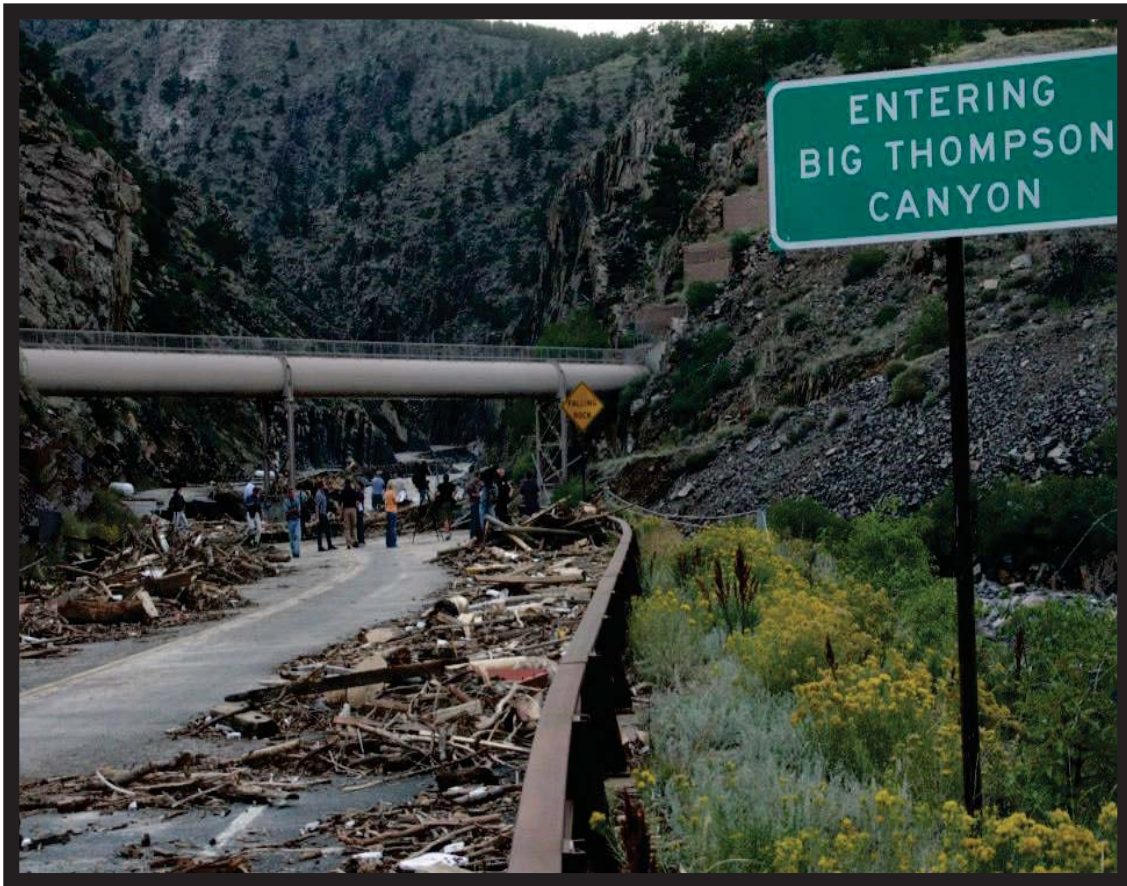




Annual 2013 Report



*It's not a job,
it's a responsibility.*

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EXECUTIVE DIRECTOR MESSAGE

The government and vendor partnerships we have continue to impress me. Through these partnerships, hard work, commitment, dedication, and fortitude, all things are possible. We train to succeed, to overcome, and to be the lifeline that 9-1-1 was created to be over 40 years ago.

On September 12th we lost 9-1-1 in several communities. The widespread flooding knocked down our infrastructure, challenged our personnel and our partners to levels that we never wanted to reach. LETA, as the governing authority for 9-1-1, worked feverishly with the telephone providers, the wireless providers, homeland security, governor's office, and the public utilities commission to restore services to those impacted. Within 36 hours of the first outage, limited services were restored, and the critical 9-1-1 lifeline was reconnected and communications improved.



This event, along with so many others that do not rise to the same disaster rating, is why LETA is not only the governing authority, we are the heart of the partnership that was formed in 1990. LETA works to constantly improve, challenge, and strive for excellence and innovation. LETA funds county wide projects to support our partners, we fund dispatcher training, emergency medical dispatch programs, accreditation, emergency notification system, and various other public safety programs and initiatives. To LETA's Staff and LETA Board Members, 9-1-1 is not a JOB, it is a RESPONSIBILITY and a responsibility we are proud to embrace for our citizens.

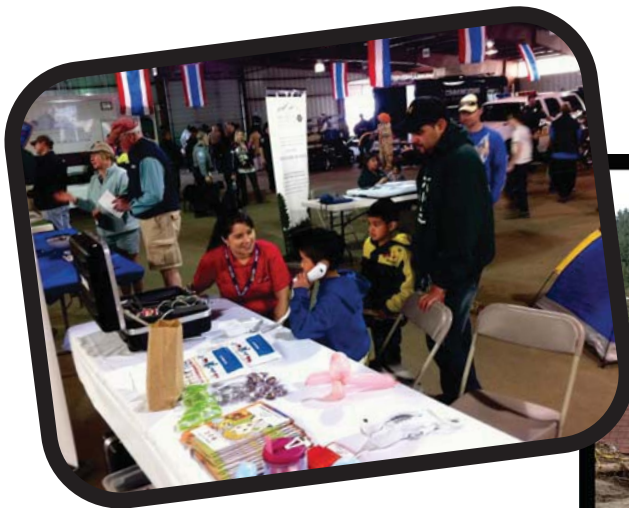
Kimberly Culp
Executive Director

History of LETA

LETA was formed in 1990 through the joint efforts of Larimer County and the cities, towns, fire districts and hospital districts located in the County. Colorado legislation authorized the creation of emergency telephone authorities in 1981, and the birth of LETA resulted from that legislation and an Intergovernmental Agreement between the governmental subdivisions in Larimer County. The goal of the agreement and the vision of the signatories were to provide consistent county-wide enhanced 9-1-1 services. Through the joint efforts and simple hard work of all of the local governments and districts this goal was accomplished and the vision realized. LETA now proudly exists as the sole responsible entity in Larimer county for the administration and operation of all emergency telephone services.

LETA is governed by a seven member board appointed by the Board of County Commissioners and drawn from a cross section of the public that the Authority serves. LETA's day to day operations are managed by Executive Director, Kimberly Culp.

LETA's revenue source is a surcharge on telephone users in the County. Revenues are used for the purchase of 9-1-1 equipment and the management of the 9-1-1 system. At the time of LETA's formation the surcharge was set a \$.50 per telephone per month. Since that time the surcharge has been reduced. To \$.45 per phone , the second lowest surcharge of all emergency telephone authorities in Colorado.



Mission Statement

The Larimer Emergency Telephone Authority is committed to supporting 9-1-1 Emergency Communications throughout Larimer County. We assume a leadership role by identifying current and future 9-1-1 communication system needs and establishing sustainable equipment standards. To support these standards, we collect, responsibly manage, and distribute telephone surcharges collected by the Authority.

Vision Statement

The Larimer Emergency Telephone Authority facilitates the delivery of 9-1-1 service through technical excellence, leadership, and open collaborative communication to maintain a unified approach to current and future 9-1-1 needs.

Values

Our Values;

We achieve our mission through;

- Integrity
- Fairness & Equity
- Personal Responsibility
- Teamwork
- Planning & Problem Solving
- Accountability

Integrity

Our position in the community relies greatly on respect and confidence of the public. The integrity of each individual as well as each vendor we partner with relates to this value. Without this trust, we cannot expect to form a partnership with the community.

Fairness and Equity

We are committed in providing consistent and reliable Enhanced 9-1-1 services throughout Larimer County.

Personal Responsibility

Each of us has personal responsibility. We respect and encourage individual responsibility and talent, while recognizing members have a right and an obligation to represent their respective discipline and agency. It is essential for each Board member to work together and that personal and department agendas are not present in Board decisions.

Teamwork

Teamwork is essential to the successful operation of the LETA Board. The team must include all agencies represented and the appropriate personnel within those agencies. The team members must all work in partnership with each other and the community to complete our mission.

Planning and Problem Solving

In developing plans, goals, and a vision, we must anticipate problems and opportunities and seek to deal with them in innovated and cost effective ways. The process must involve feedback and participation from all levels of each organization represented and the community.

Accountability

As the Larimer Emergency Telephone Authority, we hold the responsibility to make well informed decisions for delivering Enhanced 9-1-1 service throughout Larimer County and are accountable to the citizens of Larimer

2014 LETA BOARD MEMBERS

<p style="text-align: center;">Berthoud Fire</p> <p style="text-align: center;">Representing Fire Districts</p> <p style="text-align: center;">Fire Chief Steve Charles</p> <p style="text-align: center;">PO Box 570</p> <p style="text-align: center;">Berthoud, CO 80513</p> <p style="text-align: center;">scharles@berthoudfire.org</p>	<p style="text-align: center;">City of Loveland</p> <p style="text-align: center;">Representing City of Loveland</p> <p style="text-align: center;">IT Director Bill Westbrook</p> <p style="text-align: center;">500 E. 3rd Street</p> <p style="text-align: center;">Loveland, CO 80537</p> <p style="text-align: center;">westbb@ci.loveland.co.us</p>	<p style="text-align: center;">Fort Collins Police Services</p> <p style="text-align: center;">Representing City of Fort Collins</p> <p style="text-align: center;">Captain Cory Christensen</p> <p style="text-align: center;">PO Box 580</p> <p style="text-align: center;">Fort Collins, CO 80522</p> <p style="text-align: center;">cchristensen@fcgov.com</p>
<p style="text-align: center;">Thompson Valley EMS</p> <p style="text-align: center;">Representing Emergency Medical Services</p> <p style="text-align: center;">Chief Randy Leshar</p> <p style="text-align: center;">4480 Clydesdale Pkwy</p> <p style="text-align: center;">Loveland, CO 80538</p> <p style="text-align: center;">rlesher@tvems.com</p>	<p style="text-align: center;">Colorado State University</p> <p style="text-align: center;">Representing Small Towns</p> <p style="text-align: center;">Lieutenant Frank Johnson</p> <p style="text-align: center;">750 Meridian Ave</p> <p style="text-align: center;">Fort Collins, CO 80523</p> <p style="text-align: center;">franke.johnson@colostate.edu</p>	<p style="text-align: center;">Larimer County Sheriff's Office</p> <p style="text-align: center;">Representing Larimer County</p> <p style="text-align: center;">Undersheriff Bill Nelson</p> <p style="text-align: center;">2501 Midpoint Drive</p> <p style="text-align: center;">Fort Collins, CO 80525</p> <p style="text-align: center;">nelsonwd@co.larimer.co.us</p>
	<p style="text-align: center;">Town of Estes Park</p> <p style="text-align: center;">Representing Small Towns</p> <p style="text-align: center;">Police Chief Wes Kufeld</p> <p style="text-align: center;">PO Box 1287</p> <p style="text-align: center;">Estes Park, CO 80517</p> <p style="text-align: center;">wkufeld@estes.org</p>	

Member	Position	Term appointment	Term expiration
COREY CHRISTENSEN	Director	01/01/2013	12/31/2014 – 1 st term
FRANK JOHNSON	Director	01/01/2013	12/31/2014 – 1 st term
BILL WESTBROOK	Treasurer	01/01/2014	12/31/2015 – 3 rd term
BILL NELSON	Chair	01/01/2013	12/31/2014 – 2 nd term
RANDY LESHER	Director	01/01/2013	12/31/2014 – 3 rd term
STEVE CHARLES	Secretary	01/01/2014	12/31/2015 – 3 rd term
WES KUFELD	Vice Chair	01/01/2014	12/31/2015 – 3 rd term
JOHN FREY	Legal Counsel	N/A	N/A
KIMBERLY CULP	Executive Director	N/A	N/A
ED ROTH	Technical Manager	N/A	N/A
VAL TURNER	Operations Manager	N/A	N/A

2013 9-1-1 SURCHARGE FEES

LISTED BY COUNTY

ADAMS	0.70
ARAPAHOE	0.43
ARCHULETA	1.25
ASPEN/PITKIN	1.25
AURORA— CITY OF	0.70
BACA	0.70
BENT/KIOWA	0.70
BOULDER	0.50
CHAFFEE	1.25
CHEYENNE	0.70
CLEAR CREEK	1.25
CROWLEY	0.70
CUSTER	1.25
DELTA	0.70
DENVER	0.70
DOLORES (NO AUTHORITY BOARD)	0.50
DOUGLAS	0.70
EAGLE	1.25
ELBERT	0.70
EL PASO/TELLER	0.70
FREMONT	0.70
GARFIELD	0.70
GILPIN	1.20
GRAND	1.50
GRAND JUNCTION	1.30
GUNNISON/HINSDALE	1.00
HUERFANO	0.70
JACKSON	0.70
JEFFERSON	0.52

KIT CARSON	0.70
LAKE	0.70
LA PLATA	0.70
LARIMER	0.45
LAS ANIMAS	1.50
LINCOLN	0.70
LOGAN	0.70
MOFFAT	0.70
MONTEZUMA	0.70
MONTROSE	0.70
MORGAN	0.70
OTERO	0.70
OURAY	0.70
PARK	1.25
PHILLIPS	1.25
PROWERS	0.70
PUEBLO—CITY OF	0.70
PUEBLO—COUNTY	0.70
RIO BLANCO—EAST	0.70
RIO BLANCO—WEST	1.00
ROUTT	1.25
SAN JUAN	1.00
SAN LUIS VALLEY	0.50
SAN MIGUEL	1.25
SEDGWICK	0.70
SUMMIT	1.50
THORNTON— CITY OF	0.70
WASHINGTON/YUMA	1.25
WELD	0.70

2013 ACCOMPLISHMENTS



In 2013, both Estes Park Communications Center and Fort Collins 911 were switched to the microDATA phone system. All Larimer County dispatch centers were now functioning on the same phone system which allowed all centers to act as one during emergency situations.



Pictometry was busy in Larimer County in 2013. LETA received updated imagery of the county and shared this information with their governmental partners. The agencies that use the imagery are able to access it through Pictometry On Line (POL). Pictometry On Line is a great tool for first responders and incident command units to access the imagery while in the field to quickly and tactically respond to emergency situations. Dispatchers also have this imagery at their fingertips as the imagery is integrated with their Computer Aided Dispatch (CAD) system.

Pictometry also re-flew the flood damaged areas of Larimer County and allowed LETA to obtain early access to the imagery. This imagery was critical to many agencies in the county, including the county Assessors Office.

Looking forward to 2014, LETA is exploring a project with Pictometry that will incorporate floor plans of every public school and large gathering place in Larimer County into the oblique imagery.



2013 brought valuable changes to the dispatchers in Larimer County. LETA developed situational based training scenarios which all trained users had to complete on a monthly basis. The scenarios challenged the users to think about good boundaries, the message they are sending to the public, and how to work faster and more efficiently through the emergency notification system. The monthly scenarios were well received and have become a monthly staple to the ongoing training for dispatchers in Larimer County.

LETA has continued to work closely with Everbridge on their new user interface. LETA staff traveled to Colorado Springs to train their staff on the new Everbridge UI and share best practice tips. In 2014, LETA looks forward to upgrading the Everbridge platform to allow for enhanced event management tools and new social media opportunities.

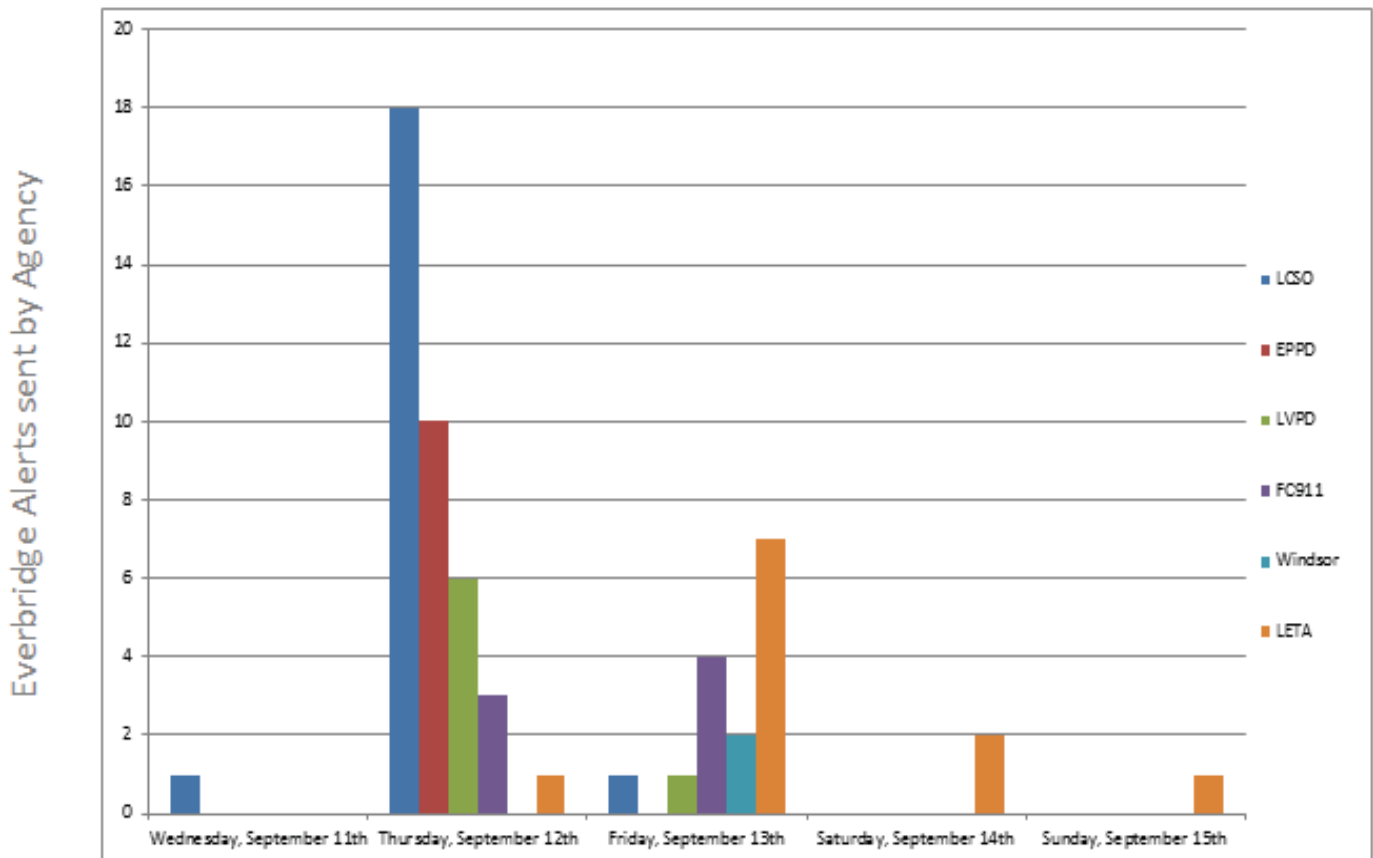
2013 FLOOD

In September 2013, Larimer County was challenged by flooding of historic proportions. 1,918 square miles of the 2,633 square mile county was covered in flood waters. The flooding took the lives of two people and tested the resolve of the community and public safety workers.

The dispatchers in Larimer County rose to the occasion as they worked together to coordinate emergency notifications, emergency response teams and rescue operations all while answering hundreds of calls from concerned citizens. Some areas in Larimer County lost 9-1-1 communication. LETA worked diligently with wireless providers to stand up temporary towers in those communities so citizens had a lifeline to help. LETA also provided onsite support to those agencies affected by the flood.

A total of 57 emergency notifications were sent to Larimer County residents within a 3 day period.

Larimer County Flood Event 2013





9-1-1 Flood Relief Benefit

Nine dispatchers were directly affected by the flood; losing personal property and access to their homes. LETA, with the help of several dispatchers, hosted a benefit chili lunch on October 18th. This was a great way for the community to show support to those who worked the event without thought of their personal loses.

LETA vendors also donated generously to this event. A total of approximately \$10,000 was raised and donated for this event and went directly to the dispatchers affected by the historic flooding.

"LETA's involvement in the September 2013 flood was priceless and incredibly invaluable, as the Town of Estes Park was isolated from any other community and all emergency communications were hampered. The staff of the Larimer Emergency Telephone Authority stepped up in force to assist Estes Park in establishing emergency communications and contacts and stayed consistent as they continued to offer support. I very much appreciate all the hard work and dedication to the Estes Park Community. "

- Chief Wes Kufeld

Estes Park Police Department

AWARD WINNING SERVICE

LETA's Executive Director, Kimberly Culp, nominated 4 of the county's 5 dispatch centers for the Colorado APCO/NENA Communications Center of the Year Award. Loveland Emergency Communications Center, Larimer County Sheriff's Office, Fort Collins 911 and Estes Park Police Department were all recognized for their outstanding work during the September flood. Each Communications Center attended the APCO/NENA Luncheon on April 18, 2014 to receive a plaque and cash reward.

"The communication centers of Loveland, Fort Collins, Estes Park, and Larimer County should be recognized as Communication Center's of the Year for their amazing work during this large scale, natural disaster. The four centers, working together, coordinated the rescues of thousands, they remained the calm voice for those panic stricken, even when their own personal property and family members were gravely impacted. The dedication of the work by these teams is impressive and they have forever raised the bar to what excellence looks like in dispatch." - Executive Director Kimberly Culp



MANAGEMENT DISCUSSION AND ANALYSIS

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The basic financial statements contain three components: (1) government-wide financial statements, (2) General Fund budgetary comparison, and (3) notes to the financial statements.

The Statement of Net Position (on page 15) and the Statement of Activities (on page 16) provide information about the activities of LETA as a whole and present a longer-term view of LETA's finances. For governmental activities, these statements also explain how these services were financed in the short term, as well as what remains for future spending.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. As of December 31, 2013, assets exceeded liabilities by \$6,027,770.

The following table provides a summary of the Authority's net position:

December 31	2013	2012
Assets:		
Cash and investments	\$ 3,590,766	\$ 4,243,321
Receivables and prepaid items	392,003	897,743
Capital assets	2,157,624	1,158,316
Total Assets	6,140,393	6,299,380
Liabilities:		
Accounts payable	112,623	112,624
Total Liabilities	112,623	112,624
Net Position:		
Investment in capital assets	2,157,624	1,158,316
Unrestricted	3,870,146	5,028,440
Total Net Position	\$ 6,027,770	\$ 6,186,756

A significant portion of LETA's net position represents unrestricted net position of \$3,870,146 which may be used to meet the Authority's ongoing obligations to citizens and coordinating governments.

Another significant portion of the Authority's net position reflects its investment in capital assets. These assets include primarily equipment at various sites. These capital assets are used to provide services to citizens; consequently, they are not available for future spending.

The following table indicates the changes in net position:

Years Ended December 31	2013	2012
Revenues:		
Program revenue:		
Telephone surcharges	\$ 1,868,624	\$ 1,874,089
General revenue:		
Investment earnings and other	26,415	6,299
Total Revenues	1,895,039	1,880,388
Expenses:		
Telephone Charges	258,239	262,883
Administration	379,128	257,199
Board	89,032	77,054
Public Safety Answering Points	79,587	90,542
Depreciation	235,780	323,002
Projects	500,546	414,784
Total Expenses	1,542,312	1,425,464
Special Item: Impairment Loss	511,713	--
Increase (Decrease) in Net Position	\$ (158,986)	\$ 454,924

Governmental Activities. Governmental activities decreased LETA's net position by \$158,986 in 2013. Key elements of this decrease are as follows:

- * Total revenues were virtually the same as 2012.
- * There was an 8% increase in expenses from 2012, primarily due to two additional employees being on staff for all of 2013. There was also an impairment loss realized on the replacement of the next generation 9-1-1 system.

GENERAL FUND BUDGETARY HIGHLIGHTS

The Authority's budget is prepared according to Colorado statutes on the modified accrual method, which does not include depreciation.

Year Ended December 31, 2013	Original and Final Budget	Actual
Beginning Fund Balance	\$ 5,028,440	\$ 5,028,440
Revenue	1,442,000	1,895,039
Expenditures	(2,985,125)	(3,053,333)
Ending Fund Balance	\$ 3,485,315	\$ 3,870,146

Actual expenditures were less than budget primarily due to special projects not occurring that were anticipated during 2013.

CAPITAL ASSET ADMINISTRATION

Capital Assets. LETA's investment in capital assets for its governmental type activities as of December 31, 2013, totals \$2,157,624 net of accumulated depreciation. This investment includes emergency telephone equipment at various sites. The total increase in capital assets for the current year was \$999,308, due to the purchase of a next generation 9-1-1 system.

The Authority implemented the straight-line depreciation method under GASB 34 for its capital assets. Additional information on the Authority's capital assets can be found in Note 3 to the financial statements.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of LETA's finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Authority, 380 N. Wilson, Loveland, Colorado 80537.



Independent Auditors' Report

Board of Directors
Larimer Emergency Telephone Authority
Loveland, Colorado

We have audited the accompanying basic financial statements of the governmental activities and the General Fund of the Larimer Emergency Telephone Authority as of and for the year ended December 31, 2013 and the related notes to the financial statements.

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; 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 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of the Larimer Emergency Telephone Authority as of December 31, 2013, and the changes in its financial position and the budgetary comparison for the year then ended, in conformity with accounting principles generally accepted in the United States.

Other Matter

Accounting principles generally accepted in the United States require that management discussion and analysis 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, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 evidence sufficient to express an opinion or provide any assurance.

Anderson & Whitney, P.C.

June 16, 2014

LARIMER EMERGENCY TELEPHONE AUTHORITY

STATEMENT OF GENERAL FUND REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE/STATEMENT OF ACTIVITIES

Year Ended December 31, 2013	General Fund	Adjustments (Note 7)	Statement of Activities
Revenue:			
Telephone surcharge fees:			
Hardwire	\$ 366,102	\$ -	\$ 366,102
Wireless	1,297,842	-	1,297,842
Voice-over internet protocol (VOIP)	151,413	-	151,413
Prepaid wireless	53,267	-	53,267
Investment earnings and other	26,415	-	26,415
Total Revenue	1,895,039	-	1,895,039
Expenditures:			
Current Operating:			
Administration	42,077	-	42,077
Personnel	337,051	-	337,051
Telephone	258,239	-	258,239
Board expenses	89,032	-	89,032
Public Safety Answering Points	79,587	-	79,587
Projects	382,173	-	382,173
Capital Outlay	1,353,461	(1,235,088)	118,373
Depreciation	-	235,780	235,780
Total Expenditures	2,541,620	(999,308)	1,542,312
Special Item:			
Impairment Loss on 9-1-1 System	(511,713)	-	(511,713)
Change in Fund Balance/Net Position	(1,158,294)	999,308	(158,986)
Fund Balance/Net Position, Beginning of Year	5,028,440	1,158,316	6,186,756
FUND BALANCE/NET POSITION, End of Year	\$ 3,870,146	\$ 2,157,624	\$ 6,027,770

See Accompanying Notes to Financial Statements.

LARIMER EMERGENCY TELEPHONE AUTHORITY

BUDGETARY COMPARISON STATEMENT

Year Ended December 31, 2013	Actual	Original and Final Budget	Variance
Revenue:			
Telephone surcharge fees:			
Hardwire	\$ 366,102	\$335,000	\$ 31,102
Wireless	1,297,842	911,000	386,842
Voice-over internet protocol	151,413	150,000	1,413
Prepaid wireless	53,267	36,000	17,267
Investment earnings and other	26,415	10,000	16,415
Total Revenue	1,895,039	1,442,000	453,039
Expenditures:			
Administration:			
Personnel salaries	267,471	272,950	5,479
Benefits	69,580	209,650	140,070
Operating supplies	2,544	11,800	9,256
Training	1,494	20,000	18,506
Travel	4,107	18,000	13,893
Office lease	16,800	16,800	-
Operating expenses	17,132	25,000	7,868
Total Administration	379,128	574,200	195,072
Telephone:			
AT&T Language Line	2,345	2,000	(345)
Networking	100,662	120,000	19,338
Outgoing callbox	-	100	100
Century Link maintenance	42,579	8,000	(34,579)
Ethernet Network	111,712	120,000	8,288
Comcast	941	1,800	859
Total Telephone	258,239	251,900	(6,339)
Board Expenses:			
Attorney	70,107	65,000	(5,107)
Audit and budget	11,025	12,500	1,475
Bank charges	270	-	(270)
Insurance	4,443	6,000	1,557
Operating expenses	-	-	-
Postage	167	250	83
Printing	-	5,500	5,500
Web Page	3,020	5,000	1,980
Total Board Expenses	89,032	94,250	5,218

Continued on next page.

LARIMER EMERGENCY TELEPHONE AUTHORITY

BUDGETARY COMPARISON STATEMENT - Continued

Year Ended December 31, 2013	Actual	Original and Final Budget	Variance
Expenditures - Continued:			
Public Safety Answering Points (PSAP):			
Logging recorder costs	\$ 126	\$ 10,000	\$ 9,874
Emergency Medical Dispatch (EMD)	38,059	75,000	36,941
Operating expenses	35,341	174,775	139,434
SP Program/EMD updates	930	65,000	64,070
EMD Trainer	5,131	50,000	44,869
Total PSAPs	79,587	374,775	295,188
Other:			
Public education	2,912	15,000	12,088
GIS maintenance	60,686	65,000	4,314
Callbox repairs	4,303	10,000	5,697
Emergency notification system	93,891	550,000	456,109
Special projects, CopLink, Pictometry, etc.	220,381	188,000	(32,381)
Total Other	382,173	828,000	445,827
Capital Outlay:			
Acquisition of systems	1,347,406	850,000	(497,406)
Furniture	6,055	12,000	5,945
Total Expenditures	2,541,620	2,985,125	443,505
Special Item:			
Impairment Loss on 9-1-1 System	511,713	-	(511,713)
Revenue Over (Under) Expenditures	(1,158,294)	(1,543,125)	384,831
Fund Balance, January 1, 2013	5,028,440	5,028,440	-
Fund Balance, December 31, 2013	\$ 3,870,146	\$ 3,485,315	\$ 384,831

See Accompanying Notes to Financial Statements.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies:

The accounting and reporting policies of the Larimer Emergency Telephone Authority (the Authority) conform to accounting principles generally accepted in the United States. The following summary of significant accounting policies is presented to assist the reader in evaluating the Authority's financial statements.

Reporting Entity:

LETA was formed November 14, 1990, by an intergovernmental agreement among twenty governments and special authorities located in Larimer County, Colorado. It is governed by a seven-member board consisting of two members from the cities, two from the towns, and one each from the hospital authorities, fire authorities, and the County.

LETA's purpose is to contract for the installation and operation of an emergency telephone service (9-1-1). Revenue is generated to defray the costs involved through a monthly surcharge for each telephone exchange access facility in the County. The monthly rate was \$.45 for 2012 and 2013.

The financial report of the Authority includes all of the integral parts of the Authority's operations. The Authority has determined that it has no financial accountability for any other agency which would require it to be in the reporting entity.

Government-wide and Fund Financial Statements:

The Authority reports as a special purpose government engaged in a single governmental program. The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are supported by telephone surcharges.

Separate financial statements are provided for the General Fund. The General Fund is reported as a separate column in the financial statements.

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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Telephone surcharges 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.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued:

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within a current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Telephone surcharges and interest associated with the current year are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental fund:

The *general fund* is the Authority's primary operating fund. It accounts for all financial resources of the Authority.

Net Position:

Net position represents the difference between assets and liabilities. Net investment in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Authority or through external restrictions imposed by creditors, grantors, laws, or regulations of other governments.

The Authority first applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

Fund Equity:

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for specific purpose.

Assigned fund balances, if any, are amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Board of Directors or by an official to which the Board delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - Summary of Significant Accounting Policies - Continued:

Capital Assets:

Capital assets consist primarily of communication and computer equipment for the operation of a county-wide emergency telephone service. These assets are recorded at cost or estimated historical cost if actual historical cost is not available.

Depreciation has been provided on capital assets using straight-line methods over three to ten years. The Authority's capitalization level is \$5,000.

Investments:

Investments are stated at their fair market value as of the financial statement date.

Budget:

An annual budget and appropriation resolution is adopted by the Board of Directors in accordance with the Local Government Budget Law. The budget is prepared on a basis consistent with accounting principles generally accepted in the United States for governmental funds. The fund level of classification is the level at which expenditures may not legally exceed appropriations. All annual appropriations lapse at year end.

The Board is authorized to transfer budgeted amounts within departments of each fund. Any revisions that alter the total appropriation for each department must be approved by the Board through a supplemental appropriation resolution. There were no supplemental appropriations in 2013.

NOTE 2 - Contingencies:

The intergovernmental agreement states that if emergency telephone service is ever discontinued, any remaining balance may be transferred to the public entities on a basis proportional to the service provided and the number of users in each public entity.

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries; and natural disasters. The Authority is a member of Colorado Intergovernmental Risk Sharing Agency (CIRSA). CIRSA is a separate legal entity established by member governments pursuant to the provisions of the Colorado Revised Statutes and the Colorado Constitution. Settled claims have not exceeded this coverage in any of the past three fiscal years.

In 1992, Colorado voters approved the Taxpayer's Bill of Rights (TABOR). The Authority believes that it is exempt from TABOR since it does not have the authority to levy taxes.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 3 - Changes in Capital Assets:

Capital assets acquired as of December 31, 2013 and installed at various locations are as follows:

	Balance, 1/1/13	Additions	Deletions	Balance, 12/31/13
Property Held At:				
Larimer County Sheriff's Office	\$ 231,278	\$ 193,148	\$ 31,384	\$ 393,042
Loveland Police Department	222,857	312,611	176,736	358,732
Estes Park Police Department	397,490	139,363	167,129	369,724
Poudre Communications	1,144,759	432,752	491,721	1,085,790
CSU	187,536	128,009	2,864	312,681
County-wide:				
NICE Project	104,166	--	104,166	--
GIS Project	282,227	--	255,227	27,000
VIPER	--	29,205	--	29,205
Next Generation 9-1-1	698,835	--	--	698,835
LETA office furniture	36,085	--	--	36,085
Total Capital Assets	3,305,233	1,235,088	1,229,227	3,311,094
Less Accumulated Depreciation:				
Larimer County Sheriff's Office	187,284	28,279	38,514	177,049
Loveland Police Department	182,754	13,832	176,736	19,850
Estes Park Police Department	342,957	34,637	167,129	210,465
Poudre Communications	885,830	112,355	483,610	514,575
CSU	150,795	32,544	2,864	180,475
County-wide:				
NICE Project	104,166	--	104,166	--
GIS Project	281,103	--	254,103	27,000
LETA office furniture	12,028	12,028	--	24,056
Total Accumulated Depreciation	2,146,917	233,675	1,227,122	1,153,470
Capital Assets, net	\$ 1,158,316	\$ 1,001,413	\$ 2,105	\$ 2,157,624

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - Cash and Investments:

The Authority's bank accounts and certificates of deposit at year-end were entirely covered by federal depository insurance or by collateral held by the Authority's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust.

State statutes authorize the Authority to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school, authority, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain money market funds and corporate bonds within three years of maturity and rated not less than AA- or Aa3.

The Authority's investment policy is not more restrictive than State statutes. The Authority's investments are concentrated in bank CD's of \$250,000 or less.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair values arising from increasing interest rates.

Investments for the Authority are reported at market value. Investments held are as follows:

<u>December 31, 2013</u>	<u>Cost</u>	<u>Market Value</u>
Bank CD's due in 2014 through 2016, .55% - 2.1%	\$3,345,327	\$3,349,770
Goldman Sachs Financial Square Government Fund	102,761	102,761
Flatirons Bank Money Market, .65%	10,000	10,000
	<u>\$ 3,458,588</u>	<u>\$ 3,462,531</u>

At December 31, 2013, the Authority held \$102,761 in the Goldman Sachs Financial Square Government Fund. This investment cannot be categorized since it is not evidenced by specific securities. The investment is rated AAA by Fitch. The approximate fair value is \$102,761.

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 5 – Operating Lease:

As of January 1, 2013 the Authority began leasing facilities under a lease expiring in 2016.

Future minimum rental payments including utilities are:

Year Ending December 31	Amount
2014	\$ 16,800
2015	16,800
2016	16,800
	<u>\$ 50,400</u>

NOTE 6 – Reconciliation Between the General Fund Balance Sheet and the Statement of Net Position:

Amounts reported in the statement of net assets are different because:

December 31, 2013	
Fund balance of General Fund	\$ 3,870,146
Capital assets used in governmental activities are not financial resources and therefore are not reported in the General Fund	2,157,624
Total Net Position	<u>\$ 6,027,770</u>

NOTE 7 – Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of the General Fund to the Statement of Activities:

Year Ended December 31, 2013	
Net change in fund balance – General Fund	\$ (1,158,294)
Amounts reported for <i>governmental activities</i> in the statement of activities are different because:	
The General Fund reports capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation.	999,308
Change in Net Position of Governmental Activities	<u>\$ (158,986)</u>

LARIMER EMERGENCY TELEPHONE AUTHORITY

NOTES TO FINANCIAL STATEMENTS

NOTE 8 – Employee Benefits:

Employees of Authority participate in the employee benefit plans of Larimer County, Colorado with the Authority paying the applicable employer share. Accrued vacation pay is not reflected in these financial statements as it is not material.

Employees also participate in the Larimer County Contributory Retirement Plan. Employee contributions are matched by the Authority and range from 5% of salary upon hire to 8% of salary after ten years of service. Employees are not vested in the Authority contributions until they reach five years of service and become 100% vested. Contributions from the Authority to the Plan were \$ 10,641 in 2013.

NOTE 9 – Special Item:

In 2012 and 2013, the Authority installed a “next generation” 9-1-1 system. A dispute arose regarding performance and the contract with the vendor was terminated in November 2013 and a new system from another vendor was installed later in 2013 and into 2014. Therefore, an impairment loss of \$511,713 was recognized in 2013 for the amount of prepaid service and support not realized and to write down the previous system to its fair value. The Authority received a legal settlement from the vendor in May 2014.
