

**EMERGENCY TELEPHONE SERVICE
ASSOCIATION OF LA PLATA COUNTY**

FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2025 AND 2024

WITH REPORT OF

INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

**EMERGENCY TELEPHONE SERVICE
ASSOCIATION OF LA PLATA COUNTY**

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements:	
Statements of Net Position	10
Statements of Revenues, Expenditures and Changes in Net Position	11
Statements of Cash Flows	12
Notes to the Basic Financial Statements	13
Supplementary Information:	
Schedule of Revenues and Expenses – Budget-and-Actual	20



Independent Auditors' Report

Board of Directors
Emergency Telephone Service
Association of La Plata County
Durango, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities of the Emergency Telephone Service Association of La Plata County, (the Association), as of and for the years ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Association's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities of the Emergency Telephone Service Association of La Plata County, as of December 31, 2025 and 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the years 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 (GAAS). 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 Association 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.

Responsibilities of Management for the Financial Statements

The Association's management is responsible for the preparation and fair presentation of the 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 Association's ability to continue as a going concern for one year after the date that the financial statements are issued or when applicable, one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities 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 GAAS 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 GAAS, 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 Association'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 Association'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 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Emergency Telephone Service Association of La Plata County's basic financial statements. The budgetary comparison schedule as listed in the table of contents is presented for purposes of additional analysis as required by the State of Colorado 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 such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Squire & Company, PC

Squire & Company, PC
St. George, Utah
July 29, 2026

This page intentionally left blank

**EMERGENCY TELEPHONE SERVICE
ASSOCIATION OF LA PLATA COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Years Ended December 31, 2025 and 2024**

As management of the Emergency Telephone Service Association of La Plata County (the Association), we offer readers of our financial statements this narrative overview and analysis of the financial activities of the Association for the years ended December 31, 2025 and 2024. Please read it in conjunction with the accompanying basic financial statements.

The Association operates as a self-supporting enterprise. Revenues received from access fees are sufficient to cover the day-to-day operating expenses of the Association, as well as assist in the funding of capital improvements.

Basic Financial Statements

Our basic financial statements are prepared using proprietary fund (enterprise fund) accounting. This is the same basis of accounting that private-sector business enterprises use. The Association is operated under one enterprise fund. Under this method of accounting, an economic resources measurement focus and an accrual basis of accounting is used. Revenue is recorded when earned and expenses are recorded when incurred.

The basic financial statements include a statement of net position, a statement of revenues, expenditures and changes in net position, and a statement of cash flows. These are followed by notes to the financial statements.

The statement of net position presents information on the Association'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 Association is improving or deteriorating.

The statement of revenues, expenditures and changes in net position reports the operating revenues and expenses and non-operating revenues and expenses of the Association for the year with the difference (the net income or loss) being combined with any capital grants to determine the change in net position for the fiscal year. That change is added to the previous year's net position for the total net position at the end of the current fiscal year.

The statement of cash flows reports cash and cash equivalent activities for the fiscal year resulting from operating activities, capital and related financing activities, non-capital and related financing activities and investing activities. The net result of these activities are added to the beginning of the year cash balance for the total cash and cash equivalent balance at the end of the current year.

Condensed Financial Information

Condensed financial information for 2025 and 2024 is as follows:

Statement of Net Position

	<u>12/31/2025</u>	<u>12/31/2024</u>
Current and other assets	\$ 2,194,716	\$ 1,922,327
Capital assets, net	<u>989,941</u>	<u>1,199,181</u>
Total assets	<u>3,184,657</u>	<u>3,121,508</u>
Current liabilities	<u>1,200,640</u>	<u>1,005,972</u>
Total liabilities	<u>1,200,640</u>	<u>1,005,972</u>
Net position:		
Invested in capital assets	989,941	1,199,181
Unrestricted	<u>994,076</u>	<u>916,355</u>
Total net position	<u>\$ 1,984,017</u>	<u>\$ 2,115,536</u>

Changes in Net Position

	<u>12/31/2025</u>	<u>12/31/2024</u>
Operating revenues		
Telephone surcharges	\$ 1,550,890	\$ 1,517,368
State surcharges	185,767	140,888
Other income	<u>1,416</u>	<u>300</u>
Total operating revenues	1,738,073	1,658,556
Operating expenses	<u>1,871,348</u>	<u>1,611,070</u>
Operating income (loss)	(133,275)	47,486
Net non-operating income (loss)	<u>1,756</u>	<u>1,094</u>
Change in net position	(131,519)	48,580
Net position, beginning	<u>2,115,536</u>	<u>2,066,956</u>
Net position, ending	<u>\$ 1,984,017</u>	<u>\$ 2,115,536</u>

The information contained in the condensed financial information table is used as the basis for the discussion presented on the following pages, concerning the Association's activities for the years ended December 31, 2025 and 2024.

Financial Highlights

At the end of 2025, the Association had a net position of \$1,984,017 of which \$989,941 represented the amount invested in capital assets and \$994,076 was unrestricted. This amount was a decrease of \$131,519 in net position at the end of the year. The decrease in net position for 2025 is shown on the Statement of Revenues, Expenditures and Changes in Net Position.

The Association had operating income/(loss) for the years ended December 31, 2025 and 2024 of (\$133,275) and \$47,486 respectively. From 2025 and 2024, there was an increase in operating revenues of \$79,517 and an increase in operating expenses of \$260,278. The Association incurred more contracted services and repair expenses in 2025. In addition, non-operating revenues for the year ended December 31, 2025 were \$1,756 compared to non-operating revenues incurred for the year ended December 31, 2024 of \$1,094. Net position increased/(decreased) (\$131,519) and \$48,580 for the years ended December 31, 2025 and 2024 respectively.

The Association had cash of \$1,923,893 and \$1,600,145 at December 31, 2025 and 2024, respectively, for an increase of \$323,748. This increase is shown on the Statement of Cash Flows on page 10 of the financial statements. The cash balance at the end of 2025 is available for future operations. The Association's future plans include purchasing new equipment, upgrading equipment, yearly maintenance, payment of 9-1-1 phone lines, payment for a new emergency notification system provider, contribution to salaries for dispatchers and information system personnel, and training of personnel working at the communication centers.

On November 19, 2025, the Colorado Public Utilities Commission approved the Association's surcharge increase request. On February 1, 2026, the rate will increase from \$2.05 per customer line per month to \$3.79 per line per month. This is expected to generate increased revenues of approximately 80% annually.

Revenues

Access fees charged to telephone companies for the 9-1-1 service make-up almost all of the total operating revenues. Access fees were billed at \$2.05 in 2025 and \$2.05 in 2024 per customer line per month. The Association estimates that in 2025 they serviced 7,448 telephone lines and 55,597 wireless customers. Estimates for 2024 were 6,514 telephone lines and 55,168 wireless customers. The Association continues to work on increasing service through new equipment purchases, upgrades and system expansion. The Association will continue to pursue its policy of maximizing revenue opportunities.

Expenses

The majority of operating expenses consist of phone and internet service, maintenance agreements and contracted services. Providing emergency telephone services requires constant maintenance. Due to significant investments the Association has in capital assets, depreciation continues to be a large operating expense. Unlike other expenses listed, depreciation is not a cash expense.

Capital Assets

The Association's net capital assets were \$989,941 and \$1,199,181 at December 31, 2025 and 2024, respectively. Capital assets include equipment and equipment upgrades.

The Association acquires its assets either with fees or the proceeds from grants. Station improvements, new equipment purchases and system expansion are all part of the Association's capital investment program. Commitments on approved capital asset projects did not exceed budgeted amounts.

Budgetary Highlights

In 2025, the Association budgeted for revenues of \$1,534,171 and received \$1,739,829. Operating expenses were budgeted for \$2,353,746 and \$1,618,008 was spent. Capital expenditures were budgeted for \$427,710; the Association spent \$44,100.

Economic Factors and Next Year's Budget

For 2026, the Association has plans to purchase new equipment and make upgrades to existing systems. Total budgeted capital expenditures for 2026 are \$314,043. Budgeted revenues for 2026 are expected to increase from 2025 due to an expected increase in lines for 2026. Budgeted expenses are expected to decrease from 2025.

Request for Information

This financial report is designed to provide an overview of the financial status of the Association for those with an interest in this organization. Questions concerning any information with this report may be directed to the Board Chairman of the Association:

Frank Sandoval
990 East Second Ave.
Durango, CO 81301
Phone Number: 970-769-1454

BASIC FINANCIAL STATEMENTS

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY
Statements of Net Position
December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 1,923,893	\$ 1,600,145
Receivables (net of allowance)	270,823	231,691
Prepaid expenses	-	90,491
Total current assets	<u>2,194,716</u>	<u>1,922,327</u>
Capital assets		
Equipment	2,498,520	2,454,420
Accumulated depreciation	<u>(1,508,579)</u>	<u>(1,255,239)</u>
Net capital assets	<u>989,941</u>	<u>1,199,181</u>
Total assets	<u>3,184,657</u>	<u>3,121,508</u>
Liabilities		
Current liabilities		
Accounts payable	321,378	787,154
Due to other governments	<u>879,262</u>	<u>218,818</u>
Total liabilities	<u>1,200,640</u>	<u>1,005,972</u>
Net Position		
Invested in capital assets	989,941	1,199,181
Unrestricted	<u>994,076</u>	<u>916,355</u>
Total net position	<u>\$ 1,984,017</u>	<u>\$ 2,115,536</u>

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

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY
Statements of Revenues, Expenses, and Changes in Net Position
For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Operating revenues		
Telephone surcharges	\$ 1,550,890	\$ 1,517,368
State surcharges	185,767	140,888
Other income	1,416	300
Total operating revenues	<u>1,738,073</u>	<u>1,658,556</u>
Operating expenses		
Audit	9,300	9,000
Contracted services	1,309,342	968,259
Insurance	5,906	6,480
Repairs and maintenance	97,478	297,970
Supplies and small equipment	2,703	8,730
Telephone and internet	169,959	126,647
Travel and training	23,320	19,755
Depreciation	253,340	174,229
Total operating expenses	<u>1,871,348</u>	<u>1,611,070</u>
Operating income / (loss)	<u>(133,275)</u>	<u>47,486</u>
Non-operating revenues (expenses)		
Interest income	<u>1,756</u>	<u>1,094</u>
Total non-operating revenues (expenses)	<u>1,756</u>	<u>1,094</u>
 Change in net position	 <u>(131,519)</u>	 <u>48,580</u>
 Total net position, beginning of year	 <u>2,115,536</u>	 <u>2,066,956</u>
Total net position, end of year	<u>\$ 1,984,017</u>	<u>\$ 2,115,536</u>

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

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY

Statements of Cash Flows

For the Years Ended December 31, 2025 and 2024

	<u>2025</u>	<u>2024</u>
Cash flows from operating activities:		
Cash received from customers	\$ 1,698,941	\$ 1,658,845
Cash paid to suppliers	<u>(1,332,849)</u>	<u>(1,064,216)</u>
Net cash flows from operating activities	<u>366,092</u>	<u>594,629</u>
Cash flows from capital and related financing activities:		
Purchase of capital assets	<u>(44,100)</u>	<u>(578,212)</u>
Net cash flows from capital and related financing activities	<u>(44,100)</u>	<u>(578,212)</u>
Cash flows from investing activities:		
Interest income	<u>1,756</u>	<u>1,094</u>
Net change in cash and cash equivalents	323,748	17,511
Cash and cash equivalents, beginning of year	<u>1,600,145</u>	<u>1,582,634</u>
Cash and cash equivalents, end of year	<u><u>\$ 1,923,893</u></u>	<u><u>\$ 1,600,145</u></u>
Reconciliation of operating income / (loss) to net cash provided by operating activities:		
Net operating income / (loss)	\$ (133,275)	\$ 47,486
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation/amortization	253,340	174,229
Changes in operating assets and liabilities:		
(Increase)/decrease in receivables	(39,132)	289
(Increase)/decrease in prepaid expenses	90,491	(90,491)
Increase/(decrease) in payables	<u>194,668</u>	<u>463,116</u>
Net cash flows from operating activities	<u><u>\$ 366,092</u></u>	<u><u>\$ 594,629</u></u>

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

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY

Notes to the Financial Statements

December 31, 2025 and 2024

Note 1. Summary of Significant Accounting Policies

Nature of Organization

The Emergency Telephone Service Association of La Plata County was formed for the purpose of providing emergency telephone services for La Plata County, Colorado. The governing board is appointed by participating governmental organizations.

Reporting Entity

The Emergency Telephone Service Association of La Plata County is governed by a five member governing board. The accompanying financial statements present the financial position, results of operations, and changes to the Association's equity. All operations controlled by the Association are included within the financial statements as outlined by the *Governmental Accounting Standards Board* (GASB).

The Emergency Telephone Service Association of La Plata County (the Association) follows the *Governmental Accounting Standards Board* (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization in 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 Association is not financially accountable for any other organization, nor is it a component unit of any other primary governmental entity.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The accounting policies of the Association conform to generally accepted accounting principles as applicable to governmental units accounted for as governmental enterprise funds. Enterprise funds account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

The Association uses the accrual basis of accounting for its enterprise fund. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY

Notes to the Financial Statements

December 31, 2025 and 2024

Note 1. Summary of Significant Accounting Policies, Continued

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position

Cash

For the purposes of the statement of cash flows, cash consists of the monies in the checking accounts. The Association considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Deposits and Investments

Colorado law authorizes the Association to invest in obligations of the United States, State of Colorado, Colorado counties and school districts, repurchase agreements, financial institutions, and local government investment pools. House Bill 1056 expanded the list of investments that are legal for local governments.

Bad Debts

The Association does not reserve an allowance for bad debts. Historically, all receivables at year end have been collected within two months.

Prepaid Items

Payments made for services that will benefit periods beyond the end of the current year are recorded as prepaid items.

Capital Assets

The Association capitalizes equipment and other fixed assets valued at \$5,000 or more with a useful life of more than 5 years. Capital assets are stated at cost except for donated assets, which are stated at their acquisition value at the time of donation. Depreciation is computed over the estimated useful lives of the related assets using straight-line method. The Association's capital assets consist of various types of equipment with estimated useful lives between 5 and 15 years.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY

Notes to the Financial Statements

December 31, 2025 and 2024

Note 1. Summary of Significant Accounting Policies, Continued

Net Position

The difference between assets and liabilities is “net position” on the Statement of Net Position. Net position is divided into three categories: invested in capital assets; restricted assets; and unrestricted assets. The portion of net position shown as invested in capital assets indicates that amount is not available for future appropriations. Net position is reported as restricted when constraints have been placed upon them by external parties or are imposed by constitutional provisions or enabling legislation. Unrestricted net position is available for future appropriations.

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Association’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

Operating Revenues and Expenses

The Association distinguishes between operating revenues and expenses and non-operating items in the Statements of Revenues, Expenses, and Changes in Net Position. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Association’s purpose of providing emergency telephone services to its customers. Operating revenues consist of charges to customers for service provided. Operating expenses include the costs of service, administrative expenses, and depreciation of assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses or capital contributions.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2. Stewardship, Compliance, and Accountability

Budgets and Budgetary Accounting

Annual budgets are established as required by Colorado law.

Expenditures may not legally exceed appropriations at the fund level. Budget amounts included in the financial statements are based on the final amended budget. After budget approval, the Association’s Board of Directors may approve supplemental appropriations if an occurrence, condition, or need exists which was not known at the time the budget was adopted.

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY

Notes to the Financial Statements

December 31, 2025 and 2024

Note 2. Stewardship, Compliance, and Accountability, Continued

On or before October 15th of each year, the Association's budget officer must prepare and submit a proposed budget to the Board for the next fiscal year. Thereupon notice must be published stating, among other things, that the budget is open to inspection by the public and that interested electors may file or register and objection to the budget. State law requires that the Association adopt its budget by December 31 and file a certified copy of its budget with the Division of Local Government by January 31. The Association filed the certified copy of its budget timely for 2025 and 2024.

Budget appropriations lapse at the end of each year, and encumbrance accounting is not used.

Note 3. Deposits with Financial Institutions

The Association's deposit policies are governed by Colorado statute. The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories; state regulators determine eligibility. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds. The pool is to be maintained by another financial 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 the aggregate uninsured deposits.

Custodial credit risk is the risk that in the event of a bank failure, the Association's deposits may not be recovered. The Association does not have a deposit policy for custodial credit risk. As of December 31, 2025 and 2024, \$1,674,295 and \$1,367,607 respectively of the Association's bank balance was exposed to custodial credit risk. Deposits exposed to credit risk are collateralized with securities held by the pledging financial institution through PDPA.

The Association does not have an investment policy.

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY

Notes to the Financial Statements

December 31, 2025 and 2024

Note 4. Capital Assets

A summary of changes in capital assets during 2025 is as follows:

	Balance 12/31/2024	Additions	Deletions	Balance 12/31/2025
Equipment	\$ 2,454,420	\$ 44,100	\$ -	\$ 2,498,520
Less accumulated depreciation	(1,255,239)	(253,340)	-	(1,508,579)
Net capital assets	<u>\$ 1,199,181</u>	<u>\$ (209,240)</u>	<u>\$ -</u>	<u>\$ 989,941</u>

A summary of changes in capital assets during 2024 is as follows:

	Balance 12/31/2023	Additions	Deletions	Balance 12/31/2024
Equipment	\$ 1,876,208	\$ 578,212	\$ -	\$ 2,454,420
Less accumulated depreciation	(1,081,011)	(174,228)	-	(1,255,239)
Net capital assets	<u>\$ 795,197</u>	<u>\$ 403,984</u>	<u>\$ -</u>	<u>\$ 1,199,181</u>

Depreciation expense was \$253,340 for 2025 and \$174,228 for 2024.

Note 5. Risk Management

The Association is exposed to various risks of loss related to torts; theft of, damages to, or destruction of assets; or natural disasters. It is not possible to estimate losses which would not be covered by the insurance policies; however, no losses have occurred which exceeded the Association's insurance coverage in any of the three preceding years. There has been no significant reduction in insurance coverage from coverage in the prior year.

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY

Notes to the Financial Statements

December 31, 2025 and 2024

Note 6. Operating Agreements

In September 2014, the Association entered into a three year agreement with Emergency Communications Network (now Onsolve) for its citizen notification services. This agreement has been extended through September 2025. The total amount paid was \$22,752 and \$19,394 for 2025 and 2024, respectively.

In 2025, the Association entered into a one-year agreement for an emergency notification system with Regroup (to replace Onsolve). The total amount paid was \$10,500. The agreement will allow for annual renewals limited to 3.5% payment increases for three years.

In September 2014, the Association entered into a one year agreement with North Line GIS, LLC (now IMEG) for Geographic Information Systems (GIS) consulting. This agreement has been extended through September 2024. The total amount paid was \$0 and \$26,700 for 2025 and 2024, respectively. IMEG successfully completed the scope of work as agreed upon. Ongoing GIS responsibilities have since transitioned to Durango Emergency Communication Center's GIS Analyst position.

Note 7. Taxpayer's Bill of Rights (TABOR)

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The amendment is complex and subject to judicial interpretation. The Association does not have the authority to levy taxes and its sole source of revenue is fees, qualifying the Association as an "Enterprise" and therefore exempt from provision of the 1992 amendment.

Note 8. Inter-governmental Agreements

Emergency Telephone Service Association of La Plata County has a reimbursement agreement with the City of Durango for the base salaries of 9-1-1 dispatchers for the Durango Dispatch Center and the base salary for the Information System Technicians at the Durango Dispatch Center. The total amount paid or accrued was \$815,426 in 2025 and \$625,000 in 2024.

Emergency Telephone Service Association of La Plata County has a reimbursement agreement with the Southern Ute Police Department for the salaries of dispatchers starting October 2015. The total amount paid or accrued was \$348,419 in 2025 and \$251,920 in 2024.

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY

SUPPLEMENTARY INFORMATION

BUDGETARY COMPARISON SCHEDULE

EMERGENCY TELEPHONE SERVICE ASSOCIATION OF LA PLATA COUNTY
Schedule of Revenues, Expenditures and Changes in Net Position
Budget and Actual with Reconciliation to US GAAP Basis
For the Year Ended December 31, 2025

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
Revenues				
Telephone surcharges	\$ 1,394,171	\$ 1,394,171	\$ 1,550,890	\$ 156,719
State surcharges	140,000	140,000	185,767	45,767
Other income	-	-	1,416	1,416
Interest income	-	-	1,756	1,756
Total revenues	<u>1,534,171</u>	<u>1,534,171</u>	<u>1,739,829</u>	<u>205,658</u>
Expenses				
Audit	10,000	10,000	9,300	700
Contracted services	1,429,378	1,429,378	1,309,342	120,036
Insurance	6,378	6,378	5,906	472
Repairs and maintenance	208,108	208,108	97,478	110,630
Supplies and small equipment	10,250	10,250	2,703	7,547
Telephone and internet	168,922	168,922	169,959	(1,037)
Travel and training	93,000	93,000	23,320	69,680
Capital outlay	427,710	427,710	-	427,710
Total expenses	<u>2,353,746</u>	<u>2,353,746</u>	<u>1,618,008</u>	<u>735,738</u>
Change in net position - budget basis	<u>\$ (819,575)</u>	<u>\$ (819,575)</u>	121,821	<u>\$ 941,396</u>
GAAP basis adjustments				
Depreciation			<u>(253,340)</u>	
Change in net position - GAAP basis			(131,519)	
Net position, beginning of year			<u>2,115,536</u>	
Net position, end of year			<u>\$ 1,984,017</u>	