ELBERT COUNTY COMMUNICATIONS AUTHORITY

FINANCIAL STATEMENTS

December 31, 2025

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Independent Auditor's Report

Board of Directors
Elbert County Communications Authority
Elbert County, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Elbert County Communications Authority (Authority) as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Elbert County Communications Authority's basic financial statements as listed in the table of contents.

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 major fund of Elbert County Communications Authority, as of December 31, 2025, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, on pages IV through VIII, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America,

which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

SCHILLING & COMPANY, INC.

Highlands Ranch, Colorado
September 23, 2026

ELBERT COUNTY COMMUNICATIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

As management of Elbert County Communications Authority (the Authority), we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the year ended December 31, 2025.

The Authority was formed during 2010 by an Inter-governmental Agreement (the IGA) between Agate Fire Protection District, Big Sandy Fire Protection District, Elbert Fire Protection District, Elizabeth Fire Protection District, Kiowa Fire Protection District, North Central Fire Protection District, Rattlesnake Fire Protection District, Town of Elizabeth, Town of Kiowa, Town of Simla and Elbert County. In September 2019, the Town of Kiowa was removed as a party from the IGA.

Financial Highlights

- The net position of the Authority at the close of the most recent fiscal year was $1,086,027.
- The Authority's net position increased by $78,400.
- At close of the current fiscal year, the Authority's governmental fund reported an ending total fund balance of $240,286.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other required supplementary information in addition to the basic financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the Authority's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The statement of activities presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as an underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

Both of the government-wide financial statements identify functions of the Authority that are principally supported by 911 fees (governmental activities). The governmental activities of the Authority include the financing, construction of and maintenance of emergency telephone service infrastructure, and the payment for dispatch services from the Douglas County Sheriff's Office with 911 fees and fees from the individual county, towns and districts.

The government-wide financial statements can be found on pages 1 – 2 of this report.

Fund Financial Statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Authority has one governmental fund.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on the balance of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statements of revenue, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Authority maintains one governmental fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, which is considered to be a major fund.

The governmental fund financial statements can be found on pages 3 – 5 of this report.

Budget. The Authority adopts an annual appropriated budget for its fund. A budgetary comparison statement has been provided for the governmental fund to demonstrate compliance with this budget on page 6.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government- wide and fund financial statements. The notes to the financial statements can be found on pages 7 – 14 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may, over time, serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by $1,086,027 at the close of the most recent fiscal year.

Over half of the Authority's net position (77.9 percent) reflects its investment in capital assets (e.g. structures, buildings, equipment and intangibles). The Authority uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

At the end of the current fiscal year the Authority is able to report a positive balance in net position.

ELBERT COUNTY COMMUNICATIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

Statement of Net Position

	2025	2024
Current assets	$ 405,704	$ 431,690
Capital assets	845,741	848,917
Total assets	1,251,445	1,280,607
Current liabilities	165,418	272,979
Total liabilities	165,418	272,979
Net position		
Net investment in capital assets	845,741	848,917
Unrestricted	240,286	158,711
Total net position	$ 1,086,027	$ 1,007,628

The Authority's assets decreased by $29,162 during the current fiscal year, mainly due to decreases in the cash and investment balances, which decreased by $44,601, plus a decrease of $3,176 in capital assets net of depreciation offset by increases in prepaid expense. Liabilities decreased by $107,561 as of the end of the fiscal year due primarily to lower amounts due at yearend on the silo microwave project which was completed in 2025.

Statement of Activities

	2025	2024
Revenue:		
Charges for services:		
911 fees	$ 883,589	$ 863,534
Per call fees	89,463	43,502
Member other fees	28,130	21,490
Capital grants and contributions:		
Grants	122,152	49,351
General revenue:		
Investment income	1,077	1,256
Damage reimbursement	-	18,389
Total revenue	1,124,411	997,522
Expenses:		
Emergency communications	536,661	453,319
Administrative	62,038	49,816
Dispatch services	447,312	435,024
Total expenses	1,046,011	938,159
Change in net position	78,400	59,363
Net position-beginning	1,007,627	948,264
Net position-ending	$ 1,086,027	$ 1,007,627

911 fees were $20,055 higher than 2025 due to growth in cell phone customers. Per call fees were higher than 2024 due to the increase in dispatch service costs per contract by $12,288 and various capital improvements. Some of these expenditures were passed through to the Authority members.

Financial Analysis of the Government's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the Authority governmental fund is to provide information on near term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Authority's financing requirements. In particular, assigned fund balance may serve as a useful measure of the government's net resources available for spending at the end of the fiscal year.

As of the end of the current year, the Authority's governmental fund reported an ending total fund balance of $240,286.

Capital Assets

The Elbert County Communications Authority's investment in capital assets as of December 31, 2025 amounts to $845,741 (net of accumulated depreciation). This investment in capital assets includes buildings, structures, equipment and software. The Authority added several capital assets during 2025, including: Microwave equipment upgrades – Elbert Commnet tower, Swank tower, Hilltop, and Elbert to Simla State tower – all self-support towers all totaling $104,545. These capital asset additions were offset by current year depreciation, resulting in a net decrease in the Authority's capital assets. Additional information on the Authority's capital assets is located in NOTE 4. B. of the financial statements.

Long-term debt

At the end of the current fiscal year, Elbert County Communications Authority had no bonded debt outstanding or significant leases.

Economic Factors and Next Year's Budget

The Authority relies upon the telephone surcharge for the majority of its revenue and there has been an increase in growth for Elbert County and it is anticipated to continue over the next several years. This growth has increased the number of dispatch calls for members of the Authority which in turn results in higher dispatch fees. The 9-1-1 surcharge will remain at $2.25 for 2026 and the Authority. The Authority will continue improving reliability to ensure that emergency dispatch is available to its residents along with monitoring growth for any other potential long-term impact.

The Authority has budgeted $1,001,801 for spending in the 2026 fiscal year. For revenues the Authority is projecting $1,002,279 with $899,581 coming from 9-1-1 surcharges.

ELBERT COUNTY COMMUNICATIONS AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2025

Requests for Information

This financial report is designed to provide a general overview of the Elbert County Communications Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Elbert County Communications Authority

P.O. Box 235

Castle Rock, CO 80107

Basic Financial Statements

ELBERT COUNTY COMMUNICATIONS AUTHORITY
STATEMENT OF NET POSITION
DECEMBER 31, 2025

		Governmental Activities
ASSETS		
Cash deposits	$	246,318
Investments		25,478
9-1-1 surcharges and intergovernmental receivable		105,684
Prepaid expenditures		28,224
Capital assets (net of accumulated depreciation/amortization)		845,741
TOTAL ASSETS		1,251,445
LIABILITIES		
Accounts payable		165,418
TOTAL LIABILITIES		165,418
NET POSITION		
Net investment in capital assets		845,741
Unrestricted		240,286
TOTAL NET POSITION	$	1,086,027

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

ELBERT COUNTY COMMUNICATIONS AUTHORITY
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
Governmental activities:					
Emergency communications	$ (536,661)	$ 883,589	$ -	$ 122,152	$ 469,080
Administration	(62,038)	-	-	-	(62,038)
Dispatch services	(447,312)	117,593	-	-	(329,719)
Total governmental-type activities	$ 1,046,011)	$ 1,001,182	$ -	$ 122,152	77,323
General revenue:					
Net investment income					1,077
Change in net position					78,400
Net Position – beginning					1,007,627
Net Position – ending					$ 1,086,027

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

ELBERT COUNTY COMMUNICATIONS AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUND
DECEMBER 31, 2025

		General
ASSETS		
Cash deposits		246,318
Investments		25,478
Intergovernmental receivable		17,699
911 fees receivable		87,985
Prepaid expenditures		28,224
TOTAL ASSETS	$	405,704
LIABILITIES		
Accounts payable	$	165,418
TOTAL LIABILITIES		165,418
FUND BALANCE		
Non spendable:		
Prepaid expenditures		28,224
Unassigned fund balance		212,061
TOTAL FUND BALANCE		240,286
TOTAL LIABILITIES AND FUND BALANCE	$	405,704
Total Fund Balance Governmental Fund	$	240,286
Amount reported for governmental activities in the statement of net position are different because:		
Capital Assets used in governmental activities are not financial resources and therefore, are not reported in the fund balance sheet.		845,741
Net position of the governmental activities	$	1,086,027

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

ELBERT COUNTY COMMUNICATIONS AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUND
YEAR ENDED DECEMBER 31, 2025

	General
REVENUES:	
911 fees	$ 883,589
Per call dispatch fees reimbursements	89,463
Member other charges	28,130
Grants	122,152
Net investment income	1,077
TOTAL REVENUES	1,124,411
EXPENDITURES:	
Administration	62,038
Equipment maintenance and expense	28,373
Code Red notification system	19,452
Radio technician services	87,702
Douglas County Dispatch services	447,312
CAD maintenance all agencies	34,433
Other 911 operating expenses	43,811
Capital outlay and radio replacements	319,714
TOTAL EXPENDITURES	1,042,835
NET CHANGE IN FUND BALANCE	81,576
FUND BALANCE, BEGINNING OF YEAR	158,710
FUND BALANCE, END OF YEAR	$ 240,286

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

ELBERT COUNTY COMMUNICATIONS AUTHORITY
RECONCILATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

Amounts reported for the governmental activities in the statement of activities are different because:		
Governmental funds changes in fund balance	$	81,576
Add:		
Governmental funds report capital outlay as expenditures and the gain or loss on disposal of capital assets is not reported. However, in the Statements of Activities the cost of those assets is allocated over their useful lives as reported as depreciation expense.		
Capitalized Capital outlay		104,545
Depreciation/amortization		(107,721)
Governmental activities change in net position	$	78,400

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

ELBERT COUNTY COMMUNICATIONS AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Original And Final Budget	Actual	Variance with Final Budget
REVENUES:			
911 fees	$ 864,305	$ 883,589	$ 19,284
Per call fees	87,263	89,463	2,200
Member other charges	40,973	28,130	(12,843)
Grants	51,055	122,152	71,097
Net investment income	1,200	1,077	(123)
TOTAL REVENUES	1,044,796	1,124,411	79,615
EXPENDITURES:			
911 operating expenses:			
Administration	89,000	62,038	26,962
Equipment, maintenance & expense	116,780	28,373	88,407
Code Red notification system	39,102	19,452	19,650
Radio technician services	84,616	87,702	(3,086)
CAD Maintenance all agencies	20,500	34,433	(13,933)
Douglas County Dispatch services	447,312	447,312	-
Other 911 operating expenses	15,530	43,811	(28,281)
Capital outlay and radio replacements	230,039	319,714	(89,675)
Contingency	50,000	-	50,000
TOTAL EXPENDITURES	1,092,879	1,042,835	50,044
NET CHANGE IN FUND BALANCE	(48,083)	81,576	129,659
FUND BALANCE, BEGINNING OF YEAR	63,324	158,710	95,386
FUND BALANCE, END OF YEAR	$ 15,241	$ 240,286	$ 225,045

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

ELBERT COUNTY COMMUNICATIONS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 1 – DEFINITION OF REPORTING ENTITY

Elbert County Communications Authority (Authority), a legally separate entity, was established June 29, 2010 by an Intergovernmental Agreement between the Towns of Simla, Kiowa and Elizabeth; and Fire Protection Districts of Kiowa, Elizabeth, Agate, Rattlesnake, Big Sandy and North Central. The Authority was established pursuant to State Statute Article 11 of Title 29. The purpose of the Authority is to provide emergency dispatch services to residents in Elbert County.

The Elbert County Commissioners and the Elbert County Sheriff's Office became a part of the Authority on August 31, 2010. On September 9, 2019, the Town of Kiowa was removed from the Authority.

The Authority has no employees or operational functions. Administrative services are contracted.

The Authority is authorized by statute to collect a per month fee from those portions of the service area for which emergency telephone service is provided by both wireline and wireless service. The Public Utilities Commission authorizes the rate that can be charged. In 2023, the Public Utilities Commission approved and the Authority imposed a $2.25 per month surcharge to both wireline and wireless phone services. The funds collected shall be spent for the cost of equipment and installation, and for costs directly related to the continued operation of an emergency telephone service. The 911 fee revenue is reflected net of a 2% vendor collection fee.

The Authority follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization as a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Authority is not financially accountable for any other organization, nor is the Authority a component unit of any other primary governmental entity.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. The Authority has no business-type activities.

The statement of net position reports all financial and capital resources of the Authority. The difference between assets and liabilities of the Authority are reported as net position.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment, 2) grants, contributions or fees paid by members that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenues.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND BASIS PRESENTATION

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a 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.

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 the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are fees. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

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 general government.

Capital Assets

Capital assets, which include buildings, equipment and intangibles (software), are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation. The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend an asset's life are not capitalized. The capital assets are being depreciated/amortized over the following useful lives.

	Years
Buildings and Structures	30
Equipment	4 – 10
Software	5

Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities type statement of net position. The Authority has no authorized but unissued debt as of December 31, 2025.

Fund Balances – Governmental Fund

Fund balance for governmental funds may be reported in the categories listed below to make the nature and extent of the constraints placed on a government's fund balances more transparent. The following classifications describe the relative strength of the spending constraints:

Non-spendable fund balance – the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

Restricted fund balance – the amounts constrained to specific purposes by their providers (such as grantors, bondholders, or higher levels of government), through constitutional provisions, or by enabling legislation.

Committed fund balance – amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority (i.e., Board of Directors). To be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level action to remove or change the constraint.

Assigned fund balance – amounts the Authority intends to use for a special purpose. Intent can be expressed by the Authority Board of Directors or by an official or body to which the Authority Board of Directors delegates the authority.

Unassigned fund balance – amounts that are available for any purpose.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned, or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the Authority Board of Directors has provided otherwise in its commitment or assignment actions.

NOTE 3 – STEWARDSHIP, COMPIANCE AND ACCOUNTABILITY

A. BUDGETARY INFORMATION

Formal budgetary integration is employed as management control device during the year for all the funds. Formal budgetary integration is also employed to comply with Budget Law of the State of Colorado. The Board of Directors adopted the Authority's budget in accordance with the Colorado Revised Statutes. Appropriation for all funds lapses at year-end.

The appropriated budget is prepared by function. The Executive Committee approves the moving of expenditures among line items by function. The budgets for governmental fund types are adopted on a basis which is consistent with (GAAP). The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level. Total fund expenditure amounts determine the level at which expenditures may not legally exceed appropriations. Colorado Revised Statutes require the Authority to adopt a balanced budget. The Authority's Board of Directors can amend the budget and adopt supplemental budgets in accordance with the Colorado Revised Statutes.

ELBERT COUNTY COMMUNICATIONS AUTHORITY
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2025

NOTE 4 – DETAILED NOTES ON ALL FUNDS

A. DEPOSITS AND INVESTMENTS

Cash Deposits

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulations. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the Public Deposit Protection Act ("PDPA"). The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. The State Regulatory Commissions for banks and savings and loan associations are required by Stature to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposit may not be returned to it. As of December 31, 2025, the Authority deposits were not exposed to custodial credit risk as all deposits were insured by the Federal Deposit Insurance Commission (FDIC) and collateralized in accordance with PDPA.

The Authority's bank deposit as of December 31, 2025 is detailed below:

	Bank Balance	Carrying Balance
Insured Deposits	$ 237,246	$246,318

Investments

The Authority has not adopted a formal investment policy, however, the Authority follows Colorado State Statues. Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest:

- Obligations of the United States and certain U.S. governmental agency securities.
- Certain international agency securities.
- General obligation and revenue bonds of U.S. and local governmental 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 – As a means of limiting its exposure to fair value losses arising from prevailing market interest rates. Colorado Revised Statutes limit investment maturities to three to five years or less unless formally approved by the Board of Directors.

Concentration of Credit Risk – The Authority does not have a policy that addresses limitations on the amount that can be invested in any one issuer; however, the Authority invests primarily in local government investment pools, which are not subject to concentration of credit risk.

COLOTRUST - At December 31, 2025, the Authority has invested in the Colorado Local Government Liquid Asset Trust (the Trust), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The Trust operates similarly to a money market fund. The Trust offers shares in three portfolios, COLOTRUST PRIME, COLOTRUST PLUS+ and COLOTRUST EDGE. COLOTRUST PRIME and COLOTRUST PLUS+ may invest in U.S. Treasury securities, repurchase agreements collateralized by U.S. Treasury securities, certain obligations of U.S. government agencies and instrumentalities, and repurchase agreements collateralized with certain U.S. government agencies or instrumentalities. COLOTRUST PLUS+ may also invest in the highest rated commercial paper. COLOTRUST EDGE invests in high-quality long-duration securities. COLOTRUST PRIME and COLOTRUST PLUS+ portfolios are rated AAAm by Standard & Poor's. COLOTRUST EDGE portfolio is rated AAAf/S1 by Fitch Ratings.

Investment Valuation –Certain investments are measured at fair value on a recurring basis are categorized within the fair value hierarchy established by general accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority has investments not categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The Authority held investments in COLOTRUST at year end for which the investment valuations were determined as follows.

COLOTRUST determines the NAV of the shares of each portfolio as of the close of business of each day. The NAV per share of each portfolio is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of COLOTRUST, are accrued daily. The NAV is calculated at fair value using various inputs in determine value in accordance with FASB guidance. It is the goal of the TRUST to maintain a NAV of $1.00 per share for the COLOTRUST PRIME and COLOTRUST PLUS+ portfolios and a NAV of $10.00 per share for the COLOTRUST EDGE portfolio, however changes in interest rates may affect the fair value of the securities held by COLOTRUST and there can be no assurance that the NAV will not vary from $1.00 or $10.00 per share.

The valuation of the Authority's investments are as follows at December 31, 2025:

Investments measured at NAV	
COLOTRUST PLUS+	$ 25,478
Total investments at NAV	$ 25,478

B. CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

	Balance at December 31, 2024	Additions	Deletions	Balance at December 31, 2025
Capital assets, being depreciated/amortized				
Software	244,600	-	-	244,600
Building and structures	310,239	-	-	310,239
Equipment	1,038,394	104,545	-	1,142,939
Total capital assets being depreciated/amortized	1,593,233	104,545	-	1,697,778
Less depreciation/amortization				
Software	(244,600)	-	-	(244,600)
Building and structures	(71,170)	(10,341)	-	(81,511)
Equipment	(428,546)	(97,380)	-	(525,926)
Total accumulated depreciation/amortization	(744,316)	(107,721)	-	(852,037)
Total capital assets being depreciated/amortized, net	848,917	(3,176)	-	845,741
Capital assets, net	$ 848,917	$ (3,176)	$ -	$ 845,741

The Authority charged depreciation and amortization of $ 107,721 to the Emergency Communications function/program for the year ending 2025.

C. FUND EQUITY

At December 31, 2025, the Authority reported the following classifications of fund equity.

Non-spendable Fund Balance

The non-spendable fund balance, in the General Fund in the amount of $28,224, is comprised of prepaid amounts which are not in spendable form.

D. NET POSITION

The Authority has net position consisting of two components – net investment in capital assets and unrestricted.

Net investment capital assets, net of accumulated depreciation and reduced by outstanding balances of bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvement of those assets. As of December 31, 2025, the net investment in capital assets was $845,741.

NOTE 5 – OTHER INFORMATION

A. Risk Management

The Authority is exposed to various risks of loss related to torts, thefts or damage to, or destruction of assets; errors or omissions; or acts of God.

The Authority was a member of Colorado Special Districts Property and Liability Pool (Pool) during 2025. The Pool is an organization created by intergovernmental agreement to provide property, liability and public officials' liability coverage to its members. There have been no settled claims in the last four years.

The Authority has paid annual premiums to the Pool for liability, property and public officials' liability coverage. In the event aggregated losses incurred by the Pool exceed amounts recoverable from reinsurance contracts and funds accumulated by the Pool, the Pool may require additional contributions from Pool members. Any excess funds which the Pool determines are not needed for purposes of the Pool may be returned to the members pursuant to a distribution formula.

B. Dispatch Services Contract

On December 15, 2022, the Authority entered into an Intergovernmental Dispatch Agreement (Agreement) with Douglas County to provide emergency response communications and dispatch services to all 10 of the agencies of the Authority for a term of three years beginning January 1, 2023 through December 31, 2025. The Agreement is based upon the cost equivalent of four mid-point dispatcher full-time equivalent hours including benefits with the contract price adjusted on an annual basis. The base contract for 2025 was $447,312 and was due in four quarterly payments with one fourth of the base contract due on April 30th, July 31st, October 31st and January 31st of the next year. A new Agreement was entered into starting January 1st, 2026.

C. Radio Technician Services

The Authority on July 10, 2018 entered into an intergovernmental agreement with Douglas County to provide technical radio services for the Authority's equipment and facilities for a term of six months beginning June 1, 2018 through December 31, 2018 renewable for an additional one-year term. The agreement called for a position to be created within the technical radio service department of Douglas County that was assigned to handle the Authority's communication equipment and facilities. The position's time is equally divided between the Authority and another entity that have the same needs as the Authority. The Authority is invoiced on a quarterly basis for one-half the cost of the position. The Authority has entered into several addendums to this agreement.

The Authority has entered into annual addendums to the intergovernmental agreement with Douglas County for radio technician services. Each addendum is for one year beginning January 1 through December 31 annually and are billed quarterly. For the year ended December 31, 2025, the Authority paid an actual cost of $87,702 for radio technician services.

D. Silo Reliability Improvement Project

On December 8, 2020 the Authority entered into a Memorandum of Understanding ("MOU") with Elbert County regarding the Silo Reliability Improvement Project. The County utilized CARES Act funds to purchase and install equipment at the Silo Tower to improve reliability. The MOU leases the equipment to the Authority for five years at $1.00 per year after which time the equipment will be conveyed at no additional cost to the Authority. The Authority assumes all responsibility for the maintenance and insurance coverage during the lease period.

E. Tax, Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution in 1992, Article X, Section 20, (TABOR) which has several limitations, including revenue raising, spending abilities, and other specific requirements for state and local governments. Under TABOR, local governments are defined as "*Districts*."

The Amendment is complex and has been subject to judicial interpretation. Colorado appellate courts have undertaken the burden of interpreting TABOR, so as to give it the effect intended by the voters who approved it as an amendment to the Colorado Constitution. In doing so, the applicability of TABOR to certain kinds of entities which do not logically fall within the historic definition of "*local governments*," (Districts) has been considered by these appellate courts.

The Authority's management, based upon an opinion issued by its legal counsel (relying upon applicable Colorado appellate court decisions), believes that the Authority does not qualify as either a "*local government*" or "*District*" under TABOR and, therefore, the Authority is not subject to the provisions of TABOR relating to revenue raising, spending abilities, and other specific requirements thereof.