

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2021



CPAs | CONSULTANTS | WEALTH ADVISORS

CLAcconnect.com

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2021**

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
BASIC FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	11
STATEMENT OF ACTIVITIES	12
BALANCE SHEET - GOVERNMENTAL FUNDS	13
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	14
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	15
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES	16
NOTES TO THE FINANCIAL STATEMENTS	17
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND	31
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - NORTHWEST LOAN FUND	34
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - NWCCOG FOUNDATION FUND	36
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	37
COMPLIANCE	
SINGLE AUDIT	
INDEPENDENT AUDITOR'S 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	38
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	40
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	43
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	44
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	45
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	48



INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Colorado Council of Governments
Silverthorne, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Colorado Council of Governments, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the entity'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 and each major fund of Northwest Colorado Council of Governments, as of December 31, 2021, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Northwest Colorado Council of Governments 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 Northwest Colorado Council of Governments' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Northwest Colorado Council of Governments' 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 Northwest Colorado Council of Governments' 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 and budgetary comparison information as listed in the table of contents 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 GAAS, 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.

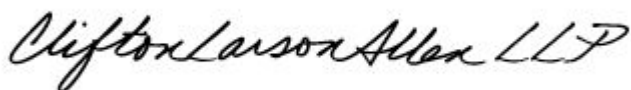
We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northwest Colorado Council of Governments' basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis 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 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 GAAS. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated REPORT DATE, on our consideration of Northwest Colorado 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 Northwest Colorado Council of Governments' 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 Northwest Colorado Council of Governments' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 16, 2022

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

As management of the Northwest Colorado Council of Governments (the Council), Silverthorne, Colorado, we offer readers of the Council's basic financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended December 31, 2021.

Financial Highlights

- The assets of the Council exceeded its liabilities at the close of 2020 by \$5,519,306. Of this total, \$5,289,836, or 95.8%, is unrestricted and may be used to meet the Council's obligations to the public and creditors.
- The Council's total net position increased \$365,868.
- The total cost of the Council's programs decreased \$2,010,298 or 18.6%, compared to 2020.
- Total revenues decreased \$1,915,716 or 17.3%, compared to 2020.
- The General Fund reported a fund balance of \$1,894,186 as of December 31, 2021, an increase of \$70,636. Approximately 72% of the General Fund balance is assigned.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council's basic financial statements. The Council's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains the schedule of expenditures of federal awards and schedules of revenues, expenditures and changes in fund balance for each program of the Council in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Council's finances, in a manner similar to a private-sector business. The government-wide financial statements include the statement of net position and the statement of activities.

The *statement of net position* presents information on all of the Council'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 Council is improving or deteriorating.

The *statement of activities* presents information showing how the Council's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*.

Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., unused compensated absences).

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Governmental Funds. *Governmental funds* are used to account for essentially the same functions as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Council maintains three governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund, the Northwest Loan Fund and the Northwest Colorado Council of Governments (NWCCOG) Foundation, which are considered to be major funds.

The Council adopts annual appropriated budgets for all of its Funds. Budgetary comparison schedules have been provided for the major funds to demonstrate compliance with the budget.

Notes to the Financial Statements. The notes to the basic financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Required Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information (RSI) concerning the Council. The Council adopts an annual appropriated budget for all funds. A budgetary comparison schedule has been provided for the General Fund, the Northwest Loan Fund and the Northwest Colorado Council of Governments Foundation Fund.

Supplementary information. In addition to the basic financial statements and accompanying notes, this report also presents certain reports required by the Uniform Grant Guidance in accordance with 2 CFR 200.516(a).

Government-wide Financial Analysis

Analysis of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The analysis below focuses on the net position and changes in net position of the Council's governmental activities. At the end of the current fiscal year, the Council is able to report positive balances in all categories of net position for each major fund.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Table 1 presents an analysis of the Council's net position as of December 31, 2021. The Council's assets exceeded liabilities by \$5,519,306 at the close of 2021. Total net position increased by \$365,868 in 2021. The increase is comprised of the following:

- Total assets increased from \$6,730,514 to \$7,235,505 mainly due to an increase in accounts and loans receivable.
- Total liabilities increased from \$1,577,076 to \$1,716,199.

Table 1
Northwest Colorado Council of Governments
Summary of Net Position

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Assets		
Current and Other Assets	\$ 6,414,673	\$ 6,094,679
Capital Assets	820,832	635,835
Total Assets	<u>7,235,505</u>	<u>6,730,514</u>
Liabilities		
Current Liabilities	1,215,028	1,116,382
Long-Term Liabilities	501,171	460,694
Total Liabilities	<u>1,716,199</u>	<u>1,577,076</u>
Net Position		
Net Investment in Capital Assets	360,138	156,406
Restricted	43,117	336,241
Unrestricted	5,116,051	4,660,791
Total Net Position	<u>\$ 5,519,306</u>	<u>\$ 5,153,438</u>

The largest portion of the Council's net position amounting to \$5,289,836, or 95.8% is unrestricted and may be used to meet its obligations to the public and creditors.

Analysis of Changes in Net Position

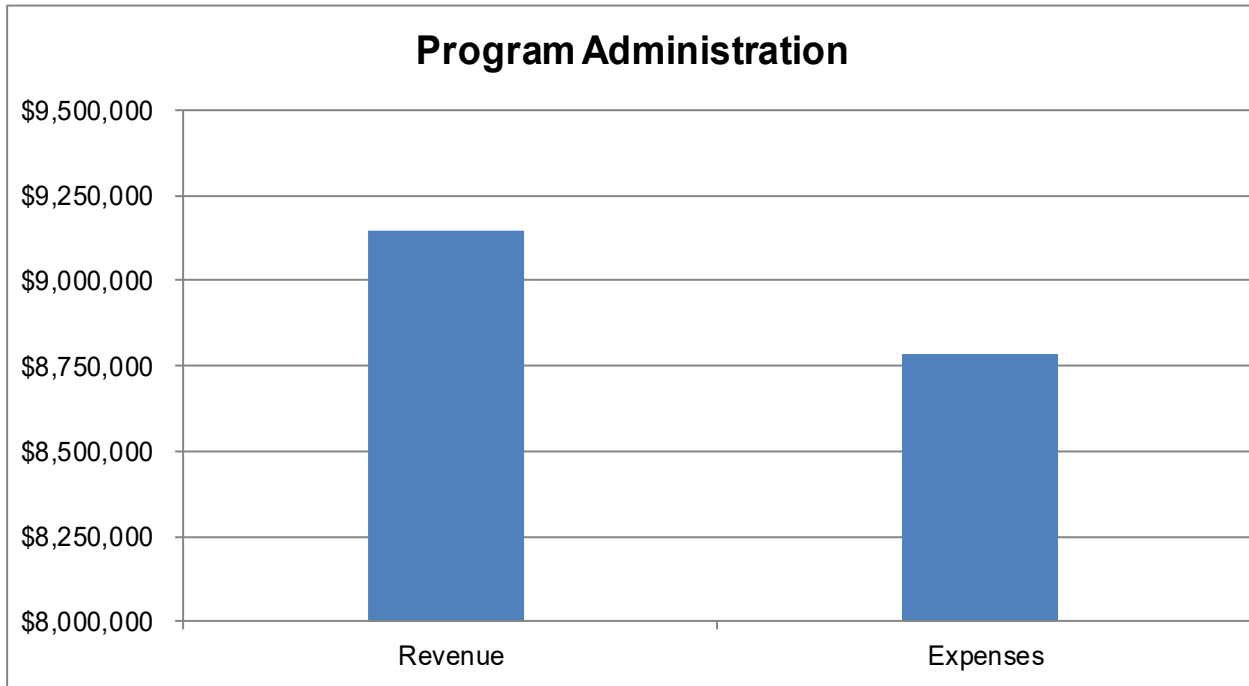
As presented in Table 2, the Council's overall net position increased \$365,868 compared to an increase of \$271,286 during 2020. Governmental revenues decreased \$1,915,716 or 20.9%, and governmental expenses decreased \$2,010,298, or 18.6% compared to 2020. The decrease for both revenues and expenses was primarily due to (1) 2020 federal grant funds received and used by the Northwest Loan Fund in provided grants to businesses within the region in which the Northwest Colorado Council of Government operates.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

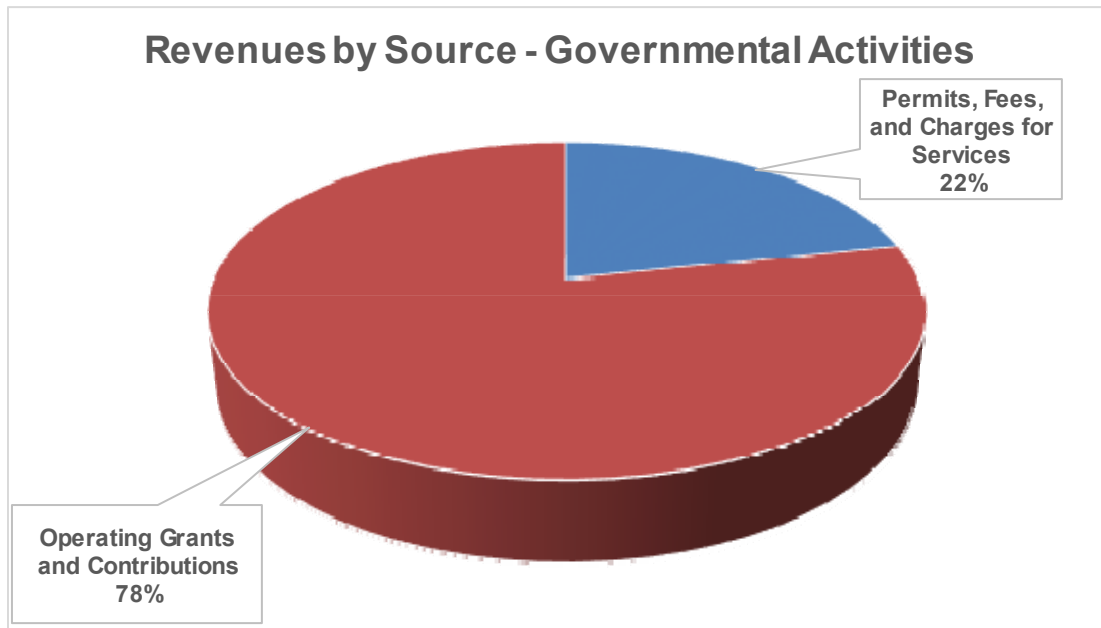
Table 2
Northwest Colorado Council of Governments
Summary of Changes in net Position
For Years as Stated

	<u>Governmental Activities</u>	
	<u>2021</u>	<u>2020</u>
Revenues		
Program Revenues		
Permits, Fees, and Charges for Services	\$ 1,980,776	\$ 1,897,826
Operating Grants and Contributions	7,168,429	9,167,095
Total Revenues	<u>9,149,205</u>	<u>11,064,921</u>
Expenses		
Program Expenses	<u>8,783,337</u>	<u>10,793,635</u>
Total Expenses	<u>8,783,337</u>	<u>10,793,635</u>
Change in Net Position	365,868	271,286
Net Position - Beginning of Year	<u>5,153,438</u>	<u>4,882,152</u>
Net Position - End of Year	<u><u>\$ 5,519,306</u></u>	<u><u>\$ 5,153,438</u></u>

The following graphs provide visual representations of the expenses and revenues for governmental activities for 2021.



**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**



Financial Analysis of the Council's Funds

As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The focus of the Council's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. This information is necessary to assess the Council's financing requirements. Types of governmental funds reported by the Council include the General Fund, the Loan Fund and the Northwest Colorado Council of Governments Foundation. In particular, *unrestricted fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

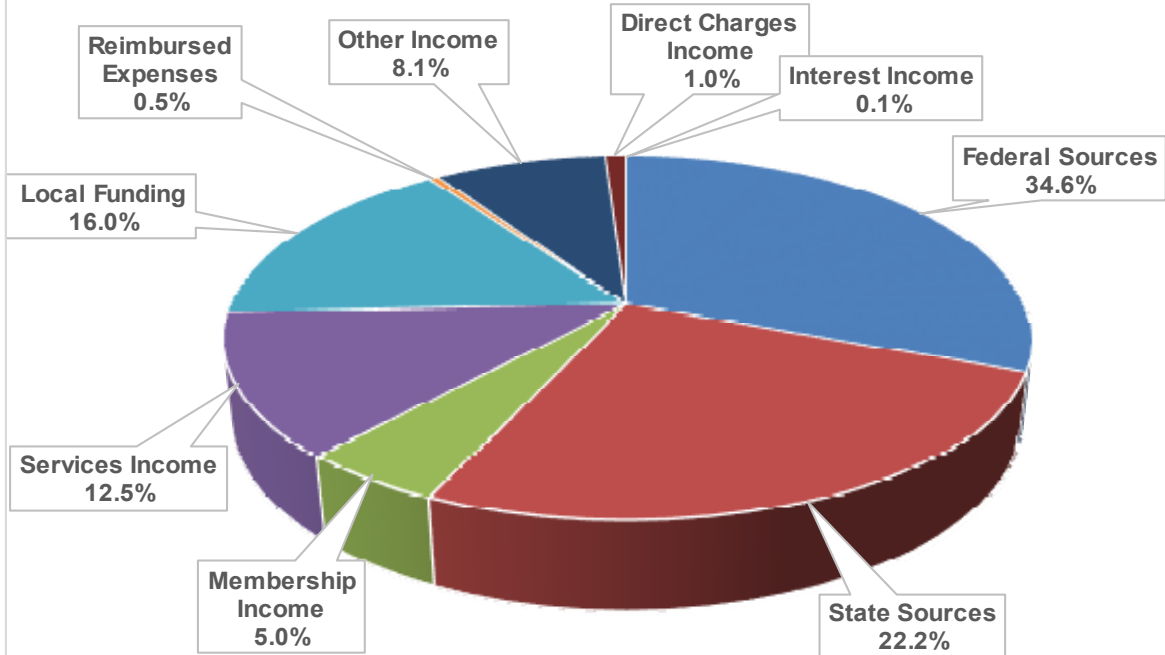
The General Fund is the primary operating fund of the Council. At December 31, 2021, the General Fund reported ending fund balances of \$1,894,186, an increase of \$70,636 compared to 2020.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 20.6% of total General Fund expenditures compared to 19.6% in 2020.

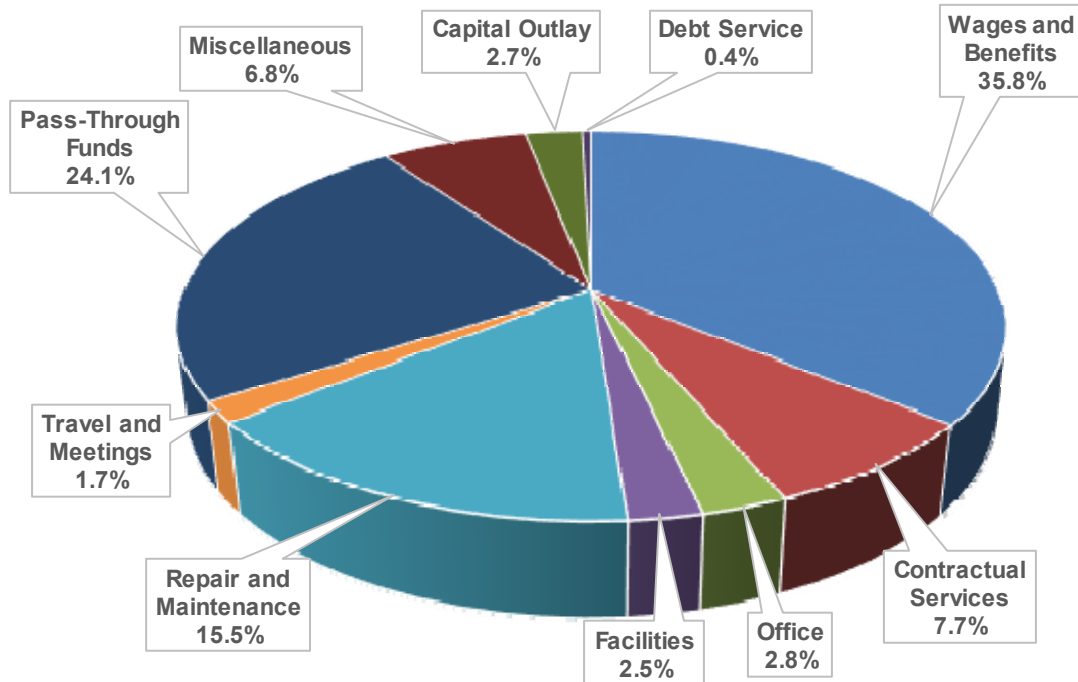
The following graphs provide visual representations of the expenditures and revenues for the General Fund for 2021.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

Revenues by Source - General Fund



Expenditures by Function - General Fund



**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2021**

The Northwest Loan Fund ended the year with a fund balance of \$3,459,314 compared to \$3,236,547 at the end of 2020, an increase of \$222,767 compared to \$171,340 in 2020. This was primarily a result of loan proceeds for the administration of the loan program.

The Northwest Colorado Council of Governments Foundation fund ended the year with a fund balance of \$36,011. During 2021, the Foundation recorded \$10,040 in revenues. The fund expended \$2,726 during the year.

General Fund Budgetary Highlights

Budgetary comparison schedules are presented as required supplementary information. Actual revenues were \$9,258,280, \$61,226 more than projected. Actual expenditures were \$9,201,251, \$288,948 more than budgeted.

Capital Assets and Debt Administration

Capital Assets

The Council's investment in capital assets as of December 31, 2021 amounts to \$820,832 (net of accumulated depreciation). The increase from 2020 was a result of vehicle purchases in 2021.

	2021	2020
Building	\$ 430,572	\$ 447,457
Building Improvements	61,271	30,393
Vehicles	284,697	99,186
Furniture and Equipment	44,292	58,799
	<u>\$ 820,832</u>	<u>\$ 635,835</u>

Additional information on capital assets can be found in the notes to the financial statements (Note 4).

Debt Administration

The Council had total long-term obligations as follows:

	2021	2020
Building Note	\$ 460,694	\$ 479,429
CHFA Note	173,785	-
Compensated Absences	154,877	109,758
	<u>\$ 789,356</u>	<u>\$ 589,187</u>

Additional information on long-term obligations can be found in the notes to the financial statements (Note 5).

Economic Factors and Next Year's Budgets and Rates

Decisions made at the federal and state levels regarding funding for regional programs will likely affect some of NWCCOG's programs in 2022. NWCCOG is prepared to make the appropriate adjustments to expenses in affected programs to remain aligned with the available funding as these decisions are made. NWCCOG will continue its current programs in 2022 and pursue new programs or projects at the direction of the NWCCOG Council.

Requests for Information

This financial report is designed to provide a general overview of the Council's finances for all those with an interest in the Council's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Northwest Colorado Council of Governments, 249 Warren Avenue, Silverthorne, Colorado 80498.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

ASSETS

Cash	\$ 1,707,909
Investments - Restricted	972,833
Accounts Receivable	689,460
Grants Receivable	618,851
Prepaid Items	4,047
Inventory	2,548
Loans Receivable	2,419,025
Capital Assets, Net of Accumulated Depreciation	820,832
Total Assets	7,235,505

LIABILITIES AND NET POSITION

LIABILITIES

Accounts Payable	241,223
Accrued Salaries and Withholdings	200,322
Unearned Revenue	485,298
Noncurrent Liabilities:	
Due Within One Year	288,185
Due in More than One Year	501,171
Total Liabilities	1,716,199

NET POSITION

Net Investment in Capital Assets	360,138
Restricted	43,117
Unrestricted	5,116,051
Total Net Position	\$ 5,519,306

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Function/Program Activities	Expenses	Program Revenues		Net (Expense)
		Fees and Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Total Governmental Activities
Governmental Activities:				
Regional Business	\$ 453,136	\$ 309,423	\$ 67,890	\$ (75,823)
Alpine Area Agency for Aging	1,522,138	-	1,606,084	83,946
Northwest Region Healthcare Coalition	264,982	-	254,692	(10,290)
Economic Development District	465,807	-	497,145	31,338
Elevator Inspection Program	975,936	1,476,288	-	500,352
Energy Management	2,952,493	-	3,026,322	73,829
Regional Coordinating Council	112,061	-	86,051	(26,010)
Watershed Services	25,288	-	27,181	1,893
Project Thor	1,118,769	-	1,036,826	(81,943)
Emergency Management	75,583	-	34,194	(41,389)
Summit Water Quality	28,039	-	-	(28,039)
Water Quality/Quantity	233,779	195,065	68,883	30,169
Broadband	240,983	-	167,991	(72,992)
Northwest Loan Fund	236,148	-	285,130	48,982
NWCCOG Foundation, Inc.	2,726	-	10,040	7,314
Interest on Long Term Debt	19,425	-	-	(19,425)
Unallocated Depreciation	56,044	-	-	(56,044)
Total Governmental Activities	\$ 8,783,337	\$ 1,980,776	\$ 7,168,429	365,868
				Change in Net Position
				365,868
				Net Position - Beginning of Year
				5,153,438
				Net Position - End of Year
				\$ 5,519,306

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2021**

	General Fund	Northwest Loan Fund	NWCCOG Foundation	Total
ASSETS				
Cash	\$ 630,421	\$ 1,041,477	\$ 36,011	\$ 1,707,909
Investments - Restricted	972,833	-	-	972,833
Accounts Receivable	689,460	-	-	689,460
Grants Receivable	618,851	-	-	618,851
Prepaid Items	4,047	-	-	4,047
Inventory	2,548	-	-	2,548
Loans Receivable, Net	-	2,419,025	-	2,419,025
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Assets	<u>\$ 2,918,160</u>	<u>\$ 3,460,502</u>	<u>\$ 36,011</u>	<u>\$ 6,414,673</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	\$ 240,035	\$ 1,188	\$ -	\$ 241,223
Accrued Salaries and Withholdings	200,322	-	-	200,322
Unearned Revenue	485,298	-	-	485,298
Total Liabilities	<u>925,655</u>	<u>1,188</u>	<u>-</u>	<u>926,843</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	98,319	-	-	98,319
Total Deferred Inflows of Resources	<u>98,319</u>	<u>-</u>	<u>-</u>	<u>98,319</u>
FUND BALANCES				
Nonspendable:				
Inventory	2,548	-	-	2,548
Prepaid Items	4,047	-	-	4,047
Restricted:				
USDA Loan Reserve	43,117	-	-	43,117
Assigned:				
Alpine Area Agency for Aging	98,476	-	-	98,476
Elevator Inspection Program	978,124	-	-	978,124
Water Quality & Quantity Program	153,896	-	-	153,896
Office Condo	43,699	-	-	43,699
Motor Pool	84,445	-	-	84,445
Other Purposes	-	3,459,314	36,011	3,495,325
Unassigned	485,834	-	-	485,834
Total Fund Balances	<u>1,894,186</u>	<u>3,459,314</u>	<u>36,011</u>	<u>5,389,511</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 2,918,160</u>	<u>\$ 3,460,502</u>	<u>\$ 36,011</u>	<u>\$ 6,414,673</u>

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2021**

Total Fund Balance for Governmental Funds	\$ 5,389,511
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	820,832
Certain revenues not available to pay liabilities of the current period are deferred in the governmental funds:	
Unavailable Revenue	98,319
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.	
Balances at December 31, 2021 are:	
Note Payable	(634,479)
Compensated Absences	<u>(154,877)</u>
Net Position of Governmental Activities	<u><u>\$ 5,519,306</u></u>

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2021**

	General Fund	Northwest Loan Fund	NWCCOG Foundation	Total
REVENUES				
Federal Sources	\$ 2,851,628	\$ 133,000	\$ -	\$ 2,984,628
State Sources	2,405,595	-	-	2,405,595
Membership Income	459,416	-	-	459,416
Services Income	1,153,783	-	-	1,153,783
Local Funding	1,488,185	43,847	-	1,532,032
Reimbursed Expenses	41,637	-	-	41,637
Other Income	766,778	107,262	10,036	884,076
Direct Charges Income	90,852	-	-	90,852
Interest Income	406	1,021	4	1,431
Total Revenues	<u>9,258,280</u>	<u>285,130</u>	<u>10,040</u>	<u>9,553,450</u>
EXPENDITURES				
Current:				
Wages and Benefits	3,298,535	119,206	-	3,417,741
Contractual Services	709,052	5,696	-	714,748
Office	259,968	8,254	90	268,312
Facilities	226,642	3,957	-	230,599
Repair and Maintenance	1,426,841	-	-	1,426,841
Travel and Meetings	158,305	13,726	-	172,031
Pass-Through Funds	2,214,320	-	2,636	2,216,956
Miscellaneous	624,828	85,309	-	710,137
Capital Outlay	244,600	-	-	244,600
Debt Service:				
Principal	18,735	-	-	18,735
Interest	19,425	-	-	19,425
Total Expenditures	<u>9,201,251</u>	<u>236,148</u>	<u>2,726</u>	<u>9,440,125</u>
Other Financing Sources:				
Sales of Capital Assets	3,000	-	-	3,000
Insurance Recovery	10,607	-	-	10,607
Loan Issuance	-	173,785	-	173,785
Total Other Financing Sources	<u>13,607</u>	<u>173,785</u>	<u>-</u>	<u>187,392</u>
Net Change in Fund Balances	70,636	222,767	7,314	300,717
Fund Balances - Beginning of Year	<u>1,823,550</u>	<u>3,236,547</u>	<u>28,697</u>	<u>5,088,794</u>
Fund Balances - End of Year	<u>\$ 1,894,186</u>	<u>\$ 3,459,314</u>	<u>\$ 36,011</u>	<u>\$ 5,389,511</u>

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2021**

Net Change in Fund Balances - Governmental Funds	\$	300,717
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p> <p>Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation and loss on disposal of assets exceed capital outlays in the current period.</p>		
Capital Outlays		241,041
Depreciation Expense		(56,044)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consume current financial resources of governmental funds. These transactions, however, have no effect on net position.</p>		
Loan Issuance		(173,785)
Principal Payments on Note Payable		18,735
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds</p>		
Unavailable Revenue		80,323
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.</p>		
Adjustment to Compensated Absences Liability		<u>(45,119)</u>
Change in Net Position of Governmental Activities	\$	<u><u>365,868</u></u>

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles applicable to governmental units. A summary of the Northwest Colorado Council of Governments' (the Council) significant accounting policies consistently applied in the preparation of these financial statements follows.

Reporting Entity

The Council is a voluntary association established in 1972 pursuant to laws of the State of Colorado to promote cooperation and coordination among local governments and between levels of government for the geographic area comprised of Eagle, Grand, Jackson, Pitkin and Summit counties. The Council is governed by a Board of Directors consisting of appointed members from member counties and municipal corporations and is responsible for setting policy and appointing administrative personnel. The members include the six counties and 22 municipalities. The Board exercises autonomous control over financial affairs, acquisition and ownership of property, contract execution and management and operation of programs within the Council.

The Council follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organization and functions should be included within the financial reporting entity. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units are, in substance, part of the primary government's operations, even though they are legally separate entities. Thus, blended component units are appropriately presented as funds of the primary government.

Blended Component Units

The Northwest Loan Fund, (NLF), is a non-profit 501(c)(6) economic development organization that makes loans to start-up and/or fund expanding businesses that will create, or retain new, full-time jobs in Eagle, Garfield, Grand, Jackson, Moffat, Pitkin, Rio Blanco, Routt, and Summit counties. The NLF is governed by the NWCCOG Council, which serves as the NLF Board of Directors. The NLF Board of Directors appoints a volunteer from each of the nine counties in the service territory, along with the NWCCOG executive director, to serve as the Loan Committee. The NLF is reported as a major special revenue fund. The NLF does not issue separate financial statements.

The Northwest Colorado Council of Governments Foundation, Inc., (Foundation), is a federal tax-exempt public charity under Section 501(c)(3) of the Internal Revenue Code. The mission of the Foundation is to provide a financial mechanism for the member jurisdictions of the Council to work collaboratively with not-for-profit organizations, citizen-based groups and individuals on projects of mutual interest and benefit for the region. The Foundation is governed by the Council's Board of Directors. The Foundation is reported as a major special revenue fund. The Foundation does not issue separate financial statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Council and its component units. *Governmental activities* are normally supported by intergovernmental revenues, member support, charges to program users and nonexchange transactions.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments where the amounts are reasonably equivalent in value to the interfund services provided. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the Council's funds, including its blended component units. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. Major individual governmental funds are reported as separate columns in the fund financial statements. The Council reports the following major governmental funds:

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

Northwest Loan Fund – The Northwest Loan Fund, (NLF) accounts for the activities of the non-profit 501(c)(6) organization described in Note 1.

NWCCOG Foundation – The NWCCOG Foundation fund accounts for the activities of the federal tax-exempt public charity 501(c)(3) organization described in Note 1.

During the course of operations, the Council has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities' column.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current *financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Services income and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar items are recorded as revenues when all eligibility requirements are met, including any time requirements. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met. All other revenue items are considered to be measurable and available only when cash is received by the government.

Assets, Liabilities, Net Position/Fund Balance, Revenues and Expenditures/Expenses

Cash and Investments

The Council pools cash and investment resources of its various programs, excluding its component units, in order to facilitate the management of cash. Investments are presented on the balance sheet in the basic financial statements at net asset value or amortized cost as described in Note 2.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted Cash and Investments

In accordance with the Council's by-laws, cash is restricted in an amount equal to 10% of the current year's budgeted projected revenues plus the amount of accrued compensated absences at December 31, 2021. The reserve calculation does not include pass through funds received by the Council and passed through to other organizations or programs.

Additionally, the loan with the USDA requires the Council to maintain a facility reserve account (see Note 5).

Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible. The allowance for loan loss on loans receivable is determined based on the perceived risk, collateral, payment history and knowledge of the financial condition of the clients. The determination of the risk and collectability of amounts due requires NLF to make judgments regarding future events and trends on an individual loan and overall basis. Based on a review of these factors, NLF establishes or adjusts the allowance for specific clients or the loan receivable portfolio as a whole.

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements.

Capital Assets

Capital assets, which include furniture, fixtures and equipment, are reported in the governmental activities' column in the government-wide financial statements. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at acquisition cost or estimated acquisition cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition cost at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the assets or materially extend assets' lives are not capitalized. Furniture, fixtures, equipment and vehicles of the Council are depreciated using the straight-line method over the following estimated useful lives:

Building	40 years
Building Improvements	10 – 40 years
Furniture, Fixtures, and Operating Equipment	3 – 20 years
Vehicles	7 – 15 years

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

Vested amounts are those which accrue to the employee even if the employee terminates. Leave vests with the employees to various maximum amounts, based on lengths of employment from the date of employment to sixteen years. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Net Position and Fund Equity

Net Position

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

Net investment in capital assets is intended to reflect the portion of net position that is associated with non-liquid, capital assets, net of related debt.

Restricted net position represents assets that have third party limitations on their use.

Unrestricted net position represents assets that do not have any third-party limitations on their use.

Sometimes the Council will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate 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. When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources as they are needed.

Fund Balances

Generally, fund balance represents the difference between the current assets and current liabilities. In the fund financial statements, governmental funds report fund balance classifications that comprise a hierarchy based primarily on the extent to which the Council is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

The following classifications describe the relative strength of the spending constraints:

Nonspendable – fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact. The Council had \$6,595 nonspendable resources as of December 31, 2021.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation. The Council had \$43,117 restricted for the USDA Loan Reserve as of December 31, 2021.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Equity (Continued)

Fund Balances (Continued)

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Directors of the Council. The Board of Directors is the highest level of decision-making authority for the Council. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Directors. The Council had no committed funds as of December 31, 2021.

Assigned – Fund balances are reported as assigned when amounts are constrained by the *intent* to be used for specific purposes, but are neither restricted nor committed. Under the Council’s policy, the Executive Director may assign amounts for specific purposes. The Council reports the following assigned fund balances:

The Council reports the following General Fund assigned fund balances:

	Balance December 31, 2020	Additions/ Deletions	Balance December 31, 2021
Alpine Area Agency for Aging	\$ 70,896	\$ 27,580	\$ 98,476
Elevator Inspection Program	479,562	498,562	978,124
Water Quality & Quantity Program	123,739	30,157	153,896
Summit Water Quality Committee	27,893	(27,893)	-
Weatherization	56,518	(56,518)	-
Office Condo	54,735	(11,036)	43,699
Motor Pool	73,837	10,608	84,445
Total	<u>\$ 887,180</u>	<u>\$ 471,460</u>	<u>\$ 1,358,640</u>

In addition, the Council reports assigned fund balances of \$3,459,314 and \$36,011 in the Northwest Loan Fund and NWCCOG Foundation, respectively.

Program assigned amounts were accumulated from excess revenues over expenditures for these respective programs. The Council assigns these excess revenues to be spent in the programs in which they were accumulated.

Unassigned – Fund balances are reported as unassigned as the residual amount when the balances do not meet any of the above criterion.

Flow Assumptions – When both restricted and unrestricted amounts of fund balance are available for use for expenditures incurred, it is the Council’s policy to use restricted amounts first and then unrestricted amounts as they are needed. For unrestricted amounts of fund balance, it is the policy to use fund balance in the following order:

- Committed
- Assigned
- Unassigned

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assisted Projects

All grants and contracts awarded to the Council are referred to as assisted projects. Records are maintained whereby expenditures incurred are recorded in separate project accounts in the general fund.

Indirect Costs

The Council allocates indirect costs to assisted projects in accordance with C.F.R. Part 200, of the Uniform Grant Guidance. Actual expenditures specifically identifiable with individual grants are charged directly to those grants. Indirect costs are shared, pro-rata, by all of the Council's programs. Each program contributes to these costs based on the particular program's revenue as a percentage of the total budget.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 2 CASH AND INVESTMENTS

The Council is governed by the cash and investment limitations of state law. Deposits and investments held at December 31, 2021 are reported as follows:

	Unrestricted	Restricted	Total
Cash	\$ 1,707,909	\$ -	\$ 1,707,909
Investments	-	972,833	972,833
Total	\$ 1,707,909	\$ 972,833	\$ 2,680,742

Cash

Custodial Credit Risk – Cash:

Custodial risk for cash is the risk that, in the event of a failure of a depository financial institution, the Council will not be able to recover its cash or will not be able to recover collateral securities that are in possession of an outside party. The Council's cash policy is in accordance with CRS 11-10.5-101, the Colorado Public Deposit Protection Act (PDPA), which governs investment of public funds. PDPA requires that all units of local government deposit cash in eligible public depositories. State regulators determine eligibility. Amounts on deposit in excess of federal insurance levels (\$250,000) must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The institution's internal records identify the collateral by depositor and as such, these deposits are considered to be uninsured but collateralized.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash (Continued)

Custodial Credit Risk – Cash:

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2021, Council's deposits were either insured by federal depository insurance or collateralized and consequently were not exposed to custodial credit risk.

Investments

The investment policy adopted by the Council limits investments to those permitted by Colorado State Statutes. It also adopts the prudent investor rule, wherein the criteria for selecting investments and their order of priority are (1) safety, (2) liquidity and (3) yield. Additionally, investing in derivatives or other investment hedge funds is not allowed.

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local governments may invest which include:

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

At December 31, 2021, the Council had the following investments:

	Standard & Poor's Rating	Maturities	Fair Value
Local Government Investment Pools			
COLOTRUST	AAAm	< 60 Days	\$ 464,936
CSAFE	AAAm	< 60 Days	507,897
Total			<u>\$ 972,833</u>

Credit Risk

Credit Risk – The Council's investment policy limits investments to U.S. Treasury obligations and U.S. Government agency securities, repurchase agreements, commercial paper, local government investment pools, time certificates of deposit, and certain money market mutual funds approved by the Board of Directors. State statutes limit investments in U.S. Agency and Instrumentality securities to the highest rating issued by two or more nationally recognized statistical rating organizations (NRSROs).

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

Concentration of Credit Risk – Neither state statutes nor the Council’s investment policy limits the amount of investments in any one issuer.

Local Government Investment Pools – The Council has investments in the Colorado Local Government Liquid Asset Trust (COLOTRUST) and the Colorado Surplus Asset Trust (CSAFE), investment vehicles established for local government entities in Colorado to pool surplus funds.

Fair Value

As of December 31, 2021, the Council had invested \$346,665 in the Colorado Local Government Liquid Asset Trust – PLUS and \$118,271 in the Colorado Local Government Liquid Asset Trust – PRIME, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to \$1.00. As of December 31, 2021, the investments in COLOTRUST were valued at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

As of December 31, 2021, the Council had invested \$507,897 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the Trust. The trust operates similarly to a money market fund and each share is equal in value to \$1.00. The Trust is valued at amortized cost and based on the valuation method; additional disclosures are not required under GASB Statement No. 72.

NOTE 3 LOANS RECEIVABLE

Loans receivable in the Northwest Loan Fund consist of loans to qualified borrowers for creation and expansion of small businesses that are unable to obtain conventional funding. Interest rates are generally Prime plus 2%, with average terms of 60 months. To the extent possible, liens are filed on either the real or personal property to insure the loans are repaid. The total gross loan balance of \$2,691,626 has been reduced by \$272,601 as an allowance for estimated uncollectible. The loans mature as follows:

Year Ending	Total
2022	\$ 215,071
2023	42,865
2024	280,558
2025	372,874
2026	426,250
Thereafter	1,081,407
Total	\$ 2,419,025

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2021 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets Being Depreciated:				
Building	\$ 675,405	\$ -	\$ -	\$ 675,405
Building Improvements	60,412	34,586	-	94,998
Vehicles	576,509	206,455	(23,644)	759,320
Furniture and Equipment	247,540	-	-	247,540
Total Capital Assets Being Depreciated	1,559,866	241,041	(23,644)	1,777,263
Less Accumulated Depreciation:				
Building	(227,948)	(16,885)	-	(244,833)
Building Improvements	(30,019)	(3,708)	-	(33,727)
Vehicles	(477,323)	(20,944)	23,644	(474,623)
Furniture and Equipment	(188,741)	(14,507)	-	(203,248)
Total Accumulated Depreciation	(924,031)	(56,044)	23,644	(956,431)
Total Capital Assets Being Depreciated, Net	\$ 635,835	\$ 184,997	\$ -	\$ 820,832

Depreciation expense is not allocated to functions/programs of the Council.

NOTE 5 LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended December 31, 2021 follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowing:					
United States Department of Agriculture (USDA) Note	\$ 479,429	\$ -	\$ (18,735)	\$ 460,694	\$ 19,523
Colorado Housing and Finance Authority (CHFA) Note	-	173,785	-	173,785	113,785
Total Direct Borrowing	479,429	173,785	(18,735)	634,479	133,308
Compensated Absences	109,758	45,119	-	154,877	154,877
Total	\$ 589,187	\$ 218,904	\$ (18,735)	\$ 789,356	\$ 288,185

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

The detail of the Council's long-term obligations is as follows:

Note from Direct Borrowing

USDA Note

On March 21, 2007, the Council issued a note with the United States Department of Agriculture (USDA), in the original amount of \$746,470 for acquiring and constructing office space for the operations of the Council. The loan is payable over 30 years in monthly installments of \$3,180 beginning April 17, 2007 through March 21, 2038, including interest at 4.125%.

The note requires the Council to maintain a facility reserve account by setting aside \$336 per month until the account accumulates the reserve requirement of \$40,309. The funds may be used, with prior approval from the USDA, for repairing or replacing any damage caused by a catastrophe or if making extensions or improvements to the facility. At December 31, 2021, the Council has restricted \$43,117 of its investments towards this purpose. There are no unused lines of credit. In the event of default, the Council shall have the right to take any action permitted or required pursuant to the Note Agreement and to take whatever other action at law or in equity to collect amounts then due and thereafter become due.

The note matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2022	\$ 19,523	\$ 18,637	\$ 38,160
2023	20,343	17,817	38,160
2024	21,198	16,962	38,160
2025	22,090	16,070	38,160
2026	23,018	15,142	38,160
2027-2031	130,446	60,354	190,800
2032-2036	160,269	30,531	190,800
2037-2038	63,807	2,393	66,200
Total	<u>\$ 460,694</u>	<u>\$ 177,906</u>	<u>\$ 638,600</u>

CHFA Note

On May 7, 2021, the Council entered into a note with the Colorado Housing and Finance Authority (CHFA), in the original amount of \$173,785 to issue loans to small businesses under the Energize Colorado Gap Fund. The note does not bear interest, and is due in full on December 31, 2026. During 2021, the Council issued \$60,000 of loans to small businesses. The remaining balance not loaned out of \$113,785 was required to be repaid to CHFA in January 2022. There are no unused lines of credit. In the event of default, the Council shall have the right to take any action permitted or required pursuant to the Note Agreement and to take whatever other action at law or in equity to collect amounts then due and thereafter become due.

Other General Obligations

The accrual for compensated absences (see Note 1) is liquidated from the General Fund.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 6 OPERATING LEASES

The Council has entered into a number of operating leases for building space and equipment. These leases have cancellation provisions and are subject to annual appropriations. For the year ended December 31, 2021, lease expenditures amounted to \$88,831. The following is a schedule of estimated annual lease payments:

Year Ending December 31,	Minimum Lease Payments
2022	\$ 82,070
2023	42,893
Total Minimum Lease Payments	\$ 124,963

NOTE 7 RETIREMENT PLAN

The Council is a member of the Colorado County Officials and Employees Retirement Association Plan (CCOERA), (the Retirement Plan), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Retirement Plan plus investment earnings. Members of the Retirement Plan are required to participate in the Retirement Plan upon commencement of employment. Required employee contributions to the Retirement Plan vary from a minimum of 3.75% to a maximum of 10%. The Council is required to match employee contributions up to a maximum of 6%. All contributions vest immediately as there is no vesting period and the Plan has no forfeiture rules. Benefit terms are set by the Council and once an employee selects a contribution percentage, the employee may not make changes to the percentage for the duration of their employment. During 2021, the Council's contribution and employee contributions to the Plan were \$151,788 and \$151,788, respectively. The Council has recognized pension expense of \$151,788 and has no outstanding pension liability as of December 31, 2021.

NOTE 8 DEFERRED COMPENSATION PLAN

The Council has a deferred compensation plan (the Plan), administered by CCOERA, and created in accordance with Internal Revenue Code Section 457. The Plan permits the Council's employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency. Participation in the Plan is optional.

All amounts of compensation deferred under the Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are (until paid or made available to the employee or other beneficiary) held for the exclusive benefit of the participants or their beneficiaries. The Council has no ownership interest in the Plan nor is the Council liable for any losses under the Plan.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 9 PARTICIPATING MEMBER DUES

Participating member dues in the amount of \$459,416 were received by the Council during the year ended December 31, 2021. The following represents the source of funds received:

General Operations	\$ 304,854
Water Quality & Quantity	154,562
Total	<u>\$ 459,416</u>

NOTE 10 COMMITMENTS AND CONTINGENCIES

Grant Programs

The Council administers numerous projects through grants awarded by various federal and state agencies. All projects are subject to audit by the granting agencies. A substantial amount of grant revenue has been awarded to sub-recipients. All grants are subject to final review and approval as to allow ability by the respective grantor agencies. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the Council expects such amounts, if any, to be immaterial.

NOTE 11 RISK MANAGEMENT

The Council is exposed to various risks of losses related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. These risks are financed and funded through participation in the Colorado Intergovernmental Risk Sharing Agency (CIRSA).

CIRSA is a separate legal entity established by member municipalities pursuant to the provisions of Colorado Revised Statutes and the Colorado Constitution.

CIRSA is a joint self-insurance pool created by intergovernmental agreement to provide property, general and automobile liability and public official's coverage to its members. A seven-member Board elected by and from its members governs CIRSA.

Coverage is provided through pooling of self-insured losses and the purchase of excess insurance coverage. CIRSA has a legal obligation for claims against its members to the extent that funds are available in its annually established loss fund and those amounts are available from insurance providers under excess specific and aggregate insurance contracts. Losses incurred in excess of loss funds and amounts recoverable from excess insurance are direct liabilities of the participating members. CIRSA has indicated that the amount of any excess losses would be billed to members in proportion to their contributions in the year such excess occurs, although it is not legally required to do so.

The Council has not been informed of any excess losses that may have been incurred by the pool; there have been no claims in excess of insurance coverage in any of the past three years. There have been no significant changes in insurance coverage from the prior year in any of the major categories of risk.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 12 STATE COMPLIANCE

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and other factors. Revenue received in excess of the limitations may be required to be refunded unless an electorate vote to retain the revenue is passed. The TABOR Amendment is subject to many interpretations. There is some question whether the TABOR amendment applies to the Council, but the Council has a legal opinion that it is not a "local government" subject to TABOR in part because it has no authority to tax or to issue general obligation debt.

NOTE 13 COMPLIANCE

The following funds may be in violation of state statutes as the expenditures exceed the appropriated budgets.

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Unfavorable Variance</u>
Total Expenditures				
General Fund	\$ 7,743,363	\$ 8,912,303	\$ 9,201,251	\$ (288,948)

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Federal Sources:				
Federal Contract Revenue	\$ 2,682,635	\$ 3,179,909	\$ 2,851,628	\$ (328,281)
State Sources:				
State Contract Revenue	1,127,520	1,357,229	2,405,595	1,048,366
Membership Income:				
County Pledges	274,197	274,196	274,196	-
Municipal Pledges	170,009	169,797	169,797	-
Associate Member Pledges	4,243	4,243	4,243	-
Water & Sanitation Income	11,773	11,180	11,180	-
Total Membership Income	<u>460,222</u>	<u>459,416</u>	<u>459,416</u>	<u>-</u>
Services Income:				
Inspection Fees	565,000	453,000	443,067	(9,933)
Specialized Services	-	28,720	28,720	-
Other Service Income	145,000	379,600	385,224	5,624
Permit Review Fees	150,000	279,000	296,772	17,772
Total Services Income	<u>860,000</u>	<u>1,140,320</u>	<u>1,153,783</u>	<u>13,463</u>
Local Funding:				
Local Funding	1,578,148	2,055,755	1,302,656	(753,099)
Matching Funds	100,000	74,000	4,000	(70,000)
Local Funding - NWCCOG Matching	114,568	102,898	181,529	78,631
Total Local Funding	<u>1,792,716</u>	<u>2,232,653</u>	<u>1,488,185</u>	<u>(744,468)</u>
Reimbursed Expenses:				
Reimbursed Fees/Expenses	12,000	-	41,637	41,637
Other Income:				
Internal Indirect Revenue	367,484	371,324	402,678	31,354
Other Income	200,000	364,971	364,100	(871)
Total Other Income	<u>567,484</u>	<u>736,295</u>	<u>766,778</u>	<u>30,483</u>
Direct Charges Income	92,993	90,853	90,852	(1)
Interest Income	17,000	379	406	27
 Total Revenues	 7,612,570	 9,197,054	 9,258,280	 61,226

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current:				
Wages and Benefits:				
Salaries - Executive Director	139,170	142,231	139,168	3,063
Salaries - Program Director	298,641	296,289	310,050	(13,761)
Salaries - Assistant Director	77,330	77,330	3,978	73,352
Salaries - Program Staff	1,388,457	1,488,982	1,725,130	(236,148)
Salaries - Support	345,252	369,062	284,275	84,787
Taxes and Benefits	764,666	826,216	835,801	(9,585)
Background Check	-	60	95	(35)
Flex Administration Fee	-	(530)	38	(568)
Total Wages and Benefits	3,013,516	3,199,640	3,298,535	(98,895)
Contractual Services:				
Contract Staff	470,839	364,238	340,482	23,756
Contract - Fiscal	46,722	41,916	42,357	(441)
Legal Expense	5,000	1,683	4,262	(2,579)
Auditing	24,500	28,175	26,000	2,175
Contract Services	252,217	218,345	295,951	(77,606)
Total Contractual	799,278	654,357	709,052	(54,695)
Office:				
Office Supplies	24,302	46,309	76,441	(30,132)
Bank Charges	570	570	1,191	(621)
Credit Card Fees	396	-	-	-
Postage	2,815	3,504	3,637	(133)
Printing	4,600	1,380	4,221	(2,841)
Advertising	15,600	13,225	15,732	(2,507)
Internet	69,180	109,985	117,082	(7,097)
Dues and Subscription	34,386	31,136	29,778	1,358
Safety	-	-	11,886	(11,886)
Total Office	151,849	206,109	259,968	(53,859)
Facilities:				
Rent & Utilities	149,901	163,937	163,659	278
Telephone	30,273	31,973	32,299	(326)
Insurance	29,954	25,427	26,784	(1,357)
Waste Removal	6,600	3,900	3,900	-
Total Facilities	216,728	225,237	226,642	(1,405)
Repair & Maintenance:				
Equipment Maintenance & Repairs	36,928	72,240	40,007	32,233
Vehicle Repair & Maintenance	18,763	18,217	28,905	(10,688)
Gas, Oil & Supplies	37,421	51,542	57,834	(6,292)
Equipment Lease	39,285	80,163	77,705	2,458
Tools and Equipment	9,449	239,243	110,678	128,565
Broadband:7510 -+ Monthly Recurring Cost	1,044,000	1,049,660	1,066,787	(17,127)
Broadband:7550 -+ Network Operations Equipment	-	25,000	44,925	(19,925)
Total Repair & Maintenance	1,185,846	1,536,065	1,426,841	109,224

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (Continued):				
Travel and Meetings:				
Meeting Expense	-	865	9,211	(8,346)
Travel and Meetings	165,877	81,050	116,602	(35,552)
Training & Technical Assistance	23,842	21,340	32,492	(11,152)
Total Travel and Meetings	<u>189,719</u>	<u>103,255</u>	<u>158,305</u>	<u>(55,050)</u>
Pass-through Funds:				
Pass-through Funds - Subcontracts	1,272,399	1,483,519	1,328,782	154,737
Pass-through Funds - Materials	267,020	695,943	885,538	(189,595)
Total Pass-Through Funds	<u>1,539,419</u>	<u>2,179,462</u>	<u>2,214,320</u>	<u>(34,858)</u>
Miscellaneous:				
Bad Debts - Written Off	4,000	700	7,425	(6,725)
Program Expense	7,690	100	18,085	(17,985)
Program Supplies	1,700	10	2,488	(2,478)
Licenses and Permits	3,500	4,436	3,730	706
Reconciliation Discrepancies	-	-	109	(109)
Purchased Food	3,070	500	149	351
Permit Fees Rebate	-	-	25,092	(25,092)
Awards	3,000	500	224	276
Indirect Costs Applied	417,416	358,749	385,997	(27,248)
Local Match Cost	166,472	181,529	181,529	-
Total Miscellaneous	<u>606,848</u>	<u>546,524</u>	<u>624,828</u>	<u>(78,304)</u>
Capital Outlay	2,000	223,494	244,600	(21,106)
Debt Service:				
Principal	17,980	17,980	18,735	(755)
Interest	20,180	20,180	19,425	755
 Total Expenditures	 7,743,363	 8,912,303	 9,201,251	 (288,948)
Other Financing Sources				
Sales of Capital Assets	-	22,038	3,000	(19,038)
Insurance Recovery	-	6,903	10,607	3,704
Total Other Financing Sources	<u>-</u>	<u>28,941</u>	<u>13,607</u>	<u>(15,334)</u>
Net Change in Fund Balance	(130,793)	313,692	70,636	334,840
Fund Balance - Beginning of Year	<u>3,692,429</u>	<u>3,692,429</u>	<u>1,823,550</u>	<u>(1,868,879)</u>
Fund Balance - End of Year	<u>\$ 3,561,636</u>	<u>\$ 4,006,121</u>	<u>\$ 1,894,186</u>	<u>\$ (1,534,039)</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NORTHWEST LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Federal Sources:				
Federal Contract Revenue	\$ 600,000	\$ 166,847	\$ 133,000	\$ (33,847)
Administration	80,000	10,000	43,847	33,847
State Sources:				
State Contract Revenue	-	-	-	-
Reimbursed Expenses:				
Reimbursed Fees/Expenses	-	-	-	-
Other Income:				
Loan Interest	115,000	64,948	107,262	42,314
Interest Income	1,000	3,659	1,021	(2,638)
Total Revenues	<u>796,000</u>	<u>245,454</u>	<u>285,130</u>	<u>39,676</u>
EXPENDITURES				
Current:				
Wages and Benefits:				
Salaries - Program Director	85,813	85,813	85,809	4
Office Wages	34,539	34,539	15,159	19,380
Taxes and Benefits	30,374	23,064	18,238	4,826
Total Wages and Benefits	<u>150,726</u>	<u>143,416</u>	<u>119,206</u>	<u>24,210</u>
Contractual Services:				
Contract Staff	-	-	988	(988)
Contract - Fiscal	2,000	2,000	1,860	140
Auditing	2,000	-	2,000	(2,000)
Contract Services	2,000	173	848	(675)
Total Contractual	<u>6,000</u>	<u>2,173</u>	<u>5,696</u>	<u>(3,523)</u>
Office:				
Office Supplies	-	1,300	2,250	(950)
Fiscal Office	-	-	-	-
Program Expense	4,500	4,248	2,309	1,939
Bank Charges	25	25	116	(91)
Postage	300	150	240	(90)
Internet	-	-	-	-
Advertising	1,200	(763)	(717)	(46)
Dues and Subscription	4,000	4,329	4,056	273
Total Office	<u>10,025</u>	<u>9,289</u>	<u>8,254</u>	<u>1,035</u>
Facilities:				
Rent & Utilities	2,727	2,727	2,727	-
Telephone	800	1,241	1,230	11
Total Facilities	<u>3,527</u>	<u>3,968</u>	<u>3,957</u>	<u>11</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NORTHWEST LOAN FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (Continued):				
Repair & Maintenance:				
Tools & Equipment	-	-	-	-
Total Repairs & Maintenance	-	-	-	-
Travel and Meetings:				
Travel and Meetings	12,000	11,550	11,026	524
Training & Technical Assistance	-	-	2,700	(2,700)
Total Travel and Meetings	12,000	11,550	13,726	(2,176)
Pass-Through Funds:				
Pass-Through Funds	100,000	-	-	-
Miscellaneous:				
Bad Debts	-	68,855	68,628	227
Licenses and Permits	1,000	-	-	-
Indirect Costs Applied	18,053	18,385	16,681	1,704
Total Miscellaneous	19,053	87,240	85,309	1,931
Total Expenditures	301,331	257,636	236,148	21,488
Other Financing Sources				
Loan Issuance	-	-	173,785	173,785
Total Other Financing Sources	-	-	173,785	173,785
Net Change in Fund Balance	494,669	(12,182)	222,767	(271,902)
Fund Balance - Beginning of Year	3,236,547	3,236,547	3,236,547	-
Fund Balance - End of Year	<u>\$ 3,731,216</u>	<u>\$ 3,224,365</u>	<u>\$ 3,459,314</u>	<u>\$ (271,902)</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NWCCOG FOUNDATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2021**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Contributions	\$ -	\$ 5,505	\$ 10,036	\$ 4,531
Interest Income	-	-	4	4
Total Revenues	<u>-</u>	<u>5,505</u>	<u>10,040</u>	<u>4,535</u>
EXPENDITURES				
Current:				
Pass-Through Funds	-	5,530	2,636	2,894
Total Expenditures	<u>-</u>	<u>5,530</u>	<u>2,726</u>	<u>2,804</u>
Net Change in Fund Balance	-	(25)	7,314	7,339
Fund Balance - Beginning of Year	<u>28,697</u>	<u>28,697</u>	<u>28,697</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 28,697</u>	<u>\$ 28,672</u>	<u>\$ 36,011</u>	<u>\$ 7,339</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2021**

NOTE 1 BUDGET AND BUDGETARY ACCOUNTING

The Northwest Colorado Council of Governments (NWCCOG) Council follows these procedures in establishing budgets:

- A. Budgets are required by state law for all governmental funds.
- B. Between October 1 and October 15, the proposed budget is submitted to the NWCCOG Council for the fiscal year commencing the following January 1.
- C. Prior to December 31, the budget is adopted and appropriations are authorized by resolution at the fund level for all funds.
- D. Budgets are adopted on a basis consistent with the accounting basis of all funds. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues and expenditures are budgeted by program and in total by each fund. The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Within the fund level control basis, management may transfer appropriations without Board of Director approval. Budget revisions are presented to the Council for action at the July and December NWCCOG Council meetings.
- E. Budget amounts included in the budgetary comparison schedules are based on the final legally amended budget.
- F. Appropriations lapse at year-end.
- G. During the year ended December 31, 2021, the NWCCOG Council adopted supplemental appropriations.

	Original Budget	Revisions	Final Budget
General Fund	\$ 7,743,363	\$ 1,168,940	\$ 8,912,303
Northwest Loan Fund	301,331	(43,695)	257,636
NWCCOG Foundation Fund	-	5,530	5,530

During the year ended December 31, 2021, the General Fund had actual expenditures exceeding final budgeted expenditures in the amount of \$288,948. This may be a violation of Colorado State Statute.



**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
Northwest Colorado Council of Governments
Silverthorne, 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 and each major fund information of the Northwest Colorado Council of Governments, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise Northwest Colorado Council of Governments' basic financial statements, and have issued our report thereon dated September 16, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Northwest Colorado Council of Governments' 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 Northwest Colorado Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of the Northwest Colorado Council of Governments' internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2021-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

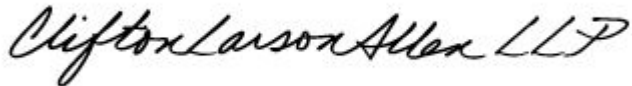
As part of obtaining reasonable assurance about whether the Northwest Colorado Council of Governments' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which 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*.

Northwest Colorado Council of Governments' Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Northwest Colorado Council of Governments' response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. Northwest Colorado Council of Governments' 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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 16, 2022



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
Northwest Colorado Council of Governments
Silverthorne, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northwest Colorado Council of Governments' 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 Northwest Colorado Council of Governments' major federal program for the year ended December 31, 2021. Northwest Colorado Council of Governments' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northwest Colorado Council of Governments complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2021.

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 (GAAS); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northwest Colorado Council of Governments 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 each major federal program. Our audit does not provide a legal determination of Northwest Colorado Council of Governments' 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 Northwest Colorado Council of Governments' federal programs.

Auditors' 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 Northwest Colorado Council of Governments' 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 GAAS, *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 Northwest Colorado Council of Governments' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Northwest Colorado Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Northwest Colorado Council of Governments' 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 Northwest Colorado Council of Governments' 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 item 2021-002. Our opinion on the major federal program is not modified with respect to these matters.

Government Auditing Standards requires the auditor to perform limited procedures on Northwest Colorado Council of Governments' response to the noncompliance findings identified in our compliance audit described in the accompanying schedule of findings and questioned costs. Northwest Colorado Council of Governments' 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

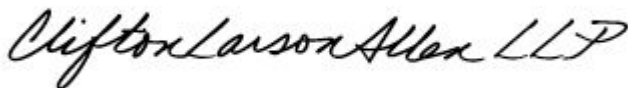
Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a significant deficiency.

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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2021-002, to be a significant deficiency.

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.

Government Auditing Standards requires the auditor to perform limited procedures on Northwest Colorado Council of Governments' response to the internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. Northwest Colorado Council of Governments' response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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.



CliftonLarsonAllen LLP

Greenwood Village, Colorado
September 16, 2022

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2021**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture				
Rural Business Development Grant	10.351		\$ -	\$ 16,847
Rural Housing Preservation Grants	10.433		-	87,991
Total Department of Agriculture			-	104,838
Department of Commerce				
Economic Development Support for Planning Organizations	11.302		-	70,000
Economic Development Cluster				
Economic Adjustment Assistance	11.307		-	250,000
Total Economic Development Cluster			-	250,000
Total Department of Commerce Direct Programs			-	320,000
Department of Housing and Urban Development				
Colorado Department of Local Affairs				
Community Development Block Grants	14.228	F16CDB16602	-	133,000
Total Department of Housing and Urban Development			-	133,000
Department of Transportation				
Colorado Department of Transportation				
Transit Services Programs Cluster				
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	None provided	-	81,651
Total Transit Services Programs Cluster			-	81,651
Total for Department of Transportation			-	81,651
Department of Energy				
Colorado Department of Local Affairs				
Weatherization Assistance for Low Income Persons	81.042	None provided	-	1,770,350
Total Department of Energy			-	1,770,350
Department of Health and Human Services				
Colorado Department of Human Services				
Special Program for the Aging				
Title III, Part D Disease Prevention & Health Promotion	93.043	None provided	-	19,633
Title VII, Chapter 2, Long Term Care Ombudsman Services	93.042	None provided	-	6,914
Aging Cluster				
Title III, Admin.	93.044	None provided	-	46,585
Title III, Part B Grants for Supportive Services	93.044	None provided	-	86,608
Title III, NSIP C-1	93.045	None provided	-	19,166
Title III, Part C-1	93.045	None provided	-	193,213
Title III, Part C-2	93.045	None provided	-	65,601
Total Aging Cluster			-	411,173
Title III, Part E - National Family Caregiver Support	93.052	None provided	-	89,746
Total Department of Health and Human Services			-	527,466
Agency for International Development				
Cooperative Development Program	94.002		-	70,260
Total Agency for International Development			-	70,260
Department of Homeland Security				
Homeland Security Grant Program	97.067		-	75,190
Total Department of Homeland Security			-	75,190
Total Expenditures of Federal Awards			\$ -	\$ 3,082,755

See accompanying Notes to Schedule of Expenditures of Federal Awards.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2021**

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northwest Colorado Council of Governments under programs of the federal government for the year ended December 31, 2021. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Northwest Colorado Council of Governments, it is not intended to and does not present the financial position or changes in net position of the Northwest Colorado Council of Governments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue from federal awards is recognized when the Council has done everything necessary to establish its right to revenue. For governmental funds, revenue from federal grants is recognized when it becomes both measurable and available. Expenditures of federal awards are recognized in the accounting period when the liability is incurred. The Northwest Colorado Council of Governments has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section I – Summary of Auditors’ Results

Financial Statements

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
3. Noncompliance material to financial statements noted? _____ yes x no

Federal Awards

1. Internal control over major federal programs:
- Material weakness(es) identified? _____ yes x no
 - Significant deficiency(ies) identified? x yes _____ none reported
2. Type of auditors’ report issued on compliance for major federal programs: Unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? x yes _____ no

Identification of Major Federal Programs

CFDA Number(s)

81.042

Name of Federal Program or Cluster

Weatherization Assistance for Low Income Persons

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 750,000

Auditee qualified as low-risk auditee?

 x yes _____ no

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section II – Financial Statement Findings

2021-001

Type of Finding: Significant Deficiency in Internal Control over Financial Reporting

Condition: Northwest Colorado Council of Governments (the Council) improperly recorded its promissory loan agreement with Colorado Housing and Finance Authority (CHFA) in the Northwest Loan Fund (NLF) financial statements.

Criteria or Specific Requirement: GASB Statement No. 34, paragraph 88, as amended by GASB Statement No. 37, paragraph 16, requires the face amount of general long-term debt to be reported as an other financing source in the operating statement of the fund receiving the long-term debt proceeds.

Context: During the fiscal year ended December 31, 2021, the Council entered into a note with CHFA in the original amount of \$173,785. As of December 31, 2021, the outstanding principal amount of \$173,785 was recorded as a liability on the NLF balance sheet.

Effect: Liabilities were overstated and other financing sources were understated by \$173,785 for the NLF as of and for the year ended December 31, 2021.

Cause: The Council misclassified the nature of the transaction with CHFA by initially recording the outstanding balance as accounts payable and accrued liabilities. A signed promissory note agreement with CHFA was not obtained until August 2022 as a result of audit fieldwork.

Repeat Finding: No

Recommendation: We recommend the Council review its internal policies and procedures for record keeping of supporting documentation, particularly for significant and nonroutine transactions, to ensure activity is properly reflected in the fund financial statements.

Views of Responsible Officials and Planned Corrective Actions: The Council acknowledges the misclassification of this one-time transaction and does not disagree with the finding. Management will increase monitoring and review its policies and procedures for significant and nonroutine transactions.

Responsible Official: Becky Walter, Fiscal Manager

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2021**

Section III – Findings and Questioned Costs – Major Federal Programs

2021 – 002

Federal Agency: Department of Energy

Federal Program Title: Weatherization Assistance for Low Income Persons

Assistance Listing Number: 81.042

Pass-Through Agency: Colorado Department of Local Affairs

Pass-Through Number:

Award Period: July 1, 2019 - June 30, 2022

Type of Finding: Significant Deficiency in Internal Control over Compliance and Other Matter

Criteria or Specific Requirement: Per 2 CFR Part 200 and Uniform Grant Guidance (UGG), charges to federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: From a sample of forty payroll disbursements, one expenditure was not supported by the employee's approved rate of pay and hours charged to the grant.

Questioned Costs: None

Context: One of the forty samples resulted in auditor calculated wages exceeding wages charged to the grant, which is an error rate of 2.5%.

Cause: One employee's approved rate of pay was not updated for all applicable pay codes.

Effect: For the period January 1, 2021 through February 15, 2021, the employee was underpaid and the grant was undercharged a total of \$20.67. The amount of \$20.67 was paid to the employee and recorded to the grant in fiscal year 2022 after the issue was identified during audit fieldwork.

Repeat Finding: No

Recommendation: We recommend the Council review its procedures for updating approved pay rates to ensure all pay codes are appropriately updated within the Council's system.

Views of Responsible Officials: There is no disagreement with the audit finding.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2021**

Northwest Colorado Council of Governments respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2021.

Audit period: December 31, 2021

The findings from the prior audit's schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the prior year.

FINDINGS—FINANCIAL STATEMENT AUDIT

2020-001

Condition: During fiscal year 2020, Northwest Colorado Council of Governments (the Council) did not record additions to vehicles in the government-wide capital assets depreciation schedule.

Status: Corrective action was taken on this finding. The Council performed a detailed review of all capital related expenditures at the conclusion of the fiscal year to determine capital outlay related purchases were accurately reflected as capital assets. Corrective action was taken by Becky Walter, Fiscal Manager.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

If there are questions regarding this schedule, please call Jon Stavney, Executive Director, at 970-471-9050.



CLA (CliftonLarsonAllen LLP) is a network member of CLA Global. See CLAGlobal.com/disclaimer. Investment advisory services are offered through CliftonLarsonAllen Wealth Advisors, LLC, an SEC-registered investment advisor.