NORTHWEST COLORADO COUNCIL OF GOVERNMENTS

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

YEAR ENDED DECEMBER 31, 2025



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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 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, 2025, and the related notes to the financial statements, which collectively comprise the Northwest Colorado Council of Governments' basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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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 June 1, 2026, 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

Denver, Colorado
June 1, 2026

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, 2025.

Financial Highlights

- The Council's total net position at the close of 2025 was $16,276,736. Of this total, $12,191,874, or 74.9%, is unrestricted and may be used to meet the Council's obligations to the public and creditors.
- The Council's total net position increased by $1,837,479 in 2025.
- The total cost of the Council's programs increased $1,868,602 or 14.3%, compared to 2024.
- Total revenues increased $1,492,497 or 9.8%, compared to 2024.
- The General Fund reported a fund balance of $4,821,619 as of December 31, 2025, an increase of $1,657,872. Approximately 115.1% 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.

Fund Financial Statements (Continued)

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.

Government-Wide Financial Analysis (Continued)

Analysis of Net Position (Continued)

Table 1 presents an analysis of the Council's net position as of December 31, 2025. The Council's assets exceeded liabilities and deferred inflows of resources by $16,276,736 at the close of 2025. Total net position increased by $1,837,479 in 2025.

Table 1
Northwest Colorado Council of Governments
Summary of Net Position

	Governmental Activities	
	2025	2024
Assets		
Current and Other Assets	$ 13,833,386	$ 12,377,795
Capital Assets	5,391,187	5,390,060
Total Assets	19,224,573	17,767,855
Liabilities		
Current Liabilities	1,594,682	1,791,517
Long-Term Liabilities	1,208,022	1,374,532
Total Liabilities	2,802,704	3,166,049
Deferred Inflows of Resources	145,133	162,549
Net Position		
Net Investment in Capital Assets	3,955,814	3,806,824
Restricted	129,048	48,649
Unrestricted	12,191,874	10,583,784
Total Net Position	$ 16,276,736	$ 14,439,257

The largest portion of the Council's net position amounting to $12,191,874, or 74.9% 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 $1,837,479 compared to an increase of $2,213,584 during 2024. Governmental revenues increased $1,492,497 or 9.8%, and governmental expenses increased $1,868,602 or 14.3% compared to 2024. The increase in revenues was primarily due to increased funding and program activity within the Elevator Inspection Program and Energy Program, including growth in non-grant and local funding sources. The increase in expenses was primarily due to increased staffing, repair and maintenance projects, and increased program activity.

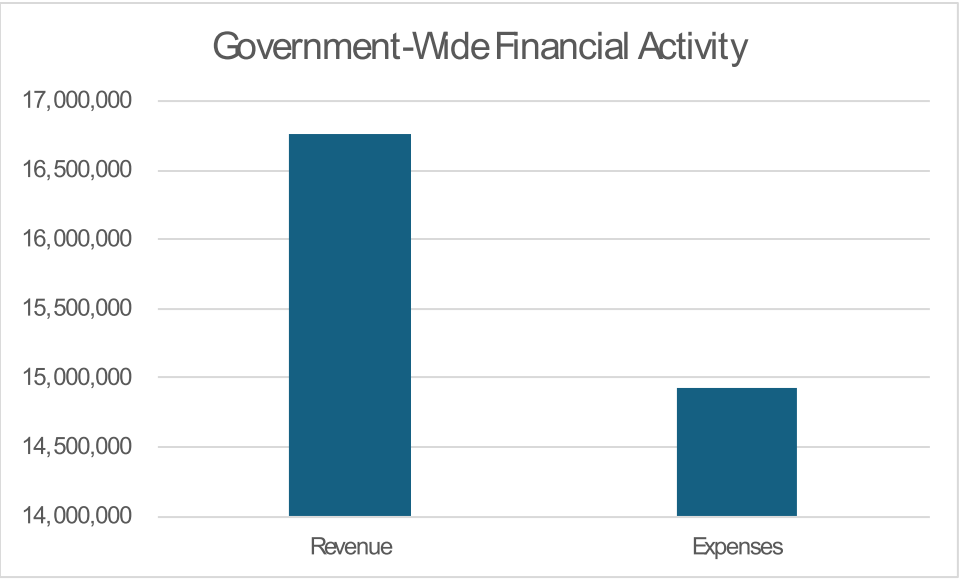
Government-Wide Financial Analysis (Continued)

Analysis of Changes in Net Position (Continued)

Table 2
Northwest Colorado Council of Governments
Summary of Changes in Net Position

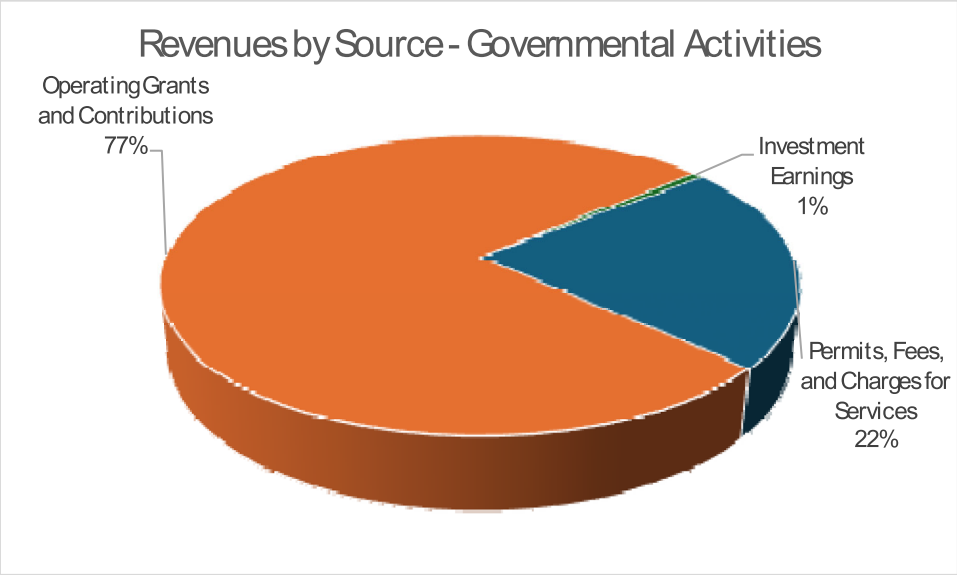
	Governmental Activities	
	2025	2024
Revenues		
Program Revenues:		
Permits, Fees, and Charges for Services	$ 3,661,832	$ 3,288,842
Operating Grants and Contributions	12,827,873	11,872,776
Gain on Sale of Capital Assets	115,201	-
Miscellaneous	56,748	-
Investment Earnings	103,862	111,401
Total Revenues	16,765,516	15,273,019
Expenses		
Program Expenses	14,928,037	13,059,435
Total Expenses	14,928,037	13,059,435
Change in Net Position	1,837,479	2,213,584
Net Position - Beginning of Year	14,439,257	12,225,673
Net Position - End of Year	$ 16,276,736	$ 14,439,257

The following graphs provide visual representations of the expenses and revenues for governmental activities for 2025.



Government-Wide Financial Analysis (Continued)

Analysis of Changes in Net Position (Continued)



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.

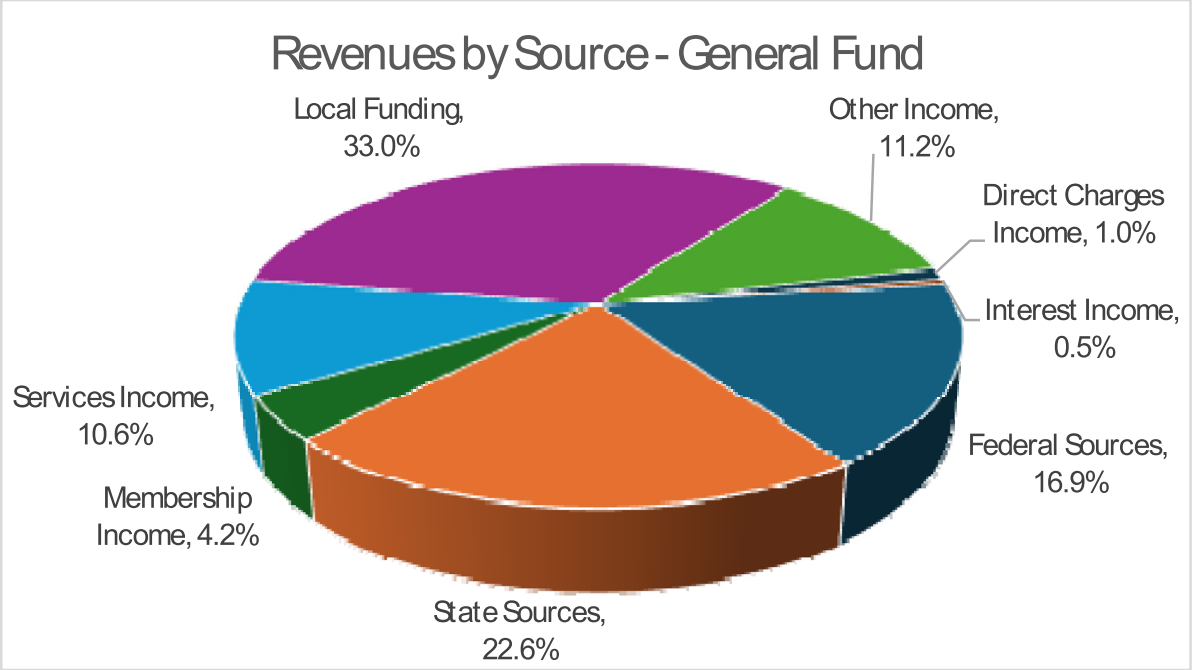
The focus of the Council's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable resources*. This information is necessary to assess the Council's financing requirements. Types of governmental funds reported by the Council include the General Fund, 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.

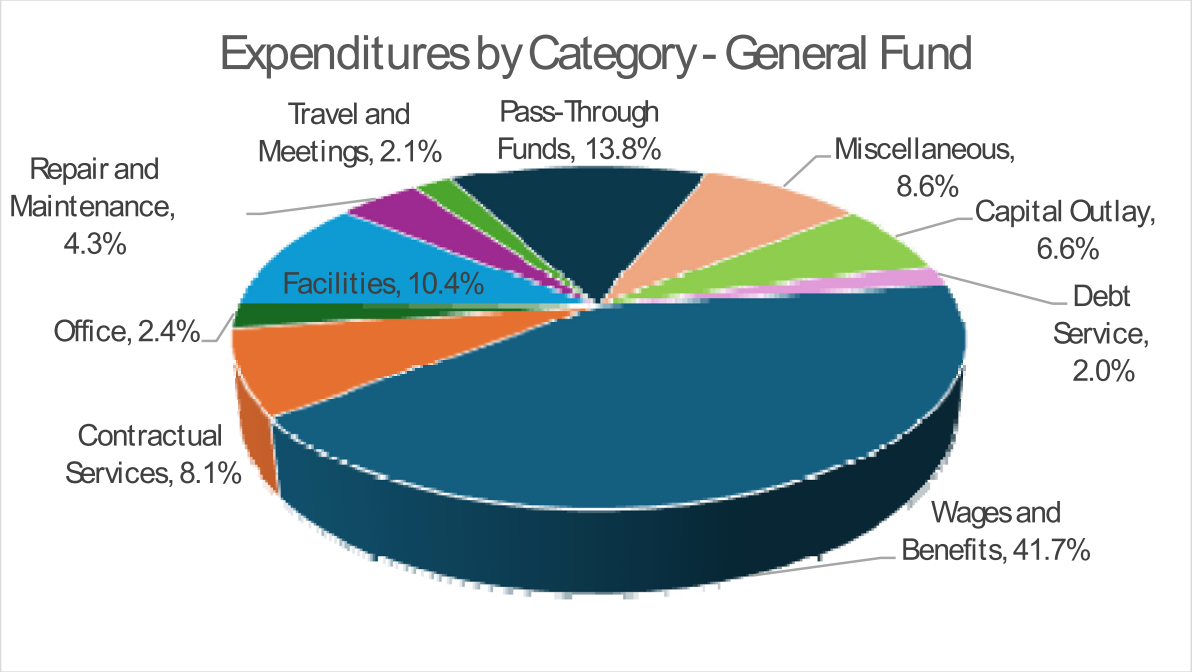
The General Fund is the primary operating fund of the Council. At December 31, 2025, the General Fund reported ending fund balances of $4,821,619, an increase of $1,657,872 compared to 2024.

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 32.4% of total General Fund expenditures compared to 21.9% in 2024.

Financial Analysis of the Council's Funds (Continued)

The following graphs provide visual representations of the expenditures and revenues for the General Fund for 2025.





Financial Analysis of the Council's Funds (Continued)

The Northwest Loan Fund ended the year with a fund balance of $7,489,416 compared to $7,677,843 at the end of 2024, a decrease of $188,427 compared to an increase of $1,502,237 in 2024. This was primarily attributable to increased revolving loan disbursement activity during 2025 that was not offset by corresponding grant funding.

The Northwest Colorado Council of Governments Foundation fund ended the year with a fund balance of $21,403. During 2025, the Foundation recorded $5,179 in revenues. The fund expended $120 during the year.

General Fund Budgetary Highlights

Budgetary comparison schedules are presented as required supplementary information. Actual revenues were $16,063,637, $2,151,002 less than budgeted. Actual expenditures were $14,884,683, $2,875,044 less than budgeted.

Capital Assets and Debt Administration

Capital Assets

The Council's investment in capital assets as of December 31, 2025 amounts to $5,391,187 (net of accumulated depreciation and amortization). The increase from 2024 was a result of new building improvements, vehicles, equipment purchases and leases entered into in 2025.

	2025	2024
Construction-in-Progress	$ 374,000	$ 82,754
Building	1,288,307	1,330,542
Building Improvements	682,746	644,789
Right-to-Use Lease Assets	955,467	1,197,947
Vehicles	811,252	857,552
Furniture and Equipment	1,279,415	1,276,476
Total	$ 5,391,187	$ 5,390,060

Debt Administration

The Council had total long-term obligations as follows:

	2025	2024
Building Note	$ 377,541	$ 399,631
CHFA Note	-	60,000
FirstBank Note	698,252	713,919
Leases Payable	359,580	469,686
Compensated Absences	289,371	252,335
Total	$ 1,724,744	$ 1,895,571

Additional information on long-term obligations can be found in the notes to the financial statements (Note 6).

Economic Factors and Next Year's Budgets and Rates

Decisions made at the federal and state levels regarding funding for regional programs will likely continue to affect NWCCOG's programs in 2026. Barring a sudden de-funding of any major program, this landscape of austerity is not new to NWCCOG Directors. NWCCOG began transitioning the Broadband program from state grant support in 2026 with Project THOR covering the difference going forward. Vintage funding has been "protected" by the state legislature in recent years, meaning only slight reductions. Given the increased number of clients for Vintage, status quo is a net cut, a fact of life for Vintage staff now for many years. Other state funded programs such as Energy and Mobility have seen increases in funding, particularly with the Energy program, which has been weaning itself from federal funding for over 6 years. Though Economic Development funding now requires a sign-off from the deputy Director at the EDA, that funding also appears stable for the next three years. EDA has not increased funding for over a decade through the Partnership Planning Grant which only funds the position, so to meet increased expectations, the program is draws more each year from Member Dues because it has no alternate funding source the way that Energy, Broadband and Mobility do. The Elevator Inspection Program continues to produce more revenue than it expends, which has allowed NWCCOG to continue to meet its mission, and plan for growth. This is not a luxury other Councils of Governments have found. 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 intends to continue its current programs in 2026 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, 2025

ASSETS	
Cash	$ 5,260,227
Cash - Restricted	129,048
Investments	1,826,771
Accounts Receivable	1,327,472
Grants Receivable	1,191,388
Prepaid Items	288,590
Loans Receivable	3,809,890
Capital Assets:	
Capital Assets not Being Depreciated	374,000
Capital Assets, Net of Accumulated Depreciation and Amortization	5,017,187
Total Assets	19,224,573
LIABILITIES	
Accounts Payable	339,185
Accrued Salaries and Withholdings	250,229
Unearned Revenue	488,546
Noncurrent Liabilities:	
Due Within One Year	516,722
Due in More than One Year	1,208,022
Total Liabilities	2,802,704
DEFERRED INFLOWS OF RESOURCES	
Deferred Amounts Related to Leases	145,133
Total Deferred Inflows of Resources	145,133
NET POSITION	
Net Investment in Capital Assets	3,955,814
Restricted for:	
Vintage	78,273
USDA Loan Reserve	50,775
Unrestricted	12,191,874
Total Net Position	$ 16,276,736

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED DECEMBER 31, 2025

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	$ 693,289	$ 507,264	$ 139,616	$ (46,409)
Area Agency on Aging	1,537,106	4,983	1,789,139	257,016
Northwest Region Healthcare Coalition	186,355	-	238,311	51,956
Economic Development District	148,991	1,570	158,481	11,060
Elevator Inspection Program	1,826,200	2,487,120	-	660,920
Energy Management	6,342,767	164,553	7,194,900	1,016,686
Regional Coordinating Council	443,906	1,329	738,637	296,060
Watershed Services	81,125	-	83,826	2,701
Project Thor	1,561,065	-	1,902,055	340,990
Emergency Management	187,902	-	186,736	(1,166)
Water Quality/Quantity	352,639	212,123	134,406	(6,110)
Broadband	253,859	-	209,266	(44,593)
Northwest Loan Fund	486,965	277,717	52,500	(156,748)
NWCCOG Foundation, Inc.	120	5,173	-	5,053
Interest on Long Term Debt and Leases	80,518	-	-	(80,518)
Unallocated Depreciation and Amortization	745,230	-	-	(745,230)
Total Governmental Activities	$ 14,928,037	$ 3,661,832	$ 12,827,873	1,561,668
General Revenues				
Gain on Sale of Capital Assets				115,201
Miscellaneous				56,748
Investment Earnings				103,862
Total General Revenues and Transfers				275,811
Change in Net Position				1,837,479
Net Position - Beginning of Year				14,439,257
Net Position - End of Year				$ 16,276,736

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2025

	General Fund	Northwest Loan Fund	NWCCOG Foundation	Total
ASSETS				
Cash	$ 1,479,010	$ 3,759,814	$ 21,403	$ 5,260,227
Cash - Restricted	129,048	-	-	129,048
Investments	1,826,771	-	-	1,826,771
Accounts Receivable	1,327,472	-	-	1,327,472
Grants Receivable	1,191,388	-	-	1,191,388
Loans Receivable, Net	-	3,809,890	-	3,809,890
Prepaid Items	288,590	-	-	288,590
Due from Other Funds	45,174	-	-	45,174
Total Assets	$ 6,287,453	$ 7,569,704	$ 21,403	$ 13,878,560
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES				
LIABILITIES				
Accounts Payable	$ 309,505	$ 29,680	$ -	$ 339,185
Accrued Salaries and Withholdings	244,795	5,434	-	250,229
Due to Other Funds	-	45,174	-	45,174
Unearned Revenue	488,546	-	-	488,546
Total Liabilities	1,042,846	80,288	-	1,123,134
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue	277,855	-	-	277,855
Deferred Amounts Related to Leases	145,133	-	-	145,133
Total Deferred Inflows of Resources	422,988	-	-	422,988
FUND BALANCES				
Nonspendable:				
Prepaid Items	288,590	-	-	288,590
Restricted:				
Vintage	78,273	-	-	78,273
USDA Loan Reserve	50,775	-	-	50,775
Assigned:				
Area Agency on Aging	461,877	-	-	461,877
Elevator Inspection Program	2,921,727	-	-	2,921,727
Water Quality and Quantity Program	138,074	-	-	138,074
Weatherization	1,566,314	-	-	1,566,314
Office Condo	416,650	-	-	416,650
Motor Pool	45,438	-	-	45,438
Other Purposes	-	7,489,416	21,403	7,510,819
Unassigned	(1,146,099)	-	-	(1,146,099)
Total Fund Balances	4,821,619	7,489,416	21,403	12,332,438
Total Liabilities, Deferred Inflows of Resources and Fund Balances	$ 6,287,453	$ 7,569,704	$ 21,403	$ 13,878,560

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
YEAR ENDED DECEMBER 31, 2025

Total Fund Balance for Governmental Funds	$ 12,332,438
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.	5,391,187
Certain revenues not available to pay liabilities of the current period are deferred in the governmental funds:	
Unavailable Revenue	277,855
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	(1,075,793)
Leases Payable	(359,580)
Compensated Absences	(289,371)
Net Position of Governmental Activities	$ 16,276,736

See accompanying Notes to Financial Statements.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
YEAR ENDED DECEMBER 31, 2025

	General Fund	Northwest Loan Fund	NWCCOG Foundation	Total
REVENUES				
Federal Sources	$ 2,719,666	$ -	$ -	$ 2,719,666
State Sources	3,624,951	50,000	-	3,674,951
Membership Income	679,365	-	-	679,365
Services Income	1,695,858	-	-	1,695,858
Local Funding	5,302,933	2,500	-	5,305,433
Other Income	1,798,129	277,717	5,173	2,081,019
Direct Charges Income	167,200	-	-	167,200
Interest Income	75,535	28,321	6	103,862
Total Revenues	16,063,637	358,538	5,179	16,427,354
EXPENDITURES				
Current:				
Wages and Benefits	6,212,370	145,706	-	6,358,076
Contractual Services	1,199,834	59,645	-	1,259,479
Office	356,052	10,967	120	367,139
Facilities	1,553,985	4,806	-	1,558,791
Repair and Maintenance	643,265	5,586	-	648,851
Travel and Meetings	316,598	13,201	-	329,799
Pass-Through Funds	2,049,309	112,402	-	2,161,711
Miscellaneous	1,276,623	134,652	-	1,411,275
Capital Outlay	978,997	-	-	978,997
Debt Service:				
Principal	217,132	60,000	-	277,132
Interest	80,518	-	-	80,518
Total Expenditures	14,884,683	546,965	120	15,431,768
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	347,841	-	-	347,841
Insurance Recoveries	56,748	-	-	56,748
Leases	69,269	-	-	69,269
Transfers In	5,060	-	-	5,060
Transfers Out	-	-	(5,060)	(5,060)
Total Other Financing Sources	478,918	-	(5,060)	473,858
NET CHANGE IN FUND BALANCES	1,657,872	(188,427)	(1)	1,469,444
Fund Balances - Beginning of Year	3,163,747	7,677,843	21,404	10,862,994
FUND BALANCES - END OF YEAR	$ 4,821,619	$ 7,489,416	$ 21,403	$ 12,332,438

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
YEAR ENDED DECEMBER 31, 2025

Net Change in Fund Balances - Governmental Funds	$	1,469,444
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		978,997
Current Year Depreciation and Amortization		(745,230)
Book Value of Disposed Assets		(232,640)
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.		
Principal Payments on Notes Payable		97,757
Leases		(69,269)
Principal Payments on Leases		179,375
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in governmental funds.		
Unavailable Revenue		196,081
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		(37,036)
Change in Net Position of Governmental Activities	$	1,837,479

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 150 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 leases are reported as other financing sources.

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

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

Cash and Investments

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

Restricted Cash

Mandatory segregations of cash are presented as restricted cash. Such segregations are required by bond agreements and other external parties.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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. Construction in progress is not depreciated.

The other tangible property, plant and equipment of the Council are depreciated/amortized 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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Leases (Lessee) (Continued)

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.

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.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position and the governmental funds balance sheet includes a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net assets or fund balance that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The statement of net position and the governmental funds balance sheet reports a deferred inflow of resources related to leases. The lease related deferred inflow of resources is recorded in an amount equal to the corresponding lease receivable plus any payments received at or before the start of the lease term that relates to future periods. The inflow of resources is recognized in a systematic and rational manner over the term of the lease.

Under the modified accrual basis of accounting, deferred inflows of resources also include revenues not collected within the availability period after the fiscal year-end. The Council has reported deferred inflows of resources related to unavailable revenues for charges from the elevator inspection program. These amounts are deferred and will be recognized as an inflow of resources in the period that amounts become available.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Compensated Absences

The Council recognizes a liability for compensated absences for leave that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used for time off or otherwise paid in cash or settled during or upon separation of employment. The liability for compensated absences is reported as incurred in the government-wide statements. 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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Equity (Continued)

Fund Balances (Continued)

Committed – amounts that can be used only for specific purposes determined by a formal action of the board of directors of the Council. The board of directors is the highest level of decision-making authority for the Council. Commitments may be established, modified or rescinded only through resolutions approved by the board of directors. The Council had no committed funds as of December 31, 2025.

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.

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.

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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	$ 5,260,227	$ 129,048	$ 5,389,275
Investments	1,826,771	-	1,826,771
Total	$ 7,086,998	$ 129,048	$ 7,216,046

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.

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, 2025, 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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Investments (Continued)

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	$ 771,532
CSAFE	AAAmmf	< 60 Days	1,055,239
Total			$ 1,826,771

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).

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.

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

Fair Value

As of December 31, 2025, the Council had invested $633,458 in the Colorado Local Government Liquid Asset Trust – PLUS and $138,074 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, 2025, 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, 2025, the Council had invested $1,055,239 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 $4,243,053 has been reduced by $433,163 as an allowance for estimated uncollectible. The loans mature as follows:

Year Ending December 31,	Total
2026	$ 440,208
2027	269,069
2028	421,382
2029	223,649
2030	949,165
Thereafter	1,506,417
Total	$ 3,809,890

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2025 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction-in-Progress	$ 82,754	$ 374,000	$ (82,754)	$ 374,000
Total Capital Assets, Not Being Depreciated	82,754	374,000	(82,754)	374,000
Capital Assets Being Depreciated and Amortized:				
Building	1,689,405	-	-	1,689,405
Building Improvements	708,896	82,754	(27,238)	764,412
Right-to-Use Lease Buildings	469,127	-	-	469,127
Right-to-Use Lease Fiber	1,071,283	-	-	1,071,283
Right-to-Use Lease Vehicles	240,120	59,007	(10,042)	289,085
Right-to-Use Lease Equipment	28,939	10,262	(5,987)	33,214
Vehicles	1,505,952	62,672	(46,052)	1,522,572
Furniture and Equipment	1,916,632	473,056	(412,142)	1,977,546
Total Capital Assets Being Depreciated and Amortized	7,630,354	687,751	(501,461)	7,816,644
Less Accumulated Depreciation and Amortization:				
Building	(358,863)	(42,235)	-	(401,098)
Building Improvements	(64,107)	(29,754)	12,195	(81,666)
Right-to-Use Lease Buildings	(163,881)	(115,680)	-	(279,561)
Right-to-Use Lease Fiber	(322,405)	(121,927)	-	(444,332)
Right-to-Use Lease Vehicles	(110,816)	(66,861)	10,042	(167,635)
Right-to-Use Lease Equipment	(14,420)	(7,281)	5,987	(15,714)
Vehicles	(648,400)	(108,972)	46,052	(711,320)
Furniture and Equipment	(640,156)	(252,520)	194,545	(698,131)
Total Accumulated Depreciation and Amortization	(2,323,048)	(745,230)	268,821	(2,799,457)
Total Capital Assets, Being Depreciated and Amortized, Net	5,307,306	(57,479)	(232,640)	5,017,187
Total Governmental Activities Capital Assets	$ 5,390,060	$ 316,521	$ (315,394)	$ 5,391,187

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

NOTE 5 DEFERRED INFLOWS OF RESOURCES – LEASE

The Council, acting as lessor, leases strands of optical fiber under a long-term, noncancelable lease agreement. The lease expires in 2034. The lease was paid in full by the lessee in 2024. During the year ended December 31, 2025, the Council recognized $17,416 in lease revenue. As of December 31, 2025, the deferred inflows of resources on the statement of net position and governmental funds balance sheet was $145,133.

NOTE 6 LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended December 31, 2025 follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities:					
Direct Borrowing:					
United States Department of Agriculture (USDA) Note	$ 399,631	$ -	$ (22,090)	$ 377,541	$ 23,018
Colorado Housing and Finance Authority (CHFA) Note	60,000	-	(60,000)	-	-
FirstBank Promissory Note	713,919	-	(15,667)	698,252	16,578
Total Direct Borrowing	1,173,550	-	(97,757)	1,075,793	39,596
Leases Payable	469,686	69,269	(179,375)	359,580	187,755
Compensated Absences	252,335	37,036	-	289,371	289,371
Total	$ 1,895,571	$ 106,305	$ (277,132)	$ 1,724,744	$ 516,722

The change in compensated absence liability is presented as a net change.

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, 2025, the Council has restricted $50,775 of its investments towards this purpose. There are no unused lines of credit. In the event of default, the Council shall have the right to take any action permitted or required pursuant to the Note Agreement and to take whatever other action at law or in equity to collect amounts then due and thereafter become due.

The note matures as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 23,018	$ 15,142	$ 38,160
2027	23,986	14,174	38,160
2028	24,994	13,166	38,160
2029	26,045	12,115	38,160
2030	27,140	11,020	38,160
2031-2035	153,804	36,996	190,800
2036-2038	98,554	5,806	104,360
Total	$ 377,541	$ 108,419	$ 485,960

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Note from Direct Borrowing (Continued)

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 was 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. The remaining balance outstanding of $60,000 was paid in full in 2025.

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.

The note matures as follows:

Year Ending December 31,	Principal	Interest	Total
2026	$ 16,578	$ 39,146	$ 55,724
2027	17,542	38,182	55,724
2028	18,456	37,269	55,725
2029	19,636	36,088	55,724
2030	20,779	34,946	55,725
2031-2035	123,382	155,239	278,621
2036-2040	163,652	114,969	278,621
2041-2045	217,243	61,378	278,621
2046-2047	100,984	5,819	106,803
Total	$ 698,252	$ 523,036	$ 1,221,288

Leases Payable

The Council 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 2033.

NOTE 6 LONG-TERM OBLIGATIONS (CONTINUED)

Leases Payable (Continued)

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.

In July 2024, the Council entered into a lease arrangement for dark fiber with a 10-year term expiring on July 31, 2033. 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 December 2024.

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

	Governmental Activities		
Year Ending December 31,	Principal	Interest	Total
2026	$ 187,755	$ 15,596	$ 203,351
2027	107,874	6,898	114,772
2028	53,025	1,787	54,812
2029	10,367	182	10,549
2030	559	-	559
Total Minimum Lease Payments	$ 359,580	$ 24,463	$ 384,043

NOTE 7 RETIREMENT PLAN

The Council is a member of the Colorado Retirement Plan (CRA), (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 2025, the Council's contribution and employee contributions to the Plan were $285,771 and $285,745, respectively. The Council has recognized pension expense of $285,771 and has no outstanding pension liability as of December 31, 2025.

NOTE 8 DEFERRED COMPENSATION PLAN

The Council has a deferred compensation plan (the Plan), administered by CRA, 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 $679,365 were received by the Council during the year ended December 31, 2025. The following represents the source of funds received:

General Operations	$	486,250
Water Quality and Quantity		193,115
Total	$	679,365

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).

NOTE 11 RISK MANAGEMENT (CONTINUED)

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 fund may be in violation of state statutes as the expenditures exceed the appropriated budget.

	Original Budget	Final Budget	Actual	Unfavorable Variance
Total Expenditures				
Northwest Loan Fund	976,476	369,170	546,965	(177,795)

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Federal Sources:				
Federal Contract Revenue	$ 3,722,620	$ 3,732,642	$ 2,719,666	$ (1,012,976)
State Sources:				
State Contract Revenue	5,237,811	5,888,137	3,624,951	(2,263,186)
Membership Income:				
County Pledges	409,908	407,558	408,158	600
Municipal Pledges	221,633	231,402	232,159	757
Associate Member Pledges	26,701	26,083	25,876	(207)
Water and Sanitation Income	13,024	12,773	13,172	399
Total Membership Income	671,266	677,816	679,365	1,549
Services Income:				
Inspection Fees	1,049,000	879,100	722,909	(156,191)
Specialized Services	33,600	33,600	36,580	2,980
Other Service Income	450,000	400,000	359,396	(40,604)
Permit Review Fees	200,000	550,000	576,973	26,973
Total Services Income	1,732,600	1,862,700	1,695,858	(166,842)
Local Funding:				
Local Funding	3,330,321	4,265,253	5,062,691	797,438
Local Funding - NWCCOG Matching	270,691	270,691	240,242	(30,449)
Total Local Funding	3,601,012	4,535,944	5,302,933	766,989
Reimbursed Expenses:				
Reimbursed Fees/Expenses	42,266	(7,734)	1,272	9,006
Other Income:				
Internal Indirect Revenue	749,828	764,271	779,258	14,987
Other Income	364,302	530,376	1,017,599	487,223
Total Other Income	1,114,130	1,294,647	1,796,857	502,210
Direct Charges Income	167,200	167,200	167,200	-
Interest Income	55,500	63,287	75,535	12,248
Total Revenues	16,344,405	18,214,639	16,063,637	(2,151,002)

See accompanying Notes to the Required Supplementary Information.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES				
Current:				
Wages and Benefits:				
Salaries - Executive Director	$ 179,760	$ 170,173	$ 182,597	$ (12,424)
Salaries - Program Director	490,803	746,224	655,306	90,918
Salaries - Program Staff	3,850,944	3,478,718	2,745,687	733,031
Salaries - Support	1,034,649	1,257,677	1,074,573	183,104
Taxes and Benefits	1,881,796	1,918,520	1,552,979	365,541
Background Check	550	-	-	-
Flex Administration Fee	1,400	799	1,228	(429)
Total Wages and Benefits	7,439,902	7,572,111	6,212,370	1,359,741
Contractual Services:				
Contract Staff	464,719	584,202	551,118	33,084
Legal Expense	3,500	-	-	-
Auditing	85,000	82,500	73,746	8,754
Contract Services	569,112	638,169	577,333	60,836
Total Contractual	1,122,331	1,304,871	1,202,197	102,674
Office:				
Office Supplies	73,481	91,756	60,585	31,171
Bank Charges	824	667	479	188
Postage	4,467	4,337	5,384	(1,047)
Printing	6,901	9,403	4,554	4,849
Advertising	15,666	21,545	17,093	4,452
Internet and IT Security	116,945	95,591	109,191	(13,600)
Dues and Subscription	118,036	142,819	133,566	9,253
Safety	3,753	4,003	25,200	(21,197)
Total Office	340,073	370,121	356,052	14,069
Facilities:				
Rent and Utilities	470,570	485,467	238,962	246,505
Telephone	46,680	53,019	47,602	5,417
Cam Fees	20,000	20,000	16,687	3,313
Insurance	53,512	58,692	57,515	1,177
Waste Removal	6,500	6,500	7,000	(500)
Broadband:7510 -+ Monthly Recurring Cost	1,070,115	1,260,453	1,184,533	75,920
Broadband:7550 -+ Network Operations Equipment	70,000	-	1,686	(1,686)
Total Facilities	1,737,377	1,884,131	1,553,985	330,146
Repair and Maintenance:				
Equipment Maintenance and Repairs	22,537	81,543	57,497	24,046
Vehicle Repair and Maintenance	72,698	174,233	140,795	33,438
Gas, Oil, and Supplies	138,080	110,854	100,017	10,837
Equipment Lease	78,933	72,503	14,403	58,100
Tools and Equipment	231,042	315,131	330,553	(15,422)
Total Repair and Maintenance	543,290	754,264	643,265	110,999

See accompanying Notes to the Required Supplementary Information.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (Continued):				
Travel and Meetings:				
Meeting Expense	$ 11,169	$ 9,461	$ 9,196	$ 265
Travel and Meetings	290,177	275,929	227,714	48,215
Training and Technical Assistance	79,462	90,876	79,688	11,188
Total Travel and Meetings	380,808	376,266	316,598	59,668
Pass-through Funds:				
Pass-through Funds - Subcontracts	1,715,379	2,000,904	803,210	1,197,694
Pass-through Funds - Materials	1,078,722	1,288,132	1,246,099	42,033
Total Pass-Through Funds	2,794,101	3,289,036	2,049,309	1,239,727
Miscellaneous:				
Bad Debts - Written Off	3,000	3,327	-	3,327
Program Expense	15,178	23,242	263,005	(239,763)
Program Supplies	4,171	9,671	1,550	8,121
Licenses and Permits	6,153	7,138	6,724	414
Purchased Food	884	934	202	732
EIP Debts Forgiven	2,500	5,000	5,884	(884)
Permit Fees Rebate	2,500	1,100	2,437	(1,337)
Indirect Costs Applied	896,914	846,512	754,216	92,296
Local Match Cost	(101,437)	84,177	240,242	(156,065)
Total Miscellaneous	829,863	981,101	1,274,260	(293,159)
Capital Outlay	364,788	1,133,942	978,997	154,945
Debt Service:				
Principal	93,884	93,884	217,132	(123,248)
Interest	-	-	80,518	(80,518)
Total Expenditures	15,646,417	17,759,727	14,884,683	2,875,044
OTHER FINANCING SOURCES				
Sales of Capital Assets	-	-	347,841	347,841
Insurance Recovery	-	6,560	56,748	50,188
Leases	-	-	69,269	69,269
Transfers	(497,798)	(571,457)	5,060	576,517
Total Other Financing Sources	(497,798)	(564,897)	478,918	1,043,815
NET CHANGE IN FUND BALANCES	200,190	(109,985)	1,657,872	1,767,857
Fund Balances - Beginning of Year	3,163,747	3,163,747	3,163,747	-
FUND BALANCES - END OF YEAR	$ 3,363,937	$ 3,053,762	$ 4,821,619	$ 1,767,857

See accompanying Notes to the Required Supplementary Information.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NORTHWEST LOAN FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Federal Sources:				
Federal Contract Revenue	$ 350,000	$ 280,000	$ -	$ (280,000)
Administration	56,000	46,200	-	(46,200)
State Sources:				
State Contract Revenue	200,000	200,000	50,000	(150,000)
Local Funding:				
Local Funding	110,000	8,000	2,500	(5,500)
Other Income:				
Loan Interest	21,000	28,000	28,321	321
Interest Income	263,650	249,500	277,717	28,217
Total Revenues	1,000,650	811,700	358,538	(453,162)
EXPENDITURES				
Current:				
Wages and Benefits:				
Salaries - Program Director	121,417	121,417	121,176	241
Taxes and Benefits	25,248	25,248	24,530	718
Total Wages and Benefits	146,665	146,665	145,706	959
Contractual Services:				
Contract Staff	-	45,000	56,044	(11,044)
Contract Services	663,000	12,000	3,601	8,399
Total Contractual	663,000	57,000	59,645	(2,645)
Office:				
Office Supplies	2,000	3,330	1,880	1,450
Program Expense	5,000	3,000	3,051	(51)
Bank Charges	170	50	161	(111)
Postage	1,000	300	302	(2)
Advertising	1,000	500	386	114
Dues and Subscription	6,000	7,067	5,187	1,880
Total Office	15,170	14,247	10,967	3,280
Facilities:				
Rent and Utilities	3,497	3,497	3,497	-
Telephone	1,800	1,678	1,309	369
Total Facilities	5,297	5,175	4,806	369

See accompanying Notes to the Required Supplementary Information.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NORTHWEST LOAN FUND (CONTINUED)
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
EXPENDITURES (CONTINUED)				
Current (Continued):				
Repair and Maintenance:				
Gas, Oil, and Supplies	$ 3,000	$ 3,299	$ 5,586	$ (2,287)
Total Repairs and Maintenance	3,000	3,299	5,586	(2,287)
Travel and Meetings:				
Travel and Meetings	12,500	11,940	13,201	(1,261)
Total Travel and Meetings	12,500	11,940	13,201	(1,261)
Pass-Through Funds:				
Pass-Through Funds	110,810	110,810	112,402	(1,592)
Miscellaneous:				
Bad Debts	-	-	114,658	(114,658)
Indirect Costs Applied	20,034	20,034	19,994	40
Total Miscellaneous	20,034	20,034	134,652	(114,618)
Debt Service:				
Principal	-	-	60,000	(60,000)
Total Expenditures	976,476	369,170	546,965	(177,795)
NET CHANGE IN FUND BALANCES	24,174	442,530	(188,427)	(630,957)
Fund Balances - Beginning of Year	7,677,843	7,677,843	7,677,843	-
FUND BALANCES - END OF YEAR	$ 7,702,017	$ 8,120,373	$ 7,489,416	$ (630,957)

See accompanying Notes to the Required Supplementary Information.

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – NWCCOG FOUNDATION FUND
YEAR ENDED DECEMBER 31, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
REVENUES				
Contributions	$ -	$ -	$ 5,173	$ 5,173
Interest Income	15	15	6	(9)
Total Revenues	15	15	5,179	5,164
EXPENDITURES				
Current:				
Bank Charges	120	120	120	-
Total Expenditures	120	120	120	-
OTHER FINANCING SOURCES (USES)				
Transfers	105	105	(5,060)	(5,165)
Total Other Financing Sources	105	105	(5,060)	(5,165)
NET CHANGE IN FUND BALANCES	-	-	(1)	(5,166)
Fund Balances - Beginning of Year	21,404	21,404	21,404	-
FUND BALANCES - END OF YEAR	$ 21,404	$ 21,404	$ 21,403	$ (5,166)

See accompanying Notes to the Required Supplementary Information.

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 October 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, 2025, the NWCCOG Council adopted supplemental appropriations.

	Original Budget	Revisions	Final Budget
General Fund	$ 15,646,417	$ 2,113,310	$ 17,759,727
Northwest Loan Fund	976,476	(607,306)	369,170
NWCCOG Foundation Fund	120	-	120

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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, 2025, 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 June 1, 2026.

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 preceding 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.

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We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2025 – 001 and 2025 – 002 to be significant deficiencies.

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

Denver, Colorado
June 1, 2026

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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, 2025. 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, 2025.

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.

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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.

Report on Internal Control Over Compliance

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.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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.

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

Denver, Colorado
June 1, 2026

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2025

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 Commerce				
Economic Development Support for Planning Organizations	11.302	None provided	$ -	$ 70,000
Total Department of Commerce Direct Programs			-	70,000
Department of Housing and Urban Development				
Colorado Department of Local Affairs				
Community Development Block Grants	14.228	F16CDB16602	-	105,000
Total Department of Housing and Urban Development			-	105,000
Environmental Protection Agency				
Colorado Department of Public Health and Environment				
Water Quality Management Planning	66.454	Y3WEW9MQ6NH5	-	41,628
Clean Water State Revolving Fund	66.458	Y3WEW9MQ6NH5	-	39,354
Total Environmental Protection Agency			-	80,982
Department of Energy				
Colorado Energy Office				
Weatherization Assistance for Low Income Persons	81.042	JLVGQ4E7RD53	-	1,293,451
Total Department of Energy			-	1,293,451
Department of Health and Human Services				
Colorado Department of Human Services				
Special Programs for the Aging				
Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	WQ33FA1ZHJQ8	-	601
Title VII, Ombudsman	93.042	WQ33FA1ZHJQ8	-	2,268
Title III, Part D Disease Prevention and Health Promotion	93.043	WQ33FA1ZHJQ8	-	12,723
Aging Cluster				
Title III, Admin.	93.044	WQ33FA1ZHJQ8	-	77,110
Title III, Part B Grants for Supportive Services	93.044	WQ33FA1ZHJQ8	95,238	183,497
COVID-19 - ARPA, Title III, Part B Grants for Supportive Services	93.044	WQ33FA1ZHJQ8	22,669	57,798
		Subtotal	117,907	318,405
Title III, NSIP C-1	93.045	WQ33FA1ZHJQ8	1,701	17,417
Title III, Part C-1	93.045	WQ33FA1ZHJQ8	46,313	149,917
COVID-19 - ARPA, Title III, Part C-1	93.045	WQ33FA1ZHJQ8	165	23,231
Title III, Part C-2	93.045	WQ33FA1ZHJQ8	13,444	61,505
COVID-19 - ARPA, Title III, Part C-2	93.045	WQ33FA1ZHJQ8	5,435	14,680
		Subtotal	67,058	266,750
Total Aging Cluster			184,965	585,155
Title III, Part E - National Family Caregiver Support	93.052	WQ33FA1ZHJQ8	1,340	45,828
The Healthy Brain Initiative	93.334	WQ33FA1ZHJQ8	-	2,265
Low-Income Home Energy Assistance	93.568	WQ33FA1ZHJQ8	-	355,531
Total Department of Health and Human Services			186,305	1,004,371
Department of Regulatory Agencies, Insurance Division				
State Health Insurance Assistance Program	93.324	LMUGEYKLMND9	-	7,402
Total Department of Regulatory Agencies, Insurance Division			-	7,402
Colorado Department of Public Health and Environment				
National Bioterrorism Hospital Preparedness Program	93.889	Y3WEW9MQ6NH5	-	185,848
Total Department of Public Health and Environment			-	185,848
Department of Homeland Security				
Homeland Security Grant Program	97.067	JHU3ZGFL6EJ6	-	187,391
Total Department of Homeland Security			-	187,391
Total Expenditures of Federal Awards			$ 186,305	$ 2,934,445

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2025

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, 2025. The information in this Schedule is presented in accordance with the requirements of 2 CFR Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Northwest Colorado Council of Governments, it is not intended to and does not present the financial position or changes in net position of the Northwest Colorado Council of Governments.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2025

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? _____ yes ____x____ 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)? _____ yes ____x____ no

Identification of Major Federal Programs

Assistance Listing Number(s)	Name of Federal Program or Cluster
81.042	Weatherization Assistance for Low Income Persons

Dollar threshold used to distinguish between Type A and Type B programs: $ 1,000,000

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

Section II – Financial Statement Findings

2025 – 001: Internal Controls over Financial Reporting

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Beginning fund balance was incorrectly reported because of full accrual adjustments that were not properly reconciled to the modified accrual basis of accounting. Impacted financial statement areas included the sale of assets, compensated absences liability, debt principal, unavailable inspection income, and deferred inflows of resources related to lessor activity.

Criteria or specific requirement: Monthly maintenance of the trial balance and preparation of year-end closing entries in accordance with generally accepted accounting principles (GAAP) helps ensure that timely, accurate, and useful information is available to management and those charged with governance.

Effect: An audit adjustment was made with a net impact of $192,347 to properly reflect the beginning fund balance in the General Fund. Financial statements amounts may be misstated or not properly supported. Failure to implement effective processes and procedures could increase the risks of fraud, violations of appropriation laws and mismanagement of funds.

Cause: Existing review procedures over year-end modified accrual conversion entries were not sufficient to detect certain errors in the reconciliation of full accrual adjustments to the modified accrual basis.

Repeat Finding: This is not a repeat finding.

Recommendation: Management should develop effective policies and procedures to strengthen controls over the year-end trial balance adjustments to ensure that activity recorded is complete, accurate, properly supported and consistent with the basis of accounting.

Views of responsible officials and planned corrective action: Agree. Management will strengthen year-end review and reconciliation procedures over modified accrual conversion entries to help ensure balances are accurately recorded and supported in accordance with GAAP.

2025 – 002: Reporting of Grant Carry-Over Revenue and Expenditures

Type of Finding:

- Significant Deficiency in Internal Control over Financial Reporting

Condition: Reconciliation of carry-over revenues and expenditures did not properly capture the activity in accordance with entity policies and GASB 33 requirements for recognizing grant carry-over revenues and expenditures. Audit adjustments, for several awards, with a net impact of $91,666 on the income statement, were necessary to properly reflect the amounts expended in the current year, close out grant awards, and record the activity related to unearned revenue and deferred inflow for grant revenue.

Criteria or specific requirement: Internal controls should be in place to provide reasonable assurance that financial statements are prepared in accordance with U.S. GAAP. Monthly maintenance of the trial balance and preparation of year-end closing entries in accordance with generally accepted accounting principles (GAAP) helps ensure that both revenue and expenditures are recognized in the correct period to avoid misstatements in financial statements and compliance with audit requirements.

Effect: The lack of controls in place over the financial reporting function increases the risk of misstatements, fraud, or errors occurring and not being detected and corrected.

Cause: Existing reconciliation procedures were not sufficient to detect certain errors in the reconciliation of carry-over activity to ensure that grant-related expenditures are recognized in the period that the liability is incurred, or that revenues from grant awards are recognized when it becomes both measurable and available.

Repeat Finding: This is not a repeat finding.

Recommendation: Management should develop effective policies and procedures to strengthen controls over the reconciliation of grant carry-over balances to the grant agreement terms and recognition of the carry-over activity in the proper period.

Views of responsible officials and planned corrective action: Agree. Management will revise grant carry-over reconciliation procedures to ensure revenues, expenditures, deferred inflows, and unearned revenue are recognized in the proper period and in accordance with grant requirements.

Section III – Findings and Questioned Costs – Major Federal Programs

Our audit did not disclose any matters required to be reported in accordance with 2 CFR 200.516(a).



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