

EAST CENTRAL
COUNCIL OF GOVERNMENTS

**BASIC FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

**YEAR ENDED
DECEMBER 31, 2024**

EAST CENTRAL COUNCIL OF GOVERNMENTS
DECEMBER 31, 2024
TABLE OF CONTENTS

	<u>Page</u>
Management’s Discussion and Analysis	1 - 7
Independent Auditors’ Report	8 - 10
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	11
Statement of Activities	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of Balance Sheet – Governmental Funds to the Statement of Net Position	14
Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds	15
Reconciliation of Statement of Revenues, Expenditures, and Change in Fund Balance – Governmental Funds to the Statement of Activities	16
Statement of Fiduciary Net Position and Statement of Change in Fiduciary Net Position – Fiduciary Funds	17
Notes to Basic Financial Statements	18 – 32

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, 2024. 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's revenues and expenses are recorded on the accrual basis of accounting which considers 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 difference 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 be readily 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, 2024, and 2023. You will notice that the ECCOG’s government activities’ net position increased by \$40,898 in 2024. A discussion explaining the increase in net position is provided after the table.

	2024	2023
ASSETS:		
Current assets	\$ 520,119	\$ 543,112
Capital assets	69,365	93,927
Total Assets	589,484	637,039
 LIABILITIES:		
Current liabilities	156,995	265,908
Long-term liabilities	103,112	82,652
Total Liabilities	260,107	348,560
 NET POSITION:		
Investment in capital assets, net	19,552	27,030
Restricted	75,000	-
Unrestricted	234,825	261,449
Total Net Position	\$ 329,377	\$ 288,479

Assets:

Cash on hand increased by \$17,893 in 2024 and the receivables decreased \$39,260. The increase in cash is a result of the decrease in receivables.

Liabilities:

The increase in accounts payable and accrued expenses was \$26,450 from 2023 to 2024. The long-term liability balance of \$103,112 represents accrued sick leave, compensated absences due to employees and the lease liability as of December 31, 2024. Unrestricted revenues decreased \$135,363.

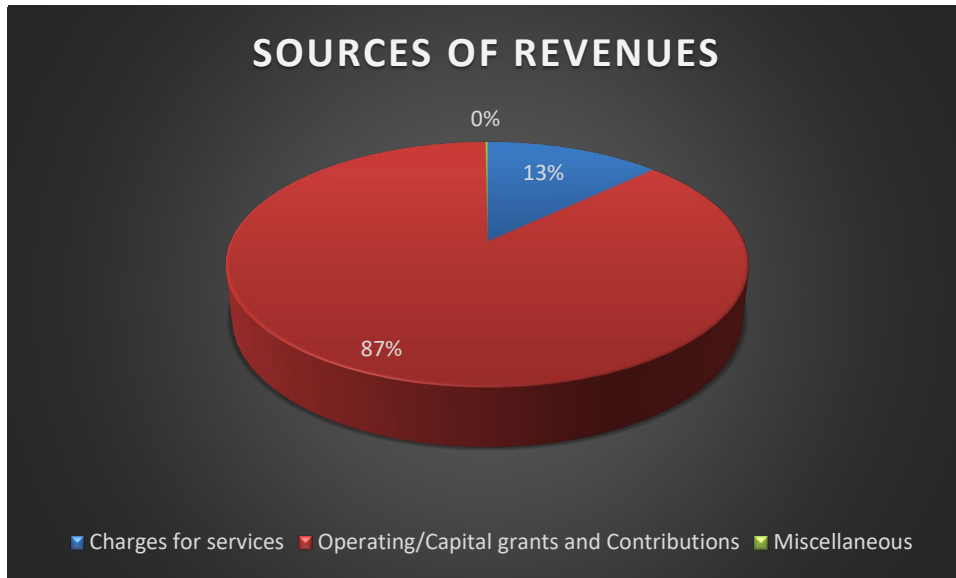
The following condensed Statements of Activities assist with identifying how the increase in net position occurred between 2024 and 2023.

	2024	2023
Revenues		
Program Revenues:		
Charges for services	\$ 272,216	\$ 192,380
Operating/Capital grants and contributions	1,822,421	1,813,863
General Revenues:		
Miscellaneous	3,244	5,870
Total revenues	<u>2,097,881</u>	<u>2,012,113</u>
Expenses		
Aging services	981,641	1,346,133
Economic development	374,714	280,274
Transportation services	521,994	215,389
Housing services	80,251	79,707
Management and general	63,615	66,513
Total Expenses	<u>2,022,215</u>	<u>1,988,016</u>
Change in net position	75,666	24,097
Net position – beginning	288,479	264,382
Prior Period - adjustment	<u>(34,767)</u>	<u>-</u>
Net position - beginning adjusted	<u>253,712</u>	<u>264,382</u>
Net position – ending	<u>\$ 329,377</u>	<u>\$ 288,479</u>

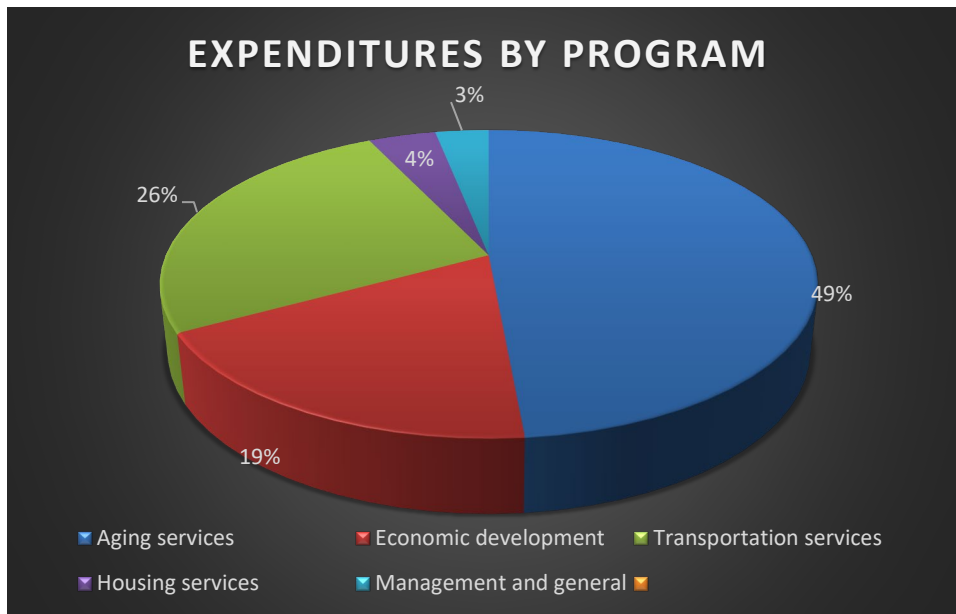
Program Revenues and Expenses:

In 2024, operating grants and contributions increased due to the receipt of grant income and local government matches related to a grant awarded in 2020 for the purchase of new transportation vehicles for four local governments. The ECCOG purchased the vehicles on behalf of the local governments in 2024 when the vehicles were completed. As a result, ECCOG recognized an expense for the vehicle purchases, resulting in an increase in transportation services expenses (ECCOG does not hold title to the vehicles which are owned and maintained by the four local governments). The reimbursement grant awarded in 2020 required the allowable expenses (vehicle purchases) to occur prior to funds being reimbursed to the grantee (ECCOG); therefore, grant revenue and local match income were recognized simultaneously upon completion and purchase of the vehicles. The recognition of grant revenue, local government match, and vehicle purchased net zero as the ECCOG acts as an intermediary.

As the following graph demonstrates grants and contributions are 87% of total revenues. In 2024, EZ contributions totaled \$4,250.



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, 2024, ECCOG had the following capital assets.

	<u>2024</u>	<u>2023</u>
Primary Government		
Capital assets:		
Equipment and vehicles	\$ 91,700	\$ 91,700
Right of use real property lease	98,550	98,550
	<u>190,250</u>	<u>190,250</u>
Accumulated depreciation	(72,149)	(64,671)
Accumulated amortization	(48,736)	(31,652)
	<u>(120,885)</u>	<u>(96,323)</u>
Total capital assets	<u>\$ 69,365</u>	<u>\$ 93,927</u>

Depreciation and amortization expenses in 2024 were \$7,477 and \$17,084, respectively.

Debt

As of December 31, 2024, ECCOG had the following in General Long-Term Debt.

	<u>2024</u>	<u>2023</u>
Primary Government		
Accrued sick leave	\$ 40,926	\$ 34,768
Lease liability, net of current portion	51,119	68,632
Compensated absences	11,067	14,020
Total long-term obligations	<u>\$ 103,112</u>	<u>\$ 117,420</u>

East Central Council of Governments Economic Factors

East Central Council of Governments' general funds are derived from contributions from the counties and municipalities, which increased \$403 from 2023 to 2024. From 2024 to 2025, the Dues collected increased by \$13,629 by board approval as labor costs and work-related expenses have continued to increase also. The population increase in the incorporated communities reached 230 people, which is recognized mostly in Elizabeth. Population estimates from 2023 to 2024 show the region increase by approximately 1,659 plus residents providing 2024 with an increase in Dues. Elbert County is estimated to increase by 974 residents in 2025. 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 rate increased \$.25 per capita to \$2.00 from \$1.75. The Dues formula for the four counties has remained unchanged since 2015 but changed in 2025 to help offset the growth of the population. Each county paid a \$10,000 base until 2025. (In 2025, the county base rate increased to \$11,500 and then an additional flat dollar amount depending on population size is added to that base rate.) This formula results in county contributions totaling \$55,000 in 2024. (In 2025, however, the county calculation was changed by a board vote to make annual county Dues in the amount of \$65,000 or a \$10,000 increase.) The municipalities' contributions to ECCOG fluctuate slightly as population increases and decreases.

In 2024, municipal dues were \$21,880. The 2024 Dues total of \$76,880 were used to match other funds to provide services across the region and were paid in full. Projections for 2025 Dues are slated at \$90,106 for planning purposes. Quarterly billing of dues remains the timing of choice for our towns and counties which helps ECCOG plan for the future.

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 2025 we foresee the development of new programs like a meal voucher program where possible. The 2026 ECCOG budget will be developed using the old funding levels as the pandemic funds are officially gone. Field staff turnover of cooks and bus drivers remains a challenge. Unemployment remains low in the region. Housing needs are a hot topic as they are everywhere. In 2024, we began a Regional Housing Needs Assessment, which will be completed in 2025. ECCOG's Comprehensive Economic Development Strategy (CEDS) and resiliency plan is supported now by a new Planning Grant application awarded in 2025. 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 officially ends in 2025, and the regional projects identified in that state initiative will continue as part of the CEDS strategies.

Current Enterprise Zone Contribution Projects include five 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. Projects include Elbert County Historical Society, Limon Heritage Museum, Lincoln County Economic Development Corporation, World's Wonder View Tower of Genoa and Old Town. We are actively pursuing renewal of two expiring projects in 2025 and considering new projects in the four counties. The Opportunity Zone has not had much activity in our region. The Foreign Trade Zone is also still available in Lincoln County to help attract businesses to the county.

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.

The partnership between ECCOG and the Economic Development Administration is invaluable due to the work and implementation of the Comprehensive Economic Development Strategy (CEDS). 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 the state to bring more consistent focus and better communication to the Economic Development Districts. That work continues under the name CO Align. Executive Director Candace Payne was a participant in the original Policy Academy Core Team and continues to help bring the statewide CEDS rolled out in 2025. 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 2024 based on the state's tourism reports. Under the Roadmap initiative funded by the state, we helped develop a regional logo in 2024 and the full cohesive community sign project will be wrapped up in 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 have bus drivers in all counties as of year-end 2024. AAA operations are running smoothly 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. Board support is strong and appreciated. Staff appreciate learning new programs or roles and are happy to have good paying jobs where they live with health insurance and paid time off.

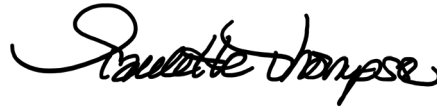
CONTACTING THE EAST CENTRAL COUNCIL OF GOVERNMENTS' FINANCIAL MANAGEMENT

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, or email as listed below.

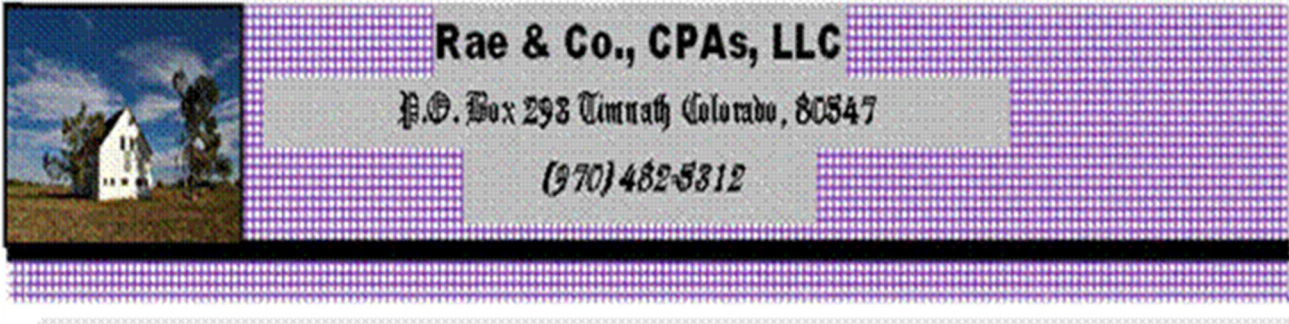
Sincerely,



Candace M. Payne
Executive Director



Paulette Thompson
Fiscal Officer



INDEPENDENT AUDITOR'S REPORT

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, 2024, 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 ECCOG, as of December 31, 2024, 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 Auditor's 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 Footnote 1 to the financial statements, in 2024, the ECCOG adopted the provisions of the Governmental Accounting Standards Board (GASB) Statements No. 100, *Accounting Changes and Error Corrections on Amendment of GASB Statement No. 62* and Statement No. 101, *Compensated Absences*. As the result of implementing Statement 101, ECCOG restated beginning Net Position \$34,767. Our opinion is not modified with respect to this matter.

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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 ECCOG'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 1-7 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2025, on our consideration of the East Central Council of Governments' 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 ECCOG's internal control over financial reporting and compliance.

Rae & Co., CPA, LLC

Timnath, Colorado
September 18, 2025

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2024

	<u>Governmental Activities</u>
ASSETS:	
Cash	\$ 246,183
Receivables, net	270,800
Prepaid expenses	3,136
Capital assets, net	<u>69,365</u>
Total Assets	<u>589,484</u>
LIABILITIES:	
Accounts payable and accrued expenses	27,120
Unearned revenue	129,875
Long-term liabilities:	
Due within one year	44,394
Due in more than one year	<u>58,718</u>
Total Liabilities	<u>260,107</u>
NET POSITION:	
Investment in capital assets, net	19,552
Restricted	75,000
Unrestricted	<u>234,825</u>
Total Net Position	<u><u>\$ 329,377</u></u>

EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2024

		Program Revenues		Net (Expenses) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
<u>Primary government</u>				
Governmental Activities:				
Programs:				
Aging services	\$ 981,641	\$ 180,914	\$ 798,571	\$ (2,156)
Economic development	374,714	-	388,304	13,590
Transportation services	521,994	574	558,666	37,246
Housing services	80,251	80,963	-	712
Total Programs	1,958,600	262,451	1,745,541	49,392
Management and general	60,727	9,765	76,880	25,918
Interest	2,888	-	-	(2,888)
Total Governmental Activities	2,022,215	272,216	1,822,421	72,422
TOTAL PRIMARY GOVERNMENT	\$ 2,022,215	\$ 272,216	\$ 1,822,421	72,422
		GENERAL REVENUES:		
			Miscellaneous	3,244
			TOTAL GENERAL REVENUES	3,244
			NET CHANGE IN NET POSITION	75,666
			NET POSITION, Beginning	288,478
			PRIOR PERIOD ADJUSTMENT	(34,767)
			NET POSITION, Beginning Adjusted	253,711
			NET POSITION, Ending	\$ 329,377

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

EAST CENTRAL COUNCIL OF GOVERNMENTS
BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2024

	General Fund
ASSETS:	
Cash	\$ 246,183
Grants receivable	260,914
Receivable from PDC	5,587
Other receivables	4,299
Prepaid expenses	3,136
 Total Assets	 \$ 520,119
 LIABILITIES AND FUND BALANCES:	
Liabilities:	
Accounts payable	\$ 27,120
Unearned revenue	129,875
 Total Liabilities	 156,995
 Fund Balance:	
Nonspendable	3,136
Restricted	75,000
Unassigned	284,988
 Total Fund Balance	 363,124
 Total Liabilities and Fund Balance	 \$ 520,119

EAST CENTRAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET -
GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2024

Total fund balance - general fund \$ 363,124

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. 69,365

Governmental funds do not report noncurrent liabilities, including compensated absences and leases; however, the entire balance of noncurrent liabilities are reported in the statement of net position. This is the amount for compensated absences and leases that is reported in the statement of net position. (103,112)

Net position of governmental activities \$ 329,377

EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2024

	<u>General Fund</u>
REVENUES:	
Intergovernmental Revenues:	
Grants	\$ 1,466,979
Grant matching contributions	230,412
Council of governments dues	76,880
Charges for services	272,216
Contributions	48,150
Miscellaneous revenue	3,244
Total Revenues	2,097,881
EXPENDITURES:	
Current:	
Management and general	57,827
Aging services	975,189
Economic development	375,530
Transportation services	523,020
Housing services	80,394
Total Expenditures	2,011,962
NET CHANGE IN FUND BALANCE	85,919
FUND BALANCE, BEGINNING OF YEAR	277,205
FUND BALANCE, END OF YEAR	\$ 363,124

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, 2024

Net change in fund balance - general fund \$ 85,919

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	-	
Depreciation and amortization	<u>(24,561)</u>	(24,561)

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		17,514
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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		2,952
Change in accrued sick leave	<u>(6,158)</u>	

Change in net position of governmental activities		<u><u>\$ 75,666</u></u>
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EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2024

	<u>Custodial Funds</u>
	Bus Mileage Due to Counties
ASSETS:	
Cash	\$ 29,491
Total Assets	\$ 29,491
NET POSITION:	
Restricted for other governments	\$ 29,491

EAST CENTRAL COUNCIL OF GOVERNMENTS
STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2024

	<u>Custodial Funds</u>
	Bus Mileage Due to Counties
REVENUE:	
Special trips	\$ 552
Total Revenue	552
EXPENDITURES	-
NET CHANGE IN FUND BALANCE	552
NET POSITION, BEGINNING OF YEAR	28,939
NET POSITION, END OF YEAR	\$ 29,491

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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, 2024

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, 2024

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, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Basis of Accounting:

In the government-wide Statement of Net Position and Statement of Activities and fiduciary fund financial statements, 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 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 of year-end, except for grant revenues which are expected to be received within one year. Expenditures (including capital outlay) are recorded when the related fund liability is incurred.

Assets, Liabilities and Net Position/Fund Balances

Cash and Investments:

Cash as of December 31, 2024 is classified in the accompanying financial statements as follows:

Governmental activities:

Cash	\$ 246,183
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Fiduciary activities:

Cash	<u>29,491</u>
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Total cash	<u><u>\$ 275,674</u></u>
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Cash at December 31, 2024 consist of the following:

Deposits with financial institutions	<u><u>\$ 275,674</u></u>
--------------------------------------	--------------------------

ECCOG has no investment policy but follows Colorado State Statutes which specify investment instruments meeting defined rating and risk criteria in which local governments may invest, these 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,

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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

Cash and Investments (Continued):

- 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

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.

Fixed Assets:

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

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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

Fixed Assets (Continued):

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 principal and interest reported as expenditures.

Compensated Absences:

ECCOG's liability for compensated absences consists of accrued vacation and sick leave due to employees.

Full-time employees may carry over up to 120 hours of accrued vacation to the following calendar year. Annual accrued vacation leave is capped at 120 hours; once the annual vacation leave cap is reached, no additional time will accrue until annual leave is taken.

Full-time employees may carry over up to 240 hours of accrued sick leave; unused accrued sick leave at separation from ECCOG is forfeited by the 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.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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).

Restricted – This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors, grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

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, 2024

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, 2024

Statement No. 100, *Accounting Changes and Error Corrections on 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.

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.

With the implementation of Statement No. 101, *Compensated Absences*, a prior period adjustment was recorded to beginning net assets to include the prior year accrual of accrued sick leave. As a result, compensated absences (a liability) increased by \$34,767 and beginning net assets decreased by the same amount.

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.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

NOTE 2 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

Deposits and Investments (Continued)

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 102% of the aggregate of public deposits not insured by the Federal Deposit Insurance Corporation.

ECCOG's cash balance of \$246,183 at December 31, 2024 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 \$5,587 at December 31, 2024 represents amounts due for program and administrative services. See *Related Party Transactions* note.

Other Receivables

General fund, other receivables consist of the following:

Enterprise zone receivables	\$ 4,250
Member government matching funds	<u>49</u>
Total Other Receivables	<u>\$ 4,299</u>

Capital Assets

A summary of changes in capital assets follows:

	December 31, 2023	Additions	Decreases	December 31, 2024
Capital assets, being depreciated:				
Equipment and vehicles	\$ 91,700	\$ -	\$ -	\$ 91,700
Less accumulated depreciation for:				
Equipment and vehicles	<u>64,672</u>	7,477	-	<u>72,149</u>
Capital assets, net:	27,028			19,551
Right of use assets, being amortized:				
Real property	98,550	-	-	98,550
Less accumulated amortization for:				
Real property	<u>31,652</u>	17,084	-	<u>48,736</u>
Right of use assets, net	<u>66,898</u>			<u>49,814</u>
Capital/right of use assets, net	<u>\$ 93,926</u>			<u>\$ 69,365</u>

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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

Capital Assets (Continued)

Depreciation expense was charged to governmental activities as follows:

Aging services	\$ <u>7,477</u>
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Amortization expense was charged to governmental activities as follows:

Aging services	\$ 5,979
Economic development	3,758
Transportation services	5,979
Housing services	<u>1,368</u>
Total amortization	<u>\$ 17,084</u>

General Long-Term Debt

A summary of general long-term debt transactions for the year ended December 31, 2024 is presented below.

	December 31, 2023	Additions	Decreases	December 31, 2024	Amounts Due in One Year
Accrued sick leave	\$ 34,768	\$ 6,158	\$ -	\$ 40,926	\$ 20,463
Lease liability	68,633	-	17,514	51,119	18,395
Compensated absences	<u>14,019</u>	<u>1,700</u>	<u>4,652</u>	<u>11,067</u>	<u>5,536</u>
Total long-term obligations	<u>\$ 117,420</u>	<u>\$ 7,858</u>	<u>\$ 22,166</u>	<u>\$ 103,112</u>	<u>\$ 44,394</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 \$17,084 was recorded for the year-ended December 31, 2024. 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, 2024

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

Lease Liabilities (Continued)

The assets acquired through financing leases as of December 31, 2024 are as follows:

	Governmental Activities
Real property	\$ 98,550
Less accumulated amortization	48,736
Net	\$ 49,814

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 \$2,888 while the principal paid was \$17,512. 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
2025	\$ 20,400
2026	20,400
2027	13,600
Total minimum lease payments	54,400
Less interest	3,281
Present value of minimum lease payments	\$ 51,119

Compensated Absences

ECCOG recognizes a liability for compensated absences in accordance with Governmental Accounting Standards Board (GASB) Statement No. 101 – *Compensated Absences*. The liability for compensated absences is measured based on the employees' current salary rates. ECCOG's policies regarding compensated absences, including vesting provisions, are also considered in the calculation.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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

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.

Related Party Transactions

Prairie Development Corporation:

ECCOG provides administrative services to Prairie Development Corporation (PDC) and leases office space from the Organization. For the year ended December 31, 2024, PDC paid \$79,851 to ECCOG for administrative services. As of December 31, 2024, PDC owed ECCOG \$5,587 for these services.

As more fully discussed under Lease Liabilities, ECCOG leases office space from PDC. Principal and interest payments for the year totaled \$20,400. At December 31, 2024, ECCOG recorded a lease payable of \$51,119.

Member Governments:

Member governments pay annual dues to the ECCOG. For the year ended December 31, 2024 these payments totaled \$76,880. The ECCOG also reimburses members for certain costs.

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.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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

Pension Plans (Continued)

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>\$ 21,371</u>
Mandatory money purchase pension contributions of participating employees	<u>\$ 17,809</u>
Voluntary pension plan contributions of participating employees	<u>\$ 10,973</u>
Covered wages	<u>\$ 380,626</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.

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.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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

Economic Dependency

ECCOG received a majority of the 2024 annual funding from the following Colorado governmental entities:

Colorado Department of Transportation	28%
Colorado Department of Health & Human Services	25%
Colorado Office of Economic Development	9%

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

Concentration of Credit Risk

ECCOG's financial instruments that are exposed to concentrations of credit risk consist of cash and grants receivable. ECCOG places its cash with high credit quality institutions. ECCOG routinely assesses the financial strength of its donors and, therefore, believes that its grants receivable credit risk exposure is limited. At times, cash may be held in accounts in excess of the FDIC insurance limit of \$250,000. However, ECCOG is protected under the Public Deposit Protection Action of 1975 as discussed in NOTE 2, *Deposits and Investments*

Contingency

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 ECCOG's financial statements.

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.

EAST CENTRAL COUNCIL OF GOVERNMENTS
NOTES TO BASIC FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2024

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

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 September 18, 2025, the date the financial statements were available to be issued. The Organization has not identified any subsequent events.

**EAST CENTRAL COUNCIL OF GOVERNMENTS
FEDERAL FINANCIAL ASSISTANCE
SINGLE AUDIT REPORTS
DECEMBER 31, 2024**

TABLE OF CONTENTS

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.....	1 - 2
Independent Auditors' Report On Compliance For Each Major Federal Program, Report On Internal Control Over Compliance And Report On The Schedule Of Expenditures Of Federal Awards Required By The Uniform Guidance.....	3 - 6
Schedule Of Expenditures Of Federal Awards	7 - 8
Notes To Schedule Of Expenditures Of Federal Awards	9
Schedule Of Findings And Questioned Costs	10 - 14
Summary Schedule Of Prior Audit Findings	15
Corrective Action Plan	16



Rae & Co., CPAs, LLC

P.O. Box 293 Cimnath Colorado, 80547

(970) 482-5312

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
Stratton, Colorado

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 (the ECCOG), as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the ECCOG's basic financial statements, and have issued our report thereon dated September 18, 2025.

Report On Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the ECCOG's internal control over financial reporting (internal control) as a basis for designing 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 ECCOG's internal control. Accordingly, we do not express an opinion on the effectiveness of the ECCOG's 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 and therefore, material weaknesses, or significant deficiencies may exist that were not identified.

We identified a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2024-001 that we consider to be a material weakness.

Report On Compliance And Other Matters

As part of obtaining reasonable assurance about whether the ECCOG's financial statements are free from 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 financial statements. 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*.

Board of Directors
East Central Council of Governments
September 18, 2025

ECCOG's Response To Findings

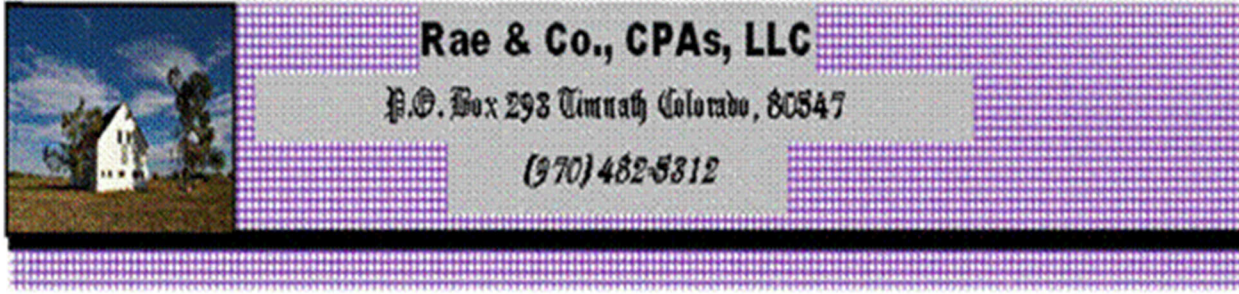
Government Auditing Standards requires the auditor to perform limited procedures on the ECCOG's response to the finding identified in our audit described in the accompanying schedule of findings and questioned costs. The ECCOG's response was not subjected to the other auditing procedures applied in the audit of the financial statements, and accordingly, we express no opinion on the response.

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.

Rae & Co., CPA, LLC

Timnath, Colorado
September 18, 2025



INDEPENDENT AUDITOR’S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors
East Central Council of Governments
Stratton, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Central Council of Governments’ (ECCOG) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on ECCOG’s major federal program for the year ended December 31, 2024. ECCOG’s major federal program is identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, ECCOG complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of ECCOG and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for its major federal program. Our audit does not provide a legal determination of ECCOG’s compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to ECCOG's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on ECCOG's compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about ECCOG's compliance with the requirements of its major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 ECCOG's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of ECCOG's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ECCOG's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2024-002. Our opinion on its major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on ECCOG's response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. ECCOG's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the ECCOG as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the ECCOG's basic financial statements. We have issued our report thereon dated September 18, 2025, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare

Board of Directors
East Central Council of Governments
September 18, 2025

the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Rae & Co., CPA, LLC

Timnath, Colorado
September 18, 2025

**EAST CENTRAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2024**

Federal Grantor/Pass-Through Grantor/Cluster/Program Title	Federal ALN Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
United States Department of Health and Human Services				
Passed through the Colorado Department of Human Services				
Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	\$ 314	\$ -
COVID-19 Special Programs for the Aging, Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	11,314	
Subtotal 93.041			<u>11,628</u>	
Special Programs for the Aging, Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	1,407	-
Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	177	-
COVID-19 Special Programs for the Aging, Title III, Part D, Disease Prevention and Health Promotion Services	93.043	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	2,903	
Subtotal 93.043			<u>3,080</u>	
Aging Cluster				
Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	104,232	-
COVID-19 Special Programs for the Aging, Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	23,446	
Subtotal 93.044			<u>127,678</u>	
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	216,478	-
COVID-19 Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	63,320	
Subtotal 93.045			<u>279,798</u>	
Total Aging Cluster			<u>407,476</u>	-
National Family Caregiver Support, Title III, Part E	93.052	25 IHEA 189314, 24 IHEA 185261, 24 IHEA 181455	395	-
Total United States Department of Health and Human Services			<u>423,986</u>	-

**EAST CENTRAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2024**

Federal Grantor/Pass-Through Grantor/Cluster/Program Title	Federal ALN Number	Pass-Through Entity Identifying Number	Federal Expenditures	Amounts Passed Through to Subrecipients
United States Department of Transportation				
Passed through the Colorado Department of Transportation Formula Grants for Rural Areas and Tribal Transit Program	20.509	24-HTR-ZL-00204, 24-HTR-ZL-00142 , 24-HTR-ZL-00055, 24-HTR-ZL-00034, 24-HTR-ZL-00269	414,836	30,046
Total United States Department of Transportation			<u>414,836</u>	<u>30,046</u>
United States Department of Commerce				
Economic Development Support for Planning Organizations	11.302		65,566	-
Total United States Department of Commerce			<u>65,566</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$ 904,388</u>	<u>\$ 30,046</u>

East Central Council of Governments

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2024**

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of all federal award programs of the East Central Council of Governments (ECCOG), for the year ended December 31, 2024. The information in this Schedule is presented in accordance with the requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the Uniform Guidance). Because the Schedule presents only a selected portion of the operations of ECCOG, it is not intended to and does not present the financial position, changes in net assets or cash flows of ECCOG. The Schedule includes federally funded projects received directly from federal agencies and the federal amount of pass-through awards received by ECCOG through the State of Colorado or other non-federal entities.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ECCOG's summary of significant accounting policies is presented in Note 1 in ECCOG's basic financial statements. Governmental funds account for ECCOG's federal grant activity. Amounts reported in the Schedule are recognized on the modified accrual basis when they become a demand on current available federal resources and other program requirements are met. Available means collectible within the current period, or soon enough thereafter, to pay liabilities of the current period or when matured. ECCOG considers all grant revenue as available if it is anticipated to be collected within one year after the financial statement date. Such expenditures are recognized following, as applicable, the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements or reports to federal agencies.

NOTE C - INDIRECT COSTS

ECCOG has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

NOTE D - CONTINGENT LIABILITIES

Although the Schedule of Expenditures of Federal Awards is prepared to the best of ECCOG's knowledge and belief, amounts received or receivable from grantor agencies are subject to audit and adjustment by the grantor agencies, principally the federal government. Any disallowed claims, including the amount already collected, may constitute a liability of the applicable funds. The amount of expenditures which may be disallowed by the grantor, if any, cannot be determined at this time.

East Central Council of Governments
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

Section I-Summary of Auditors' Results

Type of report the auditor issued Unmodified

Internal control over financial reporting:

- Material weakness(es) identified X Yes No
- Significant deficiency(ies) identified Yes X None reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None reported

Type of auditors' report issued on compliance
For major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance)? X Yes No

Identification of major federal programs:

<u>Assistance</u> <u>Listing Number</u>	<u>Name Of Federal Program Or Cluster</u>
20.509	Formula Grants for Rural Areas and Tribal Transit Program

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

East Central Council of Governments
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

Section II-Financial Statement Findings

REFERENCE NUMBER

2024-001 General Ledger Reporting

REPEAT FINDING

No

QUESTIONED COSTS

None

EVALUATION OF FINDING

Material Weakness

CONTEXT

ECCOG uses funds to segregate costs by program. For the year-ended December 31, 2024, Fund 42 reported all of the transactions for the Formula Grants for Rural Areas and Tribal Transit Program grants.

In addition, ECCOG allocates all costs charged to the grant. For example, for December office rent of \$385.28 was charged to the operating costs, while \$199.49 was charged to admin costs.

ECCOG also uses the accounts receivable and deferred revenue accounts to track grant and match budgets. When a grant is received a grants receivable and deferred revenue is recorded for the grant amount. As revenue is earned, the receivable and deferred revenues are reduced. At the end of the grant any remaining balances are adjusted to zero.

CRITERIA

According to Government Auditing Standards, entities are required to maintain effective internal controls over financial reporting to ensure accurate and timely financial information. Specifically, ECCOG is obligated to adhere to the following regulatory requirements:

Government Auditing Standards (Yellow Book): Section 2.10 states that management should establish and maintain effective internal control to achieve reliable financial reporting.

CONDITION

The reporting for each program is voluminous and complex. The general ledger report for the year-ended December 31, 2024 is 197 pages long.

For the year ended December 31, 2024, audit and reclassification entries totaling approximately \$638,874, reduced grants receivable from almost \$900,000 to \$260,000.

CAUSE

In order to record each fund's transactions, the system records an intra-fund due to/due from entry. For the year ended December 31, 2024 for Fund 42 it is estimated that there are almost 600 due to/due from transactions with debits and credits each totaling more the \$500,000. Total expenditures, for this fund were slightly less than \$500,000.

In addition, ECCOG is using the grants receivable and deferred revenue accounts to monitor individual grant budgets with different year ends which overlap fiscal years.

East Central Council of Governments
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

REFERENCE NUMBER (CONTINUED)

2024-001 General Ledger Reporting

EFFECT OR POTENTIAL EFFECT

With the number and volume of transactions review of the general ledger to discover transactions which may require review and adjustment is not easily accomplished. As a result, errors or fraudulent transactions might not be detected.

Based on how grants receivable are recorded, the actual amounts due from grantors cannot be readily determined. Recording revenues also requires an additional entry to reduce grants receivable and deferred revenues.

RECOMMENDATION

ECCOG is implementing new accounting software in 2025. As part of this implementation, ECCOG should consider ways to streamline its fund accounting.

ECCOG should consider investigating specialized software which facilitates grant management to record and monitor grant budgets.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

See ECCOG's corrective action plan on page 16.

East Central Council of Governments
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

Section III-Federal Award Findings and Questioned Costs

REFERENCE NUMBER

2024-002 Subrecipient Monitoring

FEDERAL AGENCY

Department of Transportation

FEDERAL PROGRAM

Formula Grants for Rural Areas and Tribal Transit Program ALN 20.509

IDENTIFICATION AS A REPEAT FINDING

No

QUESTIONED COSTS

None

EVALUATION OF FINDING

Audit finding disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

CRITERIA

The Uniform Guidance at 2 CFR section 200.332(c) requires ECCOG as the pass-through entity to assess the subrecipient's fraud risk and risk of noncompliance to determine the appropriate level of subrecipient monitoring. The Uniform Guidance at 2 CFR 332(e) requires the pass-through entity to review financial and performance reports and ensure the subrecipient takes appropriate corrective action. Finally, the Uniform Guidance at 2 CFR 332(f) requires the pass-through to perform additional monitoring based on its risk analysis.

CONDITION

ECCOG did not perform a formal risk assessment of its subrecipients. ECCOG did not document the required level of subrecipient monitoring

ECCOG did not review financial reports. One entity had a Single Audit for the year-ended December 31, 2023.

ECCOG did input the subrecipient's statistics into the Colorado Department of Transportation's COTRAMS system.

CONTEXT

ECCOG had three subrecipients, two of which were material. This finding occurred for all three subrecipients.

CAUSE

The three entities have been subrecipients of ECCOG for a long period of time. As part of working with these entities, ECCOG performed an informal analysis of the entities' risks. In addition, during the years-ended December 31, 2023 and 2024 reimbursement of subrecipient costs was being resolved with the Colorado Department of Transportation (CDOT). Certain 2023 costs were not reimbursed until 2024. CDOT did not agree to pay the subrecipient costs for the period March, 2024 to December 2024 until January 2025.

East Central Council of Governments

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2024

REFERENCE NUMBER (CONTINUED)

2024-002 Subrecipient Monitoring

In 2025, these entities are no longer subrecipients of ECCOG. The two significant subrecipients are now subrecipients of CDOT.

EFFECT OR POTENTIAL EFFECT

Failure to adequately perform and document the risk assessments on its subrecipients could result in the inadequate monitoring of the activities and performance of a subrecipient. Also, this could result in Federal awards being used by the subrecipient for unauthorized purposes.

RECOMMENDATION

As noted above, ECCOG no longer has any subrecipients. ECCOG should document the necessary processes for subrecipient monitoring in its grant management policies.

VIEWS OF RESPONSIBLE OFFICIALS AND PLANNED CORRECTIVE ACTION

See ECCOG's corrective action plan on page 16.

East Central Council of Governments
STATUS OF PRIOR AUDIT FINDINGS
For the Year Ended December 31, 2024

Reference Number	Summary of Finding	Status
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No Single Audit was performed last year. There are no prior audit findings to report.

EAST CENTRAL COUNCIL OF LOCAL GOVERNMENTS

COLORADO'S CENTRAL PLAINS



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CORRECTIVE ACTION PLAN YEAR ENDING 12-31-2024

Finding 2024-0001 General Ledger Finding

Material Weakness, General Ledger is voluminous and may allow for fraudulent internal transactions.

Corrective Action:

ECCOG Executive Director and/or Fiscal Officer will determine if the 2025 new accounting software has a new method to streamline fund accounting transactions when the new software is active. The new software is not accessible at the time of this Action Plan. Consideration for grant management, specialized software will be priced for compatibility.

Person Responsible for Implementation: Executive Director

Implementation Date: Sept 18, 2025

Finding 2024-0002 Subrecipient Monitoring

Material Weakness, CDOT Subrecipient Monitoring was lacking documentation.

Corrective Action:

ECCOG Executive Director and/or Senior & Transit Services Director will implement a formal monitoring protocol for future contracts as there are no subrecipient contracts at this time. The former subrecipients now have their own CDOT contract for funding. The protocol/procedures may be added to the Grant Management Policy using the CDOT guidance received.

Person Responsible for Implementation: Executive Director

Implementation Date: Sept 18, 2025

Corrective Action Plan approved by ECCOG's Board of Directors September 18, 2025