BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF COLORADO

Proceeding No. 17A-0179T

IN THE MATTER OF THE APPLICATION OF THE JEFFERSON COUNTY EMERGENCY COMMUNICATIONS AUTHORITY TO INCREASE THE EMERGENCY TELEPHONE CHARGE

SETTLEMENT AGREEMENT

This Settlement Agreement (this "Agreement") is entered into as of July 19, 2017 (the "Effective Date"), by and between the Staff ("Staff") of the Colorado Public Utilities Commission (the "Commission") and the Jefferson County Emergency Communications Authority ("JCECA") (collectively, the "Parties").

DEFINITIONS

1. Terms used herein and defined in C.R.S. § 29-11-101 shall have the meaning set forth in C.R.S. § 29-11-101, including without limitation the following terms: emergency notification service ("ENS service"); emergency telephone charge (an "ETC"); emergency telephone service ("911 service"); governing body; and public safety answering point ("PSAP").

2. The term "911 Statutes" means C.R.S. §§ 29-11-101, et seq.

RECITALS

3. JCECA was created by intergovernmental agreement pursuant to C.R.S. §§ 29-1-203 and 29-11-102(1)(b) and is a governing body under the 911 Statutes. JCECA imposes and collects an ETC to support 911 service and ENS service in its service area. JCECA's service area is comprised of (a) all of Broomfield and Jefferson Counties, except for those portions of

Littleton in Jefferson County, (b) those portions of Arvada and Westminster in Adams County, and (c) several small areas in Arapahoe and Douglas Counties.

4. Stated generally, C.R.S. § 29-11-104(2) authorizes the use of ETC funds collected for various costs related to 911 service and ENS service. More specifically, C.R.S. § 29-11-104(2)(a)(I) authorizes the use of ETC funds to pay for certain "costs," including but not limited to:

a. "[c]osts of equipment directly related to the receipt and routing of emergency calls and installation thereof;"

b. "[c]osts related to the provision of the emergency notification service and the emergency telephone service, including costs associated with total implementation of both services by emergency service providers, including costs for programming, radios, and emergency training programs;" and

c. "[o]ther costs directly related to the continued operation of the emergency telephone service and the emergency notification service."

5. C.R.S. § 29-11-104(2)(b) also authorizes the use of ETC funds to pay personnel expenses for "[p]ersons employed to take emergency telephone calls and dispatch them appropriately" and "[p]ersons employed to maintain the computer data base of the public safety answering point."

6. C.R.S. § 29-11-102(2)(a) allows JCECA to impose an ETC up to $0.70 per wireline, wireless, or VoIP access line per user per month in JCECA's service area. If JCECA determines that an ETC in excess of $0.70 per user per month is necessary to provide continued and adequate 911 service, then C.R.S. § 29-11-102(2)(b) requires that JCECA obtain the approval of the Commission prior to imposing the higher ETC. On March 22, 2017, JCECA filed an application (the "Application") with the Commission to increase the emergency telephone charge (the "ETC") from $0.70 to $1.20 per user per month. The Application was assigned Proceeding No. 17A-0179T (this "Proceeding").

7. JCECA published notice of the Application as directed by the Commission in Decision No. C17-0245-I in the Golden Transcript and the Broomfield Enterprise and timely filed an affidavit with the Commission certifying to such publication. The notice advised affected residents and potential customers how to object or comment upon the proposed ETC increase and how to intervene in this Proceeding. The notices further advised that the Application was available for inspection at various locations, including online.

8. Staff intervened by right into this Proceeding and requested a hearing. Staff and JCECA are the only parties to the Proceeding.

9. The Board of County Commissioners of Jefferson County (the "County") filed a motion to intervene in the Proceeding, arguing that an ETC of $1.20 per user per month was unwarranted and suggesting that an ETC of $0.95 per user per month was appropriate. The Commission assigned this Proceeding to an administrative law judge who denied the County's motion to intervene in Decision R17-0409-I, but permitted the County to participate as amicus curie pursuant to the Commission's Rules. The County subsequently filed an amicus brief reiterating and expanding on its arguments in support of an ETC of $0.95 per user per month.

10. After Staff's thorough review of the Application and additional disclosures made by JCECA to Staff, and with consideration given to the County's concerns expressed in their motion to intervene and amicus brief, the Parties have agreed that an ETC of $1.15 per user per month is in the public interest and necessary for the provision of continued and adequate 911 service. The Parties have reached a settlement as set forth by the terms in this Agreement and agree that it should be presented to and approved by the Commission.

SETTLEMENT AGREEMENT

11. The foregoing definitions and recitals are incorporated by reference into this Agreement.

12. This Agreement governs the ETC increase JCECA seeks through its Application pursuant to C.R.S. § 29-11-102(2)(b). The Parties respectfully recommend that the Commission approve, in accordance with the terms and conditions of this Settlement Agreement, an ETC of $1.15 per user per month for JCECA.

Revised Budget Projection

13. The Parties accept and agree to a lower ETC than what was requested in the Application (i.e., $1.15 per user per month rather than $1.20) based on the revised budget projections attached hereto as Exhibit A (the "Revised Budget Projection").

14. Based on JCECA's 2016 audited financial statements, which are attached as Exhibit B,[1] JCECA's total ETC revenue in 2016 was $6,239,521 (not including prepaid wireless revenue) and its 2016 year-end cash balance was $8,536,597. The ETC was $0.70 per user per month for all of 2016. Using these numbers as a starting point, the Revised Budget Projection contains a projection of future revenues and expenditures, assuming the ETC were increased

[1] JCECA's audited financial reports, annual budget filings, and other official documents may be viewed on JCECA's website at https://jceca.org/documents.html. JCECA's 2016 audited financial statements were not attached to its Application because they were not complete as of the date the Application was filed.

from $0.70 to $1.15 per user per month effective October 1, 2017. The Revised Budget Projection was created by Staff with the input and assistance of JCECA and is largely based on the forward-looking budget projections attached as Exhibit 12 to the Application. Through much discussion, the Parties have agreed that the projected revenues and expenditures shown on the Revised Budget Projection are reasonable and a sufficient basis for increasing the ETC to $1.15 per user per month.

Income

15. The "Income" portion of the Revised Budget Projection contains the following assumptions: (a) a 2.0% annual increase in ETC revenue based on population increases beginning with the 2016 year-end values; and (b) a 5.0% annual increase in revenue received from prepaid wireless beginning with the 2016 year-end values. The Parties agree that these assumptions are reasonable estimates.

Expenses for JeffCom

16. The "Expense" portion of the Revised Budget Projection contains the following projections of expenditures for the Jefferson County Communications Center Authority ("JeffCom"):

a. JCECA projects that it will pay $5,939,913 to JeffCom in 2017 for transition costs. As further explained in the Application, JeffCom is a separate governmental entity established by intergovernmental agreement among eight local government agencies that each currently operate a PSAP.[2] JCECA has historically supported those eight PSAPs through

[2] The eight consolidating PSAPs are: (1) Arvada Police Department, (2) Arvada Fire Department, (3) Golden Police Department, (4) Lakewood Police Department, (5) Wheat Ridge Police Department, (6) Evergreen Fire Department,

ETC funding. The purpose of JeffCom is to create a single, consolidated PSAP from these eight separate PSAPs. When JeffCom is operational, the eight PSAPs will close and will be consolidated into JeffCom. JCECA's 2017 JeffCom expenses of nearly $6 million are startup capital to enable JeffCom to become operational while the remaining eight PSAPs continue to operate through the end of 2017.

b. JCECA's funding of JeffCom in 2018 is projected to increase to $7,687,405 and to increase annually to $7,918,027 in 2019, to $8,155,568 in 2020, to $8,400,235 in 2021, and to $8,652,242 in 2022. Beginning in 2018, JCECA anticipates that the ETC funding paid to JeffCom will be used to pay for "personnel expenses necessarily incurred" for 911 call takers and dispatchers, as is authorized by C.R.S. § 29-11-104(2)(b)(1). These types of expenses are already incurred by the eight separate PSAPs that will be consolidated into JeffCom, but are not currently reimbursed by JCECA with ETC funds. JCECA's proposed funding of JeffCom in 2018 is an increase over the historical funding of the eight consolidating PSAPs.

Expenses for the Eight Consolidating PSAPs

17. The "Expense" portion of the Revised Budget Projection also contains projections for expenditures in addition to JeffCom. JCECA will continue to support the eight PSAPs that are consolidating in JeffCom until JeffCom is operational. JeffCom is currently scheduled to become operational on January 1, 2018. Once JeffCom is operational, the eight PSAPs will, over a course of several months, consolidate into JeffCom. Once closed, JCECA will no longer be obligated to support those PSAPs. Thus, in 2018 and going forward, funding for those PSAPs

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(7) West Metro Fire Department, and (8) the Jefferson County Sheriff's Office. Application ¶¶ 4, 18. See Application Exhibits 16 and 17.

has been eliminated from the Revised Budget Projection, however, the Parties realize that JCECA will need to continue funding the eight PSAPs until JeffCom is operational.

Expenses for Broomfield and Westminster

18. In addition to the eight PSAPs which will consolidate into JeffCom, JCECA also supports the PSAPs operated by Broomfield and Westminster. Historically, JCECA funded the various PSAPs through a combination of Agency Operating Fund ("AOF") line items and general fund line items.

19. The AOF was a direct funding mechanism implemented by JCECA to fund PSAPs for expenses that were eligible under the 911 Statutes. Under the AOF line items, each PSAP was allocated a certain amount of ETC funding for use at each PSAP's discretion. To use AOF funding, a PSAP would request the funding from JCECA. JCECA reviewed the request to ensure it was an eligible expenditure under the 911 Statutes. In contrast, the general fund line items did not identify a specific PSAP; rather, these were expenditures that generally benefited all the PSAPs.

20. In the Revised Budget Projection, the AOF line items have been renamed to "PSAP Funding Requests." Because JCECA will be eliminating the funding for the eight consolidating PSAPs when JeffCom is operational (with that funding going to JeffCom), the Revised Budget Projection only has allocation of PSAP Funding Requests funds to Broomfield and Westminster.

21. The Revised Budget Projection also eliminates many of the general fund line items. The eight consolidating PSAPs' portions of the general fund line items are rolled into JeffCom's proposed funding. Broomfield's and Westminster's portions of the general fund line items are rolled into Broomfield's and Westminster's PSAP Funding Requests. The Revised Budget Projection anticipates that JCECA will retain several general fund line items, including GIS Systems, line charges, and special projects. The GIS system is used by all PSAPs supported by JCECA. Line charges are fees payable directly to CenturyLink, the basic emergency service provider. Special Projects are various other projects related to 911 service which are funded by JCECA, such as the installation and maintenance of 911 call boxes along mountain roads in Jefferson County which do not have mobile phone coverage but are popular with bicyclists and motorists.

22. The AOF/PSAP Funding Requests line items for Broomfield and Westminster increase substantially in 2018 and 2019. As noted above, this is due to the phase out of general fund line items. The increase is also due to the corresponding proposed increase in funding to JeffCom, as described in paragraph 16.b – JCECA is increasing funding to Broomfield and Westminster to match increased funding for JeffCom.

23. Shifting funding away from general fund line items to AOF/PSAP Funding Requests and JeffCom's funding simplifies JCECA's budget and gives more flexibility to Broomfield and Westminster to use ETC funding as needed.

<u>Other Expenses and Notes on the Revised Budget Projection</u>

24. The significant training expense in 2017 is tied to the JeffCom transition. In 2018 and beyond, JCECA anticipates that training expenses will be largely eliminated and consolidated in the PSAP Funding Requests line item and the JeffCom funding line items.

25. At Staff's request, certain expenses related to the Jefferson County Fiber Optic Network ("<u>JFON</u>") in the projected budgets attached to JCECA's Application were eliminated from the Revised Budget Projection. JFON is a fiber optic network primarily owned by JCECA. The primary use of JFON is 911-related communications, but JCECA anticipates that other governmental entities may use JFON for non-911 uses.[3] Since future capital costs associated with JFON were removed from the Revised Budget Projection, they are not included in the analysis of the ETC increase. Staff's concern was the manner in which JCECA would recover costs associated with such non-911 uses to ensure that ETC funds are only spent in accordance with the 911 Statutes. JCECA intends to recoup costs associated with non-911 uses, but to date there are no non-911 uses of JFON, so JCECA has not determined the manner in which it will recoup such costs. Rather than try to guess the mechanism JCECA would use, or the cost and volume of such non-911 uses, Staff suggested that all costs of JFON—approximately $ 3 million in future budgeted expenses—be removed from the Revised Budget Projection and that JCECA agree to certain reporting requirements (see paragraphs 28 through 32, below).

26. At Staff's further suggestion, the Parties agree to additional differences between the forward looking projections in JCECA's Application (e.g., Application Exhibit 12) and the Revised Budget Projection attached hereto are as follows:

a. The title of the "Programs" line item was changed to the more descriptive "Equipment/Maintenance".

b. $52,228.20 was moved from the "Training" line item in 2016 to the "Equipment/Maintenance" line item because, after reviewing the itemized expenses for 2016, the Parties determined that an expense to that amount was mis-categorized.

[3] See Application, pp. 4-5.

c. "Special Projects" was broken out to two line items. First is "Special Projects (Call boxes, Smart911, etc.)". The second is "JEFFCOM Transitional Costs and Salaries".

d. "Agency Operating Funds" was broken out into two line items. The first is "PSAP Funding Requests (JeffComm PSAPs)". The second is "PSAP Funding Requests (WES and BRO)".

e. Depreciation was moved to the "EXPENSE" section.

f. Capital costs for the JFON project were removed from 2017 and subsequent years. The total amount removed was the sum of $2,160,000 (removed from the expenses for the Special Projects line item for 2017) and $950,000 (removed from that line item in 2018).

g. The Phone Systems line item for 2017 was reduced from $1,115,424 to $915,473 due to an updated estimate provided by JCECA.

h. $220,000 was moved from 2017 to 2018 in the "Special Projects" line item because of a console replacement project that was planned for 2017 but will not actually occur until 2018 due to project delays.

27. The Parties agree to an ETC of $1.15 per user per month based on the Revised Budget Projection. Even with an ETC of $1.15, the Parties acknowledge that JCECA's year end fund balance projection, as shown in the Revised Budget Projection, continues to decline based on projected annual revenues and expenditures. However, the Revised Budget Projection shows that JCECA will have a year-end balance of over $2.9 million at the end of 2022 if the

Commission approves an ETC increase to $1.15, which provides JCECA with a sufficient reserve fund for unforeseen emergency expenses.

Reporting Requirements

28. The Parties have agreed to certain reporting requirements. Specifically, JCECA will provide Staff with semi-annual reports for a period of three years, beginning with the six-month period ending June 30, 2018. These reports will be due to Staff one month after the period covered by the report ends (i.e., the report for the six-month period ending on June 30 will be due on July 31 and the report for the period ending December 31 will be due on January 31). The last report, for the period ending on December 31, 2020, will be due on January 31, 2021.

29. The reports will provide:

a. AOF/PSAP Funding Request expenditures by JCECA for the Westminster and Broomfield PSAPs.

b. Operation and maintenance costs incurred by JCECA for JFON, as well as any reimbursements and/or revenue used to cover operations and maintenance that JCECA receives from third parties who use JFON for non-911 uses.

30. The first reporting requirement will allow Staff to track and review actual funding to Broomfield and Westminster. The Revised Budget Projection shows a sharp increase in future AOF/PSAP Funding Request funding for Broomfield and Westminster. The Parties anticipate that Broomfield and Westminster may not use the entire AOF/PSAP Funding Request balance in any given year, instead opting to roll the funding into future years for capital projects.

31. The second reporting requirement will allow Staff to track non-911 use of JFON by other entities and ensure that ETC funds are not used for JFON maintenance and operations expenses incurred in relation to non-911 uses.

32. JCECA shall file these reports in this Proceeding, which the Commission will keep open for compliance.

<u>Discussion of Anticipated Cost Savings</u>

33. The Parties wish to respond to the concerns expressed by the County in its motion to intervene and amicus brief. In its Application, JCECA made the statement that it anticipates cost saving "in the long run from the operation of Jeff[C]om." Application ¶ 20.

34. The County argued that:

> JCECA's projected contribution to Jeff[C]om is considerably higher than the historical contribution to the separate PSAPs, which reflects an expanded scope of funding, rather than a cost savings. The JCECA's projected increasing fund balance demonstrates that the funds raised by the requested increase are not anticipated to be 'spent solely to pay for' the costs identified in C.R.S. § 29-11-104(2)(a)(I).

County's Amicus Brief ¶ 8. The Parties appreciate the County's perspective and can explain the basis for JCECA's statement that it anticipates overall cost savings through the creation of JeffCom while also needing a higher ETC to support JeffCom, Westminster, and Broomfield.

35. The 2014 PSAP Regionalization Study, which was attached to the Application as Exhibit 16 (the "<u>Regionalization Study</u>"), reflected cost savings by transitioning to a Single Center, Single Resource Pool PSAP, which is essentially what JeffCom is creating.[4] The Regionalization Study was the basis for JCECA's statement in the Application that it anticipated

[4] See Exhibit 16 to JCECA's Application at p. 43.

cost savings from the JeffCom consolidation. JCECA believes that the cost-savings projections in the Regionalization Study are reasonable, but JCECA cannot predict when or to the extent those cost savings will materialize. In other words, it is unknown whether JeffCom will have long-term cost savings relative to the cost to operate the eight PSAPs.

36. If the consolidation cost savings materialize, JCECA itself will not realize a cost savings. Rather, JCECA anticipates that cost savings will be realized by the law enforcement and fire protection agencies that are dispatched by JeffCom (i.e., primarily the eight agencies that operated the consolidating PSAPs). Those agencies must pay JeffCom's costs after JCECA's funding is applied. Since JCECA is not proposing to decrease its expenditure, the consolidation cost savings (if any) will flow to those agencies. Because those cost savings will not be realized by JCECA, they do not factor into JCECA's budget projections, including the Revised Budget Projection attached hereto.

37. In addition to the consolidation cost savings flowing to the law enforcement and fire protection agencies, JCECA also anticipates it will increase funding to JeffCom, Broomfield, and Westminster relative to historical expenditures. By increasing funding to JeffCom, JCECA will further defray the cost of 911 service to the law enforcement and fire protection agencies that are obligated to fund the remainder of JeffCom's expenses after JCECA's contribution. For example, JCECA has not previously funded personnel expenses for 911 call takers and dispatchers. In the future, however, JCECA anticipates it will increase funding for 911 call takers and dispatchers, as permitted by the 911 Statutes (see C.R.S. § 29-11-104(2)(b)(II)), in order to enhance the level of 911 service to citizens in the JCECA service area, ensure the sustainability and success of JeffCom, and reduce the impact of costs and subscriber fees for the law enforcement and fire protection agencies served by JeffCom. As a result of simplification of the funding model for JeffCom (i.e., elimination of the majority of general funding line items and shifting funding to AOF/PSAP Funding Requests and to JeffCom's personnel expenses), JCECA anticipates a reduced number of transactions that that may, over time, result in reduced administrative costs.

38. JCECA's statement in its Application that it anticipates long-term cost savings are based on the information set forth in the Regionalization Study. As explained above, there are two factors at play. As projected in the Regionalization Study, JCECA anticipates that the total cost to operate JeffCom will be lower than the total cost to run the eight PSAPs. At the same time, JCECA is increasing its funding to JeffCom, Broomfield, and Westminster. In other words, (a) the total cost to run JeffCom may eventually fall from \$19.2 million (the cost to operate the eight PSAPs) to \$15.6 million[5] and (b) JCECA proposes to increase its funding to JeffCom from \$4 million to \$7 million and correspondingly increasing funding to Broomfield and Westminster. Thus, JCECA will not realize any cost savings from the consolidation (although JeffCom may be less expensive to operate than the eight PSAPs it will replace) and JCECA is proposing to increase its expenditures.

Additional Terms of Settlement

39. The Parties agree to all the provisions set forth in this Agreement. After a final Commission order approving this Agreement, and after any conditions contained in such order have been satisfied, JCECA may implement the new ETC consistent with statutory requirements and will be obligated to file the reports described herein.

[5] See Exhibit 16 to JCECA's Application at p. 43.

40. This Agreement is made for settlement purposes only. No Party concedes the validity or correctness of any regulatory principle or legal conclusion directly or indirectly incorporated in this Agreement. No binding precedential effect or other significance, except as may be necessary to enforce this Agreement or a Commission order concerning this Agreement, shall attach to any principle contained in this Agreement.

41. The Parties will support all aspects of this Agreement in any hearing conducted to determine whether the Commission should approve this Agreement, and/or in any other hearing, proceeding, or judicial review relating to this Agreement or the implementation of its terms and conditions.

42. Each Party also agrees that, except as expressly provided in this Agreement, it will take no action in any administrative or judicial proceeding, or otherwise, which would have the effect, directly or indirectly, of contravening the provisions or purposes of this Agreement; provided, however, that nothing herein limits JCECA's ability to file a new application with the Commission to seek another increase to the ETC. If the Commission approves a new ETC application for JCECA, the reporting obligations hereunder will terminate.

43. Nothing in this Agreement shall constitute a waiver by a Party with respect to any matter not specifically addressed in this Agreement. This Agreement shall not confer any rights or remedies upon any person or entity other than the Parties. The section headings contained in this Agreement are inserted for convenience only and shall not affect in any way the meaning or interpretation of this Agreement.

44. This Agreement shall not become effective and shall be of no force and effect until the issuance of a final Commission order approving this Agreement, which order does not contain any modification of the terms and conditions of this Agreement that is unacceptable to any of the Parties.

45. In the event the Commission modifies this Agreement in a manner unacceptable to any Party hereto, that Party may withdraw from this Agreement and shall so notify the Commission and the other Parties to this Agreement in writing within ten (10) calendar days of the date of the Commission order.

46. In the event a Party exercises its right to withdraw from the Agreement, this Agreement shall be null and void and of no effect and no force in these or any other proceedings, and a hearing shall be set on the merits of the Application.

47. In the event this Agreement becomes null and void or in the event the Commission does not approve this Agreement, this Agreement, as well as the negotiations or discussion undertaken in conjunction with the Agreement, shall not be admissible into evidence in these or any other Proceedings.

48. The Parties state they have reached this Agreement by means of a negotiated process and that the increase in the ETC is necessary in order to provide continued and adequate 911 service as contemplated by C.R.S. § 29-11-102(2)(b) for permitted expenses as listed in C.R.S. § 29-11-104(2) for 911 service and ENS service within JCECA's service area, and that the results reflected in this Agreement are just, reasonable, and in the public interest.

49. The Parties agree jointly to apply to the Commission for a waiver of compliance with any requirements of the Commission's Rules to the extent necessary to permit all provisions of this Agreement to be carried out and effectuated.

50. This Agreement is an integrated agreement that may not be altered by the unilateral determination of either Party. This Agreement states the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes and replaces all previous discussions, negotiations, and agreements.

51. This Agreement may be signed in counterparts, each of which shall be deemed an original. This Agreement may be executed and delivered electronically or by e-mail and the Parties agree that such execution and delivery shall have the same force and effect as delivery of an original document with original signatures, and that each Party may use such signatures as evidence of the execution and delivery of this Agreement by the Parties to the same extent that an original signature could be used.

[signature page follows]

The Parties are executing this Agreement to signify their acceptance of all the terms and conditions stated above, to be effective as of the Effective Date, regardless of the date of actual signature.

Staff of the
Colorado Public Utilities Commission

By: ______________________

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EXHIBIT A

REVISED BUDGET PROJECTION

Jefferson County 911 Budget Projection for 17A-0179T assuming approval of $1.15 per month per access line.

ETC increase/loss: 2.00%
Inflation assumption: 2%

	2016 Actual	2017 Projected	2018 Projected	2019 Projected	2020 Projected	2021 Projected	2022 Projected
BALANCE CARRIED FORWARD	$8,011,303	**$8,536,597**	$4,348,339	**$5,232,869**	$4,806,366	**$4,285,968**	$3,667,038
INCOME							
ETC Revenue (Current Surcharge)	$6,239,521	$6,364,311	$6,491,598	$6,621,430	$6,753,858	$6,888,935	$7,026,714
Prepaid Surcharge Revenue	$268,706	$282,141	$296,248	$311,061	$326,614	$342,945	$360,092
Miscellaneous	$51	$0	$0	$0	$0	$0	$0
Additional Surcharge From Increase		$1,022,836	$4,173,170	$4,256,633	$4,341,766	$4,428,601	$4,517,173
Interest	$5,321	$5,490	$5,849	$1,577	$1,850	$1,882	$1,856
TOTAL INCOME	$6,513,599	**$7,674,778**	$10,966,865	**$11,190,701**	$11,424,088	**$11,662,363**	$11,905,835
EXPENSE							
Administrative	$361,948	$443,834	$494,119	$499,699	$505,391	$511,197	$517,119
PSAP Funding Requests (JeffComm PSAPs)	$468,457	$575,150	$0	$0	$0	$0	$0
PSAP Funding Requests (WES and BRO)	$113,222	$174,850	$550,000	$2,000,000	$2,060,000	$2,121,800	$2,185,454
Disaster and Recovery Plan	$9,268	$10,000	$200,000	$250,000	$255,000	$260,100	$265,302
Emergency Medical Dispatching	$31,249	$50,200	$0	$0	$0	$0	$0
GIS System	$194,421	$237,971	$242,731	$247,585	$252,537	$257,588	$262,740
Line Charges	$554,143	$635,683	$356,937	$364,189	$371,591	$379,148	$386,862
Logging Systems	$328,283	$306,625	$0	$0	$0	$0	$0
Notification System	$159,458	$148,109	$151,071	$154,092	$157,174	$160,318	$163,524
Phone System	$290,784	$915,473	$0	$0	$0	$0	$0
Public Education	$22,990	$33,500	$0	$0	$0	$0	$0
Equipment/Maintenance	$1,651,569	$1,439,828	$0	$0	$0	$0	$0
Recruiting	$16,022	$15,300	$0	$0	$0	$0	$0
Special Projects (Call boxes, Smart911, etc.)	$949,753	$625,600	$348,052	$130,552	$133,102	$135,703	$138,354
JEFFCOM Transitional Costs and Salaries	$593,767	$5,939,913	$7,687,405	$7,918,027	$8,155,568	$8,400,235	$8,652,242
Training	$183,648	$250,000	$0	$0	$0	$0	$0
Translation Services	$9,323	$10,000	$0	$0	$0	$0	$0
Depreciation	$50,000	$51,000	$52,020	$53,060	$54,122	$55,204	$56,308
TOTAL EXPENSES	$5,988,305	**$11,863,036**	$10,082,335	**$11,617,204**	$11,944,485	**$12,281,293**	$12,627,905
YEAR END BALANCE	$8,536,597	$4,348,339	$5,232,869	$4,806,366	$4,285,968	$3,667,038	$2,944,968

EXHIBIT B

2016 JCECA AUDITED FINANCIAL STATEMENTS

S&C Swanhorst & Company LLC

Certified Public Accountants

June 9, 2017

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

We have audited the financial statements of the Jefferson County Emergency Communications Authority (the "Authority") as of and for the year ended December 31, 2016, and have issued our report thereon dated June 9, 2017. Professional standards require that we provide you with the following information related to our audit.

Our Responsibility under Generally Accepted Auditing Standards

As communicated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we did not perform a detailed examination of all transactions, there is a risk that material misstatements due to error or fraud may exist and not be detected by us, even though the audit is properly planned and performed. In addition, an audit is not designed to detect immaterial misstatements or violations of laws and regulations that do not have a direct and material effect on the financial statements.

As part of our audit, we considered the Authority's internal control over financial reporting and compliance as a basis for designing our audit procedures, but not for the purpose of expressing an opinion on the effectiveness of the internal control or on compliance.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

With respect to the supplementary information accompanying the financial statements, we performed procedures to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing the information has not changed from the prior year, and the information is appropriate and complete in relation to our audit of the financial statements.

Significant Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions the Authority entered into during the year for which there is a lack of authoritative guidance or consensus.

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Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to the financial statements as a whole.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. A listing of uncorrected misstatements was provided to management, and management has determined that the effects of the uncorrected misstatements are immaterial, both individually and in the aggregate, to the financial statements as a whole.

We identified misstatements as a result of our audit procedures which were corrected by management. The number and significance of these misstatements continues to indicate a weakness in the Authority's year-end closing process.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Difficulties Encountered in Performing the Audit

We encountered no difficulties dealing with management during the audit process. We have requested certain representations from management that are included in the management representation letter.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves the application of an accounting principle to the Authority's financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to contact us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors. However, these discussions occurred in the normal course of our professional relationship and the responses were not a condition to our retention.

Internal Control Weakness

Accounting Records

As discussed earlier in this letter, we identified misstatements in the Authority's accounting records during the audit process. We continue to recommend that the Authority improve its year-end closing process to identify and record the necessary adjustments.

Other Information

Audit Compliance

The Authority is required to comply with Colorado Revised Statutes 29-11-104, which requires an audit on the use of funds collected from telephone surcharges. We examined a sample of the Authority's expenditures, and did not identify noncompliance with the statutes.

Conclusion

We would like to thank Jeff Irvin for his assistance during the audit process.

This report is intended solely for the information and use of the Board of Directors and management of the Jefferson County Emergency Communications Authority and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Swanhorst & Company LLC

Swanhorst & Company LLC

JEFFERSON COUNTY EMERGENCY COMMUNICATIONS AUTHORITY

FINANCIAL STATEMENTS

December 31, 2016

TABLE OF CONTENTS

S&C Swanhorst & Company LLC
Certified Public Accountants

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, 2016, 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, 2016, 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.

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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.

Swanhorst & Company LLC

June 9, 2017

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, 2016. 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 2016 were $9,240,407. The assets include $4,999,557 in cash.

- Total Capital Assets for 2016 were $2,685,704. An increase of $649,165 over 2015.

- Total Operating Revenue for the year was $6,309,554 and consists of telephone surcharge revenue of $6,309,502 and miscellaneous income of $52. 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 2016 were $9,246,981. Actual expenses were $6,237,620.

- The Authority paid $777,152 for use by the ten public safety answering points ("PSAPs") through the agency operating fund.

- The largest category for expenditure was the special project fund. This fund is used to reimburse the PSAPs for CAD maintenance, wireless data expenditures and for costs of fiber optic builds to provide transport among the local governments served by the Authority.

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.

The Authority used only one fund for the 2016 fiscal 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 2016. The Board has enacted a policy providing for a 40% operating reserve, which in 2016 was set at $2,462,544.

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 Counties, 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 monthly ETC rate for 2016 was $0.70.

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

	Dec 31, 2016	Dec 31, 2015
Cash	$ 4,999,557	$ 4,670,436
Accounts Receivable	833,663	927,098
Prepaid Expenses	721,483	663,777
Capital Assets, Not Being Depreciated	1,907,576	1,209,951
Capital Assets, Net of Accumulated Depreciation	778,128	826,588
Total Assets	$ 9,240,407	$ 8,297,850
Current Liabilities - Accounts Payable	$ 471,079	$ 250,639
Other Liabilities - Accrued Compensated Absences	31,251	35,908
Total Liabilities	$ 502,330	$ 286,547
Net Position		
Net Investment in Capital Assets	$ 2,685,704	$ 2,036,539
Unrestricted	6,052,373	5,974,764
Total Net Position	$ 8,738,077	$ 8,011,303

A portion of the Authority's assets (54.1%) is in cash and (29.1%) are net capital assets. 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, 2016 and December 31, 2015

	Dec 31, 2016	Dec 31, 2015
Operating Revenues		
Emergency Telephone Charges	$ 6,309,502	$ 5,952,071
Miscellaneous	52	22,348
Total Operating Revenues	6,309,554	5,974,419
Operating Expenses		
Administrative	353,173	378,140
Agency Operating	777,152	867,750
Consultants	0	3,858
Depreciation	48,460	43,281
Disaster & Recovery Plan	9,268	478
Emergency Medical Dispatching	31,249	93,844
GIS System	202,221	180,226
Line Charges	569,409	546,501
Logging Systems	328,283	503,938
Notification System	159,457	148,213
Phone System	298,734	435,093
Public Education	22,990	31,821
Programs	1,646,996	1,778,514
Recruiting	16,698	15,880
Special Projects	871,424	506,137
Training	243,618	123,940
Translation Services	9,323	10,319
Total Operating Expenses	5,588,455	5,667,933
Net Operating Income (Loss)	721,099	306,486
Non-operating Revenues		
Investment Income	5,675	3,713
Change in Net Position	726,774	310,199
Net Position, Beginning	8,011,303	7,701,104
Net Position, Ending	$ 8,738,077	$ 8,011,303

**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 revenue from Emergency Telephone Charges of $6,309,502 was $153,142 more than the anticipated budget amount of $6,156,360.

Actual Agency Operating expenses of $777,152 were $27,152 more than the budgeted amount of $750,000. Expenditures for radio replacements, microwave upgrade and a logging system upgrade due to an equipment end of life situation that was not anticipated increased the funding needed for PSAPs in this budget line item.

Actual GIS System expenses of $202,221 were $4,767 less than the budgeted amount of $206,988. This was the result of a change in the relationship JCECA has with an imagery vendor resulting in no need to renew software licensing.

Actual Logging System expenses of $328,283 were $16,874 more than the budgeted $311,409 due to unanticipated costs for a multi PSAP upgrade project.

Capital Assets

The capital assets of the Authority are the fiber optic cable, associated appurtenances and right-of-way licenses 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 $2,685,704. Depreciation expense of $48,460 was reported for the depreciable (fiber optic infrastructure) assets.

Next year's budget

The Authority anticipates continuing the build out of its Jefferson County Fiber Optic Network ("J-FON"). This project will require the Authority to pay approximately $950,000 for the North Metro Line fiber. Payment for this project will be anticipated in the 2018 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 Next Generation 9-1-1 communications systems. The Authority continues work to facilitate the consolidation of 8 public safety answering points (PSAPs) in Jefferson County into the Jefferson County Communications Center Authority (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 request for additional financial information should be addressed to:

Jeffrey J. Irvin, Executive Director
433 S Allison Pkwy, Ste 224
Lakewood, CO 80226

Telephone: 303-539-9410, Email: jirvin@jceca.org, Web: https://jceca.org

BASIC FINANCIAL STATEMENTS

JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY

STATEMENT OF NET POSITION
December 31, 2016

ASSETS	
Cash	$ 4,999,557
Accounts Receivable	833,663
Prepaid Expenses	721,483
Capital Assets, Not Being Depreciated	1,907,576
Capital Assets, Net of Accumulated Depreciation	778,128
TOTAL ASSETS	$ 9,240,407
LIABILITIES AND NET POSITION	
CURRENT LIABILITIES	
Accounts Payable	$ 471,079
NONCURRENT LIABILITIES	
Accrued Compensated Absences	31,251
TOTAL LIABILITIES	502,330
NET POSITION	
Net Investment in Capital Assets	2,685,704
Unrestricted	6,052,373
TOTAL NET POSITION	8,738,077
TOTAL LIABILITIES AND NET POSITION	$ 9,240,407

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, 2016

OPERATING REVENUES	
Emergency Telephone Charges	$ 6,309,502
Miscellaneous	52
TOTAL OPERATING REVENUES	6,309,554
OPERATING EXPENSES	
Administrative	353,173
Agency Operating	777,152
Depreciation	48,460
Disaster and Recovery Plan	9,268
Emergency Medical Dispatching	31,249
GIS System	202,221
Line Charges	569,409
Logging Systems	328,283
Notification System	159,457
Phone System	298,734
Public Education	22,990
Programs	1,646,996
Recruiting	16,698
Special Projects	871,424
Training	243,618
Translation Services	9,323
TOTAL OPERATING EXPENSES	5,588,455
NET OPERATING INCOME	721,099
NONOPERATING REVENUES	
Investment Income	5,675
CHANGE IN NET POSITION	726,774
NET POSITION, Beginning	8,011,303
NET POSITION, Ending	$ 8,738,077

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, 2016

CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received from Emergency Telephone Charges	$ 6,402,989
Cash Paid to Employees	(278,253)
Cash Payments to Suppliers	(5,110,025)
Net Cash Provided (Used) by Operating Activities	1,014,711
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition and Construction of Capital Assets	(691,265)
CASH FLOWS FROM INVESTING ACTIVITIES	
Investment Earnings Received	5,675
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	329,121
CASH AND CASH EQUIVALENTS, Beginning	4,670,436
CASH AND CASH EQUIVALENTS, Ending	$ 4,999,557
RECONCILIATION OF NET OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Net Operating Income	$ 721,099
Adjustments to Reconcile Net Operating Income to Net Cash Provided (Used) by Operating Activities	
Depreciation	48,460
Changes in Assets and Liabilities	
Accounts Receivable	93,435
Prepaid Expenses	(57,706)
Accounts Payable	214,080
Accrued Compensated Absences	(4,657)
Net Cash Provided (Used) by Operating Activities	$ 1,014,711

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

JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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 purpose, the Authority uses restricted resources first, then unrestricted resources as they are needed.

JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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.

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, 2016, totaling $649,165.

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	5 - 20 years

Compensated Absences - The Authority's employees are allowed to accumulate unused leave time within limits specific to each employee. Upon separation of employment from the Authority, the employees will be compensated for unused leave time at each 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.

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 to establish 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 adopted through passage of a resolution.
- 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

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 market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2016, the Authority had bank deposits of $4,498,729 collateralized with securities held by the financial institution's agent but not in the Authority's name.

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.

JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

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

Investments (Continued)

- 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.

The Authority had no investments at December 31, 2016.

NOTE 4: **CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2016, was as follows:

	Balances 12/31/15	Additions	Deletions	Balances 12/31/16
Capital Assets, Not Being Depreciated				
Rights of Way	$ 379,595	$ 78,120	$ -	$ 457,715
Construction in Progress	830,356	619,505	-	1,449,861
Total Capital Assets, Not Being Depreciated	1,209,951	697,625	-	1,907,576
Capital Assets, Being Depreciated				
Fiber Optic Network	891,509	-	-	891,509
Accumulated Depreciation	(64,921)	(48,460)	-	(113,381)
Total Capital Assets, Being Depreciated	826,588	(48,460)	-	778,128
Total Capital Assets, Net	$ 2,036,539	$ 649,165	$ -	$ 2,685,704

JEFFERSON COUNTY EMERGENCY
COMMUNICATIONS AUTHORITY

NOTES TO FINANCIAL STATEMENTS
December 31, 2016

NOTE 5: EMPLOYEE COMPENSATED ABSENCES

Changes in accrued compensated absences for the year ended December 31, 2016, were as follows.

	Balances 12/31/15	Additions	Payments	Balances 12/31/16	Due Within One Year
Compensated Absences	$ 35,908	$ 12,419	$ 17,076	$ 31,251	$ 31,251

NOTE 6: 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 up to 10% of each participating employee's compensation, depending on the employee's contract terms. Employees 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, 2016, the Authority contributed $11,392 to the plan.

NOTE 7: 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 8: 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, 2016

	ORIGINAL AND FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
REVENUES			
Emergency Telephone Charges	$ 6,156,360	$ 6,309,502	$ 153,142
Miscellaneous	-	52	52
Investment Income	-	5,675	5,675
TOTAL REVENUES	6,156,360	6,315,229	158,869
EXPENSES			
Administrative	384,515	353,173	31,342
Agency Operating	750,000	777,152	(27,152)
Disaster and Recovery Plan	10,000	9,268	732
Emergency Medical Dispatching	66,000	31,249	34,751
GIS System	206,988	202,221	4,767
Line Charges	543,170	569,409	(26,239)
Logging Systems	311,409	328,283	(16,874)
Notification System	267,181	159,457	107,724
Phone System	387,719	298,734	88,985
Public Education	25,371	22,990	2,381
Programs	1,818,181	1,646,996	171,185
Recruiting	10,000	16,698	(6,698)
Special Projects	4,256,600	1,569,049	2,687,551
Training	200,000	243,618	(43,618)
Translation Services	9,847	9,323	524
TOTAL EXPENSES	9,246,981	6,237,620	3,009,361
CHANGE IN NET POSITION, Budgetary Basis	$ (3,090,621)	77,609	$ 3,168,230
ADJUSTMENTS TO GAAP BASIS			
Capital Outlay		697,625	
Depreciation		(48,460)	
CHANGE IN NET POSITION, GAAP Basis		726,774	
NET POSITION, Beginning		8,011,303	
NET POSITION, Ending		$ 8,738,077	

See the accompanying Independent Auditors' Report.

Signature Certificate

Document Reference: HNEE2VJ7CKK94VSYXMNREE

RightSignature
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Daryl Branson
Party ID: 3XF8AFJIXL2D5FYUTSMC2J
IP Address: 65.114.200.12
VERIFIED EMAIL: daryl.branson@state.co.us

Electronic Signature:

Multi-Factor
Digital Fingerprint Checksum 3f346c799783443a4d4c673edfe5c5f31594ed5d

Charlotte Powers
Party ID: G7C2FRJSTIJ4MXFRTXYXLP
IP Address: 165.127.21.51
VERIFIED EMAIL: charlotte.powers@coag.gov

Electronic Signature:
Charlotte Powers

Multi-Factor
Digital Fingerprint Checksum 7cef983455575c28f6e7ca3ae700ed811bca652e

Jeff Irvin
Party ID: R67AFIIC8JYIXT98SM4YZS
IP Address: 50.206.109.2
VERIFIED EMAIL: jirvin@jceca.org

Electronic Signature:
Jeffrey S. Irvin

Multi-Factor
Digital Fingerprint Checksum 7ce6af0a10390a5ff4fbdc93df4777fef40366be

Ryan Tharp
Party ID: KH7PZNI2H2YL3KKLKU9VHL
IP Address: 38.88.52.170
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Electronic Signature:
Ryan Tharp

Multi-Factor
Digital Fingerprint Checksum 6f5f993e91e519d9ad32e1b1ee2a0a685844f626

This signature page provides a record of the online activity executing this contract.

Signature Certificate

Document Reference: HNEE2VJ7CKK94VSYXMNREE

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Timestamp	Audit
2017-07-19 12:42:55 -0700	All parties have signed document. Signed copies sent to: Susan Travis, Paul Kyed, Daryl Branson, Charlotte Powers, Jeff Irvin, and Ryan Tharp.
2017-07-19 12:42:54 -0700	Document signed by Daryl Branson (daryl.branson@state.co.us) with drawn signature. - 65.114.200.12
2017-07-19 12:37:42 -0700	Document viewed by Daryl Branson (daryl.branson@state.co.us). - 65.114.200.12
2017-07-19 11:28:50 -0700	Document signed by Charlotte Powers (charlotte.powers@coag.gov) with drawn signature. - 165.127.21.51
2017-07-19 11:25:50 -0700	Document signed by Jeff Irvin (jirvin@jceca.org) with drawn signature. - 50.206.109.2
2017-07-19 11:22:27 -0700	Document viewed by Jeff Irvin (jirvin@jceca.org). - 50.206.109.2
2017-07-19 11:06:02 -0700	Document viewed by Charlotte Powers (charlotte.powers@coag.gov). - 165.127.21.51
2017-07-19 10:56:57 -0700	Document signed by Ryan Tharp (rtharp@fwlaw.com) with drawn signature. - 38.88.52.170
2017-07-19 10:51:56 -0700	Document viewed by Ryan Tharp (rtharp@fwlaw.com). - 38.88.52.170
2017-07-19 10:51:56 -0700	Document created by Ryan Tharp (rtharp@fwlaw.com). - 38.88.52.170