

ASSOCIATED GOVERNMENTS OF
NORTHWEST COLORADO
FINANCIAL STATEMENTS AND INDEPENDENT AUDITOR'S REPORT
DECEMBER 31, 2016

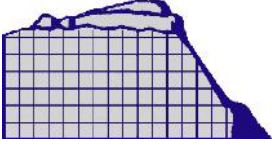


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Paul D. Miller CPA, LLC.

Certified Public Accountant

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Associated Governments of Northwest Colorado
Rifle, Colorado

I have audited the accompanying financial statements of the governmental activities of Associated Governments of Northwest Colorado, as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinions

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities of the Associated Governments of Northwest Colorado, State of Colorado, as of December 31, 2016, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, Pages 3-6, and budgetary comparison information on page 16 for the General Fund, be presented to supplement the basic financial statements. Such information, 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. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I 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.

Paul D. Miller, CPA, LLC

Grand Junction, CO
April 5, 2017

MANAGEMENT DISCUSSION AND ANALYSIS

The discussion and analysis of the Associated Governments of Northwest Colorado's (the "Association") financial performance provides readers with an overall review of the financial activities of the Association for the year ended December 31, 2016. The intent of this discussion and analysis is to look at the Association's financial performance as a whole; readers should also review the basic financial statements to enhance their understanding of the Association's financial performance.

FINANCIAL HIGHLIGHTS

- The Association's assets exceeded liabilities by \$200,686 at December 31, 2016
- Total Association's cash and investments increased by \$212,716 from 2015.

The December 31, 2016 General Fund, balance is \$20,496 more than the previous year. The total fund balance is 8 percent of 2016 General Fund operating expenditures.

USING THIS ANNUAL REPORT

This Annual report consists of a series of financial statements and notes to those statements. These statements are prepared and organized so the reader can understand the Association as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at our specific financial conditions.

The Statement of Net Position and Statement of Activities provide information about the activities of the whole Association, presenting both an aggregate view of the Association's finances and a longer-term view of those assets. The Statement of Activities shows net (expense) revenue and changes to net position related to each department of the Association. Fund financial statements tell how services were financed in the short-term as well as what dollars remain for future spending.

OVERVIEW OF THE ASSOCIATIONS FINANCIAL STATEMENTS

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Association's finances. The Statement of Net Position and Statement of Activities include all assets and liabilities using the accrual basis of accounting similar to the accounting method used by the private sector. The basis for this accounting takes into account all of the year's revenues and expenses regardless of when the cash was received or paid.

These two statements report the Association's net position and the changes in those positions. This change in position is important because it tells the reader whether, for the Association as a whole, the financial position of the Association has improved or diminished. However, in evaluating the overall position of the Association, non-financial information such as changes in the member's tax base and the condition of Association capital assets will also need to be evaluated.

In the Statement of Net Position and Statement of Activities, all of the Association's activities are reported as Governmental Activities.

FUND FINANCIAL STATEMENTS

Governmental Funds. Governmental funds are used to account for essentially the same functions reported 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 fiscal 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.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 10 through 15 of this report.

Budgetary Comparisons. The Association adopts an annual appropriated budget for the General Fund. A Budgetary comparison schedule has been provided for the General Fund on page 16.

REPORTING THE ASSOCIATION AS A WHOLE

Net Position: As noted earlier, net position may serve over time as a useful indicator of a government's financial position.

The following table provides a summary of the Association's net position for 2015 and 2016.

	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
Assets:		
Current and other assets	\$ 913,160	\$ 650,973
Capital assets	1,182	951
Restricted Cash	-	5,000
Total Assets	914,342	656,924
Liabilities:		
Current and other liabilities	698,733	462,042
Long-term liabilities	14,923	12,161
Total Liabilities	713,656	474,203
Net Position:		
Net investment in capital assets	1,182	951
Restricted funds	2,055	7,802
Unrestricted	212,067	173,968
Total Net Position	\$ 214,427	\$ 182,721

A significant portion of the Association's position represents unrestricted net position of \$212,067 that may be used to meet the ongoing obligations to patrons and creditors.

The following table indicates the changes in net position.

Governmental Activities:	<u>2016</u>	<u>2015</u>
Revenues:		
Program revenue:		
Charges for services	\$ 213,750	\$ 188,480
Operating grants and contributions	2,399,081	1,983,266
General revenues:		
Other	<u>539</u>	<u>294</u>
Total Revenues	<u>2,613,370</u>	<u>2,172,040</u>
Expenses:		
General and administrative	224,824	224,604
Dinosaur Welcome Center	71,442	68,031
Sage Grouse Project	285,280	-
Area agency on Aging	<u>2,013,858</u>	<u>1,921,046</u>
Total Expenses	<u>2,595,404</u>	<u>2,204,681</u>
Increase (Decrease) in Net Position	<u>\$ 17,966</u>	<u>\$ (32,641)</u>

Governmental Activities. Governmental activities increased the Association's net position by \$17,966 in 2016.

Several revenue sources fund the Association. Grants and member dues are the major sources of funding.

FINANCIAL ANALYSIS OF THE ASSOCIATION'S FUND

Information about the Association's governmental fund begins on page 7. This fund is accounted for using the accrual basis of accounting.

As of December 31, 2016, the total fund balance of the Association's governmental fund was \$214,427. Approximately 99 percent of this consists of unassigned fund balance, which is available as working capital and for current spending in accordance with the purposes of the Association. \$2,055 of the fund balance is restricted for Dinosaur Welcome Center expense, and \$305 is restricted for the investment on fixed assets. The Association had Governmental revenues of \$2,345,095 and expenditures of \$2,595,404.

GENERAL FUND BUDGETARY HIGHLIGHTS

2016 General Fund Budget

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>(Over) Under Budget</u>
Beginning Fund Balance	\$ 213,360	\$ 193,931	\$ (19,429)
Revenue & other financing sources	2,296,804	2,613,370	316,930
Expenditures & other Financing uses	<u>2,306,278</u>	<u>2,592,180</u>	<u>(286,266)</u>
Ending Fund Balance	<u>\$ 203,886</u>	<u>\$ 215,121</u>	<u>\$ 11,235</u>

Actual revenues and other financing sources were more than budget by \$316,930. This was due to the Sage Grouse Project started in 2016. Dues and fees were more than budgeted by \$23,970.

Budgeted expenditures and other financing uses were more than actual by \$286,266. This is primarily due to the funds for the Sage Grouse Project that was not budgeted.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. The Association's net investment in capital assets for its governmental type activities as of December 31, 2016 totaled \$1,182 (net of accumulated depreciation). This investment includes all land, buildings, and equipment.

The Association uses the straight-line depreciation method under GASB 34 for its capital assets, except for land that is not depreciated.

The Association has no infrastructure assets.

Long-term Debt. During the year ended December 31, 2016, the Association had compensated absences of \$14,923.

Additional information on Association's debt can be found in Note 5.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the Association's finances for all those with an interest in the Association's finances. Questions concerning any of the information provided or for additional financial information should be addressed to the Association, P.O. Box 593, Grand Junction, Colorado 81502.

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
Statement of Net Position and Governmental Fund Balance Sheet
December 31, 2016

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 392,065	\$ -	\$ 392,065
Accounts receivable	520,790	-	520,790
Prepaid expenses	305	-	305
Capital Assets (net of accumulated depreciation):			
Office furniture & equipment	-	1,182	1,182
TOTAL ASSETS	\$ 913,160	1,182	914,342
LIABILITIES			
Accounts payable	\$ 39,228	-	39,228
Accounts payable - Area Agency on Aging	644,759	-	644,759
Accrued expenses	9,591	-	9,591
Unearned revenue:			
DWC	2,055	-	2,055
Dues	3,100	-	3,100
Long-term liabilities:			
Compensated absences	-	14,923	14,923
TOTAL LIABILITIES	698,733	14,923	713,656
FUND BALANCES AND Net Position			
Non-spendable	305	(305)	-
Restricted for:			
DWC	2,055	(2,055)	-
Unassigned	212,067	(212,067)	-
TOTAL FUND BALANCES	214,427	(214,427)	-
TOTAL LIABILITIES AND FUND BALANCES	\$ 913,160		
NET POSITION			
Invested in capital assets, net of related debt	\$ -	1,182	1,182
Restricted:			
DWC	-	2,055	2,055
Unrestricted	-	197,449	197,449
TOTAL NET POSITION	\$ -	\$ 200,686	\$ 200,686

Adjustments to reconcile the governmental fund balance sheet to the statement of Net Position are as follows:

Fund balance per general fund balance sheet	\$ 214,427
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds	1,182
Long-term liabilities, such as compensated absences, are not due and payable in the current period and therefore is not included in the /General Fund	(14,923)

Net Position for governmental activities	\$ 200,686
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The notes to the financial statement are an integral part of this statement.

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
Statement of Revenue, Expenditures, and Change in Fund Balances-Governmental
and Statement of Activities
For the Year Ended December 31, 2016

	General Fund	Adjustments (See Page 9)	Statement of Activities
EXPENDITURES/EXPENSES			
Administration Expenses	\$ 222,294	\$ 2,761	\$ 225,055
Program Expenses	2,370,580	-	2,370,580
Capital Outlay	-	(694)	(694)
Depreciation	-	463	463
Total expenditures/expenses	<u>2,592,874</u>	<u>2,530</u>	<u>2,595,404</u>
PROGRAM REVENUES			
Charges for services	213,750	-	213,750
Sage Grouse Project	268,275	-	268,275
Area Agency on Aging	2,033,633	-	2,033,633
Dinosaur Welcome Center	71,442	-	71,442
Net program expenses	<u>2,587,100</u>	<u>-</u>	<u>2,587,100</u>
GENERAL REVENUES			
Contributions	25,731	-	25,731
Interest income	539	-	539
Total general revenues	<u>26,270</u>	<u>-</u>	<u>26,270</u>
Excess of (expenditures) over revenues	20,496	(2,530)	
Change in Net Position			17,966
FUND BALANCE/NET POSITION			
Beginning of the year	193,931	(11,211)	182,720
End of the year	<u>\$ 214,427</u>	<u>\$ (13,741)</u>	<u>\$ 200,686</u>

The notes to the financial statement are an integral part of this statement.

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
 Reconciliation of the Statement of Revenues Expenditures,
 and Change in the Fund Balances of Governmental Funds
 to the Statement of Activities
 For the Year Ended December 31, 2016

Amounts reported for the governmental activities in the statement of activities (page 8) are different because:

Excess of revenue over expenditures - general funds (page 8)	<u>\$ 20,496</u>
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Governmental funds report capital outlay as expenditures. However, in the Statement of Activity the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Capital outlay	694
Loss on disposal of fixed assets	-
Depreciation	<u>(463)</u>
	<u>231</u>

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Increase in compensated absences	<u>(2,761)</u>
	<u>(2,761)</u>

Change in Net Position of governmental activities (page 8)	<u><u>\$ 17,966</u></u>
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The notes to the financial statement are an integral part of this statement.

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
NOTES TO THE FINANCIALS
December 31, 2016

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Associated Governments of Northwest Colorado (AGNC) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant policies consistently applied in the preparation of the financial statements.

REPORTING ENTITY

The Associated Governments of Northwest Colorado was established by state statute as an advisory coordination agency to promote cooperation among and between local governments and agencies within the region comprised of Garfield, Mesa, Moffat, Rio Blanco, and Routt Counties. AGNC serves as a spokesperson for local governments of the region by developing and formalizing policies involving state and national legislation on matters that are of mutual concern to member entities.

AGNC is governed by a 10 member Board of directors composed of one elected official from each county, and member municipalities elect one city official to represent them on the board.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements report information on all of the non-fiduciary activities of the primary government. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely, to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include, charges to customers, or applications that purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental fund and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. AGNC has one governmental fund, the General fund, and is considered a major fund. AGNC has no fiduciary funds.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL PRESENTATION

The government-wide financial statements are reported on 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 flow. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met. As a rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
NOTES TO THE FINANCIALS
December 31, 2016

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL PRESENTATION – continued

Governmental funds financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities for the current period. For this purpose, AGNC considers revenue available if it is collected within 180 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under the accrual method. However, debt service expenditures, as well as expenditures related to compensated absences, claims, and judgements, are recorded only when payment is due.

Governmental Funds

General Fund – The General fund is AGNC’s general operating fund and is used to account for financial transactions except those required to be accounted for in another fund. The major revenue sources are grants and charges for services. Expenditures include all costs associated with the daily operations of AGNC.

When both restricted and unrestricted revenues are available for use, it is the government’s policy to use restricted resources first, then unrestricted resources as they are needed.

BUDGETS AND BUDGETARY ACCOUNTING

In accordance with the State Budget Law, the District’s Board of Directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year-end. The District’s Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements. The budget includes each fund on its basis of accounting unless otherwise indicated.

The budget is prepared on the same basis as that of the fund financial statements.

The details of the budget calendar are outlined below:

October 15,	Deadline for Budget Officer to submit proposed budget to the government board. Governing body must publish "Notice of Budget" upon receiving proposed budget.
December 31,	Statutory deadline for local governing body to adopt budget. A certified copy of the adopted budget must be sent to the Division of Local Government within 30 days of adoption.
By December 31,	The District shall enact an ordinance appropriating the budget for the ensuing year.

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
NOTES TO THE FINANCIALS
December 31, 2016

RISK OF LOSS

AGNC is exposed to various risk of loss related to torts, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which AGNC carries commercial insurance coverage. There have been no significant reductions in insurance coverage in the current year and settlement amounts, if any, have not exceeded insurance coverage for any of the three preceding years.

USE OF ESTIMATES

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

CAPITAL ASSETS AND INFRASTRUCTURE

Capital assets, which include property, plant, and equipment, are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$500 and an estimated life of two year or more. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their estimated market value at the date of donation. AGNC does not have infrastructure.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Depreciation is provided using the straight-line method over the following estimated useful lives:

Equipment and furniture	3 to 5 years.
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COMPENSATED ABSENCES

It is AGNC's policy to permit employees to accumulate unused annual vacation and sick pay benefits. A liability is recorded for the unused accumulated annual leave (up to 80 hours with 5 years or less of service; 120 hours with service of 5 to 10 years; and 200 with service of 10 or more years).

ALLOWANCE FOR DOUBTFUL ACCOUNTS

All receivables were considered collectible at December 31, 2016.

ACCRUED LIABILITIES AND LONG-TERM OBLIGATIONS

In general, payables and accrued liabilities are paid in a timely manner and in full from current financial resources and are reported as current obligations for the fund. Long-term obligations are accrued as a long-term liability on the financial statements.

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
NOTES TO THE FINANCIALS
December 31, 2016

NOTE 2 – RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

- 1) There are certain differences between the governmental fund balance sheet and the government-wide statement of net position. A reconciliation of the differences can be found on page 7 of the financial statements.
- 2) There are certain differences between the governmental fund statement of revenue, expenditures, and changes in fund balance and the government-wide statement of activities. A reconciliation of the differences can be found on page 9 of the financial statements.

NOTE 3 – CASH AND INVESTMENTS

The Colorado Public Deposit Protection Act (PDPA) requires that all units of local government deposit cash in eligible public depositories. Eligibility is determined by state regulators. The eligible depository is required to pledge to the Colorado Division of Banking a pool of collateral having a market value that at all times exceeds 102% of the uninsured aggregate public deposits. The eligible collateral is determined by the PDPA, which includes obligations secured by first lien mortgages on real property located in the state. PDPA allows the institutions to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all uninsured public deposits as a group. The State Regulatory Commission for banks and financial services is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. There is no custodial credit risk for public deposits collateralized under PDPA. At year-end \$142,005 of the \$392,005 was collateralized under PDPA, and \$250,000 was insured by F.D.I.C.

AGNC's bank accounts and certificates of deposits at the end of the year were entirely covered by FDIC.

State statutes authorize AGNC to invest in obligations of the U.S. Treasury and U.S. agencies, obligation of the State of Colorado or of any county, school, authority, and certain towns and cities, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

AGNC's investment policy is not more restrictive than State statutes. AGNC's investments are concentrated in local government investment pools, U.S. government and agency securities, and bank CDs.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a mean of limiting exposure to fair value arising from increase interest rates.

A summary of cash and investments on the balance sheet are as follows:

Cash on hand	\$ 60
Cash deposits	<u>392,005</u>
Total Cash, Cash Equivalents, and Investments	<u>\$392,065</u>

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
 NOTES TO THE FINANCIALS
 December 31, 2016

NOTE 4 – CAPITAL ASSETS

	<u>Balance</u> <u>1/1/2016</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>12/31/2016</u>
Governmental activities: Capital assets being depreciated:				
Equipment and furniture	\$ 3,687	\$ 694	\$ -	\$ 4,381
Total Depreciated Assets	3,687	694	-	4,381
Less accumulated depreciation	<u>(2,736)</u>	<u>(463)</u>	-	<u>(3,199)</u>
Governmental activities capital asset - net	<u>\$ 951</u>	<u>\$ 231</u>	<u>\$ -</u>	<u>\$ 1,182</u>

Depreciation expense for the year ended December 31, 2016 was \$463.

NOTE 5 – LONG-TERM DEBT

The following is a summary of changes in long-term debt:

	<u>Balance</u> <u>1/1/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>12/31/2016</u>	<u>Due within</u> <u>One Year</u>
Compensated Absences	<u>\$ 12,161</u>	<u>\$ 2,761</u>	<u>\$ -</u>	<u>\$ 14,922</u>	<u>\$ 14,922</u>

NOTE 6 – GRANTS AND CONTRACTS

Grants – Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable fund. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time although AGNC expects such amounts, if any, to be immaterial.

State of Colorado – Aging Program Advance

The Colorado Department of Health and Human Services, Aging and Adult Services Division, has made a permanent advance of Title III funds to the Area Agency on Aging program. Proportionate amounts of the advance are held at the sub-recipients level for the same purpose. The composition of the advance at AGNC and the sub-recipient level at December 31, 2016 is \$79,730. Of this amount, all has been forward to sub-recipients.

Sage Grouse Project

In 2015, AGNC received a grant for the study of developing new geographic information (GIS) mapping for the Greater Sage Grouse in Northwestern Colorado. The Grant is for \$380,000. AGNC will engage GIS and environmental compliance consultants to conduct research and modeling to define the Greater Sage Grouse habitat throughout Northwest Colorado.

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
NOTES TO THE FINANCIALS
December 31, 2016

NOTE 7 – CONTINGENCIES

In November 1992, Colorado voters amended article X of the Colorado constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations, which apply to the State of Colorado and local governments. TABOR requires, with certain exceptions voter approval for any increase in mill levy or tax rates, new taxes, or creation of multi-year debt. Revenue in excess of the fiscal year spending limit must be refunded in the next fiscal year unless voters approve retention of such revenue. The amendment also requires reserves be established for declared emergencies, with 3% of fiscal year spending.

AGNC does not believe the provision of this Statute applies to them, as they do not have authority to levy taxes.

NOTE 8 – FUND BALANCE

Beginning with the fiscal year 2010, AGNC implemented GASB statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions." This statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on governments fund balances more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance – amounts that are not in spendable form, such as prepaid expenses, or are required to be maintained intact.
- Restricted fund balance – amounts constrained to specific purposes by their providers, such as grantors, bondholders, or higher levels of government, through constitutional provisions or by enabling legislation.
- Committed fund balance – amounts constrained to specific purposes by government itself, using its highest level of decision-making authority. For funds to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest-level action to remove or change the constraints.
- Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official that the governing body delegates the authority.
- Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

Restricted funds are considered to be spent first, followed by assigned and unassigned, for expenditures for which any fund balance could be used.

NOTE 9 – ACCOUNTS RECEIVABLE

At December 2016, AGNC had accounts receivable of \$520,790. Of this amount \$43,039 was funds receivable for the Greater Sage Grouse project, \$462,854 is the November and December AAOA contract amount, and \$14,897 represents reimbursement of expenses from Dinosaur Welcome Center.

NOTE 10 – SUBSEQUENT EVENTS

AGNC has evaluated subsequent events through the date at which the financial statements were available to be issued, and determined that no events have occurred that require disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

ASSOCIATED GOVERNMENTS OF NORTHWEST COLORADO
Statement of Revenues, Expenditures, and Change in Fund Balance
Budget and Actual
For the Year Ended December 31, 2016

	General Fund		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenue:			
Dues and fees	\$ 189,780	\$ 213,750	\$ 23,970
State grants	1,317,020	1,317,020	-
Federal grants	716,977	716,613	-
Contributions	1,500	25,731	24,231
Sage Grouse Project	-	268,275	268,275
Dinosaur Welcome Center	71,442	71,442	-
Interest income	85	539	454
Total Revenues	<u>2,296,804</u>	<u>2,613,370</u>	<u>316,930</u>
Expenditures:			
Administrative:			
Salaries	116,000	116,378	(378)
Payroll taxes and benefits	15,854	11,455	4,399
Insurance	2,035	315	1,720
Office expense	14,650	14,486	164
Accounting and legal	6,000	8,611	(2,611)
Dues and fees	19,300	19,499	(199)
Conferences and travel	7,500	15,370	(7,870)
Professional services	40,000	35,486	4,514
Capital Outlay	-	694	(694)
Program Expenditures			
Dinosaur Welcome Center	71,442	72,167	(725)
Sage Grouse Project	-	285,280	(285,280)
Area Agency on Aging	1,296,520	1,296,520	-
Area Agency on Aging - Federal	716,977	716,613	-
Total Expenditures	<u>2,306,278</u>	<u>2,592,874</u>	<u>(286,960)</u>
Revenue and Other Financing Sources Over (Under) Expenditures	(9,474)	20,496	29,970
Fund Balance-Beginning of Year	213,360	193,931	(19,429)
Fund Balance-End of Year	<u>\$ 203,886</u>	<u>\$ 214,427</u>	<u>\$ 10,541</u>

The notes to the financial statement are an integral part of this statement.