NORTHWEST COLORADO COUNCIL OF GOVERNMENTS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2022

CPAs | CONSULTANTS | WEALTH ADVISORS

CLAconnect.com

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022

INDEPENDENT AUDITORS' REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	4
FINANCIAL STATEMENTS	
STATEMENT OF NET POSITION	12
STATEMENT OF ACTIVITIES	13
BALANCE SHEET – GOVERNMENTAL FUNDS	14
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	15
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	16
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	17
NOTES TO THE FINANCIAL STATEMENT	18
REQUIRED SUPPLEMENTARY INFORMATION	
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – GENERAL FUND	35
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – NORTHWEST LOAN FUND	38
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL – NWCCOG FOUNDATION FUND	40
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION	41

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
TABLE OF CONTENTS
YEAR ENDED DECEMBER 31, 2022

COMPLIANCE

SINGLE AUDIT

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*	42
INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	44
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	47
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS	48
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	49
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS	54

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Colorado Council of Governments
Silverthorne, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Northwest Colorado Council of Governments, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of Northwest Colorado Council of Governments, as of December 31, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, effective January 1, 2022, Northwest Colorado Council of Governments adopted new accounting guidance for leases. The guidance requires lessees to recognize a right-to-use lease asset and corresponding lease liability and lessors to recognize a lease receivable and corresponding deferred inflow of resources for all leases with lease terms greater than twelve months. Our opinion is not modified with respect to this matter.

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.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northwest Colorado Council of Governments' basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated July 5, 2023, on our consideration of Northwest Colorado Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Northwest Colorado Council of Governments' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Northwest Colorado Council of Governments' internal control over financial reporting and compliance.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
July 5, 2023

As management of the Northwest Colorado Council of Governments (the Council), Silverthorne, Colorado, we offer readers of the Council's basic financial statements this narrative overview and analysis of the financial activities of the Council for the fiscal year ended December 31, 2022.

Financial Highlights

- The assets of the Council exceeded its liabilities at the close of 2021 by $8,485,729. Of this total, $7,035,704, or 82.9%, is unrestricted and may be used to meet the Council's obligations to the public and creditors.
- The Council's total net position increased $2,966,423.
- The total cost of the Council's programs increased $1,050,143 or 12.0%, compared to 2021.
- Total revenues increased $3,650,698 or 39.9%, compared to 2021.
- The General Fund reported a fund balance of $2,353,115 as of December 31, 2022, an increase of $458,929. Approximately 107% of the General Fund balance is assigned.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

The *statement of net position* presents information on all of the Council's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Council is improving or deteriorating.

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

Analysis of Net Position

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

Table 1 presents an analysis of the Council's net position as of December 31, 2022. The Council's assets exceeded liabilities by $8,485,729 at the close of 2022. Total net position increased by $2,966,423 in 2022. The increase is comprised of the following:

- Total assets increased from $7,235,505 to $12,591,447.
- Total liabilities increased from $1,716,199 to $4,105,718.

Table 1
Northwest Colorado Council of Governments
Summary of Net Position

	Governmental Activities	
	2022	2021
Assets		
Current and Other Assets	$ 9,515,658	$ 6,414,673
Capital Assets	3,075,789	820,832
Total Assets	12,591,447	7,235,505
Liabilities		
Current Liabilities	2,852,334	1,215,028
Long-Term Liabilities	1,253,384	501,171
Total Liabilities	4,105,718	1,716,199
Net Position		
Net Investment in Capital Assets	1,406,166	360,138
Restricted	43,859	43,117
Unrestricted	7,035,704	5,116,051
Total Net Position	$ 8,485,729	$ 5,519,306

The largest portion of the Council's net position amounting to $7,035,704, or 82.9% is unrestricted and may be used to meet its obligations to the public and creditors.

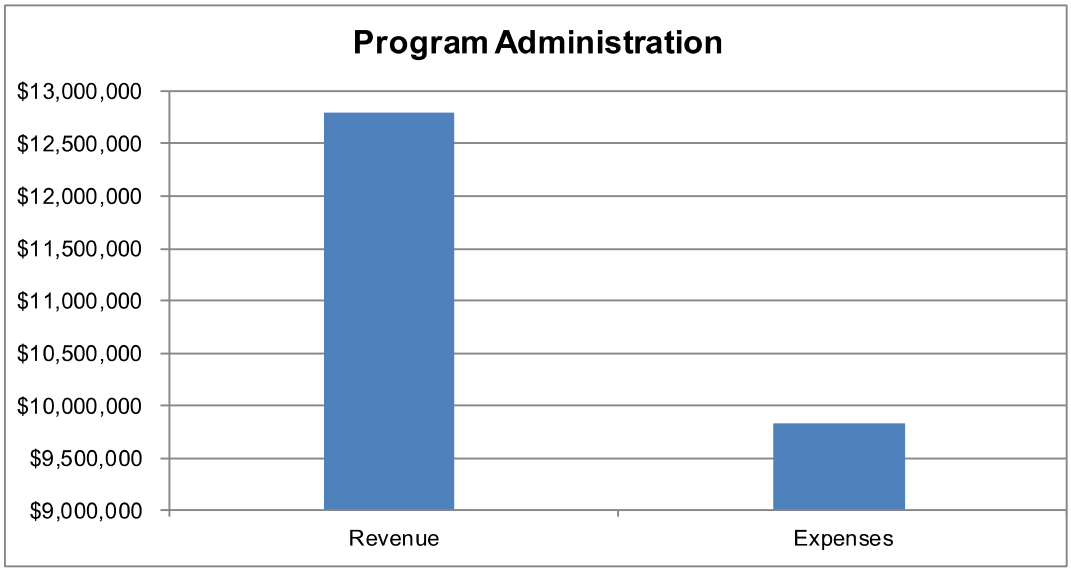
Analysis of Changes in Net Position

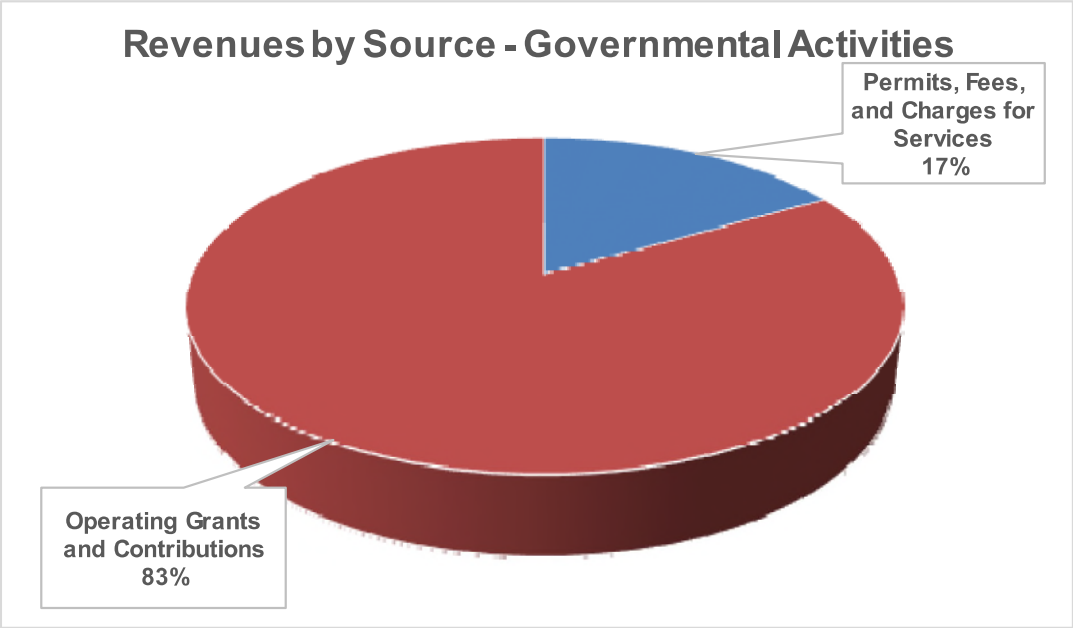
As presented in Table 2, the Council's overall net position increased $2,966,423 compared to an increase of $365,868 during 2021. Governmental revenues increased $3,650,698 or 39.9%, and governmental expenses increased $1,050,143, or 12.0% compared to 2021. The increase for revenues and expenses was primarily due to federal, state, and local grant funds received and expended, including federal Community Development Block Grant funding received by the Northwest Loan Fund in 2022 for loans issued to businesses within the region in which the Northwest Colorado Council of Government operates.

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

	Governmental Activities	
	2022	2021
Revenues		
Program Revenues		
Permits, Fees, and Charges for Services	$ 2,139,012	$ 1,980,776
Operating Grants and Contributions	10,660,891	7,168,429
Total Revenues	12,799,903	9,149,205
Expenses		
Program Expenses	9,833,480	8,783,337
Total Expenses	9,833,480	8,783,337
Change in Net Position	2,966,423	365,868
Net Position - Beginning of Year	5,519,306	5,153,438
Net Position - End of Year	$ 8,485,729	$ 5,519,306

The following graphs provide visual representations of the expenses and revenues for governmental activities for 2022.





Financial Analysis of the Council's Funds

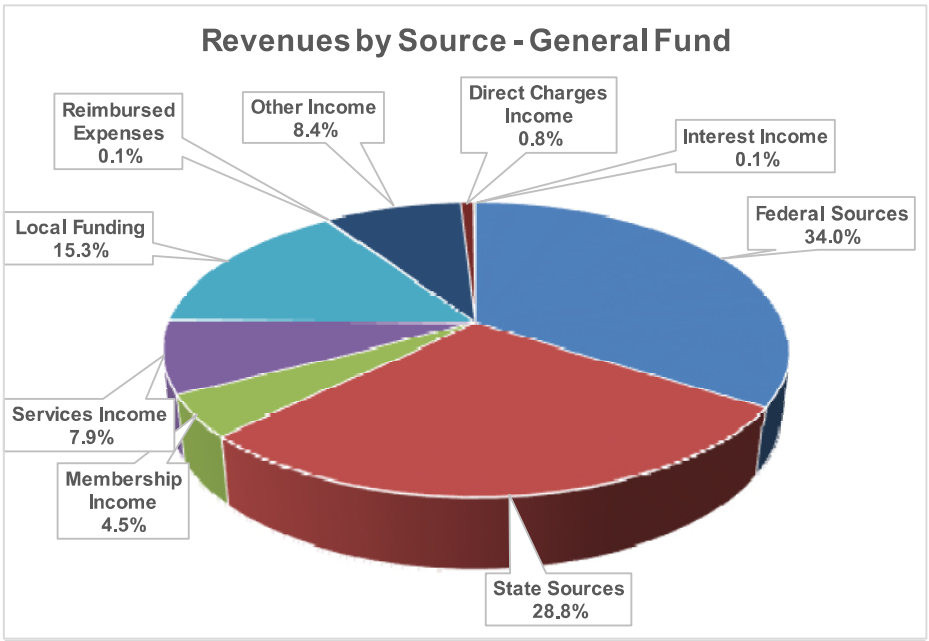
As noted earlier, the Council uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

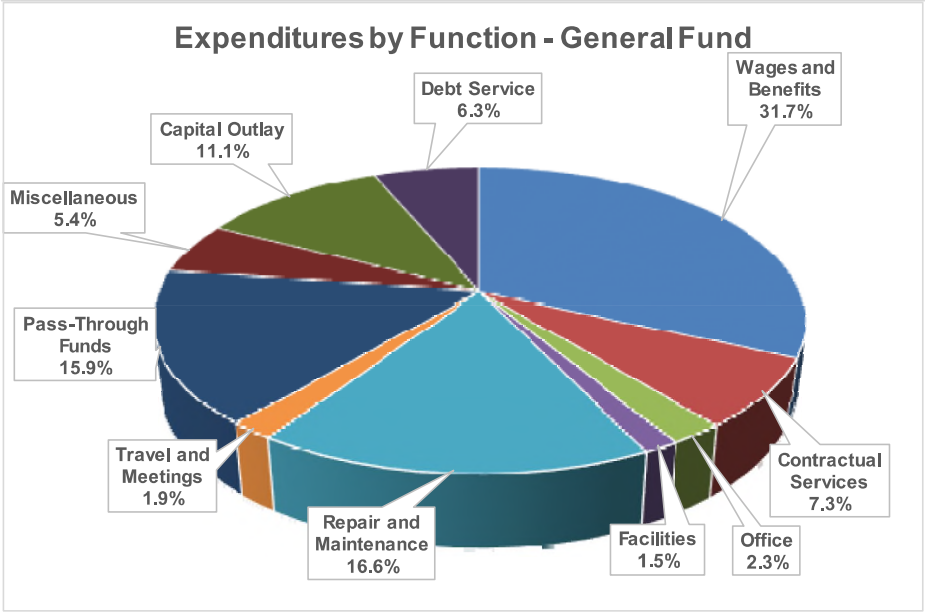
The focus of the Council's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. This information is necessary to assess the Council's financing requirements. Types of governmental funds reported by the Council include the General Fund,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

The General Fund is the primary operating fund of the Council. At December 31, 2022, the General Fund reported ending fund balances of $2,353,115, an increase of $458,929 compared to 2021.

As a measure of the General Fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Fund balance represents 19.3% of total General Fund expenditures compared to 20.6% in 2021.

The following graphs provide visual representations of the expenditures and revenues for the General Fund for 2022.





The Northwest Loan Fund ended the year with a fund balance of $4,638,681 compared to $3,459,314 at the end of 2021, an increase of $1,179,367 compared to $222,767 in 2021. This was primarily a result of federal grant funding for the administration of the loan program.

The Northwest Colorado Council of Governments Foundation fund ended the year with a fund balance of $22,056. During 2022, the Foundation recorded $62,694 in revenues. The fund expended $76,649 during the year.

General Fund Budgetary Highlights

Budgetary comparison schedules are presented as required supplementary information. Actual revenues were $11,533,354, $1,760,233 more than projected. Actual expenditures were $12,221,241, $2,513,547 more than budgeted.

Capital Assets and Debt Administration

Capital Assets

The Council's investment in capital assets as of December 31, 2022 amounts to $2,254,957 (net of accumulated depreciation and amortization). The increase from 2021 was a result of a building purchase and adoption of GASB No. 87, Leases, in 2022.

	2022*	2021
Construction-in-Progress	$ 283,308	$ -
Building	1,415,012	430,572
Building Improvements	96,270	61,271
Right-to-Use Lease Assets	34,950	-
Vehicles	254,043	284,697
Furniture and Equipment	46,996	44,292
	$ 2,130,579	$ 820,832

*The Council adopted the requirements of GASB Statement No. 87, Leases, effective January 1, 2022 and has applied the provisions of the standard to the beginning of the period of adoption. Additional information on capital assets can be found in the notes to the financial statements (Note 4).

Debt Administration

The Council had total long-term obligations as follows:

	2022*	2021
Building Note	$ 441,172	$ 479,429
CHFA Note	60,000	173,785
FirstBank Note	742,611	-
Leases Payable	485,840	-
Compensated Absences	156,068	109,758
	$ 1,885,691	$ 762,972

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

Economic Factors and Next Year's Budgets and Rates

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

Requests for Information

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

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
DECEMBER 31, 2022

ASSETS

Cash	$ 3,243,005
Cash - Restricted	528,000
Investments	100,395
Investments - Restricted	1,086,036
Accounts Receivable	855,042
Grants Receivable	592,714
Prepaid Items	151,798
Loans Receivable	2,958,668
Capital Assets:	
Capital Assets not Being Depreciated	283,308
Capital Assets, Net of Accumulated Depreciation and Amortization	2,792,481
Total Assets	12,591,447

LIABILITIES AND NET POSITION

LIABILITIES	
Accounts Payable	608,085
Accrued Salaries and Withholdings	182,437
Unearned Revenue	1,429,505
Noncurrent Liabilities:	
Due Within One Year	632,307
Due in More than One Year	1,253,384
Total Liabilities	4,105,718
NET POSITION	
Net Investment in Capital Assets	1,406,166
Restricted	43,859
Unrestricted	7,035,704
Total Net Position	$ 8,485,729

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Function/Program Activities	Expenses	Program Revenues: Fees and Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenues and Changes in Net Position: Total Governmental Activities
Governmental Activities:				
Regional Business	$ 423,130	$ 389,048	$ 21,130	$ (12,952)
Alpine Area Agency for Aging	1,808,598	-	1,942,812	134,214
Northwest Region Healthcare Coalition	203,234	-	231,808	28,574
Economic Development District	312,865	1,784	229,532	(81,549)
Elevator Inspection Program	1,203,770	1,568,466	-	364,696
Energy Management	3,160,910	-	3,867,748	706,838
Regional Coordinating Council	98,067	-	81,201	(16,866)
Watershed Services	40,800	-	42,900	2,100
Project Thor	1,069,152	-	2,033,500	964,348
Emergency Management	333,313	-	376,282	42,969
Water Quality/Quantity	257,441	179,714	50,719	(27,008)
Broadband	244,287	-	177,793	(66,494)
Northwest Loan Fund	249,620	-	1,542,772	1,293,152
NWCCOG Foundation, Inc.	76,649	-	62,694	(13,955)
Interest on Long Term Debt and Leases	61,846	-	-	(61,846)
Unallocated Depreciation and Amortization	289,798	-	-	(289,798)
Total Governmental Activities	$ 9,833,480	$ 2,139,012	$ 10,660,891	2,966,423

Change in Net Position	2,966,423
Net Position - Beginning of Year	5,519,306
Net Position - End of Year	$ 8,485,729

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2022

	General Fund	Northwest Loan Fund	NWCCOG Foundation	Total
ASSETS				
Cash	$ 1,441,560	$ 1,733,757	$ 67,688	$ 3,243,005
Cash - Restricted	528,000	-	-	528,000
Investments	100,395	-	-	100,395
Investments - Restricted	1,086,036	-	-	1,086,036
Accounts Receivable	855,042	-	-	855,042
Grants Receivable	592,714	-	-	592,714
Due from Other Funds	39,695	-	-	39,695
Prepaid Items	151,798	-	-	151,798
Loans Receivable, Net	-	2,958,668	-	2,958,668
Total Assets	$ 4,795,240	$ 4,692,425	$ 67,688	$ 9,555,353
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 561,690	$ 763	$ 45,632	$ 608,085
Due to Other Funds	-	39,695	-	39,695
Accrued Salaries and Withholdings	182,437	-	-	182,437
Unearned Revenue	1,416,219	13,286	-	1,429,505
Total Liabilities	2,160,346	53,744	45,632	2,259,722
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	281,779	-	-	281,779
Total Deferred Inflows of Resources	281,779	-	-	281,779
FUND BALANCES				
Nonspendable:				
Prepaid Items	151,798	-	-	151,798
Restricted:				
USDA Loan Reserve	43,859	-	-	43,859
Assigned:				
Alpine Area Agency for Aging	219,815	-	-	219,815
Elevator Inspection Program	1,272,096	-	-	1,272,096
Water Quality and Quantity Program	125,784	-	-	125,784
Weatherization	760,754	-	-	760,754
Office Condo	68,789	-	-	68,789
Motor Pool	69,166	-	-	69,166
Other Purposes	-	4,638,681	22,056	4,660,737
Unassigned	(358,946)	-	-	(358,946)
Total Fund Balances	2,353,115	4,638,681	22,056	7,013,852
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 4,795,240	$ 4,692,425	$ 67,688	$ 9,555,353

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
DECEMBER 31, 2022

Total Fund Balance for Governmental Funds	$ 7,013,852
Total net position reported for governmental activities in the Statement of Net Position is different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	3,075,789
Certain revenues not available to pay liabilities of the current period are deferred in the governmental funds:	
Unavailable Revenue	281,779
Long-term liabilities applicable to governmental activities are not due and payable in the current period and accordingly are not reported as fund liabilities. All liabilities, both current and long-term, are reported in the Statement of Net Position.	
Note Payable	(1,243,783)
Leases Payable	(485,840)
Compensated Absences	(156,068)
Net Position of Governmental Activities	$ 8,485,729

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2022

	General Fund	Northwest Loan Fund	NWCCOG Foundation	Total
REVENUES				
Federal Sources	$ 3,921,390	$ 1,241,212	$ -	$ 5,162,602
State Sources	3,326,158	-	-	3,326,158
Membership Income	522,445	-	-	522,445
Services Income	914,441	-	-	914,441
Local Funding	1,760,310	136,970	-	1,897,280
Reimbursed Expenses	14,411	-	1,265	15,676
Other Income	968,418	159,980	61,392	1,189,790
Direct Charges Income	92,183	-	-	92,183
Interest Income	13,598	4,610	37	18,245
Total Revenues	11,533,354	1,542,772	62,694	13,138,820
EXPENDITURES				
Current:				
Wages and Benefits	3,880,144	121,217	-	4,001,361
Contractual Services	887,512	4,936	-	892,448
Office	282,216	8,826	14,146	305,188
Facilities	180,299	4,091	-	184,390
Repair and Maintenance	2,025,571	989	-	2,026,560
Travel and Meetings	231,201	9,809	-	241,010
Pass-Through Funds	1,947,287	-	62,503	2,009,790
Miscellaneous	664,477	99,752	-	764,229
Capital Outlay	1,355,941	-	-	1,355,941
Debt Service:				
Principal	704,747	113,785	-	818,532
Interest	61,846	-	-	61,846
Total Expenditures	12,221,241	363,405	76,649	12,661,295
Other Financing Sources:				
Insurance Recovery	1,027	-	-	1,027
Leases	401,539	-	-	401,539
Loan Issuance	744,250	-	-	744,250
Total Other Financing Sources	1,146,816	-	-	1,146,816
Net Change in Fund Balances	458,929	1,179,367	(13,955)	1,624,341
Fund Balances - Beginning of Year	1,894,186	3,459,314	36,011	5,389,511
Fund Balances - End of Year	$ 2,353,115	$ 4,638,681	$ 22,056	$ 7,013,852

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

Net Change in Fund Balances - Governmental Funds	$ 1,624,341
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense.	
Expenditures for Capital Assets	1,776,868
Current Year Depreciation and Amortization	(289,798)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consume current financial resources of governmental funds. These transactions, however, have no effect on net position.	
Loan Issuance	(744,250)
Principal Payments on Note Payable	134,946
Leases	(401,539)
Principal Payments on Leases	683,586
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds	
Unavailable Revenue	183,460
Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.	
Adjustment to Compensated Absences Liability	(1,191)
Change in Net Position of Governmental Activities	$ 2,966,423

See accompanying Notes to Financial Statements.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

Blended Component Units

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Description of Government-wide Financial Statements

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

Basis of Presentation – Government-wide Financial Statements

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

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

Basis of Presentation – Fund Financial Statements

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

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

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

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

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

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

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

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

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

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

Adoption of New Accounting Standard

In June 2017, the GASB issued GASB Statement No. 87, *Leases* (GASB 87). This standard requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and as inflows of resources or outflows of resources recognized based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this standard, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Council adopted the requirements of the guidance effective January 1, 2022 and has applied the provisions of this standard to the beginning of the period of adoption.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Cash and Investments

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

Restricted Cash and Investments

In accordance with the Council's by-laws, cash is restricted in an amount equal to 10% of the current year's budgeted projected revenues plus the amount of accrued compensated absences at December 31, 2022. The reserve calculation does not include pass through funds received by the Council and passed through to other organizations or programs.

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

On June 7, 2022, the Council entered into an agreement with Eagle County, Colorado to support the expansion of the Beneficial Electrification for Eagle County Homes (BEECH) program. Through this agreement, Eagle County provided $528,000 upfront to the Council in 2022 to meet the target number of homes per the agreement by December 31, 2027. The balance of $528,000 is reflected in restricted cash and unearned revenue on the balance sheet as of December 31, 2022.

Receivables

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

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased. In the governmental funds, reported prepaid items are classified as nonspendable fund balance.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets

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

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

Building	40 years
Building Improvements	10 to 40 years
Right-to-Use Lease Buildings	Life of underlying lease
Right-to-Use Lease Fiber	Life of underlying lease
Right-to-Use Lease Vehicles	Life of underlying lease
Right-to-Use Lease Equipment	Life of underlying lease
Furniture, Fixtures, and Operating Equipment	3 to 20 years
Vehicles	7 to 15 years

Leases (Lessee)

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

At the commencement of a lease, the Council 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 right-to-use 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 right-to-use asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Lessee) (Continued)

The Council 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.

Right-to-use assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Unearned Revenue

Unearned revenues are reported in connection with resources that have been received but not yet earned.

Long-Term Obligations

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

Compensated Absences

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

Net Position and Fund Equity

Net Position

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

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

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

Unrestricted net position represents assets that do not have any third-party limitations on their use and are not invested in capital assets.

Sometimes the Council will fund outlays for a particular purpose from both restricted (e.g., restricted grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. When both restricted and unrestricted resources are available for use, it is the Council's policy to use restricted resources first, then unrestricted resources as they are needed.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Equity (Continued)

Fund Balances

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

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

Nonspendable – fund balances are reported as nonspendable when amounts cannot be spent because they are either (a) not in spendable form (i.e., items that are not expected to be converted to cash) or (b) legally or contractually required to be maintained intact.

Restricted – amounts constrained to specific purposes by their providers (such as grantors and higher levels of government), through constitutional provisions, or by enabling legislation.

Committed – amounts that can be used only for specific purposes determined by a formal action of the board of directors of the Council. The board of directors is the highest level of decision-making authority for the Council. Commitments may be established, modified or rescinded only through resolutions approved by the board of directors. The Council had no committed funds as of December 31, 2022.

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

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

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

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

- Committed
- Assigned
- Unassigned

Assisted Projects

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

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assisted Projects

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

Indirect Costs

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

Use of Estimates

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

NOTE 2 CASH AND INVESTMENTS

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

	Unrestricted	Restricted	Total
Cash	$ 3,243,005	$ 528,000	$ 3,771,005
Investments	100,395	1,086,036	1,186,431
Total	$ 3,343,400	$ 1,614,036	$ 4,957,436

Cash

Custodial Credit Risk – Cash:

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Cash (Continued)

Custodial Credit Risk – Cash (Continued):

The State Regulatory Commissions for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools. At December 31, 2022, Council's deposits were either insured by federal depository insurance or collateralized and consequently were not exposed to custodial credit risk.

Investments

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

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

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

At December 31 the Council had the following investments:

	Rating	Maturities	Fair Value
Local Government Investment Pools			
COLOTRUST	AAAm	< 60 Days	$ 669,789
CSAFE	AAAmmf	< 60 Days	516,642
Total			$ 1,186,431

Credit Risk

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

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Credit Risk (Continued)

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

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

Fair Value

As of December 31, 2022, the Council had invested $549,848 in the Colorado Local Government Liquid Asset Trust – PLUS and $119,941 in the Colorado Local Government Liquid Asset Trust – PRIME, which is an investment vehicle established for local government entities in Colorado to pool surplus funds. The Colorado State Securities Commissioner administers and enforces all State statutes governing COLOTRUST. COLOTRUST operates similarly to a money market fund and each share is equal in value to $1.00. As of December 31, 2022, the investments in COLOTRUST were valued at net asset value. There are no unfunded commitments, the redemption frequency is daily and there is no redemption notice period.

As of December 31, 2022, the Council had invested $516,642 in the Colorado Surplus Asset Fund Trust (CSAFE), an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing the trust. The trust operates similarly to a money market fund and each share is equal in value to $1.00. The trust is valued at amortized cost and based on the valuation method; additional disclosures are not required under GASB Statement No. 72.

NOTE 3 LOANS RECEIVABLE

Loans receivable in the Northwest Loan Fund consist of loans to qualified borrowers for creation and expansion of small businesses that are unable to obtain conventional funding. Interest rates are generally Prime plus 2%, with average terms of 60 months. To the extent possible, liens are filed on either the real or personal property to insure the loans are repaid. The total gross loan balance of $3,298,179has been reduced by $339,511 as an allowance for estimated uncollectible. The loans mature as follows:

Year Ending December 31,	Total
2022	$ 421,018
2023	119,858
2024	290,767
2025	428,915
2026	267,240
Thereafter	1,430,870
Total	$ 2,958,668

NOTE 4 CAPITAL ASSETS

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

	Beginning Balance, Restated (1)	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction-in-Progress	$ -	$ 283,308	$ -	$ 283,308
Total Capital Assets, Not Being Depreciated	-	283,308	-	283,308
Capital Assets Being Depreciated and Amortized:				
Building	$ 675,405	$1,014,000	$ -	$1,689,405
Building Improvements	94,998	40,000	-	134,998
Right-to-Use Lease Buildings	109,895	-	-	109,895
Right-to-Use Lease Fiber	558,009	351,970	-	909,979
Right-to-Use Lease Vehicles	93,996	69,569	-	163,565
Right-to-Use Lease Equipment	5,987	-	-	5,987
Vehicles	759,320	-	-	759,320
Furniture and Equipment	247,540	18,021	-	265,561
Total Capital Assets Being Depreciated and Amortized	2,545,150	1,493,560	-	4,038,710
Less Accumulated Depreciation and Amortization:				
Building	(244,833)	(29,560)	-	(274,393)
Building Improvements	(33,727)	(5,001)	-	(38,728)
Right-to-Use Lease Buildings	-	(74,945)	-	(74,945)
Right-to-Use Lease Fiber	-	(78,550)	-	(78,550)
Right-to-Use Lease Vehicles	-	(53,957)	-	(53,957)
Right-to-Use Lease Equipment	-	(1,814)	-	(1,814)
Vehicles	(474,623)	(30,654)	-	(505,277)
Furniture and Equipment	(203,248)	(15,317)	-	(218,565)
Total Accumulated Depreciation and Amortization	(956,431)	(289,798)	-	(1,246,229)
Total Capital Assets, Being Depreciated and Amortized, Net	1,588,719	1,203,762	-	2,792,481
Total Governmental Activities Capital Assets	$1,588,719	$1,487,070	$ -	$3,075,789

(1) As a result of implementation of GASB 87, Leases, $767,887 in right-to-use lease assets has been added to the beginning balance presented in table above. As these leases are offset by an equal amount of lease liabilities, the Council does not report a restatement of beginning net position for the implementation of GASB 87.

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

NOTE 5 LONG-TERM OBLIGATIONS

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

	Beginning Balance, Restated (1)	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowing:					
United States Department of Agriculture (USDA) Note	$ 460,694	$ -	$ (19,522)	$ 441,172	$ 20,343
Colorado Housing and Finance Authority (CHFA) Note	173,785	-	(113,785)	60,000	-
FirstBank Promissory Note	-	744,250	(1,639)	742,611	13,998
Total Direct Borrowing	634,479	744,250	(134,946)	1,243,783	34,341
Leases Payable	767,887	401,539	(683,586)	485,840	441,898
Compensated Absences	154,877	1,191	-	156,068	156,068
Total	$1,557,243	$1,146,980	$ (818,532)	$1,885,691	$ 632,307

(1) As a result of implementation of GASB 87, Leases, $767,887 in lease payables has been added to the beginning balance presented in table above. As these leases are offset by an equal amount of right-to-use lease assets, the Council does not report a restatement of beginning net position for the implementation of GASB 87.

Note from Direct Borrowing

USDA Note

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

The note requires the Council to maintain a facility reserve account by setting aside $336 per month until the account accumulates the reserve requirement of $40,309. The funds may be used, with prior approval from the USDA, for repairing or replacing any damage caused by a catastrophe or if making extensions or improvements to the facility. At December 31, 2022, the Council has restricted $43,859 of its investments towards this purpose. There are no unused lines of credit. In the event of default, the Council shall have the right to take any action permitted or required pursuant to the Note Agreement and to take whatever other action at law or in equity to collect amounts then due and thereafter become due.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Note from Direct Borrowing (Continued)

USDA Note (Continued)

The note matures as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 20,343	$ 17,817	$ 38,160
2024	21,198	16,962	38,160
2025	22,090	16,070	38,160
2026	23,018	15,142	38,160
2027	23,986	14,174	38,160
2028-2032	135,930	54,870	190,800
2033-2037	167,007	23,793	190,800
2038	27,600	440	28,040
Total	$ 441,172	$ 159,268	$ 600,440

CHFA Note

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

FirstBank Note

On November 9, 2022, the Council entered into a note with FirstBank in the original amount of $744,250 for acquiring building space for operations of the Council. The note is payable over 25 years in monthly installments of $4,644 starting December 5, 2022 through November 5, 2047, including interest at 5.59%. There are no unused lines of credit. In the event of default, the Council shall have the right to take any action permitted or required pursuant to the note agreement and to take whatever other action at law or in equity to collect amounts then due and thereafter become due.

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

Note from Direct Borrowing (Continued)

FirstBank Note (Continued)

The note matures as follows:

Year Ending December 31,	Principal	Interest	Total
2023	$ 13,998	$ 41,726	$ 55,724
2024	14,694	41,030	55,724
2025	15,667	40,057	55,724
2026	16,578	39,146	55,724
2027	17,542	38,182	55,724
2028-2032	104,031	174,591	278,622
2033-2037	138,167	140,455	278,622
2038-2042	183,328	95,294	278,622
2043-2047	238,606	35,368	273,974
Total	$ 742,611	$ 645,849	$ 1,388,460

Leases Payable

The Entity leases vehicles, fiber strands, as well as certain operating and office facilities for various terms under long-term, noncancelable lease agreements. The leases expire at various dates through 2032.

On July 1, 2019, the Council entered into a lease arrangement for dark fiber with a 10.5-year term expiring on December 31, 2028. The Council used its incremental borrowing rate of 5.5% to calculate the present value of the right-to-use lease asset and lease liability. The lease agreement may be renewed for another 10 years upon written agreement of both parties at the lease rate current at the time that the lease agreement is renewed. In November 2022, the Council exercised its option to pay for the lease through December 31, 2028. Accordingly, there is no future minimum lease payment included in the table below for this agreement.

In October 2022, the Council entered into a lease arrangement for dark fiber with a 10-year term expiring on October 31, 2032. The Council used its incremental borrowing rate of 5.5% to calculate the present value of the right-to-use lease asset and lease liability. The Council paid for this arrangement in full in January 2023.

Total future minimum lease payments under lease agreements are as follows:

	Governmental Activities		
Year Ending December 31,	Principal	Interest	Total
2023	$ 441,898	$ 9,441	$ 451,339
2024	26,344	1,628	27,972
2025	14,189	651	14,840
2026	3,409	48	3,457
Total Minimum Lease Payments	$ 485,840	$ 11,768	$ 497,608

Other General Obligations

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

NOTE 7 RETIREMENT PLAN

The Council is a member of the Colorado County Officials and Employees Retirement Association Plan (CCOERA), (the Retirement Plan), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Retirement Plan plus investment earnings. Members of the Retirement Plan are required to participate in the Retirement Plan upon commencement of employment. Required employee contributions to the Retirement Plan vary from a minimum of 3.75% to a maximum of 10%. The Council is required to match employee contributions up to a maximum of 6%. All contributions vest immediately as there is no vesting period and the Plan has no forfeiture rules. Benefit terms are set by the Council and once an employee selects a contribution percentage, the employee may not make changes to the percentage for the duration of their employment. During 2022, the Council's contribution and employee contributions to the Plan were $181,443 and $181,443, respectively. The Council has recognized pension expense of $181,443 and has no outstanding pension liability as of December 31, 2022.

NOTE 8 DEFERRED COMPENSATION PLAN

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

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

NOTE 9 PARTICIPATING MEMBER DUES

Participating member dues in the amount of $522,445 were received by the Council during the year ended December 31. The following represents the source of funds received:

General Operations	$	345,312
Water Quality and Quantity		177,133
Total	$	522,445

NOTE 10 COMMITMENTS AND CONTINGENCIES

Grant Programs

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

NOTE 11 RISK MANAGEMENT

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

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

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

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

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

NOTE 12 STATE COMPLIANCE

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

NOTE 13 COMPLIANCE

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

	Original Budget	Final Budget	Actual	Unfavorable Variance
Total Expenditures				
General Fund	$ 9,105,722	$ 9,707,694	$ 12,221,241	$ (2,513,547)
Northwest Loan Fund	199,641	260,261	363,405	(103,144)
Foundation Fund	19,500	33,121	76,649	(43,528)

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Federal Sources:				
Federal Contract Revenue	$ 3,031,711	$ 2,970,834	$ 3,921,390	$ 950,556
State Sources:				
State Contract Revenue	2,196,024	2,218,798	3,326,158	1,107,360
Membership Income:				
County Pledges	333,294	326,535	326,535	-
Municipal Pledges	188,760	542,478	162,089	(380,389)
Associate Member Pledges	4,667	4,370	24,371	20,001
Water and Sanitation Income	12,298	11,581	9,450	(2,131)
Total Membership Income	539,019	884,964	522,445	(362,519)
Services Income:				
Inspection Fees	615,000	550,000	336,979	(213,021)
Specialized Services	28,450	28,800	29,888	1,088
Other Service Income	211,000	362,432	343,444	(18,988)
Permit Review Fees	150,000	170,775	204,130	33,355
Total Services Income	1,004,450	1,112,007	914,441	(197,566)
Local Funding:				
Local Funding	1,185,547	1,226,871	1,581,301	354,430
Matching Funds	-	-	-	-
Local Funding - NWCCOG Matching	179,013	179,013	179,009	(4)
Total Local Funding	1,364,560	1,405,884	1,760,310	354,426
Reimbursed Expenses:				
Reimbursed Fees/Expenses	-	23,085	14,411	(8,674)
Other Income:				
Internal Indirect Revenue	419,557	450,353	458,262	7,909
Other Income	225,000	605,458	510,156	(95,302)
Total Other Income	644,557	1,055,811	968,418	(87,393)
Direct Charges Income	92,183	96,826	92,183	(4,643)
Interest Income	-	4,912	13,598	8,686
Total Revenues	8,872,504	9,773,121	11,533,354	1,760,233

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current:				
Wages and Benefits:				
Salaries - Executive Director	$ 170,000	$ 140,543	$ 146,127	$ (5,584)
Salaries - Program Director	500,262	500,262	493,883	6,379
Salaries - Assistant Director	81,201	81,201	-	81,201
Salaries - Program Staff	1,573,271	1,739,156	1,884,965	(145,809)
Salaries - Support	483,043	472,152	416,403	55,749
Taxes and Benefits	940,825	963,067	937,604	25,463
Background Check	1,500	168	142	26
Flex Administration Fee	-	595	1,020	(425)
Total Wages and Benefits	3,750,102	3,897,144	3,880,144	17,000
Contractual Services:				
Contract Staff	263,375	400,683	420,175	(19,492)
Contract - Fiscal	9,332	11,045	7,940	3,105
Legal Expense	1,860	1,843	4,819	(2,976)
Auditing	30,000	42,000	34,705	7,295
Contract Services	347,559	201,019	419,873	(218,854)
Total Contractual	652,126	656,590	887,512	(230,922)
Office:				
Office Supplies	41,119	70,173	75,361	(5,188)
Bank Charges	650	1,070	1,416	(346)
Credit Card Fees	396	396	-	396
Postage	4,650	2,656	4,288	(1,632)
Printing	1,950	5,109	6,642	(1,533)
Advertising	20,403	8,713	20,076	(11,363)
Internet	64,470	97,537	116,992	(19,455)
Dues and Subscription	31,230	34,107	50,434	(16,327)
Safety	-	-	7,007	(7,007)
Total Office	164,868	219,761	282,216	(62,455)
Facilities:				
Rent and Utilities	167,040	149,243	104,337	44,906
Telephone	35,556	27,708	32,078	(4,370)
Insurance	25,038	37,829	38,344	(515)
Waste Removal	6,500	6,500	5,540	960
Total Facilities	234,134	221,280	180,299	40,981
Repair and Maintenance:				
Equipment Maintenance and Repairs	30,771	38,987	22,301	16,686
Vehicle Repair and Maintenance	30,706	41,081	45,715	(4,634)
Gas, Oil, and Supplies	58,579	84,811	89,961	(5,150)
Equipment Lease	78,409	88,569	98,614	(10,045)
Tools and Equipment	80,813	246,418	355,562	(109,144)
Broadband:7510 -+ Monthly Recurring Cost	1,004,737	1,018,196	1,355,873	(337,677)
Broadband:7550 -+ Network Operations Equipment	140,895	111,024	57,545	53,479
Total Repair and Maintenance	1,424,910	1,629,086	2,025,571	(396,485)

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (Continued):				
Travel and Meetings:				
Meeting Expense	$ -	$ 3,380	$ 7,832	$ (4,452)
Travel and Meetings	134,146	112,768	194,724	(81,956)
Training and Technical Assistance	37,045	22,497	28,645	(6,148)
Total Travel and Meetings	171,191	138,645	231,201	(92,556)
Pass-through Funds:				
Pass-through Funds - Subcontracts	1,294,939	1,567,726	1,296,634	271,092
Pass-through Funds - Materials	688,831	524,400	650,653	(126,253)
Total Pass-Through Funds	1,983,770	2,092,126	1,947,287	144,839
Miscellaneous:				
Bad Debts - Written Off	4,000	1,600	2,601	(1,001)
Program Expense	9,500	7,080	17,996	(10,916)
Program Supplies	8,000	-	1,834	(1,834)
Licenses and Permits	6,572	4,697	11,804	(7,107)
Reconciliation Discrepancies	-	-	-	-
Purchased Food	3,000	603	727	(124)
Permit Fees Rebate	-	24,000	1,062	22,938
Awards	3,000	109	109	-
Indirect Costs Applied	411,372	425,838	441,428	(15,590)
Local Match Cost	182,017	182,017	179,009	3,008
Loan Fees	-	-	7,907	(7,907)
Total Miscellaneous	627,461	645,944	664,477	(18,533)
Capital Outlay	59,000	164,314	1,355,941	(1,191,627)
Debt Service:				
Principal	17,980	21,161	704,747	(683,586)
Interest	20,180	21,643	61,846	(40,203)
Total Expenditures	9,105,722	9,707,694	12,221,241	(2,513,547)
Other Financing Sources				
Insurance Recovery	-	-	1,027	1,027
Leases	-	-	401,539	401,539
Loan Issuance	-	-	744,250	744,250
Total Other Financing Sources	-	-	1,146,816	1,146,816
Net Change in Fund Balance	(233,218)	65,427	458,929	5,420,596
Fund Balance - Beginning of Year	1,894,186	1,894,186	1,894,186	-
Fund Balance - End of Year	$ 1,660,968	$ 1,959,613	$ 2,353,115	$ 5,420,596

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NORTHWEST LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Federal Sources:				
Federal Contract Revenue	$ 1,315,000	$ 1,069,000	$ 1,055,612	$ (13,388)
Administration	80,000	187,100	185,600	(1,500)
Local Funding:				
Local Funding	-	133,504	136,970	3,466
Other Income:				
Loan Interest	65,000	125,800	158,516	32,716
Interest Income	2,000	-	4,610	4,610
Miscellaneous	-	-	1,464	1,464
Total Revenues	1,462,000	1,515,404	1,542,772	27,368
EXPENDITURES				
Current:				
Wages and Benefits:				
Salaries - Program Director	90,104	101,000	101,000	-
Office Wages	31,925	-	-	-
Taxes and Benefits	27,726	20,286	20,217	69
Total Wages and Benefits	149,755	121,286	121,217	69
Contractual Services:				
Contract Staff	-	4,000	2,331	1,669
Contract - Fiscal	2,000	930	930	-
Contract Services	-	9,300	1,675	7,625
Total Contractual	2,000	14,230	4,936	9,294
Office:				
Office Supplies	1,500	500	1,342	(842)
Program Expense	6,000	5,000	1,359	3,641
Bank Charges	25	120	167	(47)
Postage	200	270	374	(104)
Advertising	1,200	-	1,744	(1,744)
Dues and Subscription	4,500	5,193	3,840	1,353
Total Office	13,425	11,083	8,826	2,257
Facilities:				
Rent and Utilities	2,857	2,857	2,857	-
Telephone	1,250	1,250	1,234	16
Total Facilities	4,107	4,107	4,091	16

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NORTHWEST LOAN FUND (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (Continued):				
Repair and Maintenance:				
Gas, Oil, and Supplies	$ -	$ 500	$ 989	$ (989)
Total Repairs and Maintenance	-	500	989	(989)
Travel and Meetings:				
Travel and Meetings	12,000	12,700	9,809	2,891
Total Travel and Meetings	12,000	12,700	9,809	2,891
Miscellaneous:				
Bad Debts	-	82,839	84,602	(1,763)
Licenses and Permits	50	-	-	-
Indirect Costs Applied	18,304	13,516	15,150	(1,634)
Total Miscellaneous	18,354	96,355	99,752	(3,397)
Debt Service:				
Principal	-	-	113,785	(113,785)
Total Expenditures	199,641	260,261	363,405	(103,644)
Net Change in Fund Balance	1,262,359	1,255,143	1,179,367	(82,992)
Fund Balance - Beginning of Year	3,459,314	3,459,314	3,459,314	-
Fund Balance - End of Year	$ 4,721,673	$ 4,714,457	$ 4,638,681	$ (82,992)

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NWCCOG FOUNDATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Reimbursed Fees/Expenses	$ 1,000	$ 1,000	$ 1,265	$ 265
Contributions	3,500	17,314	61,264	43,950
Interest Income	-	-	37	37
Other Income	-	-	128	128
Total Revenues	4,500	18,314	62,694	44,380
EXPENDITURES				
Current:				
Bank Charges	-	-	120	(120)
Fundraising	-	-	26	(26)
Pass-Through Funds	5,500	19,121	62,503	(43,382)
Program Admin Charge	14,000	14,000	14,000	-
Total Expenditures	19,500	33,121	76,649	(43,528)
Net Change in Fund Balance	(15,000)	(14,807)	(13,955)	852
Fund Balance - Beginning of Year	36,011	36,011	36,011	-
Fund Balance - End of Year	$ 21,011	$ 21,204	$ 22,056	$ 852

NOTE 1 BUDGET AND BUDGETARY ACCOUNTING

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

A. Budgets are required by state law for all governmental funds.

B. Between October 1 and October 15, the proposed budget is submitted to the NWCCOG Council for the fiscal year commencing the following January 1.

C. Prior to December 31, the budget is adopted and appropriations are authorized by resolution at the fund level for all funds.

D. Budgets are adopted on a basis consistent with the accounting basis of all funds. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues and expenditures are budgeted by program and in total by each fund. The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Within the fund level control basis, management may transfer appropriations without board of director approval. Budget revisions are presented to the Council for action at the July and December NWCCOG Council meetings.

E. Budget amounts included in the budgetary comparison schedules are based on the final legally amended budget.

F. Appropriations lapse at year-end.

G. During the year ended December 31, 2022, the NWCCOG Council adopted supplemental appropriations.

	Original Budget	Revisions	Final Budget
General Fund	$ 9,105,722	$ 601,972	$ 9,707,694
Northwest Loan Fund	199,641	60,620	260,261
NWCCOG Foundation Fund	19,500	13,621	33,121

CliftonLarsonAllen LLP
CLAconnect.com

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Directors
Northwest Colorado Council of Governments
Silverthorne, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of the Northwest Colorado Council of Governments, as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Northwest Colorado Council of Governments' basic financial statements, and have issued our report thereon dated July 5, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-001 that we consider to be a significant deficiency.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

Report on Compliance and Other Matters

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

Northwest Colorado Council of Governments' Response to Findings

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
July 5, 2023

CliftonLarsonAllen LLP
CLAconnect.com

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

Board of Directors
Northwest Colorado Council of Governments
Silverthorne, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Northwest Colorado Council of Governments' compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on Northwest Colorado Council of Governments' major federal programs for the year ended December 31, 2022. Northwest Colorado Council of Governments' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Northwest Colorado Council of Governments complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2022.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative* Requirements, *Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Northwest Colorado Council of Governments and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Northwest Colorado Council of Governments' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Northwest Colorado Council of Governments' federal programs.

CLA (CliftonLarsonAllen LLP) is an independent network member of CLA Global. See CLAglobal.com/disclaimer.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Northwest Colorado Council of Governments' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Northwest Colorado Council of Governments' compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Northwest Colorado Council of Governments' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Northwest Colorado Council of Governments' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Northwest Colorado Council of Governments' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003, and 2022-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as items 2022-002, 2022-003 and 2022-004, to be significant deficiencies.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Greenwood Village, Colorado
July 5, 2023

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2022

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
Department of Agriculture				
Rural Business Development Grant	10.351		$ -	$ 8,472
Total Department of Agriculture			-	8,472
Department of Commerce				
Economic Development Support for Planning Organizations	11.302		-	70,000
Economic Development Cluster				
Economic Adjustment Assistance	11.307		-	174,050
Total Economic Development Cluster			-	174,050
Total Department of Commerce Direct Programs			-	244,050
Department of Housing and Urban Development				
Colorado Department of Local Affairs				
Community Development Block Grants	14.228	F16CDB16602	-	1,758,228
Total Department of Housing and Urban Development			-	1,758,228
Department of Transportation				
Colorado Department of Transportation				
Transit Services Programs Cluster				
Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513	None provided	-	76,800
Total Transit Services Programs Cluster			-	76,800
Total for Department of Transportation			-	76,800
Department of Energy				
Colorado Department of Local Affairs				
Weatherization Assistance for Low Income Persons	81.042	None provided	-	2,117,684
Total Department of Energy			-	2,117,684
Department of Health and Human Services				
Colorado Department of Human Services				
Special Program for the Aging				
Title III, Part D Disease Prevention and Health Promotion	93.043	None provided	-	3,755
Title VII, Chapter 2, Long Term Care Ombudsman Services	93.042	None provided	-	28
Aging Cluster				
Title III, Admin.	93.044	None provided	-	65,016
Title III, Part B Grants for Supportive Services	93.044	None provided	224,292	305,651
COVID-19 - ARPA, Title III, Part B Grants for Supportive Services	93.044	None provided	33,331	34,469
COVID-19 - ARPA, Title III, Admin	93.044	None provided	-	40,171
COVID-19 - ARPA, Title III, Public Health	93.044	None provided	-	2,161
COVID-19 - Title III, Colorado Vaccine Act	93.044	None provided	-	17,763
	93.044	Subtotal	257,623	465,231
Title III, NSIP C-1	93.045	None provided	22,438	22,438
Title III, Part C-1	93.045	None provided	277,907	295,588
Title III, Part C-2	93.045	None provided	166,439	172,032
	93.045	Subtotal	466,784	490,058
Total Aging Cluster			724,407	955,289
Title III, Part E - National Family Caregiver Support	93.052	None provided	-	40,790
Total Department of Health and Human Services			724,407	999,862
Colorado Department of Public Health and Environment				
National Bioterrorism Hospital Preparedness Program	93.889	None provided	-	190,080
COVID-19 - National Bioterrorism Hospital Preparedness Program	93.889	None provided	-	12,790
Total Department of Public Health and Environment			-	202,870
Agency for International Development				
Cooperative Development Program	94.002		-	16,178
Total Agency for International Development			-	16,178
Department of Homeland Security				
Homeland Security Grant Program	97.067		-	333,270
Total Department of Homeland Security			-	333,270
Total Expenditures of Federal Awards			$ 724,407	$ 5,757,414

See accompanying Notes to Schedule of Expenditures of Federal Awards.

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Northwest Colorado Council of Governments under programs of the federal government for the year ended December 31, 2022. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Northwest Colorado Council of Governments, it is not intended to and does not present the financial position or changes in net position of the Northwest Colorado Council of Governments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NOTE 3 PRIOR YEAR EXPENSES INCLUDED AS 2022 SEFA EXPENDITURES

Reported on the SEFA for the year ended December 31, 2022 is $725,714 of federal expenditures which were omitted from the SEFA for the year ended December 31, 2021, in aggregate for the Community Development Block Grant program with the identified assistance listing number 14.228.

.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2022

Section I – Summary of Auditors' Results

Financial Statements

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

Federal Awards

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

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
14.228	Community Development Block Grants
93.AGING	Aging Cluster

Dollar threshold used to distinguish between Type A and Type B programs: $___750,000____

Auditee qualified as low-risk auditee? _____ yes ____x____ no

Section II – Financial Statement Findings

2022-001

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

Condition: Northwest Colorado Council of Governments (the Council) improperly recognized revenue for one payment received under an intergovernmental agreement with Eagle County.

Criteria or Specific Requirement: Governments should recognize revenues from intergovernmental transactions when all eligibility requirements have been met (GASBS No. 33, paragraph 21). Resources received before all eligibility requirements have been met should be reported as assets and offset by unearned revenue.

Context: During the fiscal year ended December 31, 2022, the Council entered into an agreement with Eagle County for Energy Services for Eagle County Residents. The agreement supports the expansion of the Beneficial Electrification for Eagle County Homes (BEECH) program. Under the agreement, the Council received a supplemental payment of $100,000 in 2022 to be used by the Council for completion of a full range of BEECH improvements for the BEECH units. As of December 31, 2022, no BEECH units were complete.

Effect: Liabilities were understated, and revenues were overstated by $100,000 for the General Fund as of and for the year ended December 31, 2022.

Cause: The Council invoiced Eagle County for $100,000 in 2022 for adding beneficial electrification and building shell installs to five homes in Eagle County, which matched the supplemental payment amount noted within the compensation section of the agreement. However, the eligibility requirements for revenue recognition were not met as of December 31, 2022 because the BEECH units were not complete.

Repeat Finding: No

Recommendation: We recommend the Council develop an internal control over intergovernmental revenue to ensure revenue is properly recognized based on eligibility requirements as stipulated in the agreement.

Views of Responsible Officials and Planned Corrective Actions: The Council's fiscal manager will work with executive director and program directors to improve internal controls surrounding revenue recognition. This will be accomplished through improvements to existing procedures, such as more detailed contract reviews by program directors and the fiscal manager. The fiscal office will also impose more stringent recordkeeping requirements for receipt and recognition of revenue.

Section III – Findings and Questioned Costs – Major Federal Programs

2022-002

Federal Agency: Department of Housing and Urban Development

Federal Program Title: Community Development Block Grants

Assistance Listing Number: 14.228

Federal Award Identification Number and Year: B-22-DC-08-0001 - 2022

Pass-Through Agency: Colorado Department of Local Affairs

Pass-Through Number: F16CDB16602

Award Period: April 1, 2020 – March 31, 2024

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

Criteria or Specific Requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires compliance with the provisions of reporting. The Council should have internal controls designed to ensure compliance with those provisions.

Condition: The Council did not prepare performance reports in 2022.

Questioned Costs: None

Context: In testing the Community Development Block Grants (CDBG) program, the online portal for submitting reimbursement requests and reports has not been working since August 2022. However, the required performance reports were not being prepared by program personnel in the meantime.

Cause: Performance reports were not being prepared because the portal was not functioning.

Effect: The lack of preparation of performance reports provides an opportunity for noncompliance.

Repeat Finding: No

Recommendation: We recommend preparing the required reports under the CDBG program to be ready for uploading to the portal once it is accessible to ensure reporting requirements are met.

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

Section III – Findings and Questioned Costs – Major Federal Programs

2022-003

Federal Agency: Department of Housing and Urban Development

Federal Program Title: Community Development Block Grants

Assistance Listing Number: 14.228

Federal Award Identification Number and Year: B-21-DC-08-0001 - 2021

Pass-Through Agency: Colorado Department of Local Affairs

Pass-Through Number: F16CDB16602

Award Period: April 1, 2020 – March 31, 2024

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

Criteria or Specific Requirement: In accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards (Uniform Guidance), the Council should report all federal expenditures in the schedule of expenditures of federal awards (SEFA) each fiscal year. Additionally, per 2 CFR section 200.502(a)-(d), the determination of when a federal award is expended must be based on when the activity related to the federal award occurs, including the value of new loans made during the audit period.

Condition: In reviewing the expenditure detail and supporting documentation for the 2022 SEFA, the Council had omitted approximately $726,000 of federal expenditures from the 2021 SEFA that were expended as part of the loan program in 2021. These loans were included in the SEFA for 2022 and audited as a major program for 2022.

Questioned Costs: Unknown

Context: The omission of expenditures from the 2021 SEFA was identified during testing of the current year major program. The seven omitted loans from 2021 were include in the 2022 loan activity for testing.

Cause: In 2022, requests for reimbursement were submitted for certain loans distributed in 2021 that were not reflected on the 2021 SEFA.

Effect: Excluding program expenditures from the SEFA results in the Council being out of compliance with the requirements of individual grant agreements and the Uniform Grant Guidance.

Repeat Finding: No

Recommendation: We recommend that the Council record federal expenditures on the SEFA under the program in the year upon which the loan disbursement occurs.

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

Section III – Findings and Questioned Costs – Major Federal Programs (Continued)

2022-004

Federal Agency: Department of Health and Human Services

Federal Program Title: Aging Cluster

Assistance Listing Number: 93.AGING

Federal Award Identification Number and Year: 2101COSSC6-00 - 2021

Pass-Through Agency: Colorado Department of Human Services

Pass-Through Number: None provided

Award Period: February 1, 2021 – September 30, 2023

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

Criteria or Specific Requirement: 2 CFR Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* requires charges to federal awards for salaries and wages be based on records that accurately reflect the work performed. These records must be supported by a system of internal controls which provides reasonable assurance that the charges are accurate, allowable, and properly allocated.

Condition: One hourly employee's wages was underpaid and were not charged to the grant when compared to the hours per the approved timesheet.

Questioned Costs: None

Context: For one payroll transaction of five tested, the hourly employee's gross wages were underpaid and undercharged to the grant by $128 based on four hours that were improperly omitted from final payroll.

Cause: Entering payroll into QuickBooks using the approved timesheet for hourly employees is a manual process. For this individual, the timesheet reported 84 hours of regular pay and four hours of paid staff leave. Four regular pay hours were improperly omitted from the hours paid as these were misinterpreted to be the four hours of paid hourly staff leave.

Effect: For the June 30, 2022 pay period, the employee was underpaid, and the grant was undercharged a total of $128.

Repeat Finding: The finding is a repeat of a finding in the immediately prior year. Prior year finding number was 2021-002.

Recommendation: We recommend the Council review its payroll procedures over hourly employees to ensure all hours are properly accounted for by pay code in the final payroll.

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

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
YEAR ENDED DECEMBER 31, 2022

Northwest Colorado Council of Governments respectfully submits the following summary schedule of prior audit findings for the year ended December 31, 2022.

Audit period: December 31, 2022

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

FINDINGS—FINANCIAL STATEMENT AUDIT

2021-001

Condition: During fiscal year 2021, Northwest Colorado Council of Governments (the Council) improperly recorded its promissory loan agreement with Colorado Housing and Finance Authority (CHFA) in the Northwest Loan Fund (NLF) financial statements.

Status: Corrected. Management reviewed its internal policies and procedures for record keeping of supporting documentation, particularly for significant and nonroutine transactions, to ensure activity is properly reflected in the fund financial statements.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

2021-002

Condition: This finding was a significant deficiency in internal control over compliance stating one payroll expenditure was not supported by the employee's approved rate of pay and hours charged to the grant.

Status: See current year finding 2022-004.

Reason for finding's recurrence: In 2022, in testing another major program, a payroll exception was noted for omitting four hours of pay from one payroll transaction.

Corrective Action: The fiscal staff will review timesheets and search for possible improvements to the existing templates. Fiscal staff will verify that this procedure is being done.

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

Global
INDEPENDENT
NETWORK MEMBER

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