  
PO Box 16184  
Golden, CO 80402-6003

Telephone: 303-539-9410, Email: [jirvin@jceca.org](mailto:jirvin@jceca.org), Web: <http://jceca.org>

## **BASIC FINANCIAL STATEMENTS**

JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

STATEMENT OF NET POSITION

December 31, 2014

ASSETS	
Cash and Investments	\$ 5,002,368
Accounts Receivable	612,831
Prepaid Expenses	658,533
Capital Assets, Not Being Depreciated	1,011,917
Capital Assets, Net of Accumulated Depreciation	<u>843,974</u>
TOTAL ASSETS	<u>\$ 8,129,623</u>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable	\$ 397,306
Accrued Compensated Absences	<u>31,213</u>
TOTAL LIABILITIES	<u>428,519</u>
NET POSITION	
Net Investment in Capital Assets	1,855,891
Unrestricted	<u>5,845,213</u>
TOTAL NET POSITION	<u>7,701,104</u>
TOTAL LIABILITIES AND NET POSITION	<u>\$ 8,129,623</u>

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

JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN NET POSITION

Year Ended December 31, 2014

OPERATING REVENUES	
Emergency Telephone Charges	\$ 4,799,357
Miscellaneous	15,866
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TOTAL OPERATING REVENUES	4,815,223
	<hr/>
OPERATING EXPENSES	
Administrative	440,071
Agency Operating	1,092,322
Consultants	62,353
Depreciation	21,640
Disaster and Recovery Plan	161
Emergency Medical Dispatching	29,147
GIS System	191,819
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Logging Systems	326,994
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Phone System	394,098
Public Education	46,905
Programs	2,862,306
Recruiting	8,402
Special Projects	456,001
Training	195,375
Translation Services	9,848
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TOTAL OPERATING EXPENSES	6,793,323
	<hr/>
NET OPERATING INCOME (LOSS)	(1,978,100)
NONOPERATING REVENUES	
Investment Income	6,586
	<hr/>
CHANGE IN NET POSITION	(1,971,514)
NET POSITION, Beginning	9,672,618
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NET POSITION, Ending	\$ 7,701,104
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The accompanying notes are an integral part of the financial statements.

JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

STATEMENT OF CASH FLOWS

Increase (Decrease) in Cash and Cash Equivalents  
Year Ended December 31, 2014

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Emergency Telephone Charges	\$ 4,897,527
Cash Paid to Employees	(132,869)
Cash Payments to Suppliers	<u>(7,218,510)</u>
Net Cash Provided (Used) by Operating Activities	<u>(2,453,852)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Acquisition and Construction of Capital Assets	<u>(370,343)</u>
Net Cash Provided by Capital and Related Financing Activities	<u>(370,343)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Investment Earnings Received	<u>6,586</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(2,817,609)</b>
<b>CASH AND CASH EQUIVALENTS, Beginning</b>	<b><u>7,819,977</u></b>
<b>CASH AND CASH EQUIVALENTS, Ending</b>	<b><u><u>\$ 5,002,368</u></u></b>
<b>RECONCILIATION OF NET OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Net Operating Income (Loss)	\$ (1,978,100)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities	
Depreciation	21,640
Bad Debt Expense	40,299
Changes in Assets and Liabilities	
Accounts Receivable	82,304
Prepaid Expenses	(396,379)
Accounts Payable	(225,492)
Accrued Compensated Absences	<u>1,876</u>
Net Cash Provided (Used) by Operating Activities	<u><u>\$ (2,453,852)</u></u>

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

JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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

The Jefferson County Emergency Communications Authority (the “Authority”) was formed in October, 1983. The Authority provides emergency telephone service in Jefferson and Broomfield Counties, Colorado, financed by fees assessed on telephones in the Counties.

The financial statements of the Authority have been prepared in conformity with generally accepted accounting principles (GAAP) as applicable to governmental entities. 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.

**Reporting Entity**

The financial reporting entity consists of the Authority, organizations for which the Authority is financially accountable, and organizations that raise and hold economic resources for the direct benefit of the Authority. All funds, organizations, institutions, agencies, departments and offices that are not legally separate are part of the Authority. Legally separate organizations for which the Authority is financially accountable are considered part of the reporting entity. Financial accountability exists if the Authority appoints a voting majority of the organization’s governing board and is able to impose its will on the organization, or if the organization has the potential to provide benefits to, or impose financial burdens on, the Authority.

Based on the application of this criteria, the Authority does not include additional organizations in its reporting entity.

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

The Authority uses an enterprise fund to account for its operations. Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises, where a fee is charged to external users for goods or services.

The financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Enterprise 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 ongoing operations. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for a specific use, restricted resources first, then unrestricted resources as they are needed.

JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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

**Assets, Liabilities and Net Position**

*Cash and Investments* - Cash equivalents include investments with original maturities of three months or less. Investments are reported at fair value.

*Accounts Receivable* - All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

*Prepaid Expenses* - Certain payments to vendors reflect costs applicable to future years and are reported as prepaid expenses.

*Capital Assets* - Under an amendment to the intergovernmental agreement forming the Authority, effective January 1, 1998, the Authority transferred title and ownership of equipment purchased for the operation of emergency telephone service to the governmental entities that are parties to the agreement, if such equipment is located at, and operated by, the governmental entities. The Authority purchased equipment for the benefit of other governmental entities during the year ended December 31, 2014, totaling \$2,698,689.

The Authority capitalizes all assets with an original cost of \$5,000 or more, and a useful life of more than one year. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives of the assets.

Fiber Optic Network	20 years
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*Compensated Absences* - The Authority's employee is allowed to accumulate unused vacation and sick time within certain limits. Upon separation of employment from the Authority, the employee will be compensated for unused vacation time up to a maximum of 240 hours and for accrued sick time in excess of 300 hours and less than 700 hours at the employee's pro rata salary. These compensated absences are recognized as a liability in the financial statements when earned.

*Net Position* - Net position is restricted when constraints placed on the use of resources are externally imposed.

**Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The Authority maintains commercial insurance for these risks of loss.



JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

Budgets are required by State statutes and are adopted on a non-GAAP budgetary basis. Capital outlay is budgeted as an expense and depreciation is not budgeted. The Authority follows these procedures in establishing the budgetary information reflected in the financial statements:

- Prior to October 15, management submits to the Board of Directors a proposed operating budget for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain citizen comments.
- Prior to December 31, the budget is legally enacted through passage of an ordinance.
- Expenditures may not legally exceed appropriations. Revisions that alter total appropriations must be approved by the Board of Directors.
- All appropriations lapse at year end.

**NOTE 3: CASH AND INVESTMENTS**

At December 31, 2014, the Authority had the following cash and investments.

Deposits	\$ 2,279,390
Investments	<u>2,722,978</u>
Total	<u><b>\$ 5,002,368</b></u>

**Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires all local government entities to deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The fair value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2014, the Authority had bank deposits of \$1,999,596 collateralized with securities held by the financial institution's agent but not in the Authority's name.

JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

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

**Investments**

The Authority is required to comply with State statutes which specify investment instruments meeting defined rating, maturity and concentration risk criteria in which local governments may invest, which include the following. State statutes do not address custodial risk.

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

*Interest Rate Risk* - State statutes generally limit investments to an original maturity of five years unless the governing board authorizes the investment for a period in excess of five years.

*Credit Risk* - State statutes limit investments to those with certain ratings established by the nationally recognized statistical rating organizations, depending on the type of investment.

*Concentration of Credit Risk* - State statutes do not limit the amount the Authority may invest in a single issuer, except for corporate securities.

*Local Government Investment Pool* - At December 31, 2014, the Authority had \$2,722,978 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado Division of Securities administers and enforces the requirements of creating and operating Colotrust. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAAM by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
December 31, 2014

**NOTE 4: CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2014, was as follows:

	Balances 12/31/13	Additions	Deletions	Balances 12/31/14
Capital Assets, Not Being Depreciated				
Rights of Way	\$ 220,910	\$ 79,143	\$ -	\$ 300,053
Construction in Progress	<u>1,481,533</u>	<u>95,945</u>	<u>865,614</u>	<u>711,864</u>
Total Capital Assets, Not Being Depreciated	<u>1,702,443</u>	<u>175,088</u>	<u>865,614</u>	<u>1,011,917</u>
Capital Assets, Being Depreciated				
Fiber Optic Network	-	865,614	-	865,614
Accumulated Depreciation	<u>-</u>	<u>(21,640)</u>	<u>-</u>	<u>(21,640)</u>
Total Capital Assets, Being Depreciated	<u>-</u>	<u>843,974</u>	<u>-</u>	<u>843,974</u>
Total Capital Assets, Net	<u><u>\$ 1,702,443</u></u>	<u><u>\$ 1,019,062</u></u>	<u><u>\$ 865,614</u></u>	<u><u>\$ 1,855,891</u></u>

**NOTE 5: RETIREMENT COMMITMENTS**

The Authority has established a flexible 401(k) profit-sharing plan on behalf of its employees. The Authority will contribute a matching amount for all employee contributions up to 10% of each participating employee's compensation. Employees are eligible to participate in the plan upon employment if 1,000 hours of service are provided annually, and become fully vested in all contributions immediately. The plan provisions and contribution requirements are established and may be amended by the Board of Directors. For the year ended December 31, 2014, the Authority contributed \$10,289 to the plan.

**NOTE 6: CONTINGENCY**

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 Authority's management believes it is exempt from the provisions of the Amendment. However, the Amendment is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

**NOTE 7: CONCENTRATION OF RISK**

The Authority operates solely in Jefferson and Broomfield Counties, Colorado, and its only significant source of revenue is a surcharge on telephone service in that geographic region. A reduction in this revenue, if it were to occur, may have a significant effect on the Authority's activities.

**SUPPLEMENTARY INFORMATION**

JEFFERSON COUNTY EMERGENCY  
COMMUNICATIONS AUTHORITY

BUDGETARY COMPARISON SCHEDULE

Year Ended December 31, 2014

	<u>ORIGINAL AND FINAL BUDGET</u>	<u>ACTUAL</u>	<u>VARIANCE Positive (Negative)</u>
<b>REVENUES</b>			
Emergency Telephone Charges	\$ 4,852,248	\$ 4,799,357	\$ (52,891)
Miscellaneous	-	15,866	15,866
Investment Income	-	6,586	6,586
TOTAL REVENUES	<u>4,852,248</u>	<u>4,821,809</u>	<u>(30,439)</u>
 <b>EXPENSES</b>			
Administrative	231,507	440,071	(208,564)
Agency Operating	1,500,000	1,092,322	407,678
Consultants	198,057	62,353	135,704
Disaster and Recovery Plan	38,572	161	38,411
Emergency Medical Dispatching	30,000	29,147	853
GIS System	191,158	191,819	(661)
Line Charges	484,671	503,571	(18,900)
Logging Systems	623,026	326,994	296,032
Notification System	146,400	152,310	(5,910)
Phone System	859,836	394,098	465,738
Public Education	40,500	46,905	(6,405)
Programs	3,588,664	2,862,306	726,358
Recruiting	20,000	8,402	11,598
Special Projects	499,578	456,001	43,577
Training	210,000	195,375	14,625
Translation Services	15,000	9,848	5,152
Capital Outlay	1,031,858	175,088	856,770
TOTAL EXPENSES	<u>9,708,827</u>	<u>6,946,771</u>	<u>2,762,056</u>
CHANGE IN NET POSITION, Budgetary Basis	<u>\$ (4,856,579)</u>	(2,124,962)	<u>\$ 2,731,617</u>
 <b>ADJUSTMENTS TO GAAP BASIS</b>			
Capital Outlay		175,088	
Depreciation		<u>(21,640)</u>	
CHANGE IN NET POSITION, GAAP Basis		(1,971,514)	
NET POSITION, Beginning		<u>9,672,618</u>	
NET POSITION, Ending		<u>\$ 7,701,104</u>	

See the accompanying Independent Auditors' Report.