<u>EAST CENTRAL</u>
<u>COUNCIL OF GOVERNMENTS</u>

BASIC FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025

EAST CENTRAL COUNCIL OF GOVERNMENTS
DECEMBER 31, 2025
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MANAGEMENT DISCUSSION AND ANALYSIS

Our discussion and analysis of the East Central Council of Governments' (ECCOG) financial performance provides an overview of the ECCOG's financial activities for the year ended December 31, 2025. 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, 2025, and 2024. You will notice that the ECCOG's government activities' net position decreased by $17,970 in 2025. A discussion explaining the decrease in net position is provided after the table.

	2025	2024
ASSETS:		
Current assets	$ 568,249	$ 520,119
Capital assets	45,994	69,365
Total Assets	614,243	589,484
LIABILITIES:		
Current liabilities	223,456	156,995
Long-term liabilities	79,380	103,112
Total Liabilities	302,836	260,107
NET POSITION:		
Investment in capital assets, net	13,270	19,552
Restricted	-	75,000
Unrestricted	298,137	234,825
Total Net Position	$ 311,407	$ 329,377

Assets:
Cash on hand increased by $73,047 in 2025 and the receivables decreased $23,376. The increase in cash is a result of the decrease in receivables and timing of grant reimbursements.

Liabilities:
The long-term liability balance of $79,380 represents accrued sick leave, compensated absences due to employees and the lease liability as of December 31, 2025.

The following condensed Statements of Activities assist with identifying how the decrease in net position occurred between 2025 and 2024.

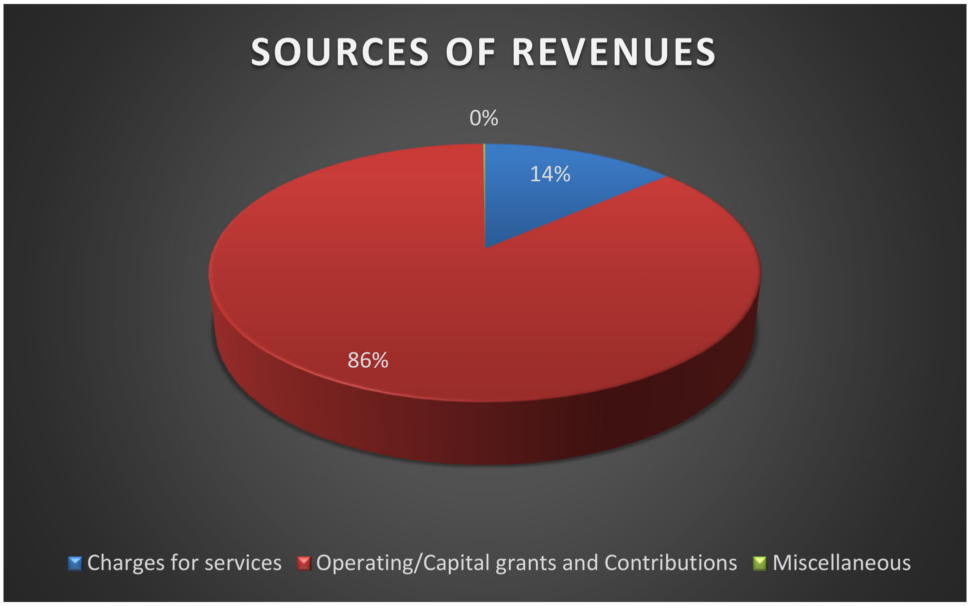
	2025	2024
Revenues		
Program Revenues:		
Charges for services	$ 192,843	$ 272,216
Operating/Capital grants and contributions	1,221,465	1,822,421
General Revenues:		
Miscellaneous	1,832	3,244
Total revenues	1,416,140	2,097,881
Expenses		
Aging services	908,763	981,641
Economic development	329,066	374,714
Transportation services	117,195	521,994
Housing services	47,871	80,251
Management and general	19,464	63,615
Total Expenses	1,422,359	2,022,215
Change in net position	(6,219)	75,666
Net position – beginning	329,377	288,479
Prior Period - adjustment	(11,751)	(34,767)
Net position - beginning adjusted	317,626	253,712
Net position – ending	$ 311,407	$ 329,378

Prior Period - Adjustments
The 2025 prior period adjustment represents the reclassifying of revenue previously recognized in 2024 to 2025 to offset the related expenses incurred in 2025. As a result, current year's revenue increased and the beginning net position decreased by $11,751.

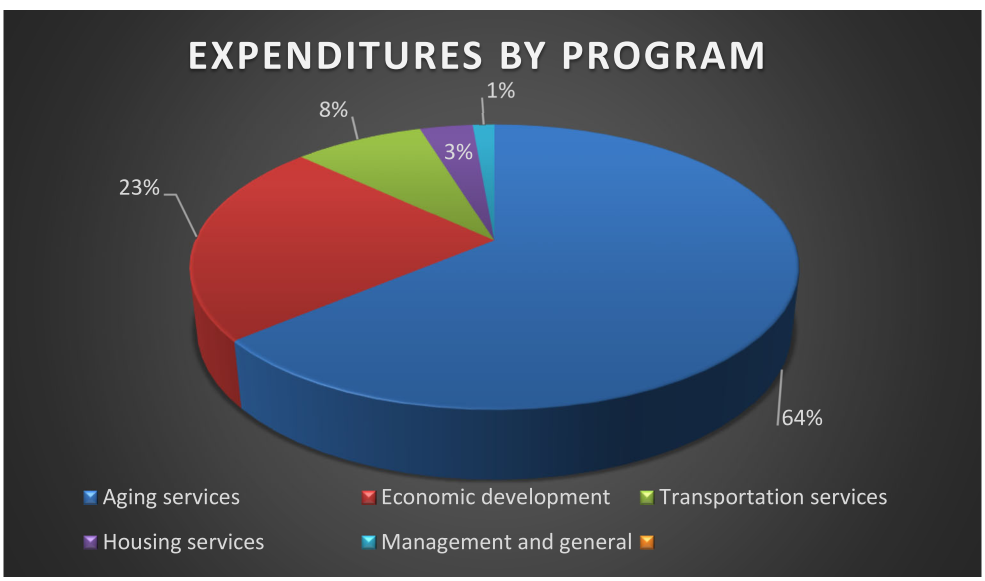
The 2024 prior period adjustment represents the implementation of Statement No. 101, *Compensated Absences*. As a result, compensated absences (a liability) increased and beginning net position decreased by $34,767.

Program Revenues and Expenses:

As the following graph demonstrates, grants and contributions are 86% of total revenues.



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 has been omitted from the basic financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets
As of December 31, 2025 and 2024, ECCOG had the following capital assets.

	2025	2024
Primary Government		
Capital assets:		
Equipment and vehicles	$ 91,700	$ 91,700
Right of use assets	98,550	98,550
	190,250	190,250
Accumulated depreciation	(77,608)	(72,149)
Accumulated amortization	(66,648)	(48,736)
	(144,256)	(120,885)
Total capital assets	$ 45,994	$ 69,365

Depreciation and amortization expenses in 2025 were $5,459 and $17,912, respectively.

Debt
As of December 31, 2025 and 2024, ECCOG had the following in General Long-Term Debt.

	2025	2024
Primary Government		
Accrued sick leave	$ 36,858	$ 40,926
Lease liability	32,725	51,119
Compensated absences	9,797	11,067
Total long-term obligations	$ 79,380	$ 103,112

East Central Council of Governments Economic Factors

East Central Council of Governments' general fund is derived from contributions from the counties and municipalities, which increased $3,875 from 2024 to 2025 primarily from municipalities. The population increase in the incorporated communities reached 326 people, which is attributed to Elizabeth mostly. In Elbert County the population increased by 742 residents. 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 is $2.25 per capita. The Dues formula for the four counties remained unchanged for 2026 Dues billing. Each county pays an $11,500 base and then an additional flat dollar amount depending on population size is added to that base rate. This formula results in county contributions totaling $65,000 in 2025. The municipalities' contributions to ECCOG fluctuate slightly as population increases and decreases. In 2025, municipal dues were $25,106. The 2025 Dues total of $90,106 were collected and available to use for required grant matches to provide services across the region.

Due to a change in accounting methods implemented in 2025, $31,784 of the 2025 Dues collected and not expended were reclassified to deferred revenue and will be used in 2026 for required grant matches. The change in accounting methods creates a matching of revenue and expenses in the current year whereas expenses incurred dictate the revenue recognized; similar to reimbursable grants. Furthermore, the change in accounting methods provides readily available financial data of dues available for future grant matches.

Projections for 2026 Dues will be more based on population growth but are undetermined today. 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 2026, due to state and federal budget constraints, we understand maintaining the most important services of meals and transportation must be our focus. The 2027 ECCOG budget returned to old funding levels which may be even less. Unemployment remains low in the region. At the end of 2025, we received the required approval of our Regional Housing Needs Assessment from Department of Local Affairs (DOLA), so 2026 will see implementation of our next steps. The Regional Grants Navigator program ends in early 2026 so those funds will no longer be available to fund our work.

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. Discussion with new contribution projects for a healthcare entity and special annual event have begun. The Opportunity Zone 2.0 designation will be offered in 2026. The Foreign Trade Zone is also still available in Lincoln County to help attract businesses to the county. Lincoln and Kit Carson Counties are approved Rural Jump Start areas.

ECCOG with support from the Economic Development Administration for our Comprehensive Economic Development Strategy (CEDS) continues until the contract ends in 2028. In 2026, our CEDS program will be updated and submitted to EDA for approval. Artificial Intelligence (AI) will be added to our CEDS in this update. Annual ECCOG Dues are encumbered as EDA grant match for each year.

We are proud to continue the digital story-telling app, TravelStorys, as its own exposure grows annually which helps our tour gain exposure. Preliminary tourism numbers for 2025 show Kit Carson County had a great season while the other three counties may have a slight decrease. The increase in Kit Carson County may be attributed to the influx of energy project workers and their spending. General funds or dues/contributions not used for EDA match are used as matching funds 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. Maintaining field staff is always a challenge as the population ages and more people are retiring from work, which are the people we hire as cooks, assistant cooks and bus drivers. Stabilizing these roles would help the office staff and the people who use the services.

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

May Jackson Hendrick, LLC
Certified Public Accountants

Traci L. May, CPA
Lenae A. Jackson, CPA
Lori K. Hendrick, CPA

INDEPENDENT AUDITORS' REPORT

Board of Directors
East Central Council of Governments

Opinion
We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the East Central Council of Governments, as of and for the year ended December 31, 2025, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the East Central Council of Governments, as of December 31, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion
We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* (*Government Auditing Standards*), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Traci L. May, CPA
Lenae A. Jackson, CPA
Lori K. Hendrick, CPA

Auditors' Responsibilities for the Audit of the Financial Statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for a reasonable period of time.

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

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Required Supplementary Information

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

Supplementary Information

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

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

May Jackson Hendrick, LLC

Parker, Colorado
June 25, 2026

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BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

EAST CENTRAL COUNCIL OF GOVERNMENTS

STATEMENT OF NET POSITION

DECEMBER 31, 2025

	Governmental Activities
ASSETS:	
Cash	$ 319,230
Receivables, net	247,424
Prepaid expenses	1,595
Capital assets, net	45,994
Total Assets	614,243
LIABILITIES:	
Unearned revenue	223,456
Long-term liabilities:	
Due within one year	42,642
Due in more than one year	36,738
Total Liabilities	302,836
NET POSITION:	
Investment in capital assets, net	13,270
Unrestricted	298,137
Total Net Position	$ 311,407

See accompanying Notes to Basic Financial Statements.

EAST CENTRAL COUNCIL OF GOVERNMENTS

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2025

		Program Revenues		Net (Expenses) Revenue and Change in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Governmental Activities
Primary government				
Governmental Activities:				
Programs:				
Aging services	$ 908,763	$ 136,788	$ 764,770	$ (7,204)
Economic development	329,066	-	327,161	(1,905)
Transportation services	117,195	816	116,839	460
Housing services	47,871	48,004	-	133
Total Programs	1,402,895	185,608	1,208,770	(8,516)
Management and general	17,459	7,235	10,689	465
Interest	2,005	-	2,005	-
Total Governmental Activities	1,422,359	192,843	1,221,465	(8,051)
TOTAL PRIMARY GOVERNMENT	$ 1,422,359	$ 192,843	$ 1,221,465	(8,051)
		GENERAL REVENUES:		
		Miscellaneous		1,832
		TOTAL GENERAL REVENUES		1,832
		NET CHANGE IN NET POSITION		(6,219)
		NET POSITION, Beginning		329,377
		PRIOR PERIOD ADJUSTMENT		(11,751)
		NET POSITION, Beginning Adjusted		317,626
		NET POSITION, Ending		$ 311,407

See accompanying Notes to Basic Financial Statements.

BASIC FINANCIAL STATEMENTS

FUND FINANCIAL STATEMENTS

EAST CENTRAL COUNCIL OF GOVERNMENTS

BALANCE SHEET
GOVERNMENTAL FUNDS
DECEMBER 31, 2025

		General Fund
ASSETS:		
Cash	$	319,230
Grants receivable		240,446
Receivable from PDC		2,152
Other receivables		4,825
Prepaid expenses		1,595
Total Assets	$	568,248
LIABILITIES AND FUND BALANCES:		
Liabilities:		
Unearned revenue	$	223,456
Total Liabilities		223,456
Fund Balance:		
Nonspendable		1,595
Unassigned		343,197
Total Fund Balance		344,792
Total Liabilities and Fund Balance	$	568,248

EAST CENTRAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS TO THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2025

Total fund balance - general fund	$ 344,792
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.	45,994
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.	(79,379)
Net position of governmental activities	$ 311,407

EAST CENTRAL COUNCIL OF GOVERNMENTS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGE IN FUND BALANCE
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General Fund
REVENUES:	
Intergovernmental Revenues:	
Grants	$ 978,157
Grant matching contributions	129,464
Council of governments dues	12,694
Charges for services	192,844
Contributions	101,150
Miscellaneous revenue	1,832
Total Revenues	1,416,141
EXPENDITURES:	
Current:	
Management and general	23,104
Aging services	904,040
Economic development	329,949
Transportation services	117,662
Housing services	47,966
Total Expenditures	1,422,722
NET CHANGE IN FUND BALANCE	(6,581)
FUND BALANCE, BEGINNING OF YEAR	363,124
PRIOR PERIOD ADJUSTMENT	(11,751)
FUND BALANCE, BEGINNING ADJUSTED	351,373
FUND BALANCE, END OF YEAR	$ 344,792

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, 2025

Net change in fund balance - general fund		$ (6,581)
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	(23,371)	
		(23,371)
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		18,397
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		1,270
Change in accrued sick leave		4,067
Change in net position of governmental activities		$ (6,219)

EAST CENTRAL COUNCIL OF GOVERNMENTS

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
DECEMBER 31, 2025

	Custodial Funds
	Bus Mileage Due to Counties
ASSETS:	
Cash	$ 29,773
Total Assets	$ 29,773
NET POSITION:	
Restricted for other governments	$ 29,773

EAST CENTRAL COUNCIL OF GOVERNMENTS

STATEMENT OF CHANGE IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
YEAR ENDED DECEMBER 31, 2025

	Custodial Funds
	Bus Mileage Due to Counties
REVENUE:	
Special trips	$ 282
Total Revenue	282
EXPENDITURES	-
NET CHANGE IN FUND BALANCE	282
NET POSITION, BEGINNING OF YEAR	29,491
NET POSITION, END OF YEAR	$ 29,773

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.

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.

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.

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, 2025 is classified in the accompanying financial statements as follows:

Governmental activities:	
Cash	$ 319,230
Fiduciary activities:	
Cash	29,773
Total cash	$ 349,003
Cash at December 31, 2025 consist of the following:	
Deposits with financial institutions	$ 349,003

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,

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.

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.

Unearned Revenue:

In the government-wide statements and the fund financial statements, unearned revenue consist of all revenues received at year-end and not yet expended.

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.

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 three components:

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

Restricted – This classification, of which ECCOG did not have at December 31, 2025, 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 three components:

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

Restricted – This classification, of which ECCOG did not have at December 31, 2025, 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenues, Expenditures and Expenses

Program Income:

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

Expenditures/Expenses:

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

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

NOTE 2 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS

Deposits and Investments

The State of Colorado has adopted the Public Deposit Protection Act of 1975 (the Act) to provide protection of public monies on deposit in state and national banks in Colorado above and beyond that provided by the Federal Deposit Insurance Corporation. The Act requires all eligible public depositories to maintain a specified amount of eligible collateral as security for public deposits accepted and held.

Alternatively, a public depository may elect collateral having a market value equal to or greater than the aggregate of public deposits accepted and held by pledging eligible collateral having a market value equal to 102% of the aggregate of public deposits not insured by the Federal Deposit Insurance Corporation.

ECCOG's cash balance of $349,003 at December 31, 2025 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 $2,152 at December 31, 2025 represents amounts due for program and administrative services. See *Related Party Transaction*s note.

Other Receivables

General fund, other receivables consist of the following:

Member government matching funds	$ 4,825
Total Other Receivables	$ 4,825

NOTE 2 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

Capital Assets
A summary of changes in capital assets follows:

	December 31, 2024	Additions	Decreases	December 31, 2025
Capital assets, being depreciated:				
Equipment and vehicles	$ 91,700	$ -	$ -	$ 91,700
Less accumulated depreciation for:				
Equipment and vehicles	72,149	5,459	-	77,608
Capital assets, net:	19,551			14,092
Right of use assets, being amortized:				
Real property	98,550	-	-	98,550
Less accumulated amortization for:				
Real property	48,736	17,912	-	66,648
Right of use assets, net	49,814			31,902
Capital/right of use assets, net	$ 69,365			$ 45,994

Depreciation expense was charged to governmental activities as follows:

Aging services	$ 5,459

Amortization expense was charged to governmental activities as follows:

Aging services	$ 6,269
Economic development	3,941
Transportation services	6,269
Housing services	1,433
Total amortization	$ 17,912

General Long-Term Debt
A summary of general long-term debt transactions for the year ended December 31, 2025 is presented below.

	December 31, 2024	Additions	Decreases	December 31, 2025	Amounts Due in One Year
Accrued sick leave	$ 40,926	$ 2,249	$ 6,317	$ 36,858	$ 18,429
Lease liability	51,119	-	18,394	32,725	19,314
Compensated absences	11,067	285	1,555	9,797	4,899
Total long-term obligations	$ 103,112	$ 2,534	$ 26,266	$ 79,380	$ 42,642

NOTE 2 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

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 $17,912 was recorded for the year-ended December 31, 2025. 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.

The assets acquired through financing leases as of December 31, 2025 are as follows:

	Governmental Activities
Real property	$ 98,550
Less accumulated amortization	66,648
Net	$ 31,902

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 $2,006 while the principal paid was $18,394. 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.

NOTE 2 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

Lease Liabilities (Continued)

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

	Governmental Activities
2026	$ 20,400
2027	13,600
Total minimum lease payments	34,000
Less interest	1,275
Present value of minimum lease payments	$ 32,725

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.

Prior Period Adjustment

A prior period adjustment was recorded to beginning net assets to reclassify the recognition of revenue in 2024 to 2025. As a result, grant contributions (a revenue account) in 2025 increased by $11,751 and beginning net assets decreased by the same amount. The movement of the revenue from 2024 to 2025 creates a matching of revenue and expense in 2025.

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 PDC.

For the year ended December 31, 2025, PDC paid $51,836 to ECCOG for administrative services. As of December 31, 2025, PDC owed ECCOG $2,152 for the administrative services provided to PDC in December 2025.

NOTE 2 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

Related Party Transactions (Continued)
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, 2025, ECCOG recorded a lease payable of $32,725.

Member Governments:
Member governments pay annual and direct service dues to the ECCOG. For the year ended December 31, 2025 these payments totaled $57,242. 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.

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	$ 21,244
Mandatory money purchase pension contributions of participating employees	$ 17,750
Voluntary pension plan contributions of participating employees	$ 10,590
Covered wages	$ 369,720

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.

NOTE 2 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

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

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

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

Management Estimates
The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at December 31, 2025, and revenues and expenditures during the year then ended. The actual outcome of the estimates could differ from the estimates made in the preparation of the financial statements.

Economic Dependency
ECCOG received a majority of the 2025 annual funding from the following Colorado governmental entities:

Colorado Department of Health & Human Services	21%
Colorado Department of Transportation	8%
Colorado Office of Economic Development	5%
Colorado Department of Local Affairs	2%

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

NOTE 2 DETAIL NOTES ON TRANSACTIONS/ACCOUNTS (Continued)

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

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.

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 June 25, 2026, the date the financial statements were available to be issued. The Organization has not identified any subsequent events.