



NORTH METRO TASK FORCE

Financial Statements for the Period Ending December 31, 2021





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NORTH METRO TASK FORCE FINANCIAL STATEMENTS

*For the Year Ended
December 31, 2021*



**Prepared by:
Adams County
Budget and Finance Department**

Host Agency for the North Metro Task Force

**Nancy Duncan
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**Treasurer
Accounting Supervisor
Accountant I**



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**North Metro Task Force
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INDEPENDENT AUDITORS' REPORT

Governing Board
North Metro Task Force
Adams County, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the North Metro Task Force, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the North Metro Task Force'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 the major fund of the North Metro Task Force, as of December 31, 2021, and the respective changes in financial position, and the respective budgetary comparison for the general fund 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 the North Metro Task Force 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 North Metro Task Force's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of North Metro Task Force's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about North Metro Task Force's ability to continue as a going concern for a reasonable period of time.

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


Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated July 22, 2022, on our consideration of the North Metro Task Force's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the North Metro Task Force's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering North Metro Task Force's internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
July 22, 2022



Management's Discussion and Analysis

This discussion and analysis of the North Metro Task Force's (Task Force) financial statements for the year ended December 31, 2021 provides a narrative overview of the Task Force's financial activities. Readers are encouraged to consider the information presented here in conjunction with the financial statements, which follow this section. This overview and analysis is required by accounting principles generally accepted as prescribed by Governmental Accounting Standard Board Statement No. 34, *Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments* (GASB 34).

The Task Force

The Task Force was established as a separate legal entity through an intergovernmental agreement (IGA) among the following participating agencies (Agencies):

- Adams County
- City of Brighton
- City and County of Broomfield
- City of Commerce City
- City of Federal Heights
- City of Northglenn
- City of Thornton
- City of Westminster

The primary purpose of the Task Force is to collaboratively identify, investigate and prosecute individuals and groups involved in illegal trafficking of drugs and other criminal enterprises. A Governing Board, which is comprised of the chief law enforcement officer from each of the above agencies, establishes policy, approves procedures and oversees operational and administrative matters of concern to the Task Force.

Financial Highlights

- The assets of the Task Force exceeded its liabilities at the close of the most recent fiscal period by \$1,274,972. Of this amount, \$916,965 is unrestricted and may be used to meet any ongoing obligations to citizens and creditors.
- The net position increased by \$420,885 over the course of the year.
- The Task Force's Governmental Activities revenues were \$1,972,049. The largest revenue source is contributions from participating Agencies \$1,226,097, followed by grants \$560,333, forfeitures and restitution \$132,294, and miscellaneous \$53,325.
- The Task Force's Governmental Expenses for Public Safety activities were \$1,589,139.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Task Force's basic financial statements. The Task Force's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad view of the Task Force's finances, in a manner similar to a private-sector business.

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

Analysis of Net Position

The below table analysis the Task Force's net position between fiscal year ends. The Task Force's assets exceeded its liabilities by \$1,274,972 at December 31, 2021.

Total assets increased by \$420,616, or 39.9%, to \$1,474,316. This change included an increase in current assets of \$428,808 and a decrease in capital assets of \$8,192. The net increase in current assets was due to the increase in cash on hand combined with an increase in receivables.

Depreciation of \$14,671 was recognized in 2021 while \$6,479 in capital assets were purchased.

Total liabilities decreased by \$269, or 0.1%, to \$199,344. This change was primarily related to a decrease in the amount due to the Agencies as of December 31, 2021 for overtime reimbursement.

	Net Position	
	Governmental activities	
	2021	2020
Assets:		
Current Assets	\$ 1,433,719	\$ 1,004,911
Capital Assets	40,597	48,789
Total Assets	<u>1,474,316</u>	<u>1,053,700</u>
Liabilities:		
Current Liabilities	199,344	199,613
Total Liabilities	<u>199,344</u>	<u>199,613</u>
Net position:		
Net Investment in Capital Assets	40,597	48,789
Restricted	317,410	292,083
Unrestricted	916,965	513,215
Total Net Position	<u>\$ 1,274,972</u>	<u>\$ 854,087</u>

Analysis of Changes in Net Position

The statement of activities presents information showing how the Task Force's net position changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenue and expenses are reported in this statement for some items that will only result in cash flows in future periods.

The below table is a summary of activities and changes in net position with a comparison to the prior fiscal year. Net position of the Task Force increased by \$420,885 in 2021 from 2020.

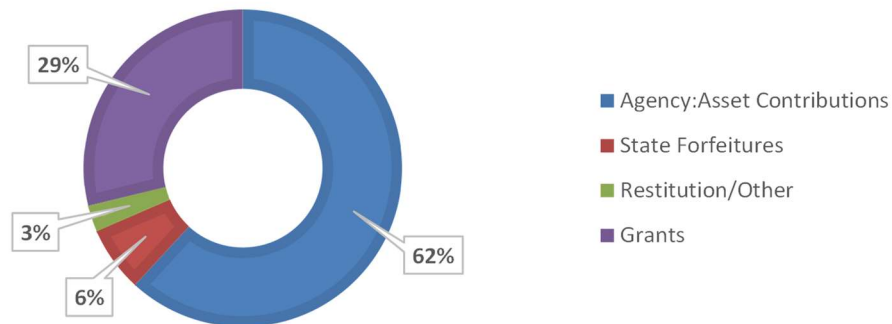
Governmental activities revenue increased by \$470,539, or 31.0% to \$2,010,024. The largest portion of this change is an increase in both agency contributions and forfeitures.

Governmental activities expenses increased by \$117,758, or 8.0% to \$1,589,139. The increase is primarily due to increased rates and other expenses for both insurance and leases.

	Changes in Net Position	
	Governmental activities	
	<u>2021</u>	<u>2020</u>
Revenues:		
Contributions	\$ 1,226,097	\$ 1,012,186
Forfeitures	132,294	42,600
Grants	571,298	464,872
Gain on sale of assets	27,010	-
Miscellaneous	53,325	19,827
Total Revenues	<u>2,010,024</u>	<u>1,539,485</u>
Expenses:		
Public safety	<u>1,589,139</u>	<u>1,471,381</u>
Total Expenses	<u>1,589,139</u>	<u>1,471,381</u>
Changes in Net Position	420,885	68,104
Net position, Beginning of Year	<u>854,087</u>	<u>785,983</u>
Net position, Ending of Year	<u>\$ 1,274,972</u>	<u>\$ 854,087</u>

The chart below illustrates the Task Force’s governmental activities revenues by source. These revenues are used to support Task Force daily operations.

REVENUES BY SOURCE - GOVERNMENTAL ACTIVITIES



Governmental fund financial statements. 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, the governmental fund financial statements focus on near-term inflows and outflows 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 balance 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.

Financial Analysis of the Government’s Funds

Governmental funds. The focus of the Task Force’s General Fund is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the Task Force’s financing requirements. 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 fiscal year.

The General Fund is the only operating fund of the Task Force. As of the end of the current fiscal year, the Task Force general fund reported an ending fund balance of \$1,223,410, an increase of \$418,112 in comparison with the prior period as a result of revenues exceeding expenditures.

Revenues increased by \$443,529 or 29.0% to \$1,983,014. The increase was a result of several factors including an increase in agency contributions, an increase in federal forfeitures, an increase in the direct reimbursement of overtime costs from the Organized Crime Drug Enforcement Task Forces and an increase in additional grant funding for the investigation of a drug trafficking organization.

Expenditures increased by \$103,981 or 7.0% to \$1,580,947. The increase was primarily the result of expenditures for the leased vehicles, increased use of PEN register fees, increased need for translation services and increase in lease and insurance fees.

At the end of the year, the unassigned fund balance of the Task Force was \$434,153, which is available for spending at the Task Force's discretion. As a measure of the fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 27.5% of total actual General Fund expenditures.

Budgetary Highlights

Actual budgetary revenues were over budgetary estimates by \$11,293. It is important to note that the Task Force does not budget for anticipated current year receipts of forfeitures and restitution. Instead, unspent prior year forfeiture and restitution revenue, referred to as fund balance is appropriated as necessary to fund operations. The Task Force budget appropriations for the current fiscal year anticipated an increase of fund balance in the amount of \$123,883.

Expenditures were less than appropriations by \$23,924. The expenditures in the original budget were increased by \$146,846 through one budget amendment that occurred in 2022.

The Task Force's fund balance reserve policy sets the target range of the reserve at 5% to 15% of all revenues derived in the most recent completed year at the time of the annual budget.

When taking into consideration the use of fund balance, total actual revenues and expenditures were greater than budgetary revenues and expenditures by \$62,227.

Capital Assets

The Task Force's investment in capital assets as of December 31, 2021 amounts to \$40,597 (net of accumulated depreciation). This investment in capital assets includes improvements to land, equipment and vehicles.

Governmental capital assets had a net decrease in the current year of \$8,192. In 2021, the Task Force purchased a new server and disposed of three vehicles.

The following table provides a summary of the investment in capital assets (net of accumulated depreciation) and a comparison to the prior year:

	Capital Assets	
	Governmental activities	
	2021	2020
Land Improvements	\$ 2,418	\$ 2,799
Equipment	23,576	24,823
Vehicles	14,603	21,167
Capital Assets, Net	\$ 40,597	\$ 48,789

Plans and Budget for 2022

The Task Force continues to have a positive impact with its efforts to eliminate or reduce the drug impact to the communities, Adams and Broomfield counties, and the north metro Denver area. The Task Force has taken significant steps towards reducing the negative impact that illicit drugs have on the quality of life for the citizens in these counties. The Task Force is committed to public education on drug abuse, impaired driving, and the effects on children living in drug environments, and participates in several educational programs. The Task Force works cooperatively with gang enforcement units and school resource officers throughout their jurisdictions to identify and eradicate the sales of dangerous drugs in the community.

In 2022, the Task Force will further partner with the Drug Enforcement Administration (DEA) by continuing the assignment of a full time Task Force officer to DEA's Financial Investigation Team (FIT). This partnership not only provides additional available resources for the Task Force to investigate the financial aspect of drug related crimes, but also allows further asset sharing for the Agencies. Ultimately this partnership allows the Agencies to receive a percentage share of the FIT group seizures as well as the potential for sharing with other groups on combined operations.

In 2022, the Task Force also entered into an agreement with the United States Postal Inspection Service (USPIS) and assigned one full time Task Force officer to the USPIS Metro DTF. This arrangement enables communication with participating agencies to maximize the effective use of intelligence and resources with the intent to investigate, arrest and prosecute individuals participating in illegal drug activity associated to the U.S. Mail. The Task Force will also receive an equitable share of forfeitures as well as overtime reimbursements for the assigned detective.

The Task Force's Governing Board adopted the 2022 budget on July 22, 2021. Highlights of the 2022 budget include the following:

- Projected revenues, which include agency contributions, Rocky Mountain High Intensity Drug Trafficking Area (HIDTA) grant funds and available fund balance are estimated at \$1,616,426.
- Projected expenditures, which include contract services, overtime, administrative costs, training and travel, insurance, utilities, equipment, rentals and leases and other miscellaneous costs are estimated at \$1,616,426.

Contacting the Task Force's Financial Management

This financial report is designed to provide a general overview of the Task Force's finances for all those with an interest in the government's finances and to show the Task Force's accountability for the funding it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Nancy Duncan, Treasurer as follows:

North Metro Task Force
c/o Adams County
4430 S Adams County Pkwy
Brighton, CO 80601
720-523-6276
NDuncan@adcogov.org

North Metro Task Force
Governmental Fund Balance Sheet/Statement of Net Position
For the period ended December 31, 2021

	General Fund	Adjustments (Note 1.C)	Statement of Net Position
ASSETS			
Cash and cash equivalents	\$ 1,341,223	\$ -	\$ 1,341,223
Receivables			
Accounts receivable	23,507	-	23,507
Grants receivable	51,969	-	51,969
Prepaid Items	17,020	-	17,020
Capital Assets:			
Depreciable land improvements, net	-	2,418	2,418
Depreciable property & equipment, net	-	38,179	38,179
Total assets	<u>1,433,719</u>	<u>40,597</u>	<u>1,474,316</u>
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES			
Liabilities			
Accounts payable	32,508	-	32,508
Due to other governments	151,546	-	151,546
Unearned Revenues	15,290	-	15,290
Total liabilities	<u>199,344</u>	<u>-</u>	<u>199,344</u>
Deferred Inflows of Resources			
Grants	10,965	(10,965)	-
Total Deferred Inflows of Resources	<u>10,965</u>	<u>(10,965)</u>	<u>-</u>
FUND BALANCE/NET POSITION			
Nonspendable			
Prepaid items	17,020	(17,020)	-
Restricted			
Emergencies - TABOR	43,162	(43,162)	-
Public Safety	274,248	(274,248)	-
Assigned			
Public Safety	454,827	(454,827)	-
Unassigned	434,153	(434,153)	-
Total fund balance	<u>1,223,410</u>	<u>(1,223,410)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,433,719</u>		
Net Position			
Net investment in capital assets		40,597	40,597
Restricted		317,410	317,410
Unrestricted		916,965	916,965
Total net position		<u>\$ 1,274,972</u>	<u>\$ 1,274,972</u>

The accompanying notes are an integral part of these financial statements

North Metro Task Force
Statement of Governmental Fund Revenues, Expenditures and
Changes in Fund Balance/Statement of Activities
For the period ended December 31, 2021

	General Fund	Adjustments (Note 1.C)	Statement of Activities
REVENUES			
Contributions	\$ 1,226,097	\$ -	\$ 1,226,097
Forfeitures	132,294	-	132,294
Grants	560,333	10,965	571,298
Interest and other	53,325	-	53,325
Total revenues	<u>1,972,049</u>	<u>10,965</u>	<u>1,983,014</u>
EXPENDITURES/EXPENSES			
Public safety	1,574,468	14,671	1,589,139
Capital outlay	6,479	(6,479)	-
Total expenditures/expenses	<u>1,580,947</u>	<u>8,192</u>	<u>1,589,139</u>
Excess (deficiency) of revenues over expenditures/expenses	<u>391,102</u>	<u>2,773</u>	<u>393,875</u>
OTHER FINANCING SOURCES			
Sale of assets/gain on sale of assets	27,010	-	27,010
Total other financing sources	<u>27,010</u>	<u>-</u>	<u>27,010</u>
Net change in fund balance/net position	418,112	2,773	420,885
Fund balance/Net Position			
Beginning of the Year	805,298	48,789	854,087
End of Year	<u>\$ 1,223,410</u>	<u>\$ 51,562</u>	<u>\$ 1,274,972</u>

The accompanying notes are an integral part of these financial statements

North Metro Task Force
General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance -
Budget and Actual (Non-GAAP Budgetary Basis)
For the period ended December 31, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUES				
Contributions	\$ 1,226,097	\$ 1,226,097	\$ 1,226,097	\$ -
Forfeitures	-	132,295	47,170	(85,125)
Grants	355,811	355,811	413,455	57,644
Interest and other	-	14,551	53,325	38,774
Total revenues	<u>1,581,908</u>	<u>1,728,754</u>	<u>1,740,047</u>	<u>11,293</u>
EXPENDITURES				
Public safety	1,450,925	1,597,771	1,574,468	23,303
Capital outlay	7,100	7,100	6,479	621
Total expenditures	<u>1,458,025</u>	<u>1,604,871</u>	<u>1,580,947</u>	<u>23,924</u>
Excess (deficiency) of revenues over expenditures	<u>123,883</u>	<u>123,883</u>	<u>159,100</u>	<u>35,217</u>
OTHER FINANCING SOURCES				
Sale of capital assets	-	-	27,010	27,010
Total other financing sources	<u>-</u>	<u>-</u>	<u>27,010</u>	<u>27,010</u>
Net change in fund balance	<u>\$ 123,883</u>	<u>\$ 123,883</u>	186,110	<u>\$ 62,227</u>
Fund balance, beginning			<u>805,298</u>	
Fund balance, ending			991,408	
Reconciliation to GAAP Basis:				
Add:				
Grants			146,878	
Restitution			9,648	
Forfeitures			75,476	
Fund balance, GAAP Basis			<u>\$ 1,223,410</u>	

The accompanying notes are an integral part of these financial statements

**NORTH METRO TASK FORCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The Task Force is a separate stand-alone governmental entity established in 2007 by an IGA between Adams County, the City and County of Broomfield and the municipalities of Brighton, Commerce City, Federal Heights, Northglenn, Thornton and Westminster. The purpose of the Task Force is the identification, investigation, and prosecution of individuals and groups involved in trafficking illegal drugs and other associated criminal enterprises in a coordinated, effective manner. The Task Force operates under a Governing Board, which is comprised of the chief law enforcement officer from each of the Agencies.

The primary benefits of operating under an IGA include collaboratively working to eradicate the illegal trafficking of drugs and other criminal enterprises, sharing the cost of coordinated administration of under-cover operations, and procuring separate insurance for claims related to Task Force activities. As provided in the IGA, the Board appoints one of the Agencies as the host agency for a period of five years. The chief law enforcement officer of the host agency serves as the Board President. In January of 2020, Adams County assumed the role of host agency from the City of Westminster.

The Task Force follows Governmental Accounting Standards Board (GASB) accounting pronouncements, which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, and a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Task Force is not financially accountable for any other organization, nor is the Task Force a component unit of any other primary governmental entity. The Task Force does not include any fiduciary funds. All activities are accounted for in the General Fund.

B. Basic Financial Statements

The basic financial statements include government-wide and fund financial statements. The government-wide statements focus on the Task Force as a whole and the fund financial statements focus on the General Fund.

Government-Wide Statements

The government-wide statement emphasis is on the sustainability of the Task Force as an entity and the change in aggregate financial position resulting from the activities of the period. In the government-wide Statement of Net Position, the governmental activities are reflected on a full accrual, economic resource basis, which incorporates long-term assets and receivables as well as long-term liabilities.

The government-wide Statement of Activities demonstrates how the revenues received by the Task Force were spent.

Fund Financial Statements

The General Fund in the governmental fund financial statements is presented on a current financial resource measurement focus and modified accrual basis of accounting. This presentation is deemed most appropriate to demonstrate (a) legal and covenant compliance, (b) the source and use of liquid resources, and (c) how the Task Force's actual experience conforms to the budget plan.

**NORTH METRO TASK FORCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Since the governmental fund statements are presented on a different measurement focus and basis of accounting than the government-wide statements, adjustments are necessary to transform the fund based financial statements into the governmental activities column of the government-wide presentation. Those adjustments are explained in the section below.

C. Adjustments Column

The adjustments column on the governmental fund balance sheet/statement of net position represents the recording of capital assets as required by GASB 34.

The adjustments on the governmental fund balance sheet/statement of net position is comprised of the following as of December 31, 2021:

Amounts reported for the General Fund are different from the statement of net position because of:

Capital assets, net of accumulated depreciation	\$ 40,597
Deferred inflows of resources in the governmental funds are susceptible to full accrual on the entity-wide statements	\$ 10,965
Total adjustments amount	\$ 51,562

The adjustments column on the statement of governmental fund revenues, expenditures and changes in fund balance/statement of activities is comprised of the following for the year ended December 31, 2021:

Amounts reported for the General Fund are different from the statement of net position because of:

Current year depreciatoin expense	\$ (14,671)
Purchase of capital assets	6,479
Total adjustments amount	\$ (8,192)

D. Basis of Accounting

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

The governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are “measurable and available”). “Measurable” means the amount of the transaction can be determined and “available” means collectible with the current period or soon enough thereafter to pay liabilities of the current period. The Task Force considers all revenues available if they are collected within 45 days after year-end. Expenditures are generally recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is the Task Force’s practice to use restricted resources first, then unrestricted resources as they are needed.

E. Prepaid Items

Prepaid items reflect payments to vendors applicable to future accounting periods; the associated expenditure is recognized in the period benefited by the prepayment.

**NORTH METRO TASK FORCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

F. Capital Assets

Capital assets are defined as assets with an expected useful life of more than one year. Such assets are recorded at historical cost. Donated capital assets are recorded at acquisition value at the date of transfer. The capitalization threshold for capital assets are as follows:

<u>Asset</u>	<u>Threshold</u>
Buildings and Improvements	\$ 50,000
Machinery and Equipment	\$ 5,000
Software	\$ 5,000

Capital assets subject to depreciation are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset</u>	<u>Years</u>
Buildings and Improvements	10 to 40
Machinery and Equipment	3 to 20
Software	3 to 5

G. Use of Estimates

In preparing the Task Force's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

H. Net Position/Fund Balances

Net position reflects assets less liabilities and is shown in three main categories in the government-wide fund financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of debt used to acquire, construct and improve capital assets. Net position is restricted when constraints placed on net resources are externally imposed. Remaining net position is reported as unrestricted.

Fund balance reflects assets less liabilities and deferred inflows and is shown only in governmental fund statements. Financial reporting standards establish criteria for classifying fund balance amounts into specifically defined categories to make the nature and extent of constraints on those amounts more useful and understandable. The categories comprise a hierarchy based on the extent to which constraints must be honored for a specified purpose and for which amounts can be spent. Fund balances may be categorized as nonspendable, restricted, committed, assigned, and unassigned.

Nonspendable – Balance cannot be spent because it is either in nonspendable form or is legally or contractually required to be maintained intact.

Restricted – Balance is restricted for specific purposes based on constraints externally imposed by creditors, grantors, contributors, laws, or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

**NORTH METRO TASK FORCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

Committed – Balance that is subject to a purpose constraint imposed by a formal action of the Governing Board (the Board). The Board is the highest level of decision-making authority for the Task Force. Commitments may be established, modified, or rescinded only through resolutions approved by the Board.

Assigned – Balance is constrained for specified purposes by the Board President as authorized by the Task Force's bylaws and the establishing IGA. Assigned fund balance is established by the Board through adoption or amendment of the budget as intended for specific purpose (such as the purchase of capital assets, construction, debt service, etc.).

Unassigned – Balance is unconstrained and comprised of residual uncategorized fund balance amounts.

On December 1, 2011, the Governing Board adopted a fund balance policy that establishes the use of fund balance. It is the policy of the Task Force to use restricted resources first, then committed and assigned, and unassigned as needed. When expenditures are incurred for purposes for which both restricted and unrestricted amounts are available, restricted amounts are deemed to be used first. This policy was amended in July of 2018 to provide for a fund balance reserve to be used when the Task Force incurs expenditures due to unforeseen circumstances that halt on-going critical investigations, impact the safety of the detectives or compromise the undercover operations. This reserve in any given year shall range from 5% to 15% of the total of all revenues derived in the most recent completed year at the time of the annual budget process. Should the reserve fall below the lower threshold, it would be replaced from allowable resources as available. The fund balance reserve at December 31, 2021 is \$187,632 and is included in the assigned amount in the General Fund and in the unrestricted net position on the governmental fund balance sheet/statement of net position.

I. Government Grants

The Task Force is currently participating in grants from various departments and agencies of the federal and state government. The expenditures of grant proceeds must be for allowable and eligible purposes. Single audits and audits by the granting department or agency may result in requests for reimbursement of unused grant proceeds or disallowed expenditures. Upon notification of final approval by the granting department or agency, the grants are considered closed.

J. Budgets and Budgetary Accounting

An annual budget is adopted by the Governing Board for the General Fund. Operating costs are controlled at the fund level and all appropriations lapse at fiscal year-end. Expenditures may not legally exceed budgeted appropriations and the adopted budget can be amended during the year. This action requires Board approval by resolution.

The Task Force budgets on a Non-GAAP budgetary basis. This basis differs from the U.S. GAAP Basis of Accounting as current period revenues relating to restitution and forfeitures are generally not budgeted. The original budget does not include anticipated revenues for the current year. However, as necessary for operations, these funds may be appropriated once received and are reflected in the final budget.

NOTE 2 – DETAILED NOTES

A. Deposits and Investments

Cash and deposits as of December 31, 2021 totaled \$1,341,223 and is comprised of cash on hand in the amount of \$24,451, and \$1,316,772 held in deposit at eligible financial institutions.

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. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is specified by the PDPA.

**NORTH METRO TASK FORCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

The PDPA allows the institution 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 the uninsured public deposits as a group. The State Regulatory Commission for banks and savings and loan associations is required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

Federal Deposit Insurance Corporation (FDIC) coverage for government accounts is \$250,000 per custodian. At December 31, 2021, the Task Force's cash deposits had a book balance of \$1,341,223, and a corresponding bank balance of \$1,320,362. The difference between the book and bank balances is due to outstanding checks not yet processed by the bank. Of the bank balance, \$250,000 was covered by federal depository insurance. The remainder of the bank balance, \$1,070,362, was collateralized with securities held by the pledging financial institution and covered by eligible collateral as determined by the PDPA.

On December 1, 2011, the Governing Board adopted an investment policy that addresses specific types of risk to which it may be exposed. The Task Force does not hold any investments as of December 31, 2021.

B. Receivables

For governmental receivables, available means when due, or past due and receivable within the current period, and collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period, generally within 45 days.

C. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Land Improvements	\$ 7,630	\$ -	\$ -	\$ 7,630
Equipment	185,824	6,479	-	192,303
Vehicles	196,178	-	(55,959)	140,219
Total Capital Assets	<u>389,632</u>	<u>6,479</u>	<u>(55,959)</u>	<u>340,152</u>
Less Accumulated Depreciation:				
Land Improvements	(4,831)	(381)	-	(5,212)
Equipment	(161,001)	(7,726)	-	(168,727)
Vehicles	(175,011)	(6,564)	55,959	(125,616)
Total Accumulated Depreciation	<u>(340,843)</u>	<u>(14,671)</u>	<u>55,959</u>	<u>(299,555)</u>
 Total Capital Assets, Being Depreciated, Net	 <u>48,789</u>	 <u>(8,192)</u>	 <u>-</u>	 <u>40,597</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 48,789</u>	 <u>\$ (8,192)</u>	 <u>\$ -</u>	 <u>\$ 40,597</u>

All depreciation for the current year, \$14,671, is charged to the Public Safety function in the Statement of Activities.

**NORTH METRO TASK FORCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

D. Deferred Inflows of Resources

In addition to liabilities, the statement of financial position includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

Grant revenues that are measurable and met the eligibility criteria but not available within 45 days after the fiscal year-end are classified as deferred inflows of resources in the governmental fund financial statements.

NOTE 3 – OTHER INFORMATION

A. Risk Management

The Task Force is exposed to various risks of loss related to torts; theft of, damage to, destruction of assets; errors and omissions; injuries to employees; and natural disasters. Insurance coverage is purchased through the Colorado Intergovernmental Risk Sharing Agency (CIRSA). There were no reductions in insurance coverage from 2020 to 2021. The Task Force has not had any settlements during the last three fiscal periods that exceeded insurance coverage. Liabilities are reported when a claim is made against the Task Force.

Potential claims are pending against the Task Force as of December 31, 2021. Although the outcome of such claims cannot be predicted with certainty, the Task Force believes that adequate insurance coverage exists and that the final settlement of these matters will not materially affect the financial statements of the Task Force.

Public Entity Risk Pool

On December 27, 2007, the Task Force's Governing Board authorized the Task Force to participate in CIRSA, a separate and independent governmental and legal entity, which was formed by intergovernmental agreement by member municipalities pursuant to the provisions of 24-10-115.5, C.R.S., as amended, 29-1-101 et. seq., C.R.S., as amended, 29-13-102, C.R.S., as amended, and Colorado Constitution, Article XIV, Section 18(2).

It is the intent of the members of CIRSA to create an entity in perpetuity which will administer and use funds contributed by the members to defend and indemnify, in accordance with the bylaws, any member of CIRSA against stated liability or loss to the limit of the financial resources of CIRSA. It is also the intent of the members to have CIRSA provide continuing stability and availability of needed coverage at reasonable costs. All income and assets of CIRSA shall be at all times dedicated to the exclusive benefit of its members.

The scope, terms, conditions, and limitations of coverage are governed by the applicable coverage policies and/or excess coverage policies, the CIRSA bylaws, and other applicable documents. There has been no change in the deductibles or coverage over the last three years. CIRSA provides insurance coverage for property, crime, and liability including general, auto, law enforcement, public officials' errors and omissions and security and privacy. The deductible amount for the Task Force per incident in the year ending December 31, 2021 was \$50,000. Coverages are as follows:

- 1) Property/excess property: total insured value for Task Force property up to the \$500,000,000 pool limit.
- 2) Crime liability: to \$150,000 per occurrence
- 3) General liability (claims subject to the Governmental Immunity Act): to \$150,000 per person and \$600,000 per occurrence prior to June 30, 2013 then \$350,000 per person and \$990,000 per occurrence. (Claims not subject to Governmental Immunity Act up to \$5,000,000 limit.)
- 4) Auto liability (Claims not subject to Governmental Immunity Act): to \$5,000,000 per occurrence.

**NORTH METRO TASK FORCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

B. Tax Spending and Debt Limitations

Colorado voters passed an amendment to the State Constitution, Article X, Section 20 (Amendment), which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local governments. The Amendment is complex and subject to judicial interpretation. The Task Force believes it is in compliance with the requirements of the Amendment. However, the Task Force has made certain interpretations of the amendment's language in order to determine its compliance.

The Amendment requires local governments to establish emergency reserves. These reserves must be at least 3% of fiscal year spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

At December 31, 2021, amounts required as emergency reserves in compliance with the Amendment total \$43,162 for the General Fund. These amounts are shown as a restriction of fund balance in the General Fund as well as a restriction of net position on the governmental fund balance sheet/statement of net position.

C. Participating Agencies

Approximately sixty-two percent (62%) of the Task Force operating revenue for the year was provided by the participating agencies as defined in the originating documents. Through the Rocky Mountain HIDTA grant, the participating agencies are reimbursed on a quarterly basis for overtime spent on qualifying investigations.

Additionally, certain administrative expenses are reimbursed to participating agencies as provided for in the IGA. For the year ended December 31, 2021, the amount of each agency's contribution and the amount due to each agency is shown in the table below:

Related Parties As of 12/31/21		
Agency	Annual Contribution FY 2021	Due to Agency as of 12/31/21
Adams County	\$ 221,924	\$ 61,933
City of Brighton	83,375	1,681
City and County of Broomfield	144,679	14,542
City of Commerce City	118,931	24,559
City of Federal Heights	26,974	-
City of Northglenn	85,827	893
City of Thornton	296,715	4,699
City of Westminster	247,672	39,640
Contributions total	\$ 1,226,097	
Unrelated government payables		3,599
Due to other governments total		\$ 151,546

**NORTH METRO TASK FORCE
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2021**

D. Operating Leases

The Task Force is a party to two operating leases, one for the building used as the base of operations and the other for the vehicles used in daily operations. The building lease dated October 1, 2011 provides for open-ended one-year renewal options commencing annually on October 1. Building lease expenses totaled \$98,600 for the fiscal year 2021. Additionally, the Task Force entered into a contract on October 1, 2017 for the lease of vehicles. The initial term of the vehicle lease is 12-months with four additional annual options for renewal. Vehicle lease expenses totaled \$188,309 during the year ended December 31, 2021. The operating lease expense totaled \$286,909 for the year.



**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**

Governing Board
North Metro Task Force
Adams, County

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 the major fund of the North Metro Task Force, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the North Metro Task Force's basic financial statements, and have issued our report thereon dated July 22, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered North Metro Task Force's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of North Metro Task Force's internal control. Accordingly, we do not express an opinion on the effectiveness of North Metro Task Force's internal control.

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

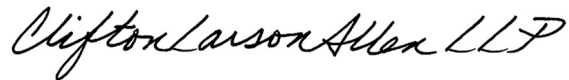
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether North Metro Task Force’s financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Broomfield, Colorado
July 22, 2022

NORTH METRO TASK FORCE

Adams County Sheriff's Office
Brighton Police Department
Broomfield Police Department
Commerce City Police Department
Federal Heights Police Department
Northglenn Police Department
Thornton Police Department
Westminster Police Department