

NORTHWEST COLORADO COUNCIL OF GOVERNMENTS

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
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YEAR ENDED DECEMBER 31, 2015**

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Northwest Colorado Council of Governments
Silverthorne, Colorado

Report on the Financial Statements

We have audited the accompanying 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, 2015, and the related notes to the financial statements, which collectively comprise the entity's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Northwest Colorado Council of Governments as of December 31, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other auditors previously audited, in accordance with governmental auditing standards generally accepted in the United States of America, the basic financial statements of the Northwest Colorado Council of Government's as of and for the year ended December 31, 2014, and issued their report dated June 22, 2015, which contained unmodified opinions on the respective financial statements of the government activities and each major fund of the Northwest Colorado Council of Governments. The budgetary comparison schedules for the year ended December 31, 2014 are presented for purposes of additional analysis and are 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 accounts and other records used to prepare the 2014 financial statements.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northwest Colorado Council of Government's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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. Such 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 auditing standards generally accepted in the United States of America. 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.

Board of Directors
Northwest Colorado Council of Governments

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, on our consideration of the Northwest Colorado Council of Government's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the result of that testing, and not to provide an opinion on 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 Government's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "CliftonLarsonAllen LLP".

CliftonLarsonAllen LLP

Greenwood Village, Colorado
November 28, 2016

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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, 2015.

Financial Highlights

- The assets of the Council exceeded its liabilities at the close of 2015 by \$2,173,791. Of this total, \$1,743,535, or 80%, is unrestricted and may be used to meet the Council's obligations to the public and creditors.
- The Council's total net position increased \$435,390.
- The total cost of the Council's programs decreased \$468,653 or 10%, compared to 2014.
- Total revenues decreased \$463,767, or 10%, compared to 2014.
- The General Fund reported a fund balance of \$674,902 as of December 31, 2015, an increase of \$15,015. Approximately 89% of the General Fund balance is assigned.

Overview of the Financial Statements

This discussion and analysis are 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 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.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

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 to demonstrate compliance with this budget.

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.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Table 1 presents an analysis of the Council's net position as of December 31, 2015. The Council's assets exceeded liabilities by \$2,173,791 at the close of 2015. Total net position increased by \$435,390 in 2015. The increase is comprised of the following:

- Total assets increased \$196,674 to \$3,187,338. This mainly included an increase in loan receivables from \$312,994 in 2014 to \$770,227 in 2015.
- Total liabilities decreased \$238,716 to \$1,013,547. This change included decreases in unearned revenue from grants of \$211,574.

Table 1
Northwest Colorado Council of Governments
Summary of Net Position

	<u>Governmental Activities</u>	
	<u>2015</u>	<u>2014</u>
Assets		
Current and Other Assets	\$ 2,235,139	\$ 1,962,192
Capital Assets	952,199	1,028,472
Total Assets	<u>3,187,338</u>	<u>2,990,664</u>
Liabilities		
Current Liabilities	466,433	689,898
Long-Term Liabilities	547,114	562,365
Total Liabilities	<u>1,013,547</u>	<u>1,252,263</u>
Net Position		
Net Investment in Capital Assets	389,836	451,475
Restricted	40,420	40,309
Unrestricted	1,743,535	1,246,617
Total Net Position	<u>\$ 2,173,791</u>	<u>\$ 1,738,401</u>

The largest portion of the Council's net position amounting to \$1,743,535 (80%) is unrestricted and may be used to meet its obligations to the public and creditors.

Analysis of Changes in Net Position

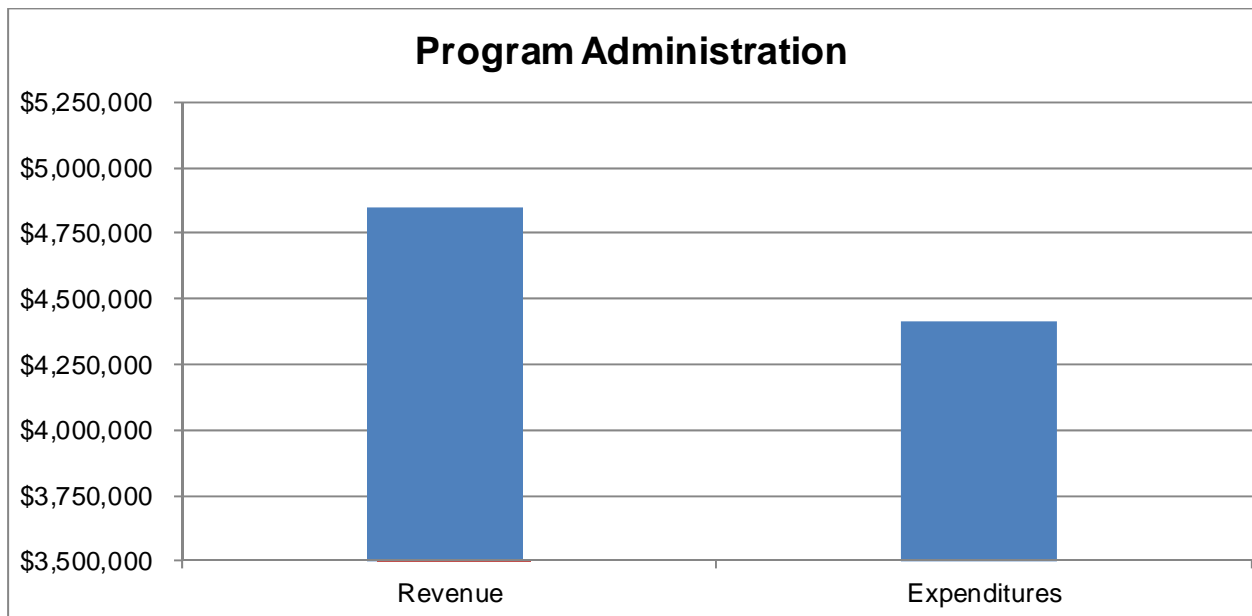
As presented in Table 2, the Council's overall net position increased \$435,390 compared to an increase of \$430,504 during 2014. Governmental revenues decreased \$463,767 or 9% compared to 2014. The decrease was due primarily to decreases in federal grants and state grants, primarily in the Weatherization program. Governmental expenses decreased \$468,653, or 10% from 2014, consistent with the decreases in grant revenues earned.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

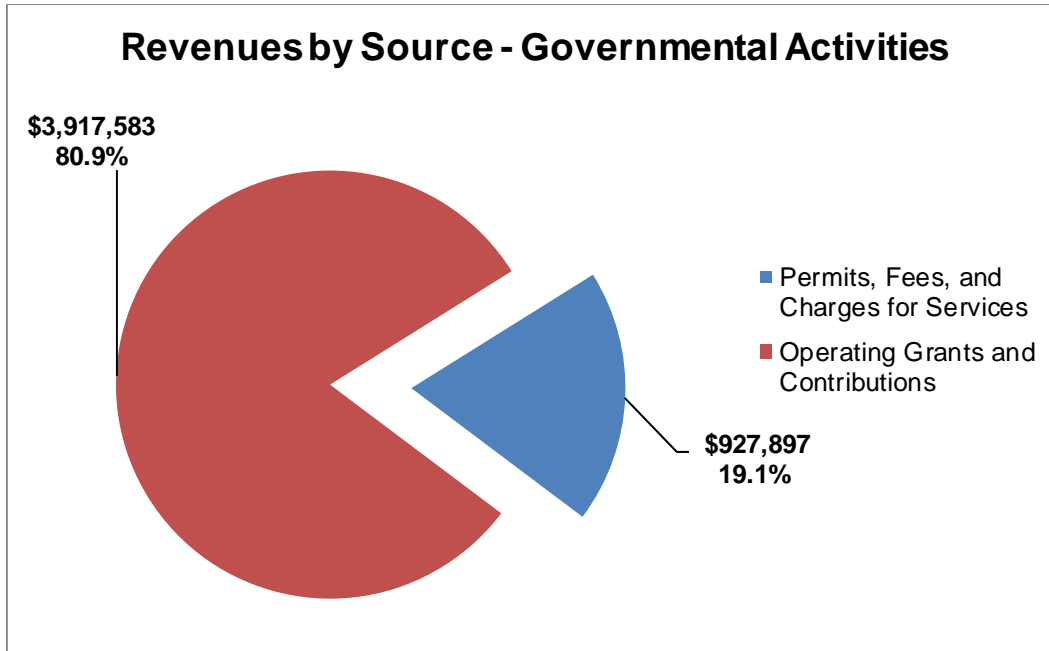
**Table 2
Northwest Colorado Council of Governments
Summary of Changes in net Position
For Years as Stated**

	Governmental Activities	
	2015	2014
Revenues		
Program Revenues		
Permits, Fees, and Charges for Services	\$ 927,897	\$ 1,132,534
Operating Grants and Contributions	3,917,583	4,176,713
Total Revenues	<u>4,845,480</u>	<u>5,309,247</u>
Expenses		
Program Expenses	<u>4,410,090</u>	<u>4,878,743</u>
Total Expenses	<u>4,410,090</u>	<u>4,878,743</u>
Change in Net Position	435,390	430,504
Net Position - Beginning of Year	<u>1,738,401</u>	<u>1,307,897</u>
Net Position - End of Year	<u><u>\$ 2,173,791</u></u>	<u><u>\$ 1,738,401</u></u>

The following graphs provide visual representations of the expenses and revenues for governmental activities for 2015.



**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**



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, 2015, the General Fund reported ending fund balances of \$674,902, an increase of \$15,015 compared to 2014.

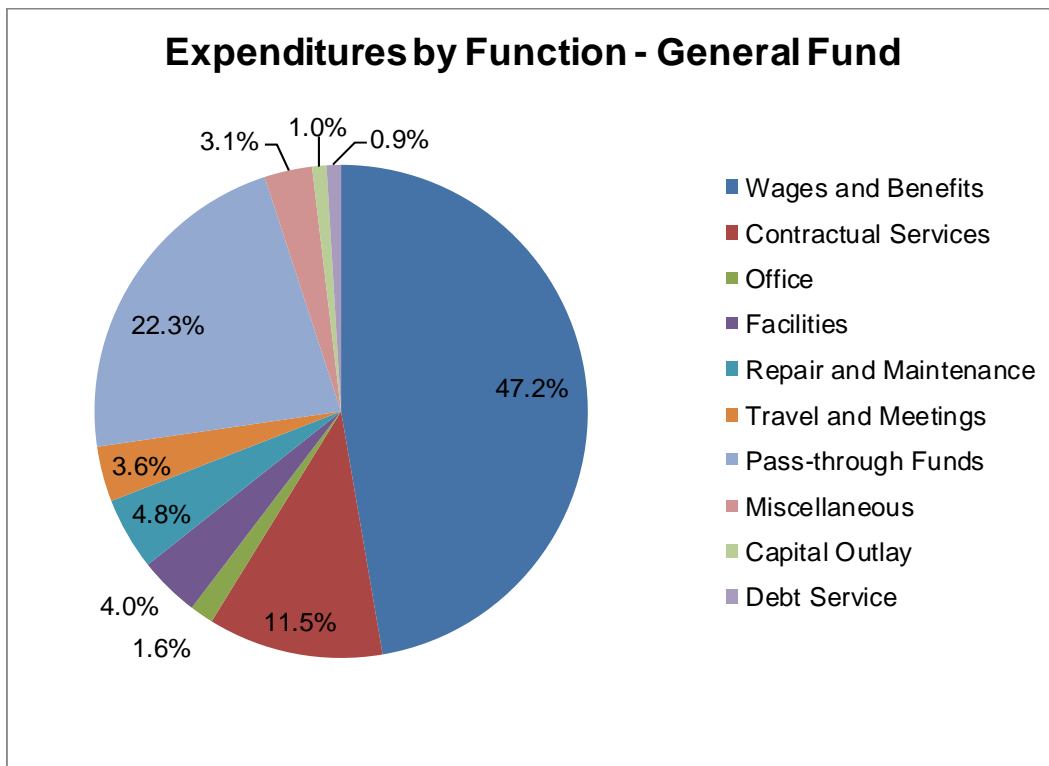
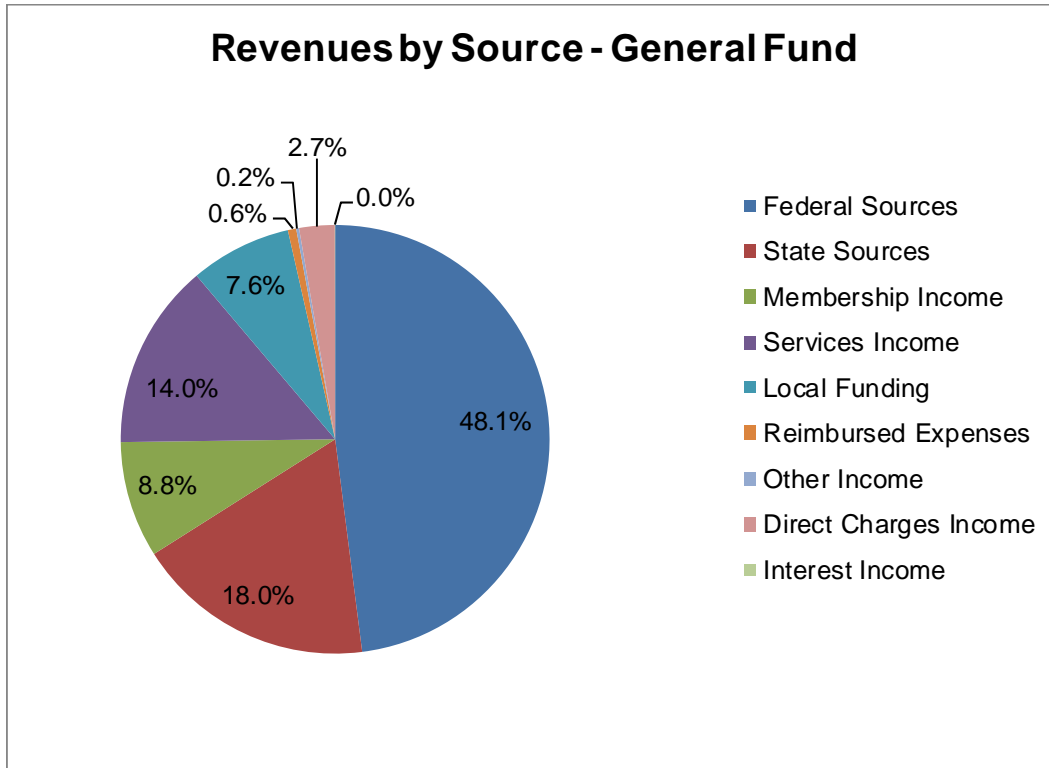
Management and the Board of Directors have assigned approximately 89% of the fund balance as follows:

	Balance December 31, 2014	Additions/ Deletions	Balance December 31, 2015
Alpine Area Agency for Aging	\$ 5,504	\$ 808	\$ 6,312
Elevator Inspection Program	22,500	-	22,500
Water Quality & Quantity Program	125,184	(3,768)	121,416
Office Condo	17,700	7,124	24,824
Motor Pool	38,316	11,663	49,979
Emergency Cash Reserve	398,976	(23,837)	375,139
	<u>\$ 608,180</u>	<u>\$ (8,010)</u>	<u>\$ 600,170</u>

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 16.6% of total General Fund expenditures compared to 15.1% in 2014.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

The following graphs provide visual representations of the expenditures and revenues for the General Fund for 2015.



**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

The Northwest Loan Fund ended the year with a fund balance of \$1,136,490 compared to \$592,410 at the end of 2014, an increase of \$544,141. This was the result of a \$540,571 grant from the State of Colorado Office of Economic Development and International Trade. The fund has \$366,857 of cash and is servicing \$770,227 of loans receivable.

The Northwest Colorado Council of Governments Foundation fund ended the year with a fund balance of \$29,517. During 2015, the Foundation recorded \$184,716 in revenues. The fund expended \$252,500 during the year.

General Fund Budgetary Highlights

Budgetary comparison schedules are presented as required supplementary information. During the year, the Council increased the general fund expenditure budget \$330,110 from \$3,957,185 to \$4,287,295. Similarly, projected revenues were increased \$209,015 from \$4,051,710 to \$4,260,725. Actual revenues were \$4,084,038, \$176,687 less than projected. Actual expenditures were \$4,069,023, \$218,272 less than budgeted.

Capital Assets and Debt Administration

Capital Assets

The Council's investment in capital assets as of December 31, 2015 amounts to \$952,199 (net of accumulated depreciation).

	<u>2015</u>	<u>2014</u>
Building	\$ 531,882	\$ 548,767
Building Improvements	34,129	36,720
Vehicles	269,218	314,005
Furniture and Equipment	116,970	128,980
	<u>\$ 952,199</u>	<u>\$ 1,028,472</u>

Additional information on capital assets can be found in the notes to the financial statements (Note 4).

Debt Administration

The Council had total long term obligations of \$619,317 as follows:

	<u>2015</u>	<u>2014</u>
Building Loan	\$ 562,363	\$ 576,997
Compensated Absences	56,954	62,611
	<u>\$ 619,317</u>	<u>\$ 639,608</u>

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

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2015**

Economic Factors and Next Year's Budgets and Rates

Decisions made at the federal and state levels regarding funding for regional programs will likely affect some of NWCCOG's programs in 2016. NWCCOG is prepared to make the appropriate adjustments to expenses in affected programs to remain aligned with the available funding as these decisions are made. NWCCOG will continue its current programs in 2015 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, 2015**

		2015
ASSETS		
Cash	\$	519,322
Investments		10,403
Investments - Restricted		406,750
Accounts Receivable		143,431
Grants Receivable		378,855
Prepays		1,164
Inventory		4,987
Loans Receivable		770,227
Capital Assets, Net of Accumulated Depreciation		952,199
Total Assets		3,187,338
 LIABILITIES AND NET POSITION		
LIABILITIES		
Accounts Payable		71,322
Accrued Salaries and Withholdings		87,330
Unearned Revenue		235,578
Noncurrent Liabilities		
Due Within One Year		72,203
Due in More than One Year		547,114
Total Liabilities		1,013,547
 NET POSITION		
Net Investment in Capital Assets		389,836
Restricted		40,420
Unrestricted		1,743,535
Total Net Position	\$	2,173,791

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Function/Program Activities	Expenses	Program Revenues		Net (Expense)
		Fees and Charges for Services	Operating Grants and Contributions	Revenues and Changes in Net Position
				Total Governmental Activities
Governmental Activities				
Regional Business	\$ 522,700	\$ 209,368	\$ 229,995	\$ (83,337)
Alpine Area Agency for Aging	720,225	-	742,004	21,779
Connect for Health Colorado	84,944	-	196,870	111,927
Economic Development District	152,841	-	150,473	(2,368)
Elevator Inspection Program	473,908	559,940	-	86,033
Energy Management	1,261,005	-	1,227,283	(33,722)
Regional Coordinating Council	359,663	-	365,863	6,200
Watershed Services	21,567	-	18,615	(2,951)
Colorado Bark Beetle	1,100	-	16	(1,084)
Emergency Management	97,609	-	98,625	1,017
Summitt Water Quality	29,637	-	33,933	4,297
Water Quality/Quantity	171,159	158,588	2,373	(10,197)
Northwest Loan Fund	122,675	-	666,816	544,141
NWCCOG Foundation, Inc.	252,500	-	184,716	(67,784)
Interest on Long Term Debt	23,526	-	-	(23,526)
Unallocated Depreciation	115,033	-	-	(115,033)
Total Governmental Activities	\$ 4,410,090	\$ 927,897	\$ 3,917,583	435,390
				Change in Net Position 435,390
				Net Position - Beginning of Year 1,738,401
				Net Position - End of Year <u>\$ 2,173,791</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
BALANCE SHEET – GOVERNMENTAL FUNDS
DECEMBER 31, 2015**

	General Fund	Northwest Loan Fund	NWCCOG Foundation	Total
ASSETS				
Cash	\$ 136,769	\$ 366,857	\$ 15,696	\$ 519,322
Investments	10,403	-	-	10,403
Investments - Restricted	406,750	-	-	406,750
Accounts Receivable	117,838	-	25,593	143,431
Grants Receivable	378,855	-	-	378,855
Due from Other Funds	11,234	-	-	11,234
Prepays	1,164	-	-	1,164
Inventory	4,987	-	-	4,987
Loans Receivable	-	770,227	-	770,227
Total Assets	<u>\$ 1,068,000</u>	<u>\$ 1,137,084</u>	<u>\$ 41,289</u>	<u>\$ 2,246,373</u>
LIABILITIES				
Accounts Payable	\$ 70,190	\$ 594	\$ 538	\$ 71,322
Accrued Salaries and Withholdings	87,330	-	-	87,330
Due to Other Funds	-	-	11,234	11,234
Unearned Revenue	235,578	-	-	235,578
Total Liabilities	<u>393,098</u>	<u>594</u>	<u>11,772</u>	<u>405,464</u>
FUND BALANCE				
Nonspendable				
Inventory	4,987	-	-	4,987
Prepaid Items	1,164	-	-	1,164
Restricted				
USDA Loan Reserve	40,420	-	-	40,420
Assigned				
Alpine Area Agency for Aging	6,312	-	-	6,312
Elevator Inspection Program	22,500	-	-	22,500
Water Quality & Quantity Program	121,416	-	-	121,416
Office Condo	24,824	-	-	24,824
Motor Pool	49,979	-	-	49,979
Emergency Cash Reserve	375,139	-	-	375,139
Other Purposes	-	1,136,490	29,517	1,166,007
Unassigned	28,161	-	-	28,161
Total Fund Balance	<u>674,902</u>	<u>1,136,490</u>	<u>29,517</u>	<u>1,840,909</u>
Total Liabilities and Fund Balance	<u>\$ 1,068,000</u>	<u>\$ 1,137,084</u>	<u>\$ 41,289</u>	<u>\$ 2,246,373</u>

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
DECEMBER 31, 2015**

Total Fund Balance for Governmental Funds	\$ 1,840,909
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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.	952,199
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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.

Balances at December 31, 2015 are:

Note Payable	(562,363)
Compensated Absences	<u>(56,954)</u>

Net Position of Governmental Activities	<u><u>\$ 2,173,791</u></u>
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**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General Fund	Northwest Loan Fund	NWCCOG Foundation	Total
REVENUES				
Federal Sources	\$ 1,959,468	\$ 540,571	\$ -	\$ 2,500,039
State Sources	736,703	86,491	94,952	918,146
Membership Income	358,142	-	-	358,142
Services Income	573,036	-	-	573,036
Local Funding	312,196	-	-	312,196
Reimbursed Expenses	25,398	387	1,971	27,756
Other Income	9,048	39,367	87,756	136,171
Direct Charges Income	109,158	-	-	109,158
Interest Income	889	-	37	926
Total Revenues	<u>4,084,038</u>	<u>666,816</u>	<u>184,716</u>	<u>4,935,570</u>
EXPENDITURES				
Current				
Wages and Benefits	1,924,947	79,657	-	2,004,604
Contractual Services	467,364	4,015	234,750	706,129
Office	63,490	6,569	5,839	75,898
Facilities	161,842	3,030	-	164,872
Repair and Maintenance	193,616	-	-	193,616
Travel and Meetings	147,312	7,683	11,911	166,906
Pass-Through Funds	906,036	-	-	906,036
Miscellaneous	127,496	21,721	-	149,217
Capital Outlay	38,760	-	-	38,760
Debt Service				
Principal	14,634	-	-	14,634
Interest	23,526	-	-	23,526
Total Expenditures	<u>4,069,023</u>	<u>122,675</u>	<u>252,500</u>	<u>4,444,198</u>
Net Change in Fund Balances	15,015	544,141	(67,784)	491,372
Fund Balances - Beginning of Year	<u>659,887</u>	<u>592,349</u>	<u>97,301</u>	<u>1,349,537</u>
Fund Balances - End of Year	<u>\$ 674,902</u>	<u>\$ 1,136,490</u>	<u>\$ 29,517</u>	<u>\$ 1,840,909</u>

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF THE GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2015**

Net Change in Fund Balances - Governmental Funds	
Amounts reported for governmental activities in the statement of activities are different because:	491,372
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 expense. This is the amount by which depreciation (\$115,033) exceeded capital outlays \$38,760 in the current period.	(76,273)
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 Note Payable	14,634
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	<u>5,657</u>
Change in Net Position of Governmental Activities	<u><u>\$ 435,390</u></u>

See accompanying Notes to Financial Statements.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting principles 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 five 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 young 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 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 not-for-profit 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.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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, (Loan Fund) 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.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Measurement Focus and Basis of Accounting

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

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

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

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

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. Cash and investments are presented on the balance sheet in the basic financial statements at fair value.

Restricted Cash and Investments

In accordance with the Council's by-laws, cash is restricted in an amount equal to 10% of the current year's budgeted projected revenues plus the amount of accrued compensated absences at December 31, 2015. The reserve calculation does not include pass through funds received by the Council and passed through to other organizations or programs.

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

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

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.

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.

Capital Assets

Capital assets, which include furniture, fixtures and 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 historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

Building	40 years
Building Improvements	10 – 40 years
Furniture, Fixtures and Operating Equipment	3 – 20 years
Vehicles	7 – 15 years

Long-term Obligations

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

Compensated Absences

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

Net Position and Fund Equity

Net Position

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

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

Unrestricted net position represents assets that do not have any third party limitations on their use.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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. It is the Council's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Fund Balances

Generally, fund balance represents the difference between the current assets and current liabilities. 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:

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

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

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Directors of the Council. The Board of Directors is the highest level of decision-making authority for the Council. Commitments may be established, modified or rescinded only through resolutions approved by the Board of Directors.

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:

The Council reports the following assigned fund balances:

	Balance December 31, 2014	Additions/ Deletions	Balance December 31, 2015
Alpine Area Agency for Aging	\$ 5,504	\$ 808	\$ 6,312
Elevator Inspection Program	22,500	-	22,500
Water Quality & Quantity Program	125,184	(3,768)	121,416
Office Condo	17,700	7,124	24,824
Motor Pool	38,316	11,663	49,979
Emergency Cash Reserve	398,976	(23,837)	375,139
	<u>\$ 608,180</u>	<u>\$ (8,010)</u>	<u>\$ 600,170</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 the Office of Management and Budget (OMB) Circular A-87. Actual expenditures specifically identifiable with individual grants are charged directly to those grants. Indirect costs are shared, pro-rata, by all of the Council's programs. Each program contributes to these costs based on the particular program's revenue as a percentage of the total budget.

Use of Estimates

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

NOTE 2 CASH AND INVESTMENTS

The Council is governed by the cash and investment limitations of state law. Deposits and investments held at December 31, 2015 are reported at fair value as follows:

	Unrestricted	Restricted	Total
Cash	\$ 519,322	\$ -	\$ 519,322
Investments	10,403	406,750	417,153
Total	\$ 529,725	\$ 406,750	\$ 936,475

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

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, 2015, Council's bank deposits amounting to \$542,959 were either insured by federal depository insurance or collateralized and consequently were not exposed to custodial credit risk.

Investments

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

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

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

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 2 CASH AND INVESTMENTS (CONTINUED)

At December 31, 2015, the Council had the following investments:

	Standard & Poor's Rating	Maturities	Fair Value
Local Government Investment Pools			
COLOTRUST	AAAm	< 60 Days	\$ 267,110
CSAFE	AAAm	< 60 Days	150,043
Total			<u>\$ 417,153</u>

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 or 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.

The State Securities Commissioner administers and enforces all State statutes governing COLOTRUST and CSAFE. COLOTRUST and CSAFE operate similarly to a money market fund and each share is equal in value to \$1.00.

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 loan balance of \$782,525 has been reduced by \$12,298 as an allowance for estimated uncollectible. The loans mature as follows:

Year Ending	Total
2016	\$ 4,060
2017	64,986
2018	344,855
2019	274,284
2020	82,042
Total	<u>\$ 770,227</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 4 CAPITAL ASSETS

An analysis of the changes in capital assets for the year ended December 31, 2015 follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental Activities				
Capital Assets Being Depreciated				
Building	\$ 675,405	\$ -	\$ -	\$ 675,405
Building Improvements	52,887	-	-	52,887
Vehicles	721,637	36,495	-	758,132
Furniture and Equipment	221,468	2,265	-	223,733
Total Capital Assets Being Depreciated	<u>1,671,397</u>	<u>38,760</u>	<u>-</u>	<u>1,710,157</u>
Less Accumulated Depreciation				
Building	(126,638)	(16,885)	-	(143,523)
Building Improvements	(16,167)	(2,591)	-	(18,758)
Vehicles	(407,632)	(81,282)	-	(488,914)
Furniture and Equipment	(92,488)	(14,275)	-	(106,763)
Total Accumulated Depreciation	<u>(642,925)</u>	<u>(115,033)</u>	<u>-</u>	<u>(757,958)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 1,028,472</u>	<u>\$ (76,273)</u>	<u>\$ -</u>	<u>\$ 952,199</u>

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

NOTE 5 LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended December 31, 2015 follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Due Within One Year
Governmental Activities					
United States Department of Agriculture (USDA) Note	\$ 576,997	\$ -	\$ (14,634)	\$ 562,363	\$ 15,249
Compensated Absences	62,611	17,543	(23,200)	56,954	56,954
	<u>\$ 639,608</u>	<u>\$ 17,543</u>	<u>\$ (37,834)</u>	<u>\$ 619,317</u>	<u>\$ 72,203</u>

The detail of the Council's long-term obligations is as follows:

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 5 LONG-TERM OBLIGATIONS (CONTINUED)

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 40 years in monthly installments of \$3,180 beginning April 17, 2007 through March 21, 2047, 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, 2015, the Council has restricted \$40,420 of its investments towards this purpose.

The note matures as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2016	\$ 15,249	\$ 22,911	\$ 38,160
2017	15,890	22,270	38,160
2018	16,558	21,602	38,160
2019	17,254	20,906	38,160
2020	20,145	18,015	38,160
2021-2025	106,378	69,325	175,703
2026-2030	125,426	65,374	190,800
2031-2035	148,510	26,874	175,384
2036-2038	96,953	4,807	101,760
	<u>\$ 562,363</u>	<u>\$ 272,084</u>	<u>\$ 834,447</u>

Other General Obligations

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

NOTE 6 OPERATING LEASES

The Council has entered into a number of operating leases for building space. These leases have cancellation provisions and are subject to annual appropriations. For the year ended December 31, 2015, lease expenditures amounted to \$54,670.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 7 RETIREMENT PLAN

The Council is a member of the Colorado County Officials and Employees Retirement Association Plan (CCOERA), (the Retirement Plan), a defined contribution plan. In a defined contribution plan, benefits depend solely on amounts contributed to the Retirement Plan plus investment earnings. Members of the Retirement Plan are required to participate in the Retirement Plan upon commencement of employment. Required employee contributions to the Retirement Plan vary from a minimum of 3.75% to a maximum of 10%. The Council is required to match employee contributions up to a maximum of 6%. All contributions vest immediately. During 2015, the Council's contribution and employee contributions to the Plan were \$86,615 and \$132,412, respectively.

NOTE 8 DEFERRED COMPENSATION PLAN

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

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

NOTE 9 PARTICIPATING MEMBER DUES

Participating member dues in the amount of \$358,142 were received by the Council during the year ended December 31, 2015. The following represents the source of funds received:

General Operations	\$ 205,487
Water Quality & Quantity	152,655
Total	<u>\$ 358,142</u>

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 allowability 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.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTE TO FINANCIAL STATEMENTS
DECEMBER 31, 2015**

NOTE 11 RISK MANAGEMENT

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

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

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

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

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

NOTE 12 STATE COMPLIANCE

TABOR Amendment - In November 1992, Colorado voters passed the TABOR Amendment (Amendment 1) to the State Constitution, which limits state and local government tax powers and imposes spending limitations. Fiscal year 1993 provides the basis for limits in future years to which may be applied allowable increases for inflation and other factors. Revenue received in excess of the limitations may be required to be refunded unless an electorate vote to retain the revenue is passed. The TABOR Amendment is subject to many interpretations, 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.

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Revenues					
Federal Sources					
Federal Contract Revenue	\$ 1,124,631	\$ 1,438,854	\$ 1,959,468	\$ 520,614	\$ 2,409,619
State Sources					
State Contract Revenue	1,206,161	1,133,709	736,703	(397,006)	509,764
Membership Income					
County Pledges	222,699	226,299	222,699	(3,600)	226,044
Municipal Pledges	123,400	118,543	118,543	-	124,761
Associate Member Pledges	4,000	3,800	3,800	-	3,800
Water & San District Pledges	11,100	13,100	13,100	-	11,100
Total Membership Income	<u>361,199</u>	<u>361,742</u>	<u>358,142</u>	<u>(3,600)</u>	<u>365,705</u>
Services Income					
Inspection Fees	463,025	445,650	450,588	4,938	406,525
Specialized Services	24,000	24,000	21,200	(2,800)	24,000
Other Service Income	63,800	29,000	32,981	3,981	29,776
Permit Review Fees	60,000	65,000	68,267	3,267	62,740
Total Services Income	<u>610,825</u>	<u>563,650</u>	<u>573,036</u>	<u>9,386</u>	<u>523,041</u>
Local Funding					
Local Funding	218,723	229,008	187,554	(41,454)	138,726
Landlord Contributions	-	-	13,087	13,087	9,299
Utility Contributions	-	-	-	-	17,325
Local Cash Match-NWCCOG	92,300	92,300	111,555	19,255	112,402
Total Local Funding	<u>311,023</u>	<u>321,308</u>	<u>312,196</u>	<u>(9,112)</u>	<u>277,752</u>
Reimbursed Expenses					
Reimbursed Fees/Expenses	11,900	4,069	25,398	21,329	9,393
Other Income					
Internal Indirect Revenue	169,004	180,304	8,003	(172,301)	7,623
Rental Income	2,496	750	416	(334)	1,456
Other Income	144,519	145,939	629	(145,310)	-
Total Other Income	<u>316,019</u>	<u>326,993</u>	<u>9,048</u>	<u>(317,945)</u>	<u>9,079</u>
Direct Charges Income	109,152	109,600	109,158	(442)	237,701
Interest Income	800	800	889	89	678
Total Revenues	<u>4,051,710</u>	<u>4,260,725</u>	<u>4,084,038</u>	<u>(176,687)</u>	<u>4,342,732</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Expenditures					
Current					
Wages and Benefits					
Salaries - Executive Director	112,146	110,558	110,558	-	106,089
Salaries - Program Director	406,011	347,744	284,692	63,052	301,134
Salaries - Assistant Director	71,988	71,800	68,759	3,041	68,042
Salaries - Program Staff	745,115	790,971	814,379	(23,408)	705,030
Salaries - Support	101,099	99,872	192,212	(92,340)	116,579
Taxes and Benefits	434,915	450,885	453,659	(2,774)	397,663
Employee Training Expense	450	450	688	(238)	730
Total Wages and Benefits	<u>1,871,724</u>	<u>1,872,280</u>	<u>1,924,947</u>	<u>(52,667)</u>	<u>1,695,267</u>
Contractual Services					
Contract Staff	201,146	175,580	223,566	(47,986)	188,616
Contract - Fiscal	99,035	102,353	77,520	24,833	79,480
Legal Expense	1,250	1,650	1,064	586	-
Auditing	17,000	15,500	15,500	-	15,200
Contract Services	250,017	216,012	149,714	66,298	269,993
Total Contractual	<u>568,448</u>	<u>511,095</u>	<u>467,364</u>	<u>43,731</u>	<u>553,289</u>
Office					
Office Supplies	14,100	19,777	15,440	4,337	21,183
Bank Charges	1,000	2,131	1,777	354	1,334
Credit Card Fees	2,400	2,400	2,561	(161)	3,262
Postage	5,625	6,391	6,645	(254)	4,339
Printing	6,505	1,155	1,302	(147)	1,441
Advertising	15,350	8,158	12,973	(4,815)	7,005
Internet/Website	11,100	6,379	7,168	(789)	1,893
Dues and Subscription	10,870	13,479	15,117	(1,638)	17,754
Copier Charges	1,075	625	507	118	18,463
Total Office	<u>68,025</u>	<u>60,495</u>	<u>63,490</u>	<u>(2,995)</u>	<u>76,674</u>
Facilities					
Rent & Utilities	116,249	116,346	112,151	4,195	217,219
Telephone	24,050	23,073	20,982	2,091	17,796
Cam Fees	16,700	17,000	-	17,000	-
Insurance	27,843	21,350	25,146	(3,796)	26,776
Insurance Deductible	-	-	-	-	500
Waste Removal	2,500	3,000	3,563	(563)	3,655
Total Facilities	<u>187,342</u>	<u>180,769</u>	<u>161,842</u>	<u>18,927</u>	<u>265,946</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Repair & Maintenance					
Office Condo Repair & Maintenance	6,300	3,575	72,946	(69,371)	19,545
Equipment Maintenance & Repairs	15,100	9,800	2,324	7,476	10,990
Vehicle Repair & Maintenance	17,000	17,500	11,575	5,925	8,436
Gas, Oil & Supplies	40,200	33,000	48,630	(15,630)	72,784
Equipment Lease	13,200	14,200	14,098	102	13,167
Tools and Equipment	1,567	41,204	44,043	(2,839)	57,449
Total Repair & Maintenance	<u>93,367</u>	<u>119,279</u>	<u>193,616</u>	<u>(74,337)</u>	<u>182,371</u>
Travel and Meetings					
Travel and Meetings	131,140	141,477	140,395	1,082	149,527
Training & Technical Assistance	35,280	7,455	6,188	1,267	2,039
RAC Travel/Meetings	5,275	550	729	(179)	254
Total Travel and Meetings	<u>171,695</u>	<u>149,482</u>	<u>147,312</u>	<u>2,170</u>	<u>151,820</u>
Pass-Through Funds					
Pass-Through Funds-Subcontracts	379,222	642,299	744,006	(101,707)	485,197
Materials	135,044	180,000	162,030	17,970	219,351
Total Pass-Through Funds	<u>514,266</u>	<u>822,299</u>	<u>906,036</u>	<u>(83,737)</u>	<u>704,548</u>
Miscellaneous					
Program Supplies	4,650	3,557	3,887	(330)	340
Licenses and Permits	7,400	1,620	1,352	268	6,689
Charitable Donations	-	150	5,150	(5,000)	-
Exercise	-	-	14,589	(14,589)	29,592
Awards	3,000	1,080	1,079	1	189
Indirect Costs Applied	179,005	181,957	-	181,957	-
Local Match Cost	92,493	92,493	101,439	(8,946)	88,470
Deferred Expense	31,330	43,808	-	43,808	8,944
Other	62,030	-	-	-	-
Total Miscellaneous	<u>379,908</u>	<u>324,665</u>	<u>127,496</u>	<u>197,169</u>	<u>134,224</u>
Capital Outlay	64,250	208,771	38,760	170,011	455,872
Debt Service					
Principal	14,634	14,634	14,634	-	112,366
Interest	23,526	23,526	23,526	-	25,794
Total Expenditures	<u>3,957,185</u>	<u>4,287,295</u>	<u>4,069,023</u>	<u>218,272</u>	<u>4,358,171</u>
Net Change in Fund Balance	94,525	(26,570)	15,015	41,585	(15,439)
Fund Balance - Beginning of Year	<u>350,006</u>	<u>659,887</u>	<u>659,887</u>	<u>-</u>	<u>675,326</u>
Fund Balance - End of Year	<u>\$ 444,531</u>	<u>\$ 633,317</u>	<u>\$ 674,902</u>	<u>\$ 41,585</u>	<u>\$ 659,887</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – NORTHWEST LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Revenues					
Federal Sources					
Federal Contract Revenue	\$ -	\$ -	\$ 540,571	\$ 540,571	\$ 408,969
State Sources					
State Contract Revenue	390,000	625,902	-	(625,902)	-
Administration	-	-	86,491	86,491	-
Reimbursed Expenses					
Reimbursed Fees/Expenses	-	400	387	(13)	2,306
Other Income					
Loan Principal and Interest	31,500	37,237	39,367	2,130	372,954
Interest Income	-	-	-	-	20
Total Revenues	421,500	663,539	666,816	3,277	784,249
Expenditures					
Current					
Wages and Benefits					
Salaries - Program Director	57,437	64,538	64,538	-	55,407
Office Wages	-	750	630	120	-
Taxes and Benefits	13,597	14,524	14,489	35	12,816
Total Wages and Benefits	71,034	79,812	79,657	155	68,223
Contractual Services					
Contract - Fiscal	2,160	2,160	2,100	60	2,100
Contract Services	1,000	1,500	1,915	(415)	1,177
Total Contractual	3,160	3,660	4,015	(355)	3,277
Office					
Office Supplies	889	3,000	2,688	312	746
Postage	150	400	429	(29)	102
Printing	200	500	1,188	(688)	8
Administration	-	-	1,000	(1,000)	-
Dues and Subscription	850	1,100	1,264	(164)	1,817
Copier Charges	-	-	-	-	454
Total Office	2,089	5,000	6,569	(1,569)	3,127
Facilities					
Rent & Utilities	2,344	2,344	2,344	-	2,344
Telephone	720	720	686	34	718
Total Facilities	3,064	3,064	3,030	34	3,062

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – NORTHWEST LOAN FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Repair & Maintenance					
Equipment Maintenance & Repairs	-	200	-	200	101
Travel and Meetings					
Travel and Meetings	7,500	6,000	7,683	(1,683)	9,375
Training & Technical Assistance	-	200	-	200	69
Total Travel and Meetings	<u>7,500</u>	<u>6,200</u>	<u>7,683</u>	<u>(1,483)</u>	<u>9,444</u>
Loans					
Loans	327,600	-	-	-	352,500
Miscellaneous					
Bad Debts	-	13,090	13,090	-	1,210
Licenses and Permits	-	500	457	43	52
Indirect Costs Applied	7,053	8,000	8,174	(174)	3,373
Total Miscellaneous	<u>7,053</u>	<u>21,590</u>	<u>21,721</u>	<u>(131)</u>	<u>4,635</u>
Total Expenditures	<u>421,500</u>	<u>119,526</u>	<u>122,675</u>	<u>(3,149)</u>	<u>444,369</u>
Net Change in Fund Balance	-	544,013	544,141	128	339,880
Fund Balance - Beginning of Year	-	592,349	592,349	-	252,469
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 1,136,362</u>	<u>\$ 1,136,490</u>	<u>\$ 128</u>	<u>\$ 592,349</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – NWCCOG FOUNDATION FUND
FOR THE YEAR ENDED DECEMBER 31, 2015
(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED DECEMBER 31, 2014)**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Revenues					
State Contract Revenue	\$ 77,500	\$ 77,500	\$ 94,952	\$ 17,452	\$ 57,819
Reimbursed Fees/Expenses	-	-	1,971	1,971	3,953
Foundation and Trusts	-	37,000	50,652	13,652	99,000
Fundraising Income	25,000	-	-	-	-
Contributions	-	20,000	18,250	(1,750)	29,078
Interest Income	-	40	37	(3)	39
Other Income	6,200	22,000	18,854	(3,146)	-
Total Revenues	108,700	156,540	184,716	28,176	189,889
Expenditures					
Current					
Contract Services	97,200	140,000	234,750	(94,750)	169,762
Office Supplies	1,500	625	938	(313)	975
Postage	-	450	388	62	180
Printing	-	1,000	829	171	175
Advertising	-	375	426	(51)	658
Internet/Website	-	160	480	(320)	61
Dues and Subscription	-	875	915	(40)	120
Travel and Meetings	10,000	8,800	11,911	(3,111)	7,828
Other	-	66,151	1,863	64,288	-
Total Expenditures	108,700	218,436	252,500	(34,064)	179,759
Net Change in Fund Balance	-	(61,896)	(67,784)	(5,888)	10,130
Fund Balance - Beginning of Year	-	97,301	97,301	-	87,171
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ 35,405</u>	<u>\$ 29,517</u>	<u>\$ (5,888)</u>	<u>\$ 97,301</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
DECEMBER 31, 2015**

NOTE 1 BUDGET AND BUDGETARY ACCOUNTING

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

- A. Budgets are required by state law for all governmental funds.
- B. Between October 1 and October 15, the proposed budget is submitted to the NWCCOG Council for the fiscal year commencing the following January 1.
- C. Prior to December 31, the budget is adopted and appropriations are authorized by resolution at the fund level for all funds.
- D. Budgets are adopted on a basis consistent with the accounting basis of all funds. Each fund's appropriated budget is prepared on a detailed line item basis. Revenues and expenditures are budgeted by program and in total by each fund. The total fund level constitutes the legal level of control. Expenditures may not exceed appropriations at this level. Within the fund level control basis, management may transfer appropriations without Board of Director approval. Budget revisions are presented to the Council for action at the July and December NWCCOG Council meetings.
- E. Budget amounts included in the budgetary comparison schedules are based on the final legally amended budget.
- F. Appropriations lapse at year-end.
- G. During the year ended December 31, 2015, the NWCCOG Council adopted supplemental appropriations during the year as follows.

	Original Budget	Revisions	Final Budget
General Fund	\$ 3,957,185	\$ 330,110	\$ 4,287,295
Northwest Loan Fund	421,500	(301,974)	119,526
NWCCOG Foundation Fund	108,700	109,736	218,436

As of December 31, 2015 the Northwest Loan Fund and the NWCCOG Foundation Fund had actual expenditures in the amounts of \$3,149, and \$34,064, respectively, above final budgeted expenditures. This may be a violation of Colorado State Statute.



**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, 2015, and the related notes to the financial statements, which collectively comprise the Northwest Colorado Council of Governments' basic financial statements, and have issued our report thereon dated November 28, 2016.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Northwest Colorado Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of the Northwest Colorado Council of Governments' internal control.

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

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

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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

Greenwood Village, Colorado
November 28, 2016



CliftonLarsonAllen

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

Board of Directors
Northwest Colorado Council of Governments
Silverthorne, Colorado

Report on Compliance for Each Major Federal Program

We have audited the Northwest Colorado Council of Governments' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect the Northwest Colorado Council of Governments' major federal program for the year ended December 31, 2015. Northwest Colorado Council of Governments' major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance of the Northwest Colorado Council of Governments' major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Northwest Colorado Council of Governments' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Northwest Colorado Council of Governments' compliance.

Opinion on Each Major Federal Program

In our opinion, the Northwest Colorado Council of Governments complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended December 31, 2015.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance. Our opinion on each major federal program is not modified with respect to these matters.

Report on Internal Control Over Compliance

Management of the Northwest Colorado Council of Governments is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Northwest Colorado Council of Governments' internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Northwest Colorado Council of Governments' 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Greenwood Village, Colorado
November 28, 2016

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
DECEMBER 31, 2015**

Federal Grantor/Pass through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Federal Expenditures
Department of Agriculture				
Rural Housing Preservation Grants	10.433		\$ 8,129	\$ 25,000
Total Department of Agriculture			<u>8,129</u>	<u>25,000</u>
Department of Commerce				
Economic Development Support for Planning Organizations	11.302		-	61,000
Total Department of Commerce Direct Programs			<u>-</u>	<u>61,000</u>
Department of Housing and Urban Development				
Colorado Department of Local Affairs Community Development Block Grants			-	540,571
Total Department of Housing and Urban Development	14.228		<u>-</u>	<u>540,571</u>
Department of Transportation				
Colorado Department of Transportation Capital Assistance Program for Elderly Persons and Persons with Disabilities	20.513		-	173,799
Total for Department of Transportation			<u>-</u>	<u>173,799</u>
Department of Energy				
Colorado Department of Local Affairs Weatherization Assistance for Low Income Persons	81.042		-	1,231,030
Total Department of Energy			<u>-</u>	<u>1,231,030</u>
Department of Health and Human Services				
Colorado Department of Human Services Special Program for the Aging				
Title VII, Elder Abuse Neglect and Exploitation	93.041		-	266
Title VII, Long Term Care Ombudsman Services	93.042		-	85
Title III, Part D Disease Prevention & Health Promotion	93.043		-	6,129
Title III, Admin.	93.044		-	27,195
Title III, Part B Grants for Supportive Services	93.044		-	104,761
Title III, Part C-1	93.045		-	116,879
Title III, Part C-2	93.045		-	69,547
Total Aging Cluster			<u>-</u>	<u>318,382</u>
Title III, Part E - National Family Caregiver Support	93.052		-	28,362
Total Department of Health and Human Services			<u>-</u>	<u>353,224</u>
Agency for International Development				
Cooperative Development Program	94.002		-	53,450
Total Agency for International Development			<u>-</u>	<u>53,450</u>
Department of Homeland Security				
Homeland Security Grant Program	97.067		-	97,198
Total Department of Homeland Security			<u>-</u>	<u>97,198</u>
Total Expenditures of Federal Awards			<u>\$ 8,129</u>	<u>\$ 2,535,272</u>

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED DECEMBER 31, 2015**

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, 2015. 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

Expenditures reported on the Schedule are reported on the (identify basis of accounting) basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. 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, 2015**

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? _____ yes x 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

CFDA 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:	\$ <u> 750,000 </u>
Auditee qualified as low-risk auditee?	_____ <u> x </u> yes _____ no

**NORTHWEST COLORADO COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED DECEMBER 31, 2015**

Section II – Financial Statement Findings

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

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).

Section IV – Prior Year Findings

There were no findings in the prior year that were required to be reported.