



**COLORADO ELECTRIC  
TRANSMISSION AUTHORITY**

**FINANCIAL STATEMENTS**

**For the 18-Month Period Ended June 30, 2025**

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## **INDEPENDENT AUDITORS' REPORT**



## INDEPENDENT AUDITORS' REPORT

The Board of Directors  
Colorado Electric Transmission Authority  
Lakewood, Colorado

### Opinion

We have audited the accompanying financial statements of the governmental activities, and each major fund of Colorado Electric Transmission Authority, (the Authority) as of and for the 18-month period ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the 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 each major fund of the Authority as of June 30, 2025, and the respective changes in financial position for the 18-month period then ended in accordance with accounting principles generally accepted in the United States of America.

### Basis for Opinion

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 Auditors' 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 opinion.

### Responsibilities 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 within one year after the date that the financial statements are available to be issued.

### Auditors' 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 auditors' report that includes our opinion.

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.

## **Other Matters**

### *Required Supplemental Information*

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

*Sorren CPAs P.C.*  
December 11, 2025

## **BASIC FINANCIAL STATEMENTS**

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**STATEMENT OF NET POSITION**  
**For the 18-Month Period Ended June 30, 2025**

**ASSETS**

**Current assets:**

Cash and investments- unrestricted \$ 80,232

**Total assets** \$ 80,232

**LIABILITIES**

**Current liabilities:**

Accounts payable and accrued expenses \$ 4,073

Accrued salaries and compensated absences 37,603

Total current liabilities 41,676

**NET POSITION**

Unrestricted 38,556

**Total liabilities and net position** \$ 80,232

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**STATEMENT OF ACTIVITIES**  
**For the 18-Month Period Ended June 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenue</u>		<u>Capital Grants and Contributions</u>	<u>Net (Expense) Revenue and Change in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>		<u>Governmental Activities</u>
Primary government:					
Governmental activities:					
General government	\$ 964,381		\$ -	\$ -	\$ (964,381)
	<u>\$ 964,381</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (964,381)</u>
General revenues:					
PUC Funds					816,430
Miscellaneous/Other Income					122,000
Total general revenues					<u>938,430</u>
Change in net position					<u>(25,951)</u>
Net position - Beginning					64,507
Net position - Ending					<u>\$ 38,556</u>

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY  
BALANCE SHEET  
GOVERNMENTAL FUND  
For the 18-Month Period Ended June 30, 2025**

	<b>General</b>
<b>ASSETS</b>	
Cash and investments- unrestricted	\$ 80,232
Total assets	\$ 80,232
 <b>LIABILITIES AND FUND BALANCE</b>	
<b>LIABILITIES</b>	
Accounts payable	\$ 4,073
Compensated absences	27,489
Accrued salaries	10,114
Total liabilities	41,676
 <b>FUND BALANCE</b>	
Unassigned	38,556
 <b>TOTAL LIABILITIES AND FUND BALANCE</b>	 \$ 80,232

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the 18-Month Period Ended June 30, 2025**

	<b>General</b>
<b>REVENUES</b>	
PUC Funds	\$ 816,430
Miscellaneous/Other Income	122,000
Total revenue	938,430
<b>EXPENDITURES</b>	
Accounting	29,372
Insurance	3,327
Legal	64,603
Membership/Conference Fees	4,617
Office	1,096
Salary	372,059
Compensated absences	27,849
Website	500
Consulting and advisory	460,000
Contingency	958
Total expenditures	964,381
<b>EXCESS OF REVENUES OVER (UNDER) EXPENDITURES</b>	(25,951)
<b>FUND BALANCES - BEGINNING OF YEAR</b>	64,507
<b>FUND BALANCES - END OF YEAR</b>	\$ 38,556

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE**  
**BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the 18-Month Period Ended June 30, 2025**

	<b>2024 Budget - 6 Months of 1/1/24-12/31/24 Amounts Original &amp; Final</b>	<b>2025 SFY Budget 7/1/24-6/30/25 Amounts Original</b>	<b>2025 SFY Budget 7/1/24-6/30/25 Amounts Final</b>	<b>Total 18-Month Budget 1/1/24-6/30/25 Amounts Final</b>	<b>Total 18-Month 1/1/24-6/30/25 Actual Amounts</b>	<b>Variance with Final Budget  Positive (Negative)</b>
<b>REVENUES</b>						
PUC Funds	\$ 250,000	\$ 500,000	\$ 566,430	\$ 816,430	\$ 816,430	\$ -
Other Income	138,027	-	-	138,027	122,000	(16,027)
Total revenue	<u>388,027</u>	<u>500,000</u>	<u>566,430</u>	<u>954,457</u>	<u>938,430</u>	<u>(16,027)</u>
<b>EXPENDITURES</b>						
Legal	\$ 57,772	\$ 21,976	\$ 6,831	\$ 64,603	\$ 64,603	\$ -
Accounting	12,000	19,578	17,372	29,372	29,372	-
Insurance	1,364	-	1,963	3,327	3,327	-
Office	2,094	-	-	2,094	1,096	998
Salary	124,589	136,170	247,470	372,059	372,059	-
Compensated absences	-	-	27,849	27,849	27,849	-
Membership/Conference Fees	4,617	-	-	4,617	4,617	-
Website	2,610	-	-	2,610	500	2,110
Consulting and Advisory	208,333	320,000	251,667	460,000	460,000	-
Contingency	745	2,275	2,000	2,745	958	1,787
Total expenditures	<u>414,124</u>	<u>500,000</u>	<u>555,152</u>	<u>969,276</u>	<u>964,381</u>	<u>4,895</u>
<b>EXCESS OF REVENUE OVER (UNDER) EXPENDITURES</b>	<u>(26,097)</u>	<u>-</u>	<u>11,278</u>	<u>(14,819)</u>	<u>(25,951)</u>	<u>(11,132)</u>
<b>FUND BALANCE - BEGINNING OF YEAR</b>	<u>26,097</u>	<u>-</u>	<u>64,507</u>	<u>90,604</u>	<u>64,507</u>	
<b>FUND BALANCE - END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 75,785</u>	<u>\$ 75,785</u>	<u>\$ 38,556</u>	

These financial statements should be read only in connection with  
the accompanying notes to financial statements.

## **NOTES TO BASIC FINANCIAL STATEMENTS**

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 1 – DEFINITION OF REPORTING ENTITY**

Colorado Electric Transmission Authority (CETA or Authority) was formed in June 2021, and began operations in 2023. CETA was created by Colorado lawmakers, and is an independent, political subdivision of the state to enable the development of electric transmission facilities to deliver clean energy resources to Coloradans.

CETA 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's elected governing body as the basic criterion for including a possible component 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 organizations, a potential for the organization to provide specific financial benefits or burdens, and fiscal dependency.

In general, 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, CETA does not include additional organizations in its reporting entity.

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The more significant accounting policies of CETA are described as follows:

**Government-wide and Fund Financial Statements**

The government-wide financial statements include the statement of the net position and the statement of activities. These financial statements include all of the activities of CETA. For the most part, the effect of inter-fund activity has been removed from these statements.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

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

The statement of activities demonstrates the degree to which the direct and indirect expenses of a given function or segment are 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, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurements focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as eligibility requirements imposed by the provider have been met. Depreciation is computed and recorded as an operating expense. Expenditures for property and equipment are shown as increases in assets and redemption of bonds and promissory notes are recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the current financial resources measurements 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. The major source of revenue susceptible to accrual is the Department of Regulatory Agencies. Expenditures, other than interest on long-term obligations, are recorded when the liability is incurred or when the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by CETA.

CETA reports the following major governmental funds:

The General Fund is CETA's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted first, then unrestricted resources as they are needed.

**Budgets**

In accordance with the Local Government Budget Law of Colorado, CETA's Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. CETA's Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

**Pooled Cash and Investments**

CETA follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash. The Authority did not have any investments for the 18-month period ended June 30, 2025.

**Capital Assets**

Capital assets, which include building improvements, equipment and furniture, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by CETA as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical or estimated historical cost if purchased or constructed. Depreciation of capital assets is computed using the straight-line method over the following estimated useful lives of the assets. The Authority did not have any capital assets for the 18-month period ended June 30, 2025.

**Fund Balances – Governmental Funds**

CETA's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable 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 and higher levels of government), through constitutional provisions or by enabling legislation.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued**

Committed fund balance - amounts constrained to specific purposes by CETA 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 CETA takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts CETA intends to use for a specific purpose. Intent can be expressed by CETA's Board of Directors or by an official or body to which CETA's Board of Directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund.

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

**Compensated Absences**

The Authority accrues leave for compensated absences as an expense and a liability, based on the State's accrual rate in compliance with GASB issued Statement No. 101, *Compensated Absences*. All employees who terminate their employment will be paid unused vacation hours and sick leave at their regular rate of pay.

**Accounting Standards**

In June 2022, GASB issued Statement 100, *Accounting Changes and Error Corrections* (Statement 100). This Statement enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. On January 1, 2024, CETA adopted the requirements of Statement 100. Management determined the adoption of Statement 100 did not have a material impact on CETA's financial statements.

In June 2022, GASB issued Statement 101, *Compensated Absences* (Statement 101). This Statement updated the recognition and measurement guidance for compensated absences. On January 1, 2024, CETA adopted the requirements of Statement 101 for the year ended June 30, 2025. Management determined the adoption of Statement 101 did not have a material impact on CETA's financial statements for the year ended December 31, 2023.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 – CASH AND INVESTMENTS**

Cash and investments as of June 30, 2025 are classified in the accompanying statement of net position as follows:

Statement of net position:	
Cash and investments – unrestricted	<u>\$ 80,232</u>

Cash and investments as of June 30, 2025 consist of the following:

Deposits with financial institutions	<u>\$ 80,232</u>
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**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 regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits.

The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

At June 30, 2025, CETA's cash deposits had a bank balance of \$80,357 and a carrying balance of \$80,232.

**Investments**

The Authority's investment policy follows state statutes regarding investments. Colorado revised statutes limit investment maturities to five years or less unless formally approved by the Authority. Such actions are generally associated with a debt service reserve or sinking fund requirements. Revenue bonds of local government securities, corporate and bank securities and guaranteed investment contracts not purchased with bond proceeds are limited to maturities of three years or less.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

- Obligations of the United States and certain U.S. government agency securities and the World Bank
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Certain reverse repurchase agreements

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 3 - CASH AND INVESTMENTS - continued**

- Certain securities and lending agreements
- Certain corporate bonds
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

The Authority did not have any investments as of June 30, 2025.

**NOTE 4 – AGREEMENTS**

**Intergovernmental Agreement** - On June 21, 2023, the Authority entered into an Intergovernmental Agreement (the “IGA”) with the State Department of Regulatory Agencies (DORA) in order to provide funding to CETA to carry out its statutory duties as established in SB21-072, 40-2-114(2)(a)(III), C.R.S and article 42 of Title 40 of the Colorado Revised Statutes. According to the contract CETA shall submit a Payment Request not more frequently than once per month of each State Fiscal Year by email for administrative expenses incurred by CETA in carrying out its duties under the CETA Act. Each Payment Request shall include amounts for one month, covering the previous month, and submitted no later than the fifth day of the subsequent month and shall include an itemization of the expenditures incurred. DORA designees will review the Payment Request for accounting accuracy and compliance with State Fiscal Rules.

Upon successful review, DORA will transfer money from the Fund to the Electric Transmission Authority Operational Fund in the amount requested by CETA, not to exceed a total of five hundred thousand dollars (\$500,000) during any State Fiscal Year, plus any statutorily allowed reserve margin. Payments will generally be made to CETA on a cost-reimbursement basis.

**NOTE 5 – PENSIONS**

The Authority provides pension benefits through a 401(a) retirement plan. All employees participate in the Plan. Employees are vested immediately. The Authority contributes 3% of an employee’s wages to the Plan. All contributions are employer contributions for the 18-month period ended June 30, 2025 were \$11,023.

**NOTE 6 - RISK MANAGEMENT**

Except as provided in the Colorado Governmental Immunity Act, CETA may be exposed to various risks of loss related to torts, thefts of, damage to, or destruction of assets, errors or omissions, injuries to employees or acts of God.

**COLORADO ELECTRIC TRANSMISSION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**NOTE 6 - RISK MANAGEMENT- continued**

CETA pays annual premiums to Pinnacol for liability, property, public officials' liability and workers compensation coverage.

CETA's purpose is to facilitate the expansion of electric transmission facilities throughout the state of Colorado. Its major source of revenue include contributions from the state. A reduction in this revenue, if it were to occur, may have a significant effect on CETA's activities.

**NOTE 7 - TAX, SPENDING AND DEBT LIMITATIONS**

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments, except Enterprise.

Based on the structure of CETA as a "quasi-governmental" entity and restriction of financial activities, including the lack of ability to assess and collect tax revenue, CETA does not believe that it is directly subject to the TABOR limitation.

This information is an integral part of the accompanying financial statements.