

# NORTH METRO TASK FORCE

Financial Statements for the Period Ending December 31, 2022





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**NORTH METRO TASK FORCE  
FINANCIAL STATEMENTS**

*For the Year Ended  
December 31, 2022*

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

**Host Agency for the North Metro Task Force**

**Nancy Duncan  
Laura Garcia  
Jill Donahue  
Dominique D'Angelo**

**Treasurer  
Accounting Manager  
Senior Accountant  
Accountant II**



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**North Metro Task Force**  
**Table of Contents**

	<b>Page</b>
<b>Financial Section</b>	
Independent Auditor's Report.....	1
Management's Discussion and Analysis (Unaudited) .....	4
Basic Financial Statements	
Governmental Fund Balance Sheet/Statement of Net Position .....	10
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance/Statement of Activities .....	11
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) General Fund .....	12
Notes to Financial Statements .....	13
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i> .....	21



## 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, 2022, 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, 2022, 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 11, 2023, 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 11, 2023

# NORTH METRO TASK FORCE

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## 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, 2022, 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 the Governmental Accounting Standards 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, 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 \$1,481,669. Of this amount, \$1,044,174 is unrestricted and may be used to meet any ongoing obligations to citizens and creditors.
- The net position increased by \$206,697 over the course of the year.
- The Task Force's Governmental Activities revenues were \$1,862,863. The largest revenue source is contributions from participating Agencies \$1,253,392, followed by grants \$439,950, forfeitures and restitution \$94,545, and miscellaneous \$74,976.
- The Task Force's total Governmental Activities expenses were \$1,656,166. This includes \$1,652,210 of public safety expenses and \$3,956 of debt service expenses.

## 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 are comprised of 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 that is 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 analyzes the Task Force's net position between fiscal year ends. The Task Force's assets exceeded its liabilities by \$1,481,669 at December 31, 2022.

Total assets increased by \$426,017, or 28.90%, to \$1,900,333. This change included an increase in current assets of \$184,100, and an increase in capital assets of \$8,023. Lease assets also increased by \$233,894 due to the implementation of GASB 87 which is discussed further in the accompanying footnotes.

Depreciation of \$18,677 was recognized in 2022 while \$26,700 in capital assets were purchased.

Total liabilities increased by \$219,320, or 110.02%, to \$418,664. This change was primarily related to the implementation of GASB 87 which is discussed further in the accompanying footnotes.

	<b>Net Position</b>	
	<b>Governmental activities</b>	
	2022	2021
<b>Assets:</b>		
Current Assets	\$ 1,617,819	\$ 1,433,719
Capital Assets	48,620	40,597
Lease Assets	233,894	-
Total Assets	1,900,333	1,474,316
<b>Liabilities:</b>		
Current Liabilities	335,332	199,344
Long-Term Liabilities	83,332	-
Total Liabilities	418,664	199,344
<b>Net position:</b>		
Net Investment in Capital Assets	47,009	40,597
Restricted	390,486	317,410
Unrestricted	1,044,174	916,965
Total Net Position	\$ 1,481,669	\$ 1,274,972

### Analysis of Changes in Net Position

The statement of activities presents information that shows 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. The net position of the Task Force increased by \$206,697 in 2022 from 2021.

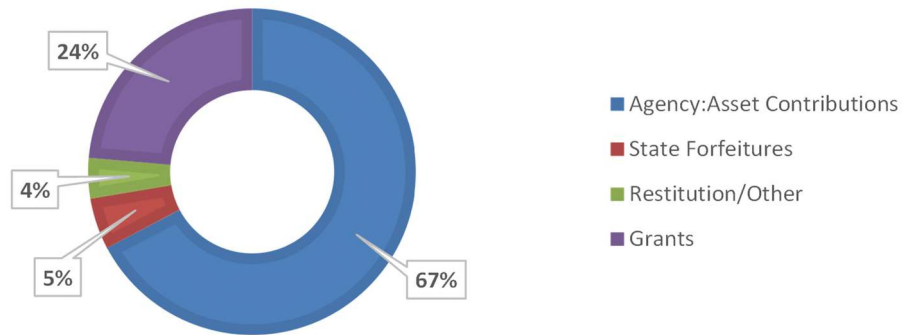
Governmental activities revenue decreased by \$147,161, or 7.32% to \$1,862,863. This change was the result of a decrease in HIDTA DTO funds as well as a decrease in forfeitures.

Governmental activities expenses increased by \$67,027, or 4.22% to \$1,656,166. The increase is primarily due to increased rates for expenses like insurance, leases, and wages.

	<b>Changes in Net Position</b>	
	<b>Governmental activities</b>	
	<u>2022</u>	<u>2021</u>
<b>Revenues:</b>		
Contributions	\$ 1,253,392	\$ 1,226,097
Forfeitures	94,545	132,294
Grants	439,950	571,298
Gain on sale of assets	-	27,010
Miscellaneous	74,976	53,325
Total Revenues	<u>1,862,863</u>	<u>2,010,024</u>
<b>Expenses:</b>		
Public safety	<u>1,656,166</u>	<u>1,589,139</u>
Total Expenses	<u>1,656,166</u>	<u>1,589,139</u>
Changes in Net Position	206,697	420,885
<b>Net position, Beginning of Year</b>	<u>1,274,972</u>	<u>854,087</u>
<b>Net position, Ending of Year</b>	<u>\$ 1,481,669</u>	<u>\$ 1,274,972</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's general fund reported an ending fund balance of \$1,422,576, an increase of \$199,166 compared to the prior period, as a result of revenues exceeding expenditures.

Revenues decreased by \$110,305 or 5.59% to \$1,861,744. This change was the result of a decrease in HIDTA DTO funds as well as a decrease in state forfeitures.

Expenditures increased by \$408,980 or 25.87% to \$1,989,927. The change was primarily the result of the implementation of GASB 87, which requires the Task Force to recognize the net present value of future lease payments in the current period. The change was also due to an increase in the use of PEN registers, increased need for translation services and an increase in insurance and wages.

At the end of the year, the unassigned fund balance of the Task Force was \$487,156, 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 30.0% of total actual General Fund expenditures.

### **Budgetary Highlights**

Actual budgetary revenues were under budgetary estimates by \$7,433. 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 \$46,300.

Expenditures were more than appropriations by \$280,943. The expenditures in the original budget were increased by \$92,558 through one budget amendment that occurred in 2023.

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 \$38,973.

### **Capital Assets**

The Task Force’s investment in capital assets as of December 31, 2022, amounts to \$47,009 (net of accumulated depreciation). This investment in capital assets includes improvements to land, equipment vehicles and lease assets. The lease assets are measured as the initial lease liability and direct costs, less lease payments made prior to the commencement date.

Governmental capital assets had a net increase in the current year of \$241,917. In 2022, the Task Force purchased a Narcotics Analyzer and disposed of one vehicle as well as obsolete equipment. This change is also due to the implementation of GASB 87 which accounts for lease assets.

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

	<b>Capital Assets</b>	
	<b>Governmental activities</b>	
	2022	2021
Land Improvements	\$ 2,036	\$ 2,418
Equipment	38,545	23,576
Vehicles	8,039	14,603
Lease Assets	233,894	-
Capital Assets, Net	<u>\$ 282,514</u>	<u>\$ 40,597</u>

## **Plans and Budget for 2023**

The Task Force continues to have a positive impact with its efforts to eliminate and/or reduce the drug impact to 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 communities. 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 2023, 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 2023, 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 2023 budget on July 28, 2022. Highlights of the 2023 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 \$1,748,724.
- 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 \$1,748,724.

## **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](mailto:NDuncan@adcogov.org)

**North Metro Task Force**  
**Governmental Fund Balance Sheet/Statement of Net Position**  
For the period ended December 31, 2022

	General Fund	Adjustments (Note 1.C)	Statement of Net Position
<b>ASSETS</b>			
Cash and cash equivalents	\$ 1,524,932	\$ -	\$ 1,524,932
Receivables			
Accounts receivable	37,882	-	37,882
Grants receivable	37,898	-	37,898
Prepaid Items	17,107	-	17,107
Capital Assets:			
Depreciable land improvements, net	-	2,036	2,036
Depreciable property & equipment, net	-	46,584	46,584
Leased property & equipment, net	-	233,894	233,894
Total assets	<u>1,617,819</u>	<u>282,514</u>	<u>1,900,333</u>
<b>LIABILITIES AND DEFERRED INFLOWS OF RESOURCES</b>			
Liabilities			
Accounts payable	26,223	-	26,223
Due to other governments	145,143	-	145,143
Lease liabilities - due within one year	-	163,966	163,966
Lease liabilities - due in more than one year	-	71,539	71,539
Unearned Revenues	11,793	-	11,793
Total liabilities	<u>183,159</u>	<u>235,505</u>	<u>418,664</u>
Deferred Inflows of Resources			
Other	12,084	(12,084)	-
Total Deferred Inflows of Resources	<u>12,084</u>	<u>(12,084)</u>	<u>-</u>
<b>FUND BALANCE/NET POSITION</b>			
Nonspendable			
Prepaid items	17,107	(17,107)	-
Restricted			
Emergencies - TABOR	42,688	(42,688)	-
Public Safety	347,798	(347,798)	-
Public Safety	-	-	-
Assigned			
Public Safety	527,827	(527,827)	-
Unassigned	487,156	(487,156)	-
Total fund balance	<u>1,422,576</u>	<u>(1,422,576)</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 1,617,819</u>		
Net Position			
Net investment in capital assets		47,009	47,009
Restricted		390,486	390,486
Unrestricted		1,044,174	1,044,174
Total net position		<u>\$ 1,481,669</u>	<u>\$ 1,481,669</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, 2022**

	<b>General Fund</b>	<b>Adjustments (Note 1.C)</b>	<b>Statement of Activities</b>
<b>REVENUES</b>			
Contributions	\$ 1,253,392	\$ -	\$ 1,253,392
Forfeitures	94,545	-	94,545
Grants	450,915	(10,965)	439,950
Interest and other	62,892	12,084	74,976
Total revenues	<u>1,861,744</u>	<u>1,119</u>	<u>1,862,863</u>
<b>EXPENDITURES/EXPENSES</b>			
Public safety	1,540,078	112,132	1,652,210
Capital outlay	354,049	(354,049)	-
Debt service			
Principal	91,844	(91,844)	-
Interest	3,956	-	3,956
Total expenditures/expenses	<u>1,989,927</u>	<u>(333,761)</u>	<u>1,656,166</u>
Excess (deficiency) of revenues over expenditures/expenses	<u>(128,183)</u>	<u>334,880</u>	<u>206,697</u>
<b>OTHER FINANCING SOURCES</b>			
Leases	327,349	(327,349)	-
Total other financing sources	<u>327,349</u>	<u>(327,349)</u>	<u>-</u>
Net change in fund balance/net position	199,166	7,531	206,697
Fund balance/Net Position			
Beginning of the Year	1,223,410	51,562	1,274,972
End of Year	<u>\$ 1,422,576</u>	<u>\$ 59,093</u>	<u>\$ 1,481,669</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, 2022**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Budgetary Actual</u>	<b>Variance with Final Budget Positive (Negative)</b>
<b>REVENUES</b>				
Contributions	\$ 1,253,392	\$ 1,253,392	\$ 1,253,392	\$ -
Forfeitures	-	15,642	22,068	6,426
Grants	363,034	439,950	363,199	(76,751)
Interest and other	-	-	62,892	62,892
Total revenues	<u>1,616,426</u>	<u>1,708,984</u>	<u>1,701,551</u>	<u>(7,433)</u>
<b>EXPENDITURES</b>				
Public safety	1,606,426	1,682,284	1,540,078	142,206
Capital outlay	10,000	26,700	354,049	(327,349)
Debt service				
Principal	-	-	91,844	(91,844)
Interest	-	-	3,956	(3,956)
Total expenditures	<u>1,616,426</u>	<u>1,708,984</u>	<u>1,989,927</u>	<u>(280,943)</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>(288,376)</u>	<u>(288,376)</u>
<b>OTHER FINANCING SOURCES</b>				
Leases	-	-	327,349	327,349
Total other financing sources	<u>-</u>	<u>-</u>	<u>327,349</u>	<u>327,349</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	38,973	<u>\$ 38,973</u>
Fund balance, beginning			<u>1,223,410</u>	
Fund balance, ending			1,262,383	
Reconciliation to GAAP Basis:				
Add:				
Grants			87,716	
Restitution			6,715	
Forfeitures			65,762	
Fund balance, GAAP Basis			<u>\$ 1,422,576</u>	

**NORTH METRO TASK FORCE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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 the 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, 2022**

Because 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 activity's 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 are comprised of the following as of December 31, 2022:

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

Capital assets, net of accumulated depreciation and amortization	\$ 282,514
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds	(235,505)
Deferred inflows of resources in the governmental funds are susceptible to full accrual on the entity-wide statements	<u>\$ 12,084</u>
Total adjustments amount	<u>\$ 59,093</u>

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, 2022:

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

Prior year grants received in the current year	\$ 10,965
Deferred revenues that are not considered available resources in the General Fund	(12,084)
Current year depreciation and amortization expense	(112,132)
Principal payments of long-term debt in the governmental funds are applied to the long-term liabilities and, therefore, are not reported as expenses on the statement of activities.	91,844
Purchase of capital assets and leases entered into during the year	354,049
Lease proceeds provide current financial resources to the governmental funds, but do not impact the statement of activities	<u>327,349</u>
Total adjustments amount	<u>\$ 659,991</u>

**D. Leases**

Lessee: The Task Force is a lessee for noncancellable leases of buildings and vehicles. The Task Force recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The Task Force recognizes lease liabilities with an initial, individual value of \$5,000 or more.

**NORTH METRO TASK FORCE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

At the commencement of a lease, the Task Force initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Task Force determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

The Task Force uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Task Force generally uses its estimated incremental borrowing rate as the discount rate for leases.

The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Task Force is reasonably certain to exercise.

The Task Force monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

**E. 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. “Available” means collectible within 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 90 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.

**F. 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, 2022**

**G. 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:

Asset	Threshold
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:

Asset	Years
Buildings and Improvements	10 to 40
Machinery and Equipment	3 to 20
Software	3 to 5

**H. 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.

**I. 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 the 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 of 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, 2022**

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, 2022 is \$233,932 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.

**J. 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.

**K. 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, 2022 totaled \$1,524,932 and is comprised of cash on hand in the amount of \$14,893, and \$1,510,039 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, 2022**

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 of the uninsured public deposits as a group. The State Regulatory Commission for banks, 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, 2022, the Task Force's cash deposits had a book balance of \$1,524,932, and a corresponding bank balance of \$1,517,526. 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, \$1,267,526, 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, 2022.

**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, 2022 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets				
Land Improvements	\$ 7,630	\$ -	\$ -	\$ 7,630
Equipment	192,303	26,700	(83,318)	135,685
Vehicles	140,219	-	(18,304)	121,915
Total Capital Assets	<u>340,152</u>	<u>26,700</u>	<u>(101,622)</u>	<u>265,230</u>
Lease Assets				
Lease Assets - Vehicles	-	327,349	-	327,349
Total Lease Assets	<u>-</u>	<u>327,349</u>	<u>-</u>	<u>327,349</u>
Less Accumulated Depreciation & Amortization:				
Land Improvements	(5,212)	(382)	-	(5,594)
Equipment	(168,727)	(11,731)	83,318	(97,140)
Vehicles	(125,616)	(6,564)	18,304	(113,876)
Lease Assets - Amortization	-	(93,455)	-	(93,455)
Total Accumulated Depreciation & Amortization	<u>(299,555)</u>	<u>(112,132)</u>	<u>101,622</u>	<u>(310,065)</u>
Total Capital Assets, Being Depreciated, Net	<u>40,597</u>	<u>241,917</u>	<u>-</u>	<u>282,514</u>
Governmental Activities Capital Assets, Net	<u>\$ 40,597</u>	<u>\$ 241,917</u>	<u>\$ -</u>	<u>\$ 282,514</u>

**NORTH METRO TASK FORCE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

All depreciation and amortization expenses for the current year, \$18,677 and \$93,455, respectively, are charged to the Public Safety function in the Statement of Activities.

**D. Long-Term Liabilities**

During the year ended December 31, 2022, the following changes occurred in long-term liabilities:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental Activities</b>					
Leases Payable	\$ -	\$ 327,349	\$ (91,844)	\$ 235,505	\$ 163,966
Total Long-Term Liabilities	<u>\$ -</u>	<u>\$ 327,349</u>	<u>\$ (91,844)</u>	<u>\$ 235,505</u>	<u>\$ 163,966</u>

**E. Leases Payable**

The Task Force leases vehicles for an initial term of 12- to 24-months with options for renewal.

Leased asset payment requirements at December 31, 2022 were as follows:

<u>Year Ending December 31</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 163,966	\$ 3,816	\$ 167,782
2024	71,539	443	71,982
Total	<u>\$ 235,505</u>	<u>\$ 4,259</u>	<u>\$ 239,764</u>

**F. 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 90 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 2021 to 2022. 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, 2022. 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.

**NORTH METRO TASK FORCE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

**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, 2022 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.

**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.

On December 31, 2022, the amount required as emergency reserves, in compliance with the Amendment, totaled \$42,688 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-seven percent (67%) of the Task Force's 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.

**NORTH METRO TASK FORCE  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2022**

Additionally, certain administrative expenses are reimbursed to participating agencies as provided for in the IGA. For the year ended December 31, 2022, the amount of each agency's contribution and the amount due to each agency is shown in the table below:

Agency	Annual Contribution FY 2022	Due to Agency as of 12/31/22
Adams County	\$ 233,005	\$ 61,782
City of Brighton	88,615	430
City and County of Broomfield	150,282	16,371
City of Commerce City	128,598	12,904
City of Federal Heights	27,324	-
City of Northglenn	82,724	6,217
City of Thornton	301,566	4,433
City of Westminster	241,278	40,388
Contributions total	\$ 1,253,392	
Unrelated government payables		2,618
Due to other governments total		\$ 145,143

**NOTE 4 – LEGAL COMPLIANCE**

**A. Budget Compliance**

For the fiscal year ended December 31, 2022, actual expenditures exceeded budgeted expenditures by \$280,943. Pursuant to C.R.S. 29-1-103, as amended, this may be a violation of state statutes.



**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, 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 the major fund of the North Metro Task Force, as of and for the year ended December 31, 2022, 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 11, 2023.

***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.

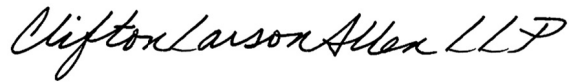
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not 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 11, 2023



## **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