

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

**BASIC FINANCIAL STATEMENTS AND  
SUPPLEMENTARY INFORMATION**

**YEAR ENDED  
DECEMBER 31, 2023**

**EAST CENTRAL COUNCIL OF GOVERNMENTS**

**DECEMBER 31, 2023**

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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 the ECCOG's financial activities for the year ended December 31, 2023. 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 11 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 13 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 17 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 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 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 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 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 14 and 16.

*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 ECCOG’s transportation program. All 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, 2023, and 2022. You will notice that the ECCOG’s government activities net position increased by \$24,097 in 2023. A discussion explaining the increase in net position is provided after the table.

	2023	2022
<b>ASSETS:</b>		
Current assets	\$ 543,112	\$ 861,301
Capital assets	93,927	108,104
Total Assets	<u>637,039</u>	<u>969,405</u>
 <b>LIABILITIES:</b>		
Current liabilities	265,908	604,960
Long-term liabilities	82,652	100,063
Total Liabilities	<u>348,560</u>	<u>705,023</u>
 <b>NET POSITION:</b>		
Investment in capital assets, net	27,030	22,786
Unrestricted	261,449	241,596
Total Net Position	<u>\$ 288,479</u>	<u>\$ 264,382</u>

**Assets:**

Cash on hand decreased by \$363,404 in 2023 and the receivables increased \$43,893. The decrease in cash is due to the expended receipts related to Senate Bill 290 funds. The current year prepaid expense balance represents \$3,000 of prepaid expenses and \$1,689 prepaid State Comp Ins and \$73 of prepaid postage.

**Liabilities:**

The decrease in accounts payable and accrued expenses was \$25,627 from 2022 to 2023. The long-term liability balance of \$82,652 represents compensated absences due to employees and the lease liability as of December 31, 2023. Unrestricted revenues decreased \$313,425.

The following condensed Statements of Activities assist with identifying how the increase in net position occurred between 2023 and 2022.

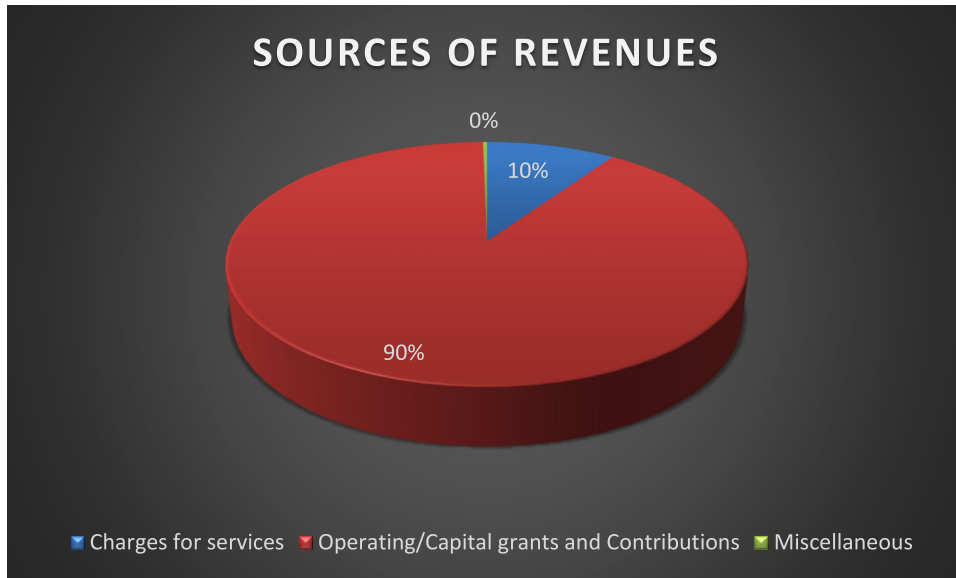
**Change in Net Position**

	<u>2023</u>	<u>2022</u>
Revenues		
Program Revenues:		
Charges for services	\$ 192,380	\$ 181,930
Operating/Capital grants and Contributions	1,813,863	1,489,143
General Revenues:		
Miscellaneous	5,870	3,365
Total revenues	<u>2,012,113</u>	<u>1,674,438</u>
Expenses		
Aging services	1,346,133	997,613
Economic development	280,274	202,724
Transportation services	215,389	178,202
Housing services	79,707	94,398
Management and general	66,513	187,816
Total Expenses	<u>1,988,016</u>	<u>1,660,753</u>
Change in net position	24,097	13,685
Net position – beginning	<u>264,382</u>	<u>250,697</u>
Net position – ending	<u>\$ 288,479</u>	<u>\$ 264,382</u>

**Program Revenues:**

In 2023, 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.

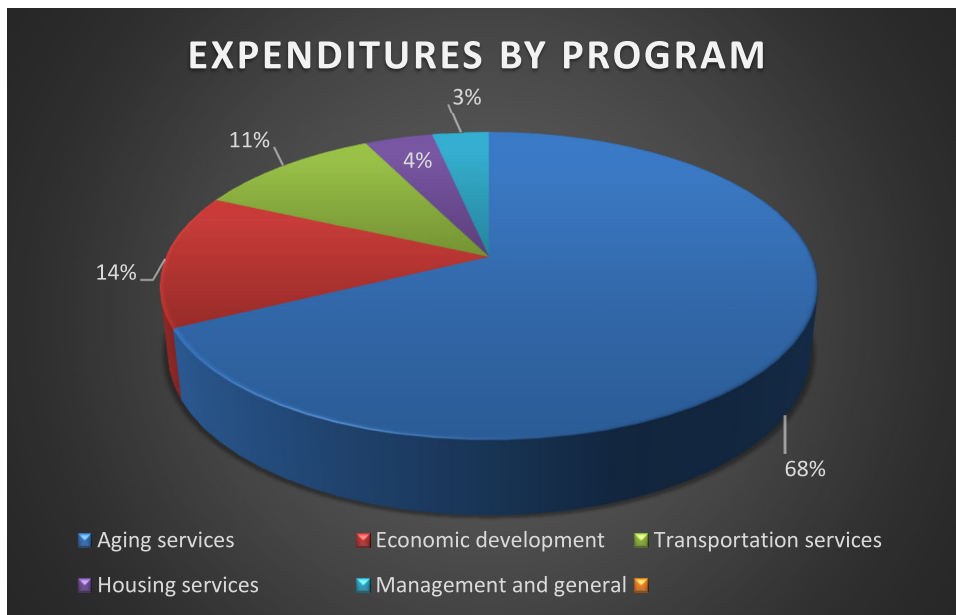
As the following graph demonstrates grants and contributions are 90% of total revenues. In 2023, EZ contributions totaled \$29,000.



**Expenses:**

Expenses increased in 2023 due to increased program expenses related to the increase of services provided in 2023. 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, 2023, ECCOG had the following capital assets.

	Balance at December 31, 2023	Balance at December 31, 2022
Primary Government		
Capital assets, being depreciated		
Equipment and vehicles	\$ 91,700	\$ 80,012
Real property	98,550	98,550
	<u>190,250</u>	<u>178,562</u>
Accumulated depreciation	(64,671)	(55,007)
Accumulated amortization	<u>(31,652)</u>	<u>(15,450)</u>
	<u>(96,323)</u>	<u>(70,457)</u>
Total capital assets	<u>\$ 93,927</u>	<u>\$ 108,105</u>

Depreciation and amortization expenses were \$9,664 and \$16,202 respectively.

**Debt**

As of December 31, 2023, ECCOG had the following in General Long-Term Debt.

	December 31, 2023	December 31, 2022
Primary Government		
Debt from direct borrowings and placements		
Lease liabilities	\$ 68,632	\$ 85,318
Compensated absences	14,020	14,745
Total long-term obligations	<u>\$ 82,652</u>	<u>\$ 100,063</u>

**East Central Council of Governments Economic Factors**

Compared to previous years, the East Central Council of Governments' general fund derived from contributions from the counties and municipalities increased \$403 from 2023 to 2024. The population increased in the incorporated communities by 230 residents. Population estimates from 2023 to 2024 show the region increased by approximately 1,889 plus residents providing 2024 with an increase in Dues. 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 since 2015, however for 2025, we anticipate an increase in the calculation rate from \$1.75 per capita to \$2.00 due to increased costs. Each county currently pays a \$10,000 base and then an additional flat dollar amount depending on population size. An increase to \$11,000 per county is planned for 2025 Dues. The county dues/contributions

totaled \$55,000 in 2023 and 2022. The municipalities' contributions to ECCOG fluctuates slightly as population increases and decreases. In 2022, municipal dues were \$21,077 while in 2023 they were \$21,477. The 2023 Dues total of \$76,477 were used to match other funds to provide services across the region. Projections for 2025 Dues are expected to rise to approximately \$84,000 for planning purposes. Quarterly billing of dues remains the timing of choice for towns and counties.

COVID-19 had very little influence on operations in 2023. Any remaining flexible funds allowed us to serve more of the aging population through HelpMATE services, but we were maxed out of funds due to high demand. 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 2024 we would like to offer a meal voucher program to serve more needs. The 2025 ECCOG budget will be developed in Fall 2024. In 2023, our challenge of filling open positions continued but the situation seems to be improving. Unemployment remains low in the region.

ECCOG's Comprehensive Economic Development Strategy (CEDS) and resiliency plan was supported by a new Planning Grant application awarded in 2023, however we must apply for a new planning grant award by March 2025. Our CEDS implementation plan in 2023-2024 included a continuation of the Office of Economic Development and International Trade Roadmap program and a housing needs assessment offered to Economic Development Districts like us. ECCOG put out a Request for Proposal for a consultant to perform a Housing Needs Assessment for the four counties, which is in process currently. ECCOG also took on the task of fiscal agent for The Roadmap implementation funding for Region 5, our region. The Regional Roadmap project selected by the participants was a cohesive community signage or branding effort, which was well received across the region. The funds are expected in 2024 for implementation of the final product.

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 has strong support as does Lincoln County Economic Development Corp. Elbert Historical Society & Museum has been richly blessed with donations as 2024 is their 150<sup>th</sup> birthday. All six projects are beneficial to the region and should have new activity/effort in the future to substantiate their continued eligibility. The Opportunity Zone tool has seen very little activity in our region. The Foreign Trade Zone is also still available in Lincoln County to help attract businesses to the county.

Our CDBG contract provides \$350,000 for loans and earns \$56,000 for admin fees. One loan was closed for \$80,000 CDBG funds with \$20,000 Revolved funds in 2023. Another loan was closed for \$50,000 Revolved funds in 2023. One application in the pipeline could use up to \$100,000 in CDBG and Revolved funds combined. From these business loans, at least five jobs were created in the region. Colorado Startup Loan Fund 2023 applications have been approved for \$44,000 and another two loans are in the hopper for 2024. Four housing loans were funded in 2023 using \$25,585 of emergency repair and rehabilitation funds. Most borrowers are in good standing with Prairie Development Corporation (PDC) which remains ready to lend in the four counties to low to moderate income homeowners and businesses who qualify.

Full-time ECCOG staff appreciate the full health insurance premium paid as an employee benefit. Staffing levels are good currently and one person plans to retire in December 2024. The search begins to fill the upcoming role.

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 CEDS again. The State of Colorado participated in Policy Academy funded by EDA to the state. The initiative led to the alignment of all CEDS within a state to bring more consistent focus and better communication to the Economic Development Districts. Work advances under this special work into 2024 as Colorado Align which our Executive Director serves as a Core Team member. Annual ECCOG Dues are encumbered as EDA grant match for each year.

TravelStorys, our digital story-telling app, has led to the development of even more tours in Colorado as the scenic byways is now developing tours in 2023 and 2024. In 2023, we promoted the region through our three Our Journey brochures using the new logo for Colorado's Central Plains. Our regional tourism group has participated in the regional branding work under the Roadmap as we have seen frequent turnover in staff across the region. 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.

Senior meal programs, public transportation and other programs for those 60 and higher are still actively growing. We lack a driver or two for routes in Kit Carson, Lincoln and Cheyenne Counties. AAA operations are running well and staff are generally satisfied with their roles. Our fiscal officer still works from home as approved by the board.

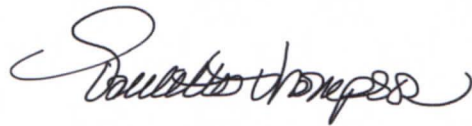
### **CONTACTING THE EAST CENTRAL COUNCIL OF GOVERNMENTS' FINANCIAL MANAGEMENT**

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 [cpayne@prairiedevelopment.com](mailto:cpayne@prairiedevelopment.com) to reach our Executive Director.

Sincerely,



Candace M. Payne  
Executive Director



Paulette Thompson  
Fiscal Officer

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## ***INDEPENDENT AUDITORS' REPORT***

Board of Directors  
East Central Council of Governments

### ***Opinion***

We have audited 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, 2023, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (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 Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Responsibilities of Management for the Financial Statements***

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 Council'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 GAAS 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 GAAS 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 Council'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 Council'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 required supplementary information, such as management's discussion and analysis, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The accompanying supplementary information are presented for purposes of additional analysis and are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.



***BASIC FINANCIAL STATEMENTS***

***GOVERNMENT-WIDE FINANCIAL STATEMENTS***

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF NET POSITION**  
**DECEMBER 31, 2023**

	<u>Governmental Activities</u>
<b>ASSETS:</b>	
Cash	\$ 228,290
Receivables, net	310,060
Prepaid expenses	4,762
Capital assets, net	<u>93,927</u>
Total Assets	<u>637,039</u>
 <b>LIABILITIES:</b>	
Accounts payable and accrued expenses	670
Unearned revenue	265,238
Long-term liabilities:	
Due within one year	24,522
Due in more than one year	<u>58,130</u>
Total Liabilities	<u>348,560</u>
 <b>NET POSITION:</b>	
Investment in capital assets, net	27,030
Unrestricted	<u>261,449</u>
Total Net Position	<u><u>\$ 288,479</u></u>

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Expenses</u>	<u>Charges for Services</u>	<u>Program Revenues</u>	<u>Net (Expenses) Revenue and Change in Net Position</u>
			<u>Operating Grants and Contributions</u>	<u>Governmental Activities</u>
<u>Primary government</u>				
Governmental Activities:				
Programs:				
Aging services	\$ 1,346,133	\$ 98,872	\$ 1,250,543	\$ 3,282
Economic development	280,274	-	280,380	106
Transportation services	215,389	1,539	206,497	(7,353)
Housing services	<u>79,707</u>	<u>80,780</u>	-	<u>1,073</u>
Total Programs	<u>1,921,503</u>	<u>181,191</u>	<u>1,737,420</u>	<u>(2,892)</u>
Management and general	<u>66,513</u>	<u>11,189</u>	<u>76,443</u>	<u>21,119</u>
Total Governmental Activities	<u>1,988,016</u>	<u>192,380</u>	<u>1,813,863</u>	<u>18,227</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 1,988,016</u>	<u>\$ 192,380</u>	<u>\$ 1,813,863</u>	<u>18,227</u>
		GENERAL REVENUES:		
		Miscellaneous		<u>5,870</u>
		TOTAL GENERAL REVENUES		<u>5,870</u>
		NET CHANGE IN NET POSITION		24,097
		NET POSITION, Beginning		<u>264,382</u>
		NET POSITION, Ending		<u>\$ 288,479</u>

***BASIC FINANCIAL STATEMENTS***

***FUND FINANCIAL STATEMENTS***

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2023**

	General Fund
<b>ASSETS:</b>	
Cash	\$ 228,290
Grants receivable	304,014
Receivable from PDC	4,475
Other receivables	1,570
Prepaid expenses	4,762
 Total Assets	 \$ 543,111
 <b>LIABILITIES AND FUND BALANCES:</b>	
<b>Liabilities:</b>	
Accounts payable	\$ 670
Unearned revenue	265,236
 Total Liabilities	 265,906
 <b>Fund Balance:</b>	
Nonspendable	4,762
Unassigned	272,443
 Total Fund Balance	 277,205
 Total Liabilities and Fund Balance	 \$ 543,111

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE BALANCE SHEET -**  
**GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET POSITION**  
**YEAR ENDED DECEMBER 31, 2023**

Total fund balance - general fund	\$ 277,205
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Amounts reported for *governmental activities* in the statement of net position are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of net position, the cost of those assets is capitalized and depreciated and amortized over their estimated useful lives. This is the net amount of the capital outlays being capitalized and depreciated and amortized.	93,927
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Only the current portion of the liability for compensated absences and leases is reported in the governmental funds; however, the entire balance is reported in the statement of net position. This is the amount for total compensated absences and leases due in more than one year that is reported in the statement of net position.	<u>(82,653)</u>
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Net position of governmental activities	<u><u>\$ 288,479</u></u>
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**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE**  
**GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>General Fund</u>
<b>REVENUES:</b>	
Intergovernmental Revenues:	
Grants	\$ 1,630,203
Grant matching contributions	78,217
Council of governments dues	76,443
Charges for services	192,380
Contributions	29,000
Miscellaneous revenue	5,870
Total Revenues	2,012,113
<b>EXPENDITURES:</b>	
Current:	
Management and general	63,952
Aging services	1,349,455
Economic development	281,043
Transportation services	216,682
Housing services	80,117
Total Expenditures	1,991,249
NET CHANGE IN FUND BALANCE	20,864
FUND BALANCE, BEGINNING OF YEAR	256,341
FUND BALANCE, END OF YEAR	\$ 277,205

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES,**  
**EXPENDITURES, AND CHANGE IN FUND BALANCE -**  
**GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2023**

Net change in fund balance - general fund \$ 20,864

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

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 and reported net of depreciation and amortization expense. This is the amount by which current year depreciation and amortization exceeds current year capital outlays expensed in the statement of revenue, expenditures, and change in fund balance verses the amount expensed in the statement of activities.

Capital outlay	11,688	
Depreciation and amortization	<u>(25,866)</u>	(14,178)

The issuance of long-term debt (i.e., leases) 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. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments		16,687
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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 by which the compensated balances changed from the prior year to the current year.

Change in compensated absences		<u>725</u>
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Change in net position of governmental activities		<u><u>\$ 24,097</u></u>
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**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2023**

	<u>Custodial Funds</u>
	<u>Bus Mileage</u>
	<u>Due to Counties</u>
<b>ASSETS:</b>	
Cash	\$ 28,939
Total Assets	\$ 28,939
<b>NET POSITION:</b>	
Restricted for other governments	\$ 28,939

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**STATEMENT OF CHANGE IN FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2023**

	<u>Custodial Funds</u>
	<u>Bus Mileage</u>
	<u>Due to Counties</u>
<b>REVENUE:</b>	
Special trips	\$ 453
Total Revenue	453
<b>EXPENDITURES</b>	-
NET CHANGE IN FUND BALANCE	453
NET POSITION, BEGINNING OF YEAR	28,486
NET POSITION, END OF YEAR	\$ 28,939

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**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 Statement of Net Position and Statement 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**  
**YEAR ENDED DECEMBER 31, 2023**

**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 expenditures/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**  
**YEAR ENDED DECEMBER 31, 2023**

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

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

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 ECCOG holds for others in a fiduciary capacity for its member counties. The revenue collected in this fund is from 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.

**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 Statement of Net Position and the Statement 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.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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

Basis of Accounting:

In the government-wide Statement of Net Position and Statement 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 Net Position/Fund Balances**

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**  
**YEAR ENDED DECEMBER 31, 2023**

**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 Statement of Activities, with accumulated depreciation reflected in the Statement 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 and lease liability.

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**  
**YEAR ENDED DECEMBER 31, 2023**

**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.

Net Position/Fund Balances Classifications:

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

*Investment in capital assets, net* - Consists of capital assets net of accumulated depreciation and related debt.

*Unrestricted* - The remaining net position that does not meet the definition of "investment in capital assets, net."

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**  
**YEAR ENDED DECEMBER 31, 2023**

**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.

**GASB Statements Implemented for the Year Ended December 31, 2023**

ECCOG has evaluated, GASB 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-of-use subscription asset and subscription liability. The standards for SBITAs are based on the standards established in Statement No. 87 *Leases*, which was implemented in 2022. ECCOG has identified various SBITAs for productivity software as discussed further in the *Subscription Based Information Technology Arrangements* note.

**New Accounting Pronouncement**

In June 2022, the GASB issued Statement No. 100, *Accounting Changes and Error Corrections an Amendment of GASB Statement No. 62*. The Statement's objective 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. ECCOG is currently evaluating the impact this statement will have on its financial statements.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

**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 \$228,290 at December 31, 2023 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 \$4,475 at December 31, 2023 represents amounts due for program and administrative services. See *Related Party Transactions* note.

**Other Receivables**

General fund, other receivables consist of the following:

Other receivables	\$	1,158
Enterprise zone receivables		250
Member government matching funds		<u>162</u>
Total Other Receivables		<u>\$ 1,570</u>

**Capital Assets**

A summary of changes in capital assets follows:

	December 31, 2022	Additions	Decreases	December 31, 2023
Capital assets, being depreciated:				
Equipment and vehicles	\$ 80,012	\$ 11,688	\$ -	\$ 91,700
Less accumulated depreciation for:				
Equipment and vehicles	<u>55,007</u>	9,664	-	<u>64,671</u>
Capital assets, net:	25,005			27,029
Right of use assets, being amortized:				
Real property	98,550	-	-	98,550
Less accumulated amortization for:				
Real property	<u>15,450</u>	16,202	-	<u>31,652</u>
Right of use assets, net	<u>83,100</u>			<u>66,898</u>
Capital/right of use assets, net	<u>\$ 108,105</u>			<u>\$ 93,927</u>

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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

**Capital Assets (Continued)**

Depreciation expense was charged to governmental activities as follows:

Aging services	\$ <u>9,664</u>
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Amortization expense was charged to governmental activities as follows:

Aging services	\$ 5,671
Economic development	3,564
Transportation services	5,671
Housing services	<u>1,296</u>
Total amortization	\$ <u>16,202</u>

**General Long-Term Debt**

A summary of general long-term debt transactions for the year ended December 31, 2023 is presented below.

	December 31,	Additions	Decreases	December 31,	Amounts Due
	2022			2023	in One Year
Lease liabilities	\$ 85,318	\$ -	\$ 16,686	\$ 68,632	\$ 17,512
Compensated absences	<u>14,745</u>	<u>-</u>	<u>725</u>	<u>14,020</u>	<u>7,010</u>
Total long-term obligations	\$ <u>100,063</u>	\$ <u>-</u>	\$ <u>17,411</u>	\$ <u>82,652</u>	\$ <u>24,522</u>

**Lease Liabilities**

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

At the commencement of the lease, 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-of-use lease 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 \$16,202 was recorded for the year-ended December 31, 2023. 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-of-use lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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

**Lease Liabilities (Continued)**

The assets acquired through financing leases as of December 31, 2023 are as follows:

	Governmental Activities
Real property	\$ 98,550
Less accumulated amortization	31,652
Net	\$ 66,898

Key estimates and judgments related to leases include how 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. ECCOG has no other debt and believes a lender would have charged an interest rate of 5%. Lease related interest expense totaled \$3,715 while the principal paid was \$16,687. The lease term includes the non-cancellable period of the lease.

The lease was originally established in November 2015 and was amended in September 2022 at which time the monthly rent increased to \$1,700. The lease expires in August 2027.

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

	Governmental Activities
2024	\$ 20,400
2025	20,400
2026	20,400
2027	13,600
Total minimum lease payments	74,800
Less interest	6,168
Present value of minimum lease payments	\$ 68,632

**Subscription Based Information Technology Agreements (SBITA)**

ECCOG has entered into various SBITAs for productivity software. All agreements meet the definition of a short-term SBITA due to the underlying subscriptions having a maximum possible term of 12 months or less due to renewal periods that can be cancelled by ECCOG or the SBITA vendor. As a result, ECCOG will continue to recognize the annual software payments as an expense when incurred.

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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

**Related Party Transactions**

ECCOG leases office space from PDC. An agreement was signed between the two organizations in November 2015 and amended in September 2022; the agreement expires in August 2027. During 2023, ECCOG paid PDC \$20,400 per the lease agreement.

ECCOG provides administrative services for PDC. ECCOG invoices PDC monthly for all expenses incurred on behalf of PDC. During 2023, PDC paid \$80,779 to ECCOG for administrative services. As of December 31, 2023, PDC owed ECCOG \$4,475 for administrative services provided in December 2023.

**Pension Plan**

ECCOG has adopted a qualified defined contribution retirement plan, the National Employers Retirement Trust (NERT) 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. Employees are fully (100%) vested in their participant account for all plan contributions made by the participant. Employees 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.

The following is a summary of pension activity:

Money purchase pension expense	<u>\$ 22,270</u>
Mandatory money purchase pension contributions of participating employees	<u>\$ 18,558</u>
Voluntary pension plan contributions of participating employees	<u>\$ 7,091</u>
Covered wages	<u>\$ 371,161</u>

ECCOG does not have access to the funds in either plan and does not 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**  
**YEAR ENDED DECEMBER 31, 2023**

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

**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.

**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.

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.

**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, 2023, 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**

ECCOG received a majority of the 2023 annual funding from the following Colorado governmental entities:

Colorado Department of Health & Human Services	53%
Colorado Department of Transportation	12%
Colorado Office of Economic Development	7%

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

**EAST CENTRAL COUNCIL OF GOVERNMENTS**  
**NOTES TO BASIC FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2023**

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

**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, 2023, ECCOG held funds at one financial institution in excess of the FDIC insurance limit by \$70,670.

**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.

**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.

**Subsequent Events**

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through July 18, 2024, the date the financial statements were available to be issued. The Organization has not identified any subsequent events.

***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, 2023, 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 July 18, 2024.

**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*

Parker, Colorado  
July 18, 2024