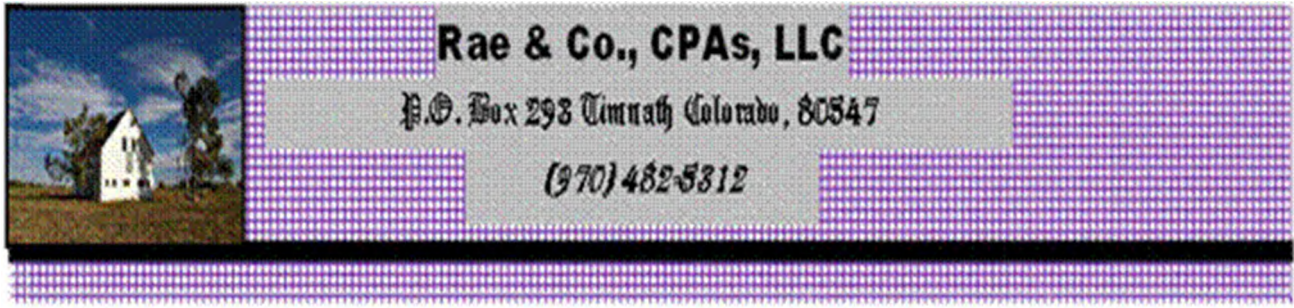


EAST CENTRAL COUNCIL OF GOVERNMENTS
FINANCIAL STATEMENTS
December 31, 2022

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
East Central Council of Governments
Stratton, Colorado

Report on the Audit of the Financial Statements

Opinions

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 (ECCOG) as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the ECCOG'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, each major fund, and the aggregate remaining fund information of the East Central Council of Governments, as of December 31, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with 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. 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 ECCOG 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.

Emphasis of Matter

As described in Note L to the financial statements the ECCOG has restated the beginning fund equity for the Fiduciary Fund statements. This restatement was to:

- Record the amounts of Bus Mileage Due Counties in a Custodial Fund as part of the Fiduciary Funds in accordance with GASB 84 *Fiduciary Activities*. As a result, beginning equity in this fund was increased \$26,373.

As discussed in Note B, the ECCOG adopted the provisions of the Governmental Accounting Standards Board Statement Number 87, *Leases*.

Our opinion is not modified with respect to these matters.

Responsibilities of Management for the Financial Statements

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 ECCOG's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' 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 auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government 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 and *Government 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 East Central Council of Government'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 ECCOG's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages BX-BX be presented to supplement the basic financial statements. Such

East Central Council of Governments
Stratton, Colorado

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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 7, 2023, on our consideration of the East Central Council of Governments, Colorado's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ECCOG's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the ECCOG's internal control over financial reporting and compliance.

Rae & Co., CPAs, LLC

Timnath, Colorado
September 7, 2023

MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the East Central Council of Governments' (ECCOG) financial performance provides an overview of the ECCOG's financial activities for the year ended December 31, 2022. Please read it in conjunction with the 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 C1 and provide information about the activities of the ECCOG as a whole and present a longer-term view of the ECCOG's finances. The Fund financial statements begin on page C3 and provide information about the 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 C7 and provide financial information about activities for which the 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 of the 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 the ECCOG is improving or deteriorating. You will need to consider other non-financial factors, however, such as changes in the condition of the ECCOG's position, to assess the overall financial "picture" of the ECCOG.

The Statement of Activities reports information about the ECCOG as a whole showing how the 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 the ECCOG does not operate business-type activities. Governmental activities include all of the 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 the 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 of the 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 the 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 C4 and C6.

The East Central Council of Governments as an Agency

Reporting the East Central Council of Governments’ Fiduciary Responsibilities

The 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 the ECCOG’s transportation program. All of the ECCOG’s fiduciary activities are reported in a separate Statement of Fiduciary Net Position-Fiduciary Fund. We exclude these activities from the ECCOG’s other financial statements because the ECCOG cannot use these assets to finance its operations. The 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 the ECCOG’s Statement of Net Position as of December 31, 2022 and 2021. You will notice that the ECCOG’s government activities net position increased by \$13,685 in 2022. A discussion explaining the increase in net position is provided after the table.

	<u>2022</u>	<u>2021</u>
Current assets	\$ 861,301	\$ 424,746
Capital assets	108,104	22,257
Total assets	<u>969,405</u>	<u>447,003</u>
Current liabilities	604,960	185,253
Long-term liabilities	100,063	11,054
Total liabilities	<u>705,023</u>	<u>196,307</u>
Net investment in capital assets	22,786	22,257
Unrestricted net position	241,596	228,440
Total net position	<u>\$ 264,382</u>	<u>\$ 250,697</u>

Assets:

Cash on hand increased by \$365,706 in 2022 and the receivables increased \$56,104. The increase in cash is due to the unexpended receipts related to Senate Bill 290 funds of approximately \$413,083. The current year prepaid expense balance represents \$440 of prepaid postage and \$3,000 membership dues. During the year ended December 31, 2022 the ECCOG adopted GASB Statement No. 87 *Leases*. As a result, a right-to-use asset for the office space it rents from the Prairie Development Corporation totaling \$98,150 was recognized as a capital asset. The ECCOG also purchased an oven for \$10,893. These additions were offset by a depreciation and amortization expense totaling \$23,596.

Liabilities:

The decrease in accounts payable and accrued expenses was \$22,394 from 2021 to 2022. The long-term liability balance of \$100,063 represents compensated absences due to employees and the lease liability as

of December 31, 2022. Deferred revenues increased \$442,101. As discussed above this is due to amounts related to Senate Bill 290 funds.

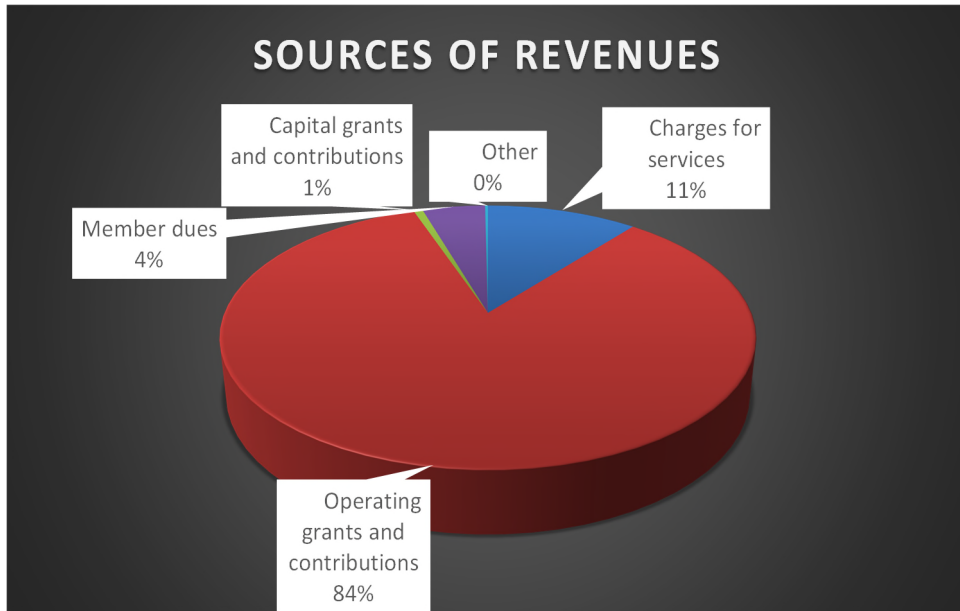
The following condensed Statements of Activities assists with identifying how the increase in net position occurred between 2022 and 2021.

	Change in Net Position	
	<u>2022</u>	<u>2021</u>
Revenues		
Program revenues		
Charges for services	\$ 181,930	\$ 146,959
Operating grants and contributions	1,402,139	1,211,193
Capital grants and contributions	10,893	-
General revenues		
Member dues	76,111	76,155
Other	3,365	3,019
Total revenues	<u>1,674,438</u>	<u>1,437,326</u>
Expenses		
Aging services	997,613	780,223
Economic development	202,724	254,182
Transportation services	178,202	266,101
Housing services	94,398	53,561
Management and general	183,348	53,509
Interest on long-term debt	4,468	-
Total expenses	<u>1,660,753</u>	<u>1,407,576</u>
Change in net position	13,685	29,750
Net position - Beginning	<u>250,697</u>	<u>220,947</u>
Net position - Ending	<u>\$ 264,382</u>	<u>\$ 250,697</u>

Program Revenues:

In 2022, increases in operating grants and contributions were recorded as a direct result of operations recovering from the pandemic as more participants partake in meals, used HelpMATE services and took transit trips.

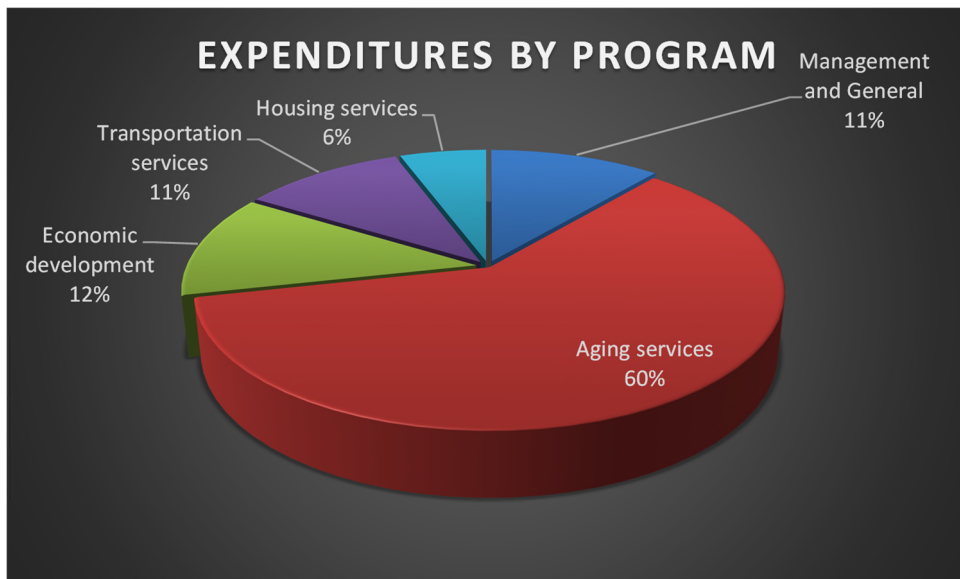
As the following graph demonstrates grants and contributions are 85% of total revenues. In 2022, EZ contributions totaled more than \$110,000.



Expenses:

Expenses increased in 2022 due to increased program expenses related to the increase of services provided in 2022. Flexible funds were expended for HelpMATE services which were used to assist more people. More participants attending meals and riding on the public transit services than during the pandemic has also led to the increase of costs.

As the following graph shows the Aging Services is by far the largest program of the ECCOG.



GENERAL FUND BUDGETARY HIGHLIGHTS

As discussed in the footnotes of the basic financial statements, the 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 the ECCOG’s calendar year. Revenues and expenditures related to the grant agreements are monitored for compliance with budgetary requirements by the ECCOG and the various grantor agencies. The 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, 2022, ECCOG had the following capital assets. As noted above, the restatement is the result of the ECCOG adopting GASB 87 *Leases*. A new right-to-use asset for office space totaling \$98,550 was recorded.

	Balance at December 31, 2022	Balance at December 31, 2021 (Restated)
Primary Government		
Capital assets, being depreciated:		
Equipment and vehicles	\$ 80,012	\$ 69,119
Real property	98,550	98,550
	<u>178,562</u>	<u>167,669</u>
Accumulated depreciation	(55,007)	(46,862)
Accumulated amortization	(15,451)	-
	<u>(70,458)</u>	<u>(46,862)</u>
Total capital assets	<u>\$ 108,104</u>	<u>\$ 120,807</u>

Depreciation and amortization expenses were \$8,145 and \$15,451 respectively.

Debt

As of December 31, 2022, ECCOG had the following in General Long-Term Debt. As noted above, the restatement is the result of the ECCOG adopting GASB 87 *Leases*. A new lease liability for office space totaling \$98,550 was recorded.

	December 31, 2022	December 31, 2021 (Restated)
Primary Government		
Debt from direct borrowings and placements		
Lease liabilities	\$ 85,318	\$ 98,550
Compensated absences	14,745	11,054
	<u>\$ 100,063</u>	<u>\$ 109,604</u>

East Central Council of Governments Economic Factors

Compared to previous years, East Central Council of Governments' general fund derived from contributions from the counties and municipalities, decreased \$78 from 2021 to 2022. The population decreased in the incorporated communities by 44 residents. Population estimates from 2021 to 2022 show the region increase by approximately 1,800 plus residents providing 2024 with

an increase in Dues. Elbert County is estimated to increase by 1,759 residents in 2022 of which 222 people are anticipated to be in Elizabeth alone. ECCOG's general fund is funded using a population estimate 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. Kit Carson County's correctional facility in Burlington remains closed since 2016. 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 consistent for 2024. The municipalities' contributions to ECCOG fluctuates slightly as population increases and decreases. In 2023, municipal dues are \$21,477. The 2023 Dues total of \$76,477 were used to match other funds to provide services across the region. Projections for 2024 Dues are slated at \$76,880 for planning purposes. Quarterly billing of dues remains the timing of choice for them and ECCOG.

COVID-19 had minimal impact on overall operations in 2022 while some funds remained flexible which allowed us to serve more of the aging population through HelpMATE services. That flexibility will change in 2023 back to regular requirements for nutritional value and fund balances. The Area Agency on Aging programs and services continue to be a valuable part of the region through the meals, transportation, and ombudsman services. In 2023 we foresee the development of new programs like a meal voucher program where possible. The 2024 ECCOG budget will be developed with special allowances due to increased funds and new program development in fall 2023. The new AAA director has done well carrying on the operations for the older adults. Lack of a labor pool gives us challenges in filling open positions in field or office roles. Unemployment remains low in the region. Broadband has taken a front seat again as recovery funds are flush. ECCOG's Comprehensive Economic Development Strategy (CEDS) and resiliency plan is supported now by a new Planning Grant application awarded in 2022. Work on the CEDS continues in addition to support from the Office of Economic Development and International Trade Roadmap to Recovery and Resiliency Program. The Roadmap program was not officially managed by ECCOG but staff has participated in the complementary program to advance projects in the CEDS Plan. Roadmap wraps up in summer 2023 and CEDS work continues

Current Enterprise Zone Contribution Projects include six projects across the four counties. Projects need five annual contributions of \$250 or one donation of \$5,000 to remain an active project or the project may be terminated. The World's Wonder View Tower of Genoa was added as a project and has strong support. The Opportunity Zone tool has seen very little activity in our region, but Lincoln and Cheyenne Counties have potential investments. The Foreign Trade Zone is also still available in Lincoln County to help attract businesses to the county.

Our CDBG contract expired and a new application was submitted and approved in November 2022. The new CDBG contract will provide \$350,000 for loans and earn \$56,000 for admin fees. Unfortunately, state contract staff capacity was reached, and no new contracts were issued until 2023. Until that contract is executed the loan fund is capitalized by Revolving funds so we may continue to support business startups and expansion. Loans funded in 2022 for business included \$30,000 that created 1.5 FTE. Housing loans were limited to one loan for emergency repair of \$14,000. While loan requests were minimal, we joined the Colorado Startup Loan Fund to offer more funds in the region. No loan applications for this loan fund during 2022. Most borrowers are in good standing with Prairie Development Corporation, our lending arm and PDC remains ready to lend in the four counties to low to moderate income homeowners and businesses who qualify.

Energize Colorado Gap Fund was created in 2020 to provide grant and loan funds to businesses impacted by the Coronavirus. Prairie Development Corporation expended over \$3,000,000 in grant funds for Energize CO during 2022 across Colorado.

In 2022, the ECCOG Board provided well-deserved raises for staff who appreciated the thoughtful gesture to cover inflation and standard of living cost increases. The salary schedules are adopted through 2024 and will be reviewed before that year's end to remain competitive.

Full-time ECCOG staff appreciate the full health insurance premium paid as an employee benefit. Staffing levels fluctuate periodically but the staff is relatively stable at this time. Since June 2022, the Senior & Transit Services Director has been learning the operations and administration of the Area Agency on Aging programs. His learning curve has been supported well by state agencies and staff.

The partnership between ECCOG and the Economic Development Administration is invaluable due to the work and implementation of the Comprehensive Economic Development Strategy (CEDS) as the resiliency plan developed through the pandemic has given new life to projects. The CEDS is approved through 2026 when it will be time to update the Strategy again. The State of Colorado applied for a special program funded through EDA called Policy Academy to align all CEDS within a state to bring more consistent focus and better communication to the Economic Development Districts. Colorado was selected into the program in January 2023 with the Executive Director serving on the leadership committee until 2024. This program participation will guide our next steps for the CEDS to be updated. Annual ECCOG Dues are encumbered as EDA grant match for each year.

The digital story-telling app, TravelStorys, has been well received since 2021. Summer tourism did well in 2022 based on the state's tourism reports. In 2022, we promoted the region through our three Our Journey brochures using the new logo for Colorado's Central Plains. A new application is being developed now to move our CEDS plan forward from 2022 into 2025. 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.

Participation rates for in-person meals and transit trips have been improving. We still lack a driver or two for routes in Kit Carson and Cheyenne Counties. AAA operations are running smooth but there is never a quiet moment as working with senior citizens is busy. Our fiscal officer still works from home as approved by the board. A housing needs assessment is being considered for the region with some special funds which will not be enough to cover the whole cost so partners are being sought. Board support is strong and appreciated. Staff finds their work meaningful and fulfilling and are happy to have good paying jobs where they live.

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 the ECCOG's finances, and to show the 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. The Executive Director Candace Payne's

e-mailed is cpayne@prairiedevelopment.com and the Fiscal Officer Paulette Thompson's e-mail is pthompson@prairiedevelopment.com

EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
December 31, 2022

	Governmental Activities
ASSETS	
Cash	\$ 591,694
Accounts receivable	16,384
Due from other governments	223,493
Due from Prairie Development Corporation	26,290
Prepaid expenses	3,440
Capital assets, net of accumulated depreciation	108,104
Total assets	969,405
 LIABILITIES	
Accounts payable and accrued liabilities	26,297
Unearned revenues	578,663
Noncurrent liabilities	
Due within one year	24,058
Due in more than one year	76,005
Total liabilities	705,023
 NET POSITION	
Net investment in capital assets	22,786
Unrestricted	241,596
Total net position	\$ 264,382

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

EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
Year Ended December 31, 2022

<u>Functions/Programs</u>	<u>Program Revenues</u>			<u>Net (Expense)</u> <u>Revenue and</u> <u>Changes in</u> <u>Net Position</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Primary government:					
Programs					
Aging services	\$ 997,613	\$ 74,924	\$ 914,443	\$ 10,893	\$ 2,647
Economic development	202,724	-	311,612	-	108,888
Transportation services	178,202	2,816	176,084	-	698
Housing services	94,398	94,402	-	-	4
Management and general	183,348	9,788	-	-	(173,560)
Interest	4,468	-	-	-	(4,468)
Total primary government	<u>\$ 1,660,753</u>	<u>\$ 181,930</u>	<u>\$ 1,402,139</u>	<u>\$ 10,893</u>	<u>(65,791)</u>
General revenues:					
Council of Government dues					76,111
Other					3,365
Total general revenues					<u>79,476</u>
Change in net position					13,685
Net position - Beginning					250,697
Net position - Ending					<u>\$ 264,382</u>

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

**EAST CENTRAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2022**

	General Fund
ASSETS	
Cash	\$ 591,694
Due from other governments	223,493
Accounts receivable	16,384
Amounts due from Prairie Development Corporation	26,290
Prepaid expenses	3,440
Total assets	\$ 861,301
 LIABILITIES AND FUND BALANCES	
LIABILITIES	
Accounts payable	\$ 11,540
Contributions payable	14,757
Unearned revenue	578,663
Total liabilities	604,960
 FUND BALANCES	
Nonspendable	
Prepaid expenses	3,440
Unassigned	252,901
Total fund balances	256,341
 TOTAL LIABILITIES AND FUND BALANCES	 \$ 861,301

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

**EAST CENTRAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET
TO THE STATEMENT OF NET POSITION
GOVERNMENTAL FUNDS
December 31, 2022**

Amounts reported for governmental activities in the statement of net position are different because:

Total fund balance - Total governmental funds	\$ 256,341
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	108,104
Noncurrent liabilities, including compensated absences and leases are not due and in the current period and, therefore, are not reported in the funds.	<u>(100,063)</u>
Net position of governmental activities	<u><u>\$ 264,382</u></u>

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

EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022

	General Fund
REVENUES	
Grants	\$ 1,215,835
Grant matching contributions	58,228
Council of Government dues	76,111
Charges for services	181,930
Contributions	110,107
Miscellaneous	3,365
In-kind revenues	28,862
Total revenues	1,674,438
 EXPENDITURES	
Current	
Management and General	181,998
Aging services	983,258
Economic development	198,689
Transportation services	172,573
Housing services	92,480
Capital outlay	10,893
Debt Service	
Principal	13,232
Interest	4,468
Total expenditures	1,657,591
 NET CHANGE IN FUND BALANCES	 16,847
 FUND BALANCES - BEGINNING OF YEAR	 239,494
 FUND BALANCES - END OF YEAR	 \$ 256,341

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

**EAST CENTRAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
TO THE STATEMENT OF ACTIVITIES
GOVERNMENTAL FUNDS
Year Ended December 31, 2022**

Amounts reported for governmental activities in the statement of activities are different because:

Net change in fund balances - Total governmental funds		\$ 16,847
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported net of depreciation and amortization expense. This is the amount by which capital outlay expense exceeded depreciation and amortization expense		
Capital outlay	\$ 10,893	
Depreciation and amortization	<u>(23,596)</u>	(12,703)
The issuance of long-term debt (e.g. leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments made		13,232
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore are not reported as expenditures in governmental funds.		
Change in compensated absences		<u>(3,691)</u>
Change in net position of governmental activities		<u><u>\$ 13,685</u></u>

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

**EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2022**

	Custodial Funds
	Bus Mileage Due Counties
ASSETS	
Cash and investments	\$ 28,486
Total assets	28,486
 NET POSITION	
Restricted for other governments	\$ 28,486

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

**EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
December 31, 2022**

	<u>Custodial Fund</u>
	<u>Bus Mileage Due Counties</u>
ADDITIONS	
Special trip revenues	\$ 2,113
Total additions	<u>2,113</u>
DEDUCTIONS	-
Net increase in fiduciary net position	2,113
Net position-beginning (Restated)	26,373
Net position-ending	<u><u>\$ 28,486</u></u>

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

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE A - DEFINITION OF REPORTING ENTITY

The East Central Council of Governments, Colorado (ECCOG) was formed by and for the local governments within its member counties (Cheyenne, Lincoln, Kit Carson, and Elbert) The ECCOG is governed by thirteen directors. The Board is comprised of four elected county commissioners, four elected municipal officials and five non-government representatives from the private sector and other stakeholder organizations. Directors are elected to one-year terms, which are renewable.

The purpose of the ECCOG is to assure that orderly and harmonious development of the geographic area comprising the rural and urban government subdivisions within these counties, to provide a means of responding to local and regional problems of 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. The ECCOG provides support and nutrition services to the older population of these counties through the East Central Area Agency on Aging. It provides transportation services to County residents through the regional Outback Express. Economic development is provided in conjunction with the Prairie Development Corporation (PDC) and its designation as a rural enterprise zone. Within the member counties, there is not adequate affordable and available housing, especially as it relates to workforce housing. The ECCOG is working to increase the housing supply which should stimulate economic growth.

The ECCOG 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 reporting 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. Based on the application of these criteria the ECCOG has no component units nor is it a component unit of any other entity.

Related Organizations

The ECCOG formed the Prairie Development Corporation to assist in the economic development of its members by providing loans to low and moderate income individuals who operate businesses and also to assist in community housing programs by providing low or no interest rate loans to low and moderate income individuals and purchasing and rehabilitating vacant single-family homes. PDC shares staff with the ECCOG and reimburses costs. The ECCOG is housed in the same building with the PDC and PDC rents office space to the ECCOG.

The accounting policies of the ECCOG conform to generally accepted accounting principles (GAAP) as applicable to government units. The following is a summary of the more significant policies.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Government-wide and Fund Financial Statements

The government-wide financial statements include a statement of net position and a statement of activities. These financial statements include all activities of the primary government except for those reported in the fiduciary activities.

Governmental activities are normally supported by member dues and intergovernmental revenues.

The statement of net position reports all financial and capital resources of the primary government. The difference between the assets, deferred outflows of resources, liabilities, and deferred inflows of resources of the ECCOG 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. Member dues and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. The major individual governmental fund is reported as separate column in the fund financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all 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 payment of principal for leases is recorded as a reduction in liabilities.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected 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 year. The ECCOG has determined that expenditure-driven grants should be recognized as soon as all eligibility criteria have been met. For this purpose, the ECCOG considers grant revenues to be available if they are anticipated to be collected within a year after the current fiscal period.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (Continued)

The major sources of revenue susceptible to accrual are grant funding and amounts provided by members to meet required matching grant expenditures. All other revenue items are considered measurable and available only when cash is received. Expenditures, other than interest on leases, and certain compensated absences, are recorded when the liability is incurred, or the long-term obligation is due.

Major Funds - In the fund financial statements, the ECCOG reports the following major governmental funds:

- The *General Fund* is the ECCOG's primary operating fund. It accounts for all financial resources of the general government, except those accounted for in another fund.

Fiduciary Funds

The Custodial Fund is fiduciary in nature and present changes in fiduciary net position. Custodial Funds are accounted for using the *economic resources measurement focus* and the *accrual basis of accounting*. These funds are used to account for assets that the ECCOG holds for others in a fiduciary capacity for its member counties. The revenue for this fund is buses rented for special trips. These funds reduce the amount of match a member county is required to provide when a new bus is purchased.

Budgets

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 the ECCOG's fiscal year. Revenues and expenditures related to the grant agreements are monitored for compliance with budgetary requirements by the ECCOG and the various grantor agencies. The 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 these financial statements.

The Custodial Fund does not present a budget to actual statement. After consultation with the State of Colorado and GASB, management believes that there is no requirement for custodial funds to adopt a budget.

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

Cash and Investments - Cash equivalents are defined as investments with original maturities of three months or less.

Fair Value Hierarchy - The ECCOG categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. At December 31, 2022, the ECCOG has no assets, liabilities, revenues or expenditures which require reporting under the Fair Value Hierarchy.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Accounts Receivable – Accounts receivable relate to expended grant amounts which have not been reimbursed by the grantor agency, member match amounts related to these grants, contributions, and amounts due PDC for their share of operating costs. The ECCOG believes all amounts recorded are fully collectible.

Capital Assets - Capital assets, which include property and equipment, are reported in the government-wide financial statements. Capital assets are defined by the ECCOG as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Capital assets of the ECCOG are depreciated using the straight-line method over the estimated economic useful lives:

Vehicles	5 years
Equipment	7 - 20 years

Unearned Revenues – Unearned revenues consist of advances received on grants and fees received in advance of performing services that are recognized as revenue when the terms of the grant are fulfilled or the services are performed.

Compensated Absences - The ECCOG has a policy that allows employees to accumulate unused vacation benefits up to 120 hours. Compensated absences are accrued when earned in the government-wide financial statements. A liability is reported in the governmental funds when payment is due.

Long-Term Debt – In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities financial statements. In the fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as current expenditures.

Deferred Outflows/Inflows of Resources – In addition to assets, the statement of financial 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 financial 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. At December 31, 2022, the ECCOG had no deferred outflows or inflows of resources.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

In the government-wide financial statements, net position is restricted when constraints placed on the net position are externally imposed. When both restricted and unrestricted resources are available for use, it is the ECCOG's policy to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, governmental funds report fund balance in five different classifications:

Nonspendable – Amounts that cannot be spent either because they are in nonspendable form (i.e., inventories or prepaid items) or because they are legally or contractually required to be maintained intact. At December 31, 2022 the ECCOG had \$3,440 in nonspendable fund balance related to prepaid expenses.

Restricted – Amounts that can be spent only for specific purposes because of constitutional provisions, enabling legislation, constraints that are externally imposed by creditors, grantors, contributors, or the laws or regulations of other governments. At December 31, 2022, the ECCOG had no restricted fund balance.

Committed – Amounts that can be used only for specific purposes determined by a formal action of the Board, as the Board is the highest level of decision-making body for the ECCOG. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. At December 31, 2022, the ECCOG had no committed fund balance.

Assigned – Amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. Only the Board may assign fund balances for specific purposes. At December 31, 2022, the ECCOG had no assigned fund balance.

Unassigned – All other spendable amounts.

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

GASB Statements Implemented for the Year Ended December 31, 2022

The ECCOG implemented GASB Statement 87 *Leases* during the current fiscal year. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognize as inflows or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundation principle that leases are financings of the right to use an underlying asset.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position/Fund Balances (Continued)

As more fully described in Note E to the financial statements, the ECCOG as a Lessee is required to recognize a liability and an intangible right-to-use lease asset. The lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about a government's leasing activities.

The adoption of GASB 87 resulted in a restatement to beginning balances of the right-to-use real property asset and leases payable. On January 1, 2022, the ECCOG recorded right-to-use assets with a value of \$98,550 and a lease liability of the same amount. As a result, beginning net position was unchanged.

Upcoming Accounting Pronouncements

In May 2020, the GASB issued Statement 96 *Subscription Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize an intangible right-to-use subscription asset and subscription liability. The standards for SBITAs are based on the standards established in Statement No. 87 *Leases* described above. This statement is effective for fiscal years beginning after June 15, 2022. The ECCOG is currently evaluating the impact this statement will have on its financial statements.

In June, 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections an Amendment of GASB Statement No. 62*. The objective of this Statement is to enhance 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. This Statement is effective for fiscal years beginning after June 15, 2023.

In June 2022, the GASB issued Statement No. 101, *Compensated Absences*. The objective of this Statement is to better the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. This is achieved by aligning the recognition and measurement guidance under a united model and by amending certain required disclosures. This Statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid. This Statement is effective for fiscal years beginning after December 15, 2023. The ECCOG is currently evaluating the impact this statement will have on its financial statements.

Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE C - CASH AND INVESTMENTS

Cash and investments as of December 31, 2022 are classified in the accompanying financial statements as follows:

Governmental activities:	
Cash and investments	\$ 591,694
Fiduciary activities:	
Cash and investments	28,486
Total cash and investments.	<u>\$ 620,180</u>

Cash and investments as of December 31, 2022 consist of the following:	
Deposits with financial institutions	<u>\$ 620,180</u>

The ECCOG has no investment policy but follows Colorado State Statute.

Deposits with Financial Institutions

Custodial credit risk-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 102% of the aggregate uninsured deposits. The State Bank Commissioner is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2022, the ECCOG's cash deposits had a bank balance of \$681,230 and a carrying balance of \$620,180. Of the bank balance \$253,228 was covered by FDIC insurance and \$366,952 was covered by the PDPA.

Investments

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,
- Certain international agency securities,
- General obligation and revenue bonds of U.S. local government entities,
- Certain certificates of participation,
- Certain securities lending agreements,
- Bankers' acceptances of certain banks,
- Commercial paper,
- Written repurchase agreements collateralized by certain authorized securities,
- Certain money market funds,
- Guaranteed investment contracts, and
- Local government investment pools

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE D - CAPITAL ASSET

Capital asset activity for the year ended December 31, 2022 was as follows. As more fully described in Note A, the beginning balance has been restated for the lease obligations under GASB Statement 87 *Leases*.

	December 31, <u>2021 (Restated)</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2022</u>
Primary Government				
Capital assets, being depreciated:				
Equipment and vehicles	\$ 69,119	\$ 10,893	\$ -	\$ 80,012
Less accumulated depreciation for:				
Equipment and vehicles	<u>(46,862)</u>	<u>(8,145)</u>	<u>-</u>	<u>(55,007)</u>
Total capital assets, being depreciated, net	<u>22,257</u>	<u>2,748</u>	<u>-</u>	<u>25,005</u>
Right to use assets				
Right to use assets, being amortized:				
Real property	98,550	-	-	98,550
Less accumulated amortization for:				
Real property	<u>-</u>	<u>(15,451)</u>	<u>-</u>	<u>(15,451)</u>
Right to use assets, net	<u>98,550</u>	<u>(15,451)</u>	<u>-</u>	<u>83,099</u>
Total capital/right to use assets	<u>\$ 120,807</u>	<u>\$ (12,703)</u>	<u>\$ -</u>	<u>\$ 108,104</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Management and general	\$ 1,056
Aging services	7,089
Total depreciation expense	<u>\$ 8,145</u>

Amortization expense was charged to functions/programs of the primary government as follows:

Management and general	\$ 190
Aging services	5,081
Economic development	3,422
Transportation services	5,081
Housing services	1,677
Total amortization expense	<u>\$ 15,451</u>

NOTE E - LONG-TERM OBLIGATIONS

The following is an analysis of the changes in the ECCOG's long-term obligations for the year ended December 31, 2022. As more fully described in Note B, the beginning balance has been restated for the lease obligations under GASB Statement 87 *Leases*. The activity of the ECCOG's long-term obligations is as follows:

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM OBLIGATIONS (CONTINUED)

	December 31, 2021 (Restated)	Additions	Reductions	December 31, 2022	Amounts Due in One Year
Primary Government					
Debt from direct borrowing placements					
Lease liabilities	\$ 98,550	\$ -	\$ (13,232)	\$ 85,318	\$ 16,685
Compensated absences	11,054	3,691	-	14,745	7,373
	<u>\$ 109,604</u>	<u>\$ 3,691</u>	<u>\$ (13,232)</u>	<u>\$ 100,063</u>	<u>\$ 24,058</u>

Lease Liabilities

The ECCOG is the lessee for a certain lease related to real property. The ECCOG recognizes a lease liability and an intangible right-to-use-lease asset in the government-wide statements.

At the commencement of the lease, the ECCOG initially measures the lease liability at the present value of payments expected to be made during the lease term including any purchase option price that it is reasonably certain to exercise. Subsequently, the lease liability is reduced by the principal portion of the lease payments made. The right-to-use asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized over the lease period. Lease-related amortization expense of \$15,451 was recorded for the year-ended December 31, 2022. The ECCOG will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability. Right-to-use assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

The assets acquired through financing leases as of December 31, 2022 are as follows:

RIGHT TO USE ASSETS	Governmental Activities
Real property	\$ 98,550
Less accumulated amortization	<u>(15,451)</u>
Total	<u>\$ 83,099</u>

Key estimates and judgments related to leases include how the ECCOG determines; the discount rate used to discount payments to present value, the lease term, and lease payments. The interest rate charged by the lessor was not provided. The ECCOG has no other debt and believes a lender would have charged an interest rate of 5%. Lease-related interest expense totaled \$4,468 while the principal paid was \$13,232. The lease term includes the noncancellable period of the lease.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE E - LONG-TERM OBLIGATIONS (CONTINUED)

The amounts currently paid on the lease were originally established in November, 2015 and called for monthly payments of \$1,400. In September, 2022 additional space was rented and the monthly rent was increased to \$1,700. The lease expires on August 31, 2027.

The aggregate amortization schedule for the non-cancellable lease liability is as follows:

	Governmental Activities
2023	\$ 20,400
2024	20,400
2025	20,400
2026	20,400
2027	13,600
Total minimum lease payments	95,200
Less amounts representing interest	(9,882)
Present value of minimum lease payments	\$ 85,318

NOTE F - NET POSITION

The ECCOG has net position consisting of three components – net investment in capital assets, restricted, and unrestricted.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balances of leases that are attributable to the acquisition, construction, or improvement of those assets. As of December 31, 2022, the ECCOG had a net investment in capital assets of \$22,786 calculated as follows:

	Governmental Activities
Total Capital assets	\$ 108,104
Lease liability	(85,318)
Net investment in Capital assets	\$ 22,786

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE G - PENSION PLAN

ECCOG has adopted a defined contribution pension plan, The National Employers Retirement Trust Money Purchase Pension Plan administered by Thomas F. Barrett, Inc. which covers substantially all full-time employees. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. The ECCOG is required to contribute 6% of salaries paid while employees must contribute 5% of salaries.

Employees vest 100% for contributions made by them and 20% for each year of employment for employer contributions. Unvested employer contributions forfeited at termination revert to the ECCOG. For the year ended December 31, 2022 there were no forfeitures of contributions.

Provisions of the plan, including the required contribution amounts, are established by the ECCOG Board of Directors.

Information regarding the pension plan contributions for 2022, 2021, and 2020 are as follows:

	2022		2021		2020
Base salary - eligible	\$ 315,168	\$	282,773	\$	342,019
County contribution	18,910		16,966		20,521
Employee contribution	15,758		14,139		17,101

NOTE H - DEFERRED COMPENSATION PLAN

ECCOG has a deferred compensation plan created in accordance with Internal Revenue Code Section 457. This plan is also administered by NERT. Participation in the plan is optional for all employees. The plan allows the employees to defer a portion of their salary until future years in accordance with Internal Revenue Service guidelines.

NOTE I - RELATED PARTY TRANSACTIONS

Prairie Development Corporation

ECCOG provides administrative services to the Prairie Development Corporation (PDC) and leases office space from that organization. For the year ended December 31, 2022, PDC paid ECCOG \$94,403 for administrative services. At December 31, 2022 PDC owed ECCOG \$26,290 for these services.

As more fully discussed in Note E, the ECCOG leases office space from PDC. Principal and interest payments for the year totaled \$17,700. At December 31, 2022, the ECCOG recorded a lease payable of \$85,318 to PDC.

Member Governments

Member governments pay annual dues to the ECCOG. For the year ended December 31, 2022 these payments totaled \$76,111. The ECCOG also reimburses members for certain costs. At December 31, 2022, the ECCOG owed one member government \$1,540 for these costs.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE J COMMITMENTS AND CONTINGENCIES

Grants

ECCOG participates in various federal grant programs, the principal of which are subject to program compliance audits pursuant to the Single Audit Act as amended. Accordingly, the government's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the government anticipates such amounts, if any, will not have a material effect on the ECCOG's financial statements.

Tax, spending, and debt limitations

In November, 1992, Colorado voters passed an amendment to the State Constitution, Article X, Section 20, (TABOR) which has several limitations, including revenue increases, spending abilities, and other specific requirements of state and local government. The ECCOG believes that it does not meet the definition of a local government subject to TABOR in part because it does not have the authority to tax or issue general obligation debt. In addition, dues received from members have already been subject to the TABOR limits at the member government level. The ECCOG believes it is in compliance with the requirements of TABOR. However, the ECCOG has made certain interpretations of TABOR's language in order to determine its compliance.

ECCOG receives approximately 72% of its revenue in the form of grants from the federal government and the State of Colorado. Almost two out of every three dollars are received from the Department of Health and Human Service Division of Aging and Disability Services.

During 2022, the ECCOG entered into contracts for property improvements at the congregate meal locations. The total of these contracts is \$522,641. At December 31, 2022, the remaining amounts of the contracts are \$413,084. These amounts will be paid from funds provided by the State of Colorado under Senate Bill 290.

NOTE K - RISK MANAGEMENT

The ECCOG is 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. The ECCOG has purchased commercial insurance related to these risks. Settled claims have not exceeded coverage in any of the past three fiscal years.

NOTE L - RESTATEMENT

For the year ended December 31, 2022 ECCOG determined that amounts received when buses rented for special trips should be reported as a custodial fund in the fiduciary funds in accordance with GASB Statement 84 *Fiduciary Activities*. Instead amounts were reported in an agency fund and amounts held for other governments were recorded as a liability. This change records those amounts as Net Position. As a result, \$26,373 were reported as beginning net position in the custodial fund.