

**EAST CENTRAL**  
**COUNCIL OF GOVERNMENTS**

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEARS ENDED**  
**DECEMBER 31, 2020 AND 2019**

**EAST CENTRAL COUNCIL OF GOVERNMENTS**

**DECEMBER 31, 2020 AND 2019**

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# EAST CENTRAL COUNCIL OF LOCAL GOVERNMENTS

## COLORADO'S CENTRAL PLAINS



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### MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the East Central Council of Governments' (ECCOG) financial performance provides an overview of ECCOG's financial activities for the year ended December 31, 2020. Please read it in conjunction with ECCOG's financial statements.

#### USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The Government-wide financial statements begin on page 10 and provide information about the activities of ECCOG as a whole and present a longer-term view of ECCOG's finances. The Fund financial statements begin on page 12 and provide information about ECCOG's governmental activities, these statements tell how services were financed in the short term as well as what remains for future spending. The remaining Fiduciary financial statements begin on page 16 and provide financial information about activities for which ECCOG acts solely as an agent for the benefit of those outside of the Council of Governments.

#### *Reporting the East Central Council of Governments as a Whole*

##### **Government-wide Financial Statements**

The Statement of Net Position includes all ECCOG'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 ECCOG is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the condition of ECCOG's position, to assess the overall financial "picture" of ECCOG.

The Statement of Activities reports information about ECCOG as a whole showing how ECCOG's net position changed during the most recent fiscal year. All current year revenues and expenses are recorded on the accrual basis of accounting which takes into account all revenue and expenses regardless of when cash is received or paid.

In the Statement of Net Position and the Statement of Activities, only governmental activities are reported due to the fact ECCOG does not operate business-type activities. Governmental activities include all ECCOG's programs (Aging Services, Economic Development, Transportation Services, and Housing Services). Federal and state grants finance a majority of these activities as well as local matching funds from towns and counties.

#### *Reporting the East Central Council of Governments' Funds*

##### **Fund Financial Statements**

The fund financial statements provide detailed information about the general fund. Due to the fact ECCOG does not operate business-type activities the fund financial statements closely mirror the Government-wide financial statements; the only differences being the method of accounting used to prepare the two different sets of financials. All ECCOG's services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending.

These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of ECCOG’s general government operations and the basic services it provides.

Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the ECCOG’s programs. We describe the relationship and differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds (reported in the Balance Sheet and Statement of Revenue, Expenditures, and Changes in Fund Balance) on separate schedules on pages 13 and 15.

***The East Central Council of Governments as an Agency***

**Reporting the East Central Council of Governments’ Fiduciary Responsibilities**

ECCOG is the fiduciary for monies received for Kit Carson, Lincoln, Cheyenne and Elbert Counties. The funds are received by ECCOG for private special trips made by various agencies and individuals using the buses from ECCOG’s transportation program. All ECCOG’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position-Fiduciary Fund. We exclude these activities from ECCOG’s other financial statements because ECCOG cannot use these assets to finance its operations. ECCOG is responsible for ensuring that the assets reported in these funds are used for their intended purpose for each county.

**THE AGENCY AS A WHOLE**

As noted earlier, the net position may serve over time as a useful indicator of a government’s financial position. The following table provides a comparison of ECCOG’s Statement of Net Position as of December 31, 2020 and 2019. You will notice that ECCOG’s government activities net position increased by \$21,175 in 2020. A discussion explaining the increase in net position is provided after the table.

	2020	2019	Variance
<b>ASSETS:</b>			
Cash	\$ 213,637	\$ 14,327	\$ 199,310
Receivables, net	172,522	263,032	(90,510)
Prepaid expenses	1,904	2,512	(608)
Capital assets, net	30,663	39,070	(8,407)
Total Assets	418,726	318,941	99,785
<b>LIABILITIES:</b>			
Accounts payable and accrued expenses	51,152	45,151	6,001
Unearned revenues	133,639	63,195	70,444
Long-term liabilities:			
Due within one year	12,987	10,822	2,165
Total Liabilities	197,778	119,168	78,610
<b>NET POSITION:</b>			
Investment in capital assets	30,663	39,070	(8,407)
Unrestricted	190,284	160,703	29,581
Total Net Position	\$ 220,947	\$ 199,773	\$ 21,175

**Assets:**

Cash on hand increased by \$199,310 in 2020 and the receivables decreased \$90,510. The increase in cash was a direct result of timely grants receivable payments. The current year prepaid expense balance represents \$963 of prepaid state comp insurance and \$941 of prepaid postage. Capital assets reflect a decrease due to current year depreciation.

**Liabilities:**

The increase in accounts payable and accrued expenses was \$6,001 from 2019 to 2020. The long-term liability balance of \$12,987 represents compensated absences due to employees as of December 31, 2020.

The following condensed Statements of Activities assists with identifying how the increase in net position occurred between 2020 and 2019.

	2020	2019	Variance
Expenses:			
Aging services	\$ 719,077	\$ 759,351	\$ (40,274)
Economic development	179,017	255,435	(76,418)
Transportation services	169,867	230,373	(60,506)
Housing services	78,007	61,477	16,530
Management and general	57,755	83,159	(25,404)
Total Expenses	1,203,723	1,389,795	(186,072)
Program Revenues:			
Charges for services	172,097	184,135	(12,038)
Operating grants and Contributions	1,047,508	1,242,777	(195,269)
Net (Expenses)	15,882	37,117	(21,235)
General Revenues:			
Miscellaneous	5,221	1,496	3,725
Other	71	133	(62)
Total general revenues	5,292	1,629	3,663
Change in net position	21,174	38,746	(17,572)
Net position – beginning	199,773	161,027	38,746
Net position – ending	\$ 220,947	\$ 199,773	\$ 21,175

**Program Revenues:**

Operating grants and contributions decreased as a direct result of the COVID-19 pandemic that affected operations throughout most of 2020.

**Expenses:**

Expenses overall decreased in 2020 due to decreased program expenses related to the decrease of services provided in 2020.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

As discussed in the footnotes of the basic financial statements, ECCOG is required to abide by budgets contained in individual grant agreements. The grant agreements have budgetary periods that, in many cases, do not coincide with ECCOG's calendar year. Revenues and expenditures related to the grant agreements are monitored for compliance with budgetary requirements by ECCOG and the various grantor agencies. ECCOG's budget is not legally adopted or approved by any legislative body. Therefore, the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual have been omitted from the basic financial statements.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

As of December 31, 2020, ECCOG had the following capital assets:

	2020	2019
Total Furniture and equipment	\$ 69,119	\$ 69,119
Less: Accumulated depreciation	38,456	30,049
Net Capital Assets	<u>\$ 30,663</u>	<u>\$ 39,070</u>

Depreciation expense for 2020 and 2019 was \$8,406 and \$6,388, respectively.

### **Debt**

As of December 31, 2020, ECCOG had the following in General Long-Term Debt.

	2020	2019
Compensated absences	<u>\$ 12,987</u>	<u>\$ 10,822</u>

## **East Central Council of Governments Economic Factors 6-18-2021**

East Central Council of Governments' general fund (contributions from the counties and municipalities) remains steady as compared to previous years based on growth and migration from all counties except Elbert County who continues to experience an increase in population. General fund revenues are based on population and a pre-determined assessment formula comparing population changes from year to year. The formula for the municipal contributions remains the same as in previous years. Elbert County's continued growth should exceed the declining population in the other three counties in the region. If that should not be the case, we could see a slight decrease or remain steady in our general fund. Kit Carson County's correctional facility in Burlington that closed in 2016 remains closed today. The dues formula for the four counties has remained unchanged since 2015. Each county pays a \$10,000 base and then an additional flat dollar amount depending on population size. This formula results in county contributions totaling \$55,000 which is anticipated to be the same for 2021. The municipalities contributions to ECCOG fluctuates slightly as population increases and decreases but remains near \$20,000 in all. These funds are used to match other funds to provide services across the region. Quarterly billing for counties and municipalities dues seems to work best for them and ECCOG. Dues are essential to our operation as they are used to match other funds across all programs.

COVID-19 has brought a new awareness to community needs and services offered by the Area Agency on Aging. CDOT and AAA funds are already budgeted for increases for the year 2021 and beyond thanks in part to the federal stimulus awards. We continue to see COVID-19 impact programs but in recent days have returned to our somewhat normal operations for Project SMILE meals and transit services. The 2022 ECCOG budget is currently being developed with special allowances due to increased funds and new programs pursued by the recent AAA staff hires as the current AAA director is set to retire in 2021. No staff was laid off or lost wages due to the virus. Fund monitoring and strategic planning will provide ECCOG operating and administrative staff with a resilient future.

Although the Broadband Strategic Plan ended in 2019, the virus has renewed the effort to bring broadband to all. Businesses and schools prepare for hybrid work and learning for the future which only increases the need for higher speeds. Focusing on improving broadband in our Comprehensive Economic Development Strategy (CEDs) and resiliency plan will be a high priority.

As follow up to the cash flow concern of 2019, ECCOG's AAA has received the waiver for bus purchases from CDOT. The waiver diverts this past crisis of paying 80% of the bus cost at delivery and then waiting for reimbursement from CDOT. The county match of 20% is still paid at time of bus delivery.

Enterprise Zone Contribution Projects remained steady in 2020. Due to COVID-19, four projects that were slated to end December 31<sup>st</sup> were given a one-year extension which was appreciated. Projects need five annual contributions of \$250 or one donation of \$5,000 to remain an active project or the project may be terminated. We have seven active projects receiving contributions to continue their economic development operations into 2021. Conversations with three new projects are being conducted now. The Opportunity Zone (OZ) tool has seen very little results in our region, but Lincoln County has potential investments in discussion. Cheyenne County is developing a prospectus for OZ in hopes of attracting investments to their county. The Foreign Trade Zone is also still available in Lincoln County to help attract businesses to the county.

Our CDBG contract #18-611 is available for funding loans now through November 2022 as our extension request was granted. An amendment to add \$350,000 for lending and \$56,00 for earned administration costs was requested in 2020 has been approved also. The executed contract is still outstanding but is expected this month. A large CDBG loan closed in May 2020 creating 30 jobs in Lincoln County. CDBG loans earn a 16% administrative fee to help cover administration expenses. Administrative dollars from the Revolved Loan Program are available also to offset expenses today. In 2020, three loans under the Micro-Enterprise Program were funded in Elbert, Kit Carson and Lincoln Counties. Prairie Development Corporation maintains a good balance of other less restrictive funds to meet the needs outside of the CDBG. The State of Colorado established a micro-enterprise business loan fund in 2017 that was re-capitalized in 2019 and is now (2021) fully expended. PDC used their full allocation of these funds for six loans with 16 jobs were created.

Energize Colorado Gap Fund was created in 2020 to provide grant and loan funds to businesses impacted by the virus. Prairie Development Corporation became a partner for the grant program and awarded sixteen eligible businesses \$175,958 in the four counties. Energize CO eventually offered loans to applicants however PDC did not participate in this effort as the costs were too high to justify the time. The region's businesses were still eligible for loans from other lending sources in addition to a competitive loan package offered by PDC.

The full-time salary schedule was approved August 7, 2019, by the ECCOG board for years 2019 thru 2021. These will be reviewed again in 2021 and 2022 as required and may need to be increased. The current 3% annual increase is not covering the cost of living today. A 5% increase may be more suitable and will be considered in the budget conversation.

ECCOG's portion of full-time staff health insurance contribution was increased to \$669 as modified for 2021 to cover 100% of the "employee only" premium was approved by the board. The insurance costs for 2022 have not been released yet. Staffing costs have increased as two new staff were hired to run operations of AAA programs. The current director will retire at the end of June 2021 and is training the new hires to take her place. New programs are to be added to meet the State Unit on Aging performance measurements for people over age 60. In 2020 and into 2021, due to management direction and the COVID-19 pandemic, staff resiliency, written procedures and back-up plans improved greatly.

The partnership ECCOG has formed with the Economic Development Administration to maintain and improve the Comprehensive Economic Development Strategy (CEDS) for our region is even more important today than when we began in 2009. In 2020, we received a grant award to improve the resiliency plan within the CEDS and to update our CEDS. That effort has taken the front seat now in 2021. A consultant was hired and continues to hold public input meetings, gather new information, and expand our services and opportunities in Elbert, Lincoln, Cheyenne and Kit Carson Counties. The updated CEDS is due to EDA in September 2021. We conducted the EDA Peer Review for our partner organization in Missouri while they performed our review with EDA staff in the conversation. It is expected that ECCOG and Missouri COG shall meet at each other's location as part of the peer review and expenses are included in the EDA travel budget.

TravelStorys, a digital story-telling app, became fully operational in early 2021. It looks as though tourism season for 2021 will be a high priority for many after halting travel last summer. We hope to capture that audience in our region with TravelStorys and the Our Journey tourism program as we advertise and feature our region in a travel magazine offered by the local newspaper. These efforts and promotions are funded in part by EDA and conducted under the EDA program. ECCOG dues are designated as EDA grant match at the current level of \$52,500 for three years (\$17,500 per yr.) or 20% with the new application. The EDA portion each of the current three years is projected at \$70,000 which ends in 2022. General funds or dues/contributions not used for EDA match are used as match for Enterprise Zone, AAA and other programs or for direct costs that are not covered by the EDA grant contract.

A new focus on the future of the AAA programs and operations, including staff, is expected. Work to open a senior center in Elizabeth in 2021 taking advantage of the opportunity of the additional funding from the stimulus should help make this a reality. Discussion of the location, staff and expansion of services continues with ECCOG staff and Town of Elizabeth stakeholders. The new AAA director and assistant director are researching and investigating Project SMILE meal expansion and developing a voucher program for meals and transportation. Targeted outreach continues as our AAA and ECCOG services are marketed to increase participation in the variety of programs for elderly and at-risk populations. Food pantry partnerships, community supported agriculture (CSA) gardens, greenhouses, and farmer's markets are options being considered to mitigate food deserts or food insecurity distress.

Northeast Rural Philanthropy Days was originally planned for June 2020 in Lincoln County but was delayed due to COVID-19. The hybrid event was held June 9-11 virtually and in person with over 100 attendees. Candace Payne served as co-chair with Troy McCue for the event to be hosted in Limon and Hugo which was deemed successful.

Although attendees were fewer than past years and the hot temperatures for the outdoor venues was tolerable, the relationships, information and opportunity to socialize over discussion of expanding support, succession planning and conducting non-profits operations was rewarding and encouraging!

As 2021 began, the COVID-19 virus impacts are still somewhat an unknown as vaccines are rolled out and businesses open. The previous year of 2020 was stressful and restrictive as staff worked from home and later in the fall returned to the office under social distancing guidelines. Field operations remained as grab-n-go meals were our only options until May 2021. We are now holding in-person meals again and the community engagement is growing as the comfort level increases. Transit trips were limited in 2020 as many folks were not allowed to meet with physicians in person or businesses were closed. Now doctors are willing to see patients, but we have limited drivers in the four counties which presents new opportunities to hire bus drivers. Most people in the region are back to work in person or could be offered some tele-work options. ECCOG operations do not work well with teleworking for our staff due to job responsibilities including receiving and sorting grocery orders, access to paper files and lack of access to high-speed internet at home. Many of our vulnerable population have received the vaccine. Schools resumed in person learning which has helped many people return to work or more normal lifestyles. We look forward to seeing senior citizens back to our meal sites and using our services in pre-pandemic numbers very soon. ECCOG AAA is poised for more service offerings through the AAA funds and see a bright future with the staff in place. The other ECCOG operations expect housing loans to increase as people leave urban regions for the quieter, rural life now that tele-work is more of an option and encouraged. Business loans should increase as people become entrepreneurs or independent consultants exiting the corporate lifestyle. The future may be an unknown, but it has many new options that COVID-19 brought to us and caused us to see things differently. Halfway through 2021, we look back at 2020 and think it was hard, but we made it this far with perseverance and encouragement from others. It is our hope that 2021 will finish better than it started and take us into an even better outlook for 2022.

### **CONTACTING THE EAST CENTRAL COUNCIL OF GOVERNMENTS' FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and creditors, with a general overview of ECCOG's finances, and to show ECCOG's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the East Central Council of Governments' Office at 128 Colorado Avenue, Stratton, Colorado. We can be reached by phone (719) 348-5562, or email as listed below.

Sincerely,



Candace M. Payne  
Executive Director  
[cpayne@prairiedevelopment.com](mailto:cpayne@prairiedevelopment.com)



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Fiscal Officer  
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**INDEPENDENT AUDITORS' REPORT**

Board of Directors  
East Central Council of Governments

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Central Council of Governments as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents. The prior year summarized comparative information has been derived from the East Central Council of Governments' 2019 financial statements and, in our report dated May 7, 2020; we expressed an unqualified opinion on those financial statements.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Central Council of Governments, as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

**Other Matters***Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 1 – 7 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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.



Parker, Colorado

June 29, 2021

***BASIC FINANCIAL STATEMENTS***

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENTS OF NET POSITION**  
**DECEMBER 31, 2020 AND 2019**

	Governmental Activities	
	2020	2019
<b>ASSETS:</b>		
Cash	\$ 213,637	\$ 14,327
Receivables, net	172,522	263,032
Prepaid expenses	1,904	2,512
Capital assets, net	30,663	39,070
Total Assets	418,726	318,941
<b>LIABILITIES:</b>		
Accounts payable and accrued expenses	51,152	45,151
Unearned revenue	133,639	63,195
Long-term liabilities:		
Due within one year	12,987	10,822
Total Liabilities	197,778	119,168
<b>NET POSITION:</b>		
Investment in capital assets	30,663	39,070
Unrestricted	190,284	160,703
Total Net Position	\$ 220,947	\$ 199,773

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**  
**2020**

	Expenses	Program Revenues		Net (Expenses) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Primary Government Governmental Activities	Total
<u>Primary government</u>					
Governmental Activities:					
Programs:					
Aging services	\$ 719,077	\$ 84,086	\$ 627,728	\$ (7,263)	\$ (7,263)
Economic development	179,017	-	179,017	-	-
Transportation services	169,867	3,491	165,407	(969)	(969)
Housing services	<u>78,007</u>	<u>78,007</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Programs	1,145,968	165,584	972,152	(8,232)	(8,232)
Management and general	<u>57,755</u>	<u>6,513</u>	<u>75,356</u>	<u>24,114</u>	<u>24,114</u>
Total Governmental Activities	<u>1,203,723</u>	<u>172,097</u>	<u>1,047,508</u>	<u>15,882</u>	<u>15,882</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,203,723</u>	<u>\$ 172,097</u>	<u>\$ 1,047,508</u>	<u>15,882</u>	<u>15,882</u>
		GENERAL REVENUES:			
			Miscellaneous	5,221	5,221
			Other	<u>71</u>	<u>71</u>
			TOTAL GENERAL REVENUES	<u>5,292</u>	<u>5,292</u>
			CHANGE IN NET POSITION	21,174	21,174
			NET POSITION, Beginning	<u>199,773</u>	<u>199,773</u>
			NET POSITION, Ending	<u>\$ 220,947</u>	<u>\$ 220,947</u>

**2019**

	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expenses) Revenue and Changes in Net Position</u>	
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Primary Government</u>	
				<u>Governmental Activities</u>	<u>Total</u>
<u>Primary government</u>					
Governmental Activities:					
Programs:					
Aging services	\$ 759,351	\$ 100,795	\$ 690,271	\$ 31,715	\$ 31,715
Economic development	255,435	-	254,312	(1,123)	(1,123)
Transportation services	230,373	7,888	222,485	-	-
Housing services	<u>61,477</u>	<u>62,612</u>	<u>-</u>	<u>1,135</u>	<u>1,135</u>
Total Programs	1,306,636	171,295	1,167,068	31,727	31,727
Management and general	<u>83,159</u>	<u>12,840</u>	<u>75,709</u>	<u>5,390</u>	<u>5,390</u>
Total Governmental Activities	<u>1,389,795</u>	<u>184,135</u>	<u>1,242,777</u>	<u>37,117</u>	<u>37,117</u>
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 1,389,795</u>	<u>\$ 184,135</u>	<u>\$ 1,242,777</u>	<u>37,117</u>	<u>37,117</u>
			<b>GENERAL REVENUES:</b>		
			Miscellaneous	1,496	1,496
			Other	<u>133</u>	<u>133</u>
			<b>TOTAL GENERAL REVENUES</b>	<u>1,629</u>	<u>1,629</u>
			<b>CHANGE IN NET POSITION</b>	38,746	38,746
			<b>NET POSITION, Beginning</b>	<u>161,027</u>	<u>161,027</u>
			<b>NET POSITION, Ending</b>	<u>\$ 199,773</u>	<u>\$ 199,773</u>

***BASIC FINANCIAL STATEMENTS***

***FUND FINANCIAL STATEMENTS***

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**BALANCE SHEETS**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2020 AND 2019**

	General Fund	
	2020	2019
<b>ASSETS:</b>		
Cash	\$ 213,637	\$ 14,327
Grants receivable	163,016	242,718
Receivable from PDC	6,675	8,364
Other receivables	2,831	11,950
Prepaid expenses	1,904	2,512
 Total Assets	 \$ 388,063	 \$ 279,871
 <b>LIABILITIES AND FUND BALANCES:</b>		
<b>Liabilities:</b>		
Accounts payable	\$ 51,153	\$ 45,150
Unearned revenue	133,639	63,196
 Total Liabilities	 184,792	 108,346
 <b>Fund Balance:</b>		
Nonspendable	1,904	2,512
Unassigned	201,367	169,014
 Total Fund Balance	 203,271	 171,525
 Total Liabilities and Fund Balance	 \$ 388,063	 \$ 279,871

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE BALANCE SHEETS -**  
**GOVERNMENTAL FUNDS**  
**TO THE STATEMENTS OF NET POSITION**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Total fund balance - general fund	\$ 203,271	\$ 171,525
<p>Amounts reported for <i>governmental activities</i> in the statement of net position are different because:</p>		
Governmental funds report capital outlay as expenditures. However, in the statement of net position, the cost of those assets is capitalized and depreciated over their estimated useful lives. This is the net amount of the capital outlays being capitalized and depreciated.	30,663	39,070
Only the current portion of the liability for compensated absences are reported in the governmental funds; however, the entire balance for compensated balances is reported in the statement of net position. This is the amount for total compensated absences due in more than one year that is reported in the statement of net assets.	(12,987)	(10,822)
Net position of governmental activities	\$ 220,947	\$ 199,773

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	General Fund	
	2020	2019
<b>REVENUES:</b>		
Intergovernmental Revenues:		
Grants	\$ 882,020	\$ 991,993
Grant matching contributions	56,484	120,355
Council of governments dues	75,356	75,709
Charges for services	172,097	184,136
Contributions	33,650	54,721
Miscellaneous revenue	5,221	1,496
Interest income	71	133
Total Revenues	1,224,897	1,428,545
<b>EXPENDITURES:</b>		
Current:		
Management and general	54,181	82,888
Aging services	712,079	784,650
Economic development	179,017	255,435
Transportation services	169,867	230,373
Housing services	78,007	61,477
Total Expenditures	1,193,151	1,414,823
NET CHANGE IN FUND BALANCE	31,746	13,721
FUND BALANCE, BEGINNING OF YEAR	171,525	157,804
FUND BALANCE, END OF YEAR	\$ 203,271	\$ 171,525

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE STATEMENTS OF REVENUES,**  
**EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

	2020	2019
Net change in fund balance - general fund	\$ 31,746	\$ 13,721
<p>Amounts reported for <i>governmental activities</i> in the statement of activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as a depreciation expense. This is the amount by which current year depreciation exceeds current year capital outlays and the net of the capital lease payments expensed in the statement of revenues, expenditures, and changes in fund balance verses the amount expensed in the statement of activities.</p>		
	(8,406)	23,889
<p>Only the current portion of the liability for compensated absences are reported in the governmental funds; however, the entire balance for compensated balances is reported in the statement of net assets. This is the amount by which the compensated balances changed from the prior year to the current year.</p>		
	(2,164)	1,137
Change in net position of governmental activities	\$ 21,174	\$ 38,746

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENTS OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2020 AND 2019**

	Agency Fund	
	2020	2019
<b>ASSETS:</b>		
Cash	\$ 24,299	\$ 23,087
Total Assets	\$ 24,299	\$ 23,087
<b>LIABILITIES:</b>		
Due to other governments/groups	\$ 24,299	\$ 23,087
Total Liabilities	\$ 24,299	\$ 23,087

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Entity**

The accompanying financial statements present all the activities of the East Central Council of Governments (ECCOG). ECCOG does not have any component units over which it exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with ECCOG (as distinct from legal relationships).

ECCOG was formed by and for the local governments within Cheyenne, Lincoln, Kit Carson and Elbert counties. Each county and town served by ECCOG contributes annual dues based on a per capita assessment.

ECCOG is governed by thirteen directors, including four county commissioners, four elected municipal officials, and five non-government representatives from the private sector and other stakeholder organizations. Directors are elected for one-year terms, which are renewable. County Commissioners are appointed to the board at the annual reorganization meeting each January.

The purpose of ECCOG is to assure the orderly and harmonious development of the geographic area comprising the rural and urban governmental subdivisions within these counties; to provide a means of responding to the local and regional problems of the communities; to serve as the advisory coordinating agency to harmonize the activities of all federal, state and local agencies within these counties; to render assistance for planning, zoning, health facilities, coordination of federal and state grant programs; and for the development of programs for economic, social and physical growth.

**Basis of Presentation**

Government-wide Financial Statements:

The Statements of Net Position and Statements of Activities display information about the reporting government as a whole and include all funds of the reporting entity except for fiduciary funds. The statements distinguish between governmental and business-type activities (ECCOG has no business-type activities). Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Basis of Presentation (Continued)**

Fund Financial Statements:

Fund financial statements of the reporting entity are organized into funds, each of which is considered separate accounting entities. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund balance, revenues and expenditure/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary (ECCOG has no proprietary funds). An emphasis is placed on major funds within the governmental and proprietary categories.

A fund is considered major if it is the primary operating fund of the entity or meets the following criteria:

- a. Total assets, liabilities, revenues, or expenditures/expenses of that individual governmental or enterprise fund are at least 10 percent of the corresponding total for all funds of that category or type; and
- b. Total assets, liabilities, revenues, or expenditures/expenses of the individual governmental fund or enterprise fund are at least 5 percent of the corresponding total for all governmental and enterprise funds combined.

The funds of the financial reporting entity are described below:

Governmental Funds:

General Fund:

The General Fund is the primary operating fund of ECCOG and is always classified as a major fund. It is used to account for all activities except those legally or administratively required to be accounted for in other funds. ECCOG utilizes the general fund exclusively of which it is charged with all costs of operating ECCOG due to the fact a separate fund has not been established.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fiduciary Funds (Not included in government-wide statements):

Agency Funds:

Agency funds account for assets held by ECCOG in a purely custodial capacity. Agency funds are custodial in nature (i.e., assets equal liabilities), and do not involve the measurement of results of operations.

**Measurement Focus and Basis of Accounting**

Measurement focus is a term used to describe “which” transactions are recorded within the various financial statements. Basis of accounting refers to “when” transactions are recorded regardless of the measurement focus applied.

Measurement Focus:

On the government-wide Statements of Net Position and the Statements of Activities, governmental activities are presented using the economic resources measurement focus as defined in item b. below.

In the fund financial statements, the “current financial resources” measurement focus or the “economic resources” measurement focus is used as appropriate:

- a. Current Financial Resources - Only current financial assets and liabilities are generally included on the balance sheet. Operating statements present sources and uses of available spendable financial resources during a given period. The fund uses a fund balance as the measure of available spendable financial resources at the end of the period.
- b. Economic Resources - The accounting objectives of this measurement focus are the determination of operating income, changes in net position (or cost recovery), financial position, and cash flows. All assets and liabilities (whether current or noncurrent) associated with their activities are reported. Proprietary fund equity is classified as net position.
- c. The agency fund is not involved in the measurement of results of operations; therefore, measurement focus is not applicable to it.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Basis of Accounting:

In the government-wide Statements of Net Position and Statements of Activities, governmental activities are presented using the accrual basis of accounting. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used. Revenues, expenses, gains, losses, assets, and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In the fund financial statements, governmental funds and agency funds are presented on the modified accrual basis of accounting. Under this modified accrual basis of accounting, revenues are recognized when “measurable and available.” Measurable means knowing or being able to reasonably estimate the amount. Available means collectible within the current period or within sixty days after year-end. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

**Assets, Liabilities and Equity**

Cash:

For the purpose of both the government-wide and fund financial statements, “cash” includes the checking accounts for ECCOG.

Receivables:

In the government-wide statements, receivables consist of all revenues earned at year-end and not yet received. Major receivable balances for the governmental activities include grant receivables and amounts due from the Prairie Development Corporation (PDC).

In the fund financial statements, material receivables in governmental funds include revenue accruals such as grant receivables and other similar intergovernmental revenues since they are usually both measurable and available.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1      SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Fixed Assets:

The accounting treatment over equipment (fixed assets) depends on whether the assets are reported in the government-wide or fund financial statements.

Government-wide Statements:

In the government-wide financial statements, fixed assets are accounted for as capital assets. All fixed assets are valued at historical cost or estimated historical cost if actual is unavailable, except for donated fixed assets, which are recorded at their estimated fair value at the date of donation. ECCOG's policy is to capitalize all fixed assets with a unit value of \$5,000 or greater. Maintenance, repairs, and minor renewals are charged as expenditures when incurred.

Depreciation of all exhaustible fixed assets is recorded as an allocated expense in the Statements of Activities, with accumulated depreciation reflected in the Statements of Net Position. Depreciation is provided over the assets estimated useful lives using the straight-line method of depreciation. Fixed assets are depreciated over their estimated useful lives of five to fifteen years.

Fund Financial Statements:

In the fund financial statements, fixed assets used in governmental fund operations are accounted for as capital outlay expenditures of the governmental fund upon acquisition.

Long-term Debt:

The accounting treatment of long-term debt depends on whether it is reported in the government-wide or fund financial statements.

All long-term debt to be repaid from governmental resources is reported as liabilities in the government-wide statements. Long-term debt consists of accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principle and interest reported as expenditures.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Compensated Absences:

ECCOG's liability for compensated absences consists of accrued vacation pay due to employees.

Full-time employees may accrue vacation in excess of 80 hours throughout the calendar year; however, only a maximum of 80 hours may be carried over to the next year by the employee; thereby limiting ECCOG's liability to a maximum of 80 hours per each full-time employee. The liability for these compensated absences is recorded as long-term debt in the government-wide statements. In the fund financial statements, governmental funds report only the compensated absence liability payable from expendable available financial resources.

Equity Classifications:

Government-wide Statements - Equity is classified as net position and displayed in two components:

*Investment in capital assets* - Consists of capital assets net of accumulated depreciation.

*Unrestricted* – The remaining net position that does not meet the definition of “investment in capital assets.”

ECCOG may fund outlays for a particular purpose from both restricted and unrestricted resources. In order to determine the amounts to report as restricted net position and unrestricted net position in the government wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is ECCOG's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Statements - Governmental fund equity is classified as fund balance and displayed in two components:

*Nonspendable* – This classification includes all assets, which are not expected to convert to cash (i.e. prepaid expenses).

*Unassigned* – This classification includes the residual fund balance for the General Fund.

When ECCOG incurs expenditures for purposes for which various fund balance classifications can be used, it is ECCOG's policy to use restricted fund balance first, then committed, assigned and finally unassigned fund balance.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 1**      **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Revenues, Expenditures and Expenses**

Program Income:

Program income is derived primarily from donations by program beneficiaries and is accounted for by the respective program. These funds may be used only for program related activities as specified by the grants and applicable regulations. Unexpended program income is reflected as unearned revenues on the balance sheet.

Expenditures/Expenses:

In the government-wide financial statements, expenses are classified by function.

In the fund financial statements, expenditures are classified by program, debt service, and capital outlay.

**NOTE 2**      **DETAIL NOTES ON TRANSACTIONS/ACCOUNTS**

**Deposits and Investments**

The State of Colorado has adopted the Public Deposit Protection Act of 1975 (the Act) to provide protection of public monies on deposit in state and national banks in Colorado above and beyond that provided by the Federal Deposit Insurance Corporation. The Act requires all eligible public depositories to maintain a specified amount of eligible collateral as security for public deposits accepted and held. Alternatively, a public depository may elect collateral having a market value equal to or greater than the aggregate of public deposits accepted and held by pledging eligible collateral having a market value equal to or greater than the aggregate of public deposits not insured by the Federal Deposit Insurance Corporation.

ECCOG's cash balance of \$14,327 and \$115,122 at December 31, 2019 and 2018, respectively, was insured or collateralized with securities held by the entity or by its agent in the entity's name.

**Receivable from Prairie Development Corporation**

The receivable from Prairie Development Corporation (PDC) of \$8,364 and \$2,468 at December 31, 2019 and 2018, respectively, represents amounts due for program and administrative services.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 2      DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)**

**Other Receivables**

General fund, other receivables consist of the following:

	2020	2019
Enterprise Zone receivables	\$ 2,250	\$ 5,850
Member government matching funds	372	379
Other receivables	209	5,721
Total Other Receivables	\$ 2,831	\$ 11,950

**General Capital Assets**

A summary of changes in capital assets follows:

	12/31/19 Balance	Additions	Disposals	12/31/20 Balance
Furniture and Equipment	\$ 69,119	\$ -	\$ -	\$ 69,119
Total Furniture and Equipment	69,119	\$ -	\$ -	69,119
Accumulated Depreciation	30,049	\$ 8,407	\$ -	38,456
Net Capital Assets	\$ 39,070			\$ 30,663

Depreciation expense was charged to governmental activities as follows:

	2020	2019
Agency Management and Administration	\$ 6,999	\$ 4,980
Senior Services	1,408	1,408
Total Depreciation	\$ 8,406	\$ 6,388

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 2**      **DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)**

**General Long-Term Debt**

A summary of general long-term debt transactions for the years ended December 31, 2020 and 2019 are presented below.

ECCOG's only long-term debt consists of compensated absences. Due to the nature of the obligation for compensated absences, annual requirements to amortize such obligations are not determinable; as a result, long-term debt has been presented as due within one year.

Balance 12/31/2019	\$ 10,822
Additions	3,225
Deletions	<u>(1,060)</u>
Balance 12/31/2020	<u>\$ 12,987</u>

**Lease Commitments**

ECCOG entered into an operating lease agreement for office space in July 2008, which was amended in November 2015; the monthly lease rate increased to \$1,300 in January 2017 and \$1,400 in January 2018. The lease has no specified termination date.

**Related Party Transactions**

ECCOG leases office space from PDC. An agreement was signed between the two organizations in July 2008 and amended in November 2015. The agreement has no specified end date. During 2020, ECCOG paid PDC \$16,800 for lease expense.

In addition, ECCOG provides administrative services for PDC. ECCOG invoices PDC on a monthly basis for all expenses incurred on behalf of PDC. During 2020, PDC paid \$78,007 to ECCOG for administrative services. As of December 31, 2020, PDC owed ECCOG \$6,675 for administrative services provided in December 2020.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 2**      **DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)**

**Pension Plan**

ECCOG has a qualified defined contribution retirement plan, the National Employers Retirement Trust Money Purchase Plan, which is administered by Thomas F. Barrett Inc.

In accordance with the terms of the plan, ECCOG and its full-time employees are required to make contributions of 6% and 5% of salaries paid, respectively.

All participants (employees) are fully (100%) vested in their participant account for all plan contributions made by the participant. Participants are vested in ECCOG's plan contributions to the participant's account as follows:

1 year of vesting service	=	20% vested
2 years of vesting service	=	40% vested
3 years of vesting service	=	60% vested
4 years of vesting service	=	80% vested
5 years of vesting service	=	100% vested

Forfeiture occurs upon the date when the earlier of the date a participant who terminated employment receives a distribution of the vested interest in the participant's account or the date the participant incurs five consecutive breaks in vesting service after termination of employment.

Plan benefits and amendments to the benefits are under the authority of ECCOG.

In addition, employees can may make elective contributions up to 10% of their salary to a National Employers Retirement Trust 457 Pension Plan, which is also administered by Thomas F. Barrett, Inc.

The following is a summary of pension activity:

	2020	2019
Money purchase pension expense	<u>\$ 20,521</u>	<u>\$ 20,738</u>
Mandatory money purchase pension contributions of participating employees	<u>\$ 17,101</u>	<u>\$ 17,281</u>
Voluntary pension plan contributions of participating employees	<u>\$ 5,802</u>	<u>\$ 5,667</u>
Covered wages	<u>\$ 342,019</u>	<u>\$ 345,626</u>

ECCOG does not have access to the funds in either plan and nor does ECCOG guarantee a return on the contributions. Additional plan terms can be obtained directly from ECCOG.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 2**      **DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)**

**Budgetary Data**

ECCOG is required to abide by budgets contained in individual grant agreements. The grant agreements have budgetary periods that, in many cases, do not coincide with ECCOG's fiscal year. Revenues and expenditures related to the grant agreements are monitored for compliance with budgetary requirements by ECCOG and the various grantor agencies. ECCOG's budget is not legally adopted or approved by any legislative body. Therefore, the Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual has been omitted from the basis financial statements.

**Management 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 at December 31, 2020 and 2019, and revenues and expenditures during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

**Economic Dependency**

The following Colorado governmental agencies provided ECCOG with most of their grant funding in 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Colorado Department of Health & Human Services	38%	33%
Colorado Department of Transportation	18%	20%
Colorado Office of Economic Development	2%	2%
Colorado Department of Local Affairs	-	1%

A significant reduction in the level of such support, if this were to occur, may have an adverse affect on ECCOG's operations.

**Concentration of Credit Risk**

ECCOG's financial instruments that are exposed to concentrations of credit risk consist of cash and grants receivable. ECCOG places its cash with high credit quality institutions. ECCOG routinely assesses the financial strength of its donors and, therefore, believes that its grants receivable credit risk exposure is limited. At times, cash may be held in accounts in excess of the FDIC insurance limit of \$250,000. However, ECCOG is protected under the Public Deposit Protection Action of 1975 as discussed in NOTE 2, *Deposits and Investments*. At December 31, 2020, ECCOG had no accounts in excess of the FDIC insurance limit.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEARS ENDED DECEMBER 31, 2020 AND 2019**

**NOTE 2**      **DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)**

**Risk of Loss**

ECCOG considers its primary exposure to risk of loss is associated with buildings and other owned fixed assets, and potential exposure for acts of its directors. Those risks of loss are mitigated through the purchase of insurance policies. ECCOG maintains a general liability policy with each occurrence and general aggregate limits of \$1 million, Directors and Officers liability insurance with per claim and aggregate limits of \$2 million, and building and property insurance with a \$125,000 limit.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through June 29, 2021, the date the financial statements were available to be issued. The Organization has identified the following subsequent events:

**COVID-19:** In December 2019, a novel strain of coronavirus (COVID-19) was reported to have surfaced in China. As of March 2020, the World Health Organization declared the outbreak to constitute a “Public Health Emergency of International Concern” and pandemic.

The extent of the impact of COVID-19 on our operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, distribution of the vaccine, impact on our clients, employees and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may affect our financial condition or results of operations is uncertain.

**Taxpayer’s Bill of Rights (TABOR)**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increase, mill levy above that for the prior year, extension of an expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

ECCOG is not a direct tax supported entity; therefore, management believes that it is not subject to the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions may require judicial interpretation.

***SUPPLEMENTARY INFORMATION***

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
East Central Council of Governments

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Central Council of Governments, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the East Central Council of Governments' basic financial statements, and have issued our report thereon dated June 29, 2021.

### **Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the East Central Council of Governments' internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the East Central Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of the East Central Council of Governments' internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether East Central Council of Governments' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*May Jackson Hendrick, LLC*