

DENVER REGIONAL COUNCIL OF GOVERNMENTS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2023



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DENVER REGIONAL COUNCIL OF GOVERNMENTS

Board of Officers

Steve Conklin, Chair, City of Edgewater
Wynne Shaw, Vice-Chair, City of Lone Tree
Jeff Baker, Secretary, Arapahoe County
Colleen Whitlow, Treasurer, Town of Mead
Kevin Flynn, Immediate Past Chair, City and County of Denver
Douglas W. Rex, Executive Director

Board of Directors

<u>Jurisdiction</u>	<u>Member</u>	<u>Jurisdiction</u>	<u>Member</u>
Adams County	Steve O'Doriso	Foxfield	Josie Cockrell
Arapahoe County	Jeff Baker	Frederick	Vacant
Arvada	Lisa Feret	Georgetown	Lynette Kelsey
Aurora	Dustin Zvonek	Gilpin County	Marie Mornis
Bennett	Larry Vittum	Glendale	Rachel Binkley
Black Hawk	David Spellman	Golden	Paul Haseman
Boulder	Nicole Speer	Greenwood Village	George Lantz
Boulder County	Claire Levy	Idaho Springs	Chuck Harmon
Bow Mar	Margo Ramsden	Jefferson County	Tracy Kraft-Tharp
Brighton	Jan Pawlowski	Lafayette	Stephanie Walton
Broomfield	Austin Ward	Lakewood	Jeslin Shahrezaei
Castle Pines	Deborah Mulvey	Larkspur	Vacant
Castle Rock	Tim Dietz	Littleton	Stephen Barr
Centennial	Tammy Maurer	Lochbuie	Kat Bristow
Central City	Todd Williams	Lone Tree	Wynne Shaw
Cherry Hills Village	Randy Weil	Longmont	Joan Peck
Clear Creek County	Randy Wheelock	Louisville	Dietrich Hoefner
Columbine Valley	Vacant	Lyons	Hollie Rogin
Commerce City	Craig Hurst	Mead	Colleen Whitlow
Dacono	Kathryn Wittman	Morrison	Paul Sutton
Deer Trail	Vacant	Nederland	Tom Mahowald
Denver	Nicolas Williams	Northglenn	Richard Kondo
Douglas County	George Teal	Parker	John Diak
Edgewater	Steve Conklin	Sheridan	Sally Daigle
Empire	Vacant	Silver Plume	Vacant
Englewood	Othoniel Sierra	Superior	Neal Shah
Erie	Ari Harrison	Thornton	Jessica Sandgren
Federal Heights	Linda Montoya	Westminster	Sarah Nurmela
Firestone	Don Conyac	Wheat Ridge	Bud Starker

Governor's Non-Voting Appointees

Sally Chafee, Colorado Dept. of Transportation
Rebecca White, Colorado Dept. of Transportation

Regional Transportation District Non-Voting Appointee

Bill Van Meter, Regional Transportation District

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INDEPENDENT AUDITORS' REPORT

Finance and Budget Committee of the Board of Directors
Denver Regional Council of Governments
Denver, Colorado

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and the major fund of the Denver Regional Council of Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Denver Regional Council of Governments's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the Denver Regional Council of Governments's, as of June 30, 2023, and the respective changes in financial position and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Denver Regional 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 Denver Regional Council of Governments's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Management omitted the management's discussion and analysis that accounting principles generally accepted in the United State of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Denver Regional Council of Governments’s 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 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 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 September 27, 2023, on our consideration of the Denver Regional Council of Governments’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Denver Regional Council of Governments’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Denver Regional Council of Governments’s internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
September 27, 2023

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2023**

ASSETS

Current Assets:	
Cash and Investments	\$ 8,484,989
Contracts Receivable:	
Federal Grants	6,733,422
State Grants	885,885
Local Grants	665,420
Accounts Receivable	36,000
Prepaid Expense	291,781
Total Current Assets	<u>17,097,497</u>
Noncurrent Assets:	
Depreciable Assets	6,480,196
Accumulated Depreciation and Amortization	<u>(1,512,574)</u>
Total Noncurrent Assets	<u>4,967,621</u>
Total Assets	<u><u>\$ 22,065,118</u></u>

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 4,790,200
Accrued Wages and Related Liabilities	534,859
Unearned Revenue	533,616
Lease Liabilities	334,832
Compensated Absences	797,855
Total Current Liabilities	<u>6,991,362</u>
Noncurrent Liabilities:	
Lease Liabilities - Long-Term	4,958,312
Compensated Absences - Long-Term	188,033
Total Noncurrent Liabilities	<u>5,146,345</u>
Total Liabilities	12,137,707

NET POSITION

Net Investment in Capital Assets	(325,523)
Unrestricted	<u>10,252,934</u>
Total Net Position	<u>9,927,411</u>
Total Liabilities and Net Position	<u><u>\$ 22,065,118</u></u>

See accompanying Notes to Financial Statements.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

<u>Function/Program Activities</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and Changes in Net Position</u>
		<u>Permits, Fees, and Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental Activities:				
Contract and Project Administration	\$ 51,952,439	\$ 2,712,146	\$ 46,967,611	\$ (2,272,682)
Total Governmental Activities	<u>\$ 51,952,439</u>	<u>\$ 2,712,146</u>	<u>\$ 46,967,611</u>	(2,272,682)
 GENERAL REVENUES				
				1,330,586
				(2,365)
				91,036
				<u>1,419,257</u>
 CHANGE IN NET POSITION				
				(853,425)
				<u>10,780,836</u>
				<u>\$ 9,927,411</u>

See accompanying Notes to Financial Statements.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET –
GOVERNMENTAL FUND – GENERAL FUND
JUNE 30, 2023**

ASSETS

Cash and Investments	\$ 8,484,989
Contracts Receivable:	
Federal Grants	6,733,422
State Grants	885,885
Local Grants and Service Contracts	665,420
Accounts Receivable	36,000
Prepaid Items	<u>291,781</u>
Total Assets	<u><u>\$ 17,097,497</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 4,790,200
Accrued Wages and Related Liabilities	534,859
Unearned Revenue	<u>533,616</u>
Total Liabilities	<u>5,858,675</u>

FUND BALANCE

Nonspendable:	
Prepaid Items	291,781
Assigned:	
Denver Regional Aerial Photography Program (DRAPP)	1,184,060
Vanpool	598,600
Way to Go	1,698,276
Unassigned	<u>7,466,105</u>
Total Fund Balance	<u>11,238,822</u>
Total Liabilities and Fund Balance	<u><u>\$ 17,097,497</u></u>

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2023**

Total Fund Balance - Governmental Fund \$ 11,238,822

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.

Capital Assets, Net of \$1,512,574 Accumulated Depreciation and Amortization 4,967,621

Long-term liabilities applicable to DRCOG's 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 June 30, 2023 are:

Lease Liability	(5,293,144)
Compensated Absences	(985,888)
	(6,279,032)

Net Position - Governmental Activities \$ 9,927,411

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – GENERAL FUND –
YEAR ENDED JUNE 30, 2023**

REVENUES

Participating Member Dues	\$ 2,003,700
Federal Grants	16,605,487
State Grants	6,028,842
Local Grants	4,793
In-Kind Service Contribution	1,330,586
Vanpool	331,016
Denver Regional Aerial Photography Program (DRAPP)	648,765
Service Income:	
Guaranteed Ride Home	16,074
Other	43,607
Investment Income (Loss)	(2,365)
Miscellaneous Income	91,036
Pass-Through Grant Funds	23,997,473
Total Revenues	51,099,014

EXPENDITURES

Current:	
Salaries and Benefits	14,152,030
Other Contractual Services:	
Pass-Through Grant Funds	23,997,473
Consulting and Other Contractual	8,117,312
In-Kind Services	1,330,586
Travel	28,998
Printing Services	40,267
Information Technology Services	792,965
Other Services and Supplies	2,483,054
Debt Service:	
Principal	301,423
Interest	370,453
Total Expenditures	51,614,561

NET CHANGE IN FUND BALANCES (515,547)

Fund Balance - Beginning of Year 11,754,369

FUND BALANCES - END OF YEAR \$ 11,238,822

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE OF THE GOVERNMENTAL FUND TO THE STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2023**

Net Change in Fund Balance - Governmental Fund \$ (515,547)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays 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. This is the amount by which depreciation/amortization expense exceeded capital outlays in the current period. (508,501)

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.

Lease Principal Payments and Other Adjustments	301,423
Adjustment to Compensated Absences Liability	(130,800)
	(130,800)

Change in Net Position - Governmental Activities \$ (853,425)

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL –
GENERAL FUND
YEAR ENDED JUNE 30, 2023**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Participating Member Dues	\$ 2,006,200	\$ 2,003,700	\$ (2,500)
Federal Grants	23,525,019	16,605,487	(6,919,532)
State Grants	6,018,094	6,028,842	10,748
Local Grants	325,634	4,793	(320,841)
In-Kind Service Contribution	1,332,970	1,330,586	(2,384)
Vanpool	913,441	331,016	(582,425)
Denver Regional Aerial Photography Program (DRAPP)	692,730	648,765	(43,965)
Service Income:			
EcoPass	-	16,074	16,074
Other	-	43,607	43,607
Investment Income	30,000	(2,365)	(32,365)
Miscellaneous Income	-	91,036	91,036
Pass-Through Grant Funds	23,697,130	23,997,473	300,343
Total Revenues	<u>58,541,218</u>	<u>51,099,014</u>	<u>(7,442,204)</u>
EXPENDITURES			
Current:			
Salaries and Benefits	16,778,541	14,152,030	2,626,511
Other Contractual Services:			
Pass-Through Grant Funds	23,697,130	23,997,473	(300,343)
Consulting and Other Contractual In-Kind Services	12,489,508	8,117,312	4,372,196
Travel	34,104	28,998	5,106
Printing Services	19,234	40,267	(21,033)
Information Technology Services	940,946	792,965	147,981
Other Services and Supplies	2,554,765	2,483,054	71,711
Capital Outlay	70,000	-	70,000
Debt Service:			
Principal	301,423	301,423	-
Interest	370,453	370,453	-
Total Expenditures	<u>58,541,218</u>	<u>51,614,561</u>	<u>6,926,657</u>
NET CHANGE IN FUND BALANCE	-	(515,547)	(515,547)
Fund Balance - Beginning of Year	<u>10,932,989</u>	<u>11,754,369</u>	<u>821,380</u>
FUND BALANCE - END OF YEAR	<u><u>\$ 10,932,989</u></u>	<u><u>\$ 11,238,822</u></u>	<u><u>\$ 305,833</u></u>

See accompanying Notes to Financial Statements.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

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 Denver Regional Council of Governments' (DRCOG) significant accounting policies consistently applied in the preparation of these financial statements follows.

Definition of Reporting Entity

DRCOG is a mechanism for uniting intergovernmental planning, policy making and action. It is a blend of 59 local governments in the Denver region into a single agency. Formed in 1955 as the Inter-County Regional Planning Association, DRCOG is a voluntary association of city and county governments within the nine-county state planning and management region. The members include Adams, Arapahoe, Boulder, Clear Creek, Douglas, Gilpin, and Jefferson counties, the City and County of Denver, the City and County of Broomfield and 50 municipalities.

The functions for DRCOG include:

- Promoting regional cooperation
- Coordinating between local governments
- Resolving common problems
- Performing regional planning
- Encouraging orderly development
- Providing services to members

DRCOG 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. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

Based upon the application of these criteria, no additional organizations are included within DRCOG's reporting entity.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and Statement of Activities) report information on all activities of the government. Governmental activities are supported mainly by membership dues and intergovernmental revenues.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Government-Wide and Fund Financial Statements (Continued)

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services or privileges provided by a given function or segment; and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Items not properly included among program revenues are reported instead as general revenues.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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.

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 180 days of the end of the current fiscal period. The major sources of revenue susceptible to accrual are grants. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, expenditures related to compensated absences are recorded only when payment is due.

DRCOG reports the following major governmental fund:

The General Fund is the operating fund of DRCOG. It accounts for all of its financial resources.

When both restricted and unrestricted resources are available for use, it is DRCOG's policy to use restricted resources first, then unrestricted resources as they are needed.

Cash and Investments

DRCOG pools cash resources of its various projects in order to facilitate the management of cash. Cash is pooled in interest-bearing accounts. Cash applicable to a particular project is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements.

Investments for DRCOG are reported at fair value and amortized costs as reported in Note 2. The fair value is determined by the closing trading value of the investment at period-end. Fair values were based on quoted market rates as of June 30, 2023.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contract Receivables

Contract receivables are mainly grant receivables from federal and state governments and include amounts due from grantors at the time reimbursable project costs are incurred.

Accounts Receivables

Receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Prepaid Assets

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 DRCOG 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 acquisition value on 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 DRCOG are depreciated using the straight-line method over the following estimated useful lives:

Assets	7 Years
Furniture and Fixtures	10 Years
Equipment	4 to 5 Years
Vehicles	7 Years

Unearned Revenue

Unearned revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met.

Long-Term Obligations

In the government-wide financial statements, long-term obligations are reported as liabilities in the governmental activities statement of net position. Acquisitions under leases are reported as other financing sources.

Deferred Inflows of Resources

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 less than 1 year to 20 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 Balance

Net Position

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

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.

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 DRCOG 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 fund balance – 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 DRCOG. The Board of Directors is the highest level of decision-making authority for DRCOG. 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 DRCOG's policy, the executive director may assign amounts for specific purposes.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance (Continued)

Fund Balances (Continued)

DRCOG reports the following assigned fund balances:

	Balance 6/30/2022	Additions/ (Deletions)	Balance 6/30/2023
Denver Regional Aerial Photography Program (DRAPP)	\$ 1,227,116	\$ (43,056)	\$ 1,184,060
Vanpool	598,600	-	598,600
Way to Go	1,713,617	(15,341)	1,698,276
Total	<u>\$ 3,539,333</u>	<u>\$ (58,397)</u>	<u>\$ 3,480,936</u>

Program assigned amounts were accumulated from excess revenues over expenditures for these respective programs. DRCOG 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. Through resolution, the Finance and Budget Committee of the Board of Directors has adopted a financial standard maintaining a fund balance equal to three months’ expenditures, or 25%. At June 30, 2023, the unassigned balance equaled 19.16% of total expenditures.

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

- Committed
- Assigned
- Unassigned

Budget and Budgetary Accounting

Revenues and expenditures of the general fund are controlled by budgetary accounting to provide a sound basis for planning and management of DRCOG’s programs. In May of the previous year, an annual budget was adopted by formal resolution for the 2023 fiscal year. The budget is prepared on the same basis that is used for accounting purposes and is only used for the fiscal year ended 2023. In May of the current year, an annual budget was adopted by formal resolution for the 2023 fiscal year. The budget is prepared on the same basis that is used for accounting purposes. Budget authority lapses at year-end.

Budgeted amounts reported in the accompanying required supplemental information are as originally adopted and as amended by the Finance and Budget Committee of the Board of Directors throughout the year. There were no budget amendments during the year.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

In-Kind Service Contributions

Contributed services performed by various contracting parties on assisted projects are valued at cost to the contracting party as of the date the services are performed. Equal amounts of revenue and expenditures are recorded to reflect these contributions.

Assisted Projects

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

Indirect Costs

DRCOG allocates indirect costs to assisted projects in accordance with Uniform Grant Guidance. Actual expenditures specifically identifiable with individual grants are charged directly to those grants. Indirect costs necessary to sustain overall operations are allocated as a percentage of total direct labor costs charged to the projects.

Adoption of New Accounting Pronouncement

In May 2020, the GASB issued GASB Statement No. 96, Subscription-Based Information Technology Arrangements. This standard defines a subscription-based information technology arrangement (SBITA); establishes that a SBITA results in a right-to-use subscription asset (an intangible asset) and a corresponding subscription liability; provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and requires note disclosures regarding a SBITA. DRCOG did not have any material SBITA arrangements.

NOTE 2 DEPOSITS AND INVESTMENTS

DRCOG is governed by the deposit and investment limitations of state law. Deposits and investments held at June 30, 2023 are reported as follows:

Cash	\$ 5,523,506
Cash Equivalents	70,488
Investments	2,890,995
Total Cash and Investments	<u>\$ 8,484,989</u>

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Deposits

Custodial Credit Risk – Deposits

Custodial risk for deposits is the risk that, in the event of a failure of a depository financial institution, DRCOG will not be able to recover its deposits or will not be able to recover collateral securities that are in possession of an outside party. DRCOG's deposit 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 June 30, 2023, DRCOG's deposits were insured by federal depository insurance or collateralized with securities held by third parties in DRCOG's name, and consequently were not exposed to custodial credit risk.

Investments

DRCOG's investment policy limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. Maturities of investments held at June 30, 2023, are provided in the schedule below and are tiered to mature at intervals within a 10-year maximum range. However, DRCOG has multiple investments that have maturities greater than 10 years, as presented in the table on page 22.

Investment Credit Risk

This is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Debt securities of the U.S. government and obligations of U.S. government agencies that are explicitly guaranteed by the U.S. government are not considered to have credit risk.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Investment Credit Risk (Continued)

DRCOG's investment policy follows state statutes (C.R.S. 24-75-601 through 24-75-603) which limit its investment choices as follows:

- 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

Presented below are the investments held by DRCOG and the actual ratings as of June 30, 2023 for each investment type:

Issuer:	Moody Rating	Fair Value	Investment Portfolio
U.S. Treasury	Aaa	\$ 1,904,032	66%
Fannie Mae	Aaa	68,267	2%
Fannie Mae	Not Rated	514,300	18%
Mutual Funds	Not Rated	404,396	14%
Total Investments		<u>\$ 2,890,995</u>	

Interest Rate Risk

Changes in market interest rates could adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market rates. The schedule below indicates the interest rate risk of DRCOG's investments at June 30, 2023:

Issuer:	Fair Value	Investment Maturities (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury	\$ 1,904,032	\$ 234,900	\$ 1,559,258	\$ 61,826	\$ 48,048
Fannie Mae	582,567	-	51,687	19,856	511,024
Mutual Funds	404,396	404,396	-	-	-
Total	<u>\$ 2,890,995</u>	<u>\$ 639,296</u>	<u>\$ 1,610,945</u>	<u>\$ 81,682</u>	<u>\$ 559,072</u>

One of the ways DRCOG manages its exposure to interest rate risk is by purchasing a combination of shorter-term and longer-term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 2 DEPOSITS AND INVESTMENTS (CONTINUED)

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of an entity's investment in a single issuer. DRCOG places no limit on the amount it may invest in any one issuer. However, it is the intent of DRCOG to diversify the investment instruments within the portfolio to avoid incurring unreasonable risks inherent in over investing in specific instruments, individual financial institutions, or maturities.

Fair Value

DRCOG categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted process; Level 3 inputs are significant unobservable inputs. As of June 30, 2023, DRCOG had the following investments valued using the hierarchy described above.

Investment Type	6/30/2023	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury	\$ 1,904,032	\$ -	\$ 1,904,032	\$ -
Fannie Mae	582,567	-	582,567	-
Mutual Funds	404,396	404,396	-	-
Total Investments by Fair Value Level	\$ 2,890,995	\$ 404,396	\$ 2,486,599	\$ -

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 3 CAPITAL ASSETS

	Balance July 1, 2022	Additions	Dispositions	Balance June 30, 2023
<u>Governmental Activities</u>				
Depreciable Assets:				
Furniture, Fixtures, and Equipment	\$ 74,369	\$ -	\$ -	\$ 74,369
Vehicles	24,002	-	-	24,002
Electronic Equipment and Software	425,692	-	-	425,692
Total Capital Assets Being Depreciated	524,063	-	-	524,063
Lease Assets:				
Buildings	5,956,133	-	-	5,956,133
Total Lease Assets Being Amortized	5,956,133	-	-	5,956,133
Less: Accumulated Depreciation and Amortization				
Furniture, Fixtures, and Equipment	53,864	7,986	-	61,850
Vehicles	24,002	-	-	24,002
Electronic Equipment and Software	425,692	-	-	425,692
Buildings Lease Assets	500,515	500,515	-	1,001,030
Total Accumulated Depreciation and Amortization	1,004,073	508,501	-	1,512,574
Governmental Activities Capital Assets, Net	<u>\$ 5,476,123</u>	<u>\$ (508,501)</u>	<u>\$ -</u>	<u>\$ 4,967,621</u>

Depreciation and amortization expense was charged to functions/programs of DRCOG as follows:

Governmental Activities:	
Contract and Project Administration	<u>\$ 508,501</u>

NOTE 4 LONG-TERM OBLIGATIONS

Long-term obligation activity for the year ended June 30, 2023 was as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance	Current Portion
<u>Governmental Activities</u>					
Building Lease	\$ 5,594,567	\$ -	\$ 301,423	\$ 5,293,144	\$ 334,832
Compensated Absences	855,089	246,555	115,756	985,888	797,855
Total	<u>\$ 6,449,656</u>	<u>\$ 246,555</u>	<u>\$ 417,179</u>	<u>\$ 6,279,032</u>	<u>\$ 1,132,687</u>

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 4 LONG-TERM OBLIGATIONS (CONTINUED)

Building Lease

In 2018, DRCOG entered into an office lease agreement for a term of fifteen years commencing June 2018 through May 2033. The first eighteen months of lease payments have been abated pursuant to the terms of the agreement. During 2018, DRCOG made a \$91,188 payment for a security deposit which is shown as a prepaid item as of June 30, 2023.

DRCOG's rate of interest for this lease is 7.00% percent per annum.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2023 are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
2024	\$ 334,832	\$ 349,919	\$ 684,751
2025	372,525	325,102	697,627
2026	411,883	298,619	710,502
2027	453,997	269,381	723,378
2028	498,404	237,850	736,254
2029-2033	3,221,503	585,193	3,806,696
Total Payments	<u>\$ 5,293,144</u>	<u>\$ 2,066,064</u>	<u>\$ 7,359,208</u>

NOTE 5 RETIREMENT PLAN

DRCOG provides pension benefits for all of its full-time employees through a single employer defined contribution plan under Section 401 of the Internal Revenue Code. The plan was established by the Council and is maintained and administered by the International City/County Managers Association Retirement Corporation (ICMA-RC). Plan provisions and contribution requirements may be amended by the Council. In a defined contribution plan, benefits depend solely on amounts contributed to the Plan, plus investment earnings.

Employees are required to participate after completing six months of service. For 2023, DRCOG made a contribution of 9% of each participant's compensation up to the Social Security base wages and 5.7% for compensation over the Social Security base wages. Participants are required to contribute 3% of compensation.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 5 RETIREMENT PLAN (CONTINUED)

Contributions for each employee and interest allocated to the employee's account are vested as follows:

Years of Vesting Service	Percentage
Less Than 3	0
3	30
4	40
5	60
6	80
7 or More	100

DRCOG's contribution for, and interest forfeited by, employees who leave employment before full vesting occurs are used to reduce DRCOG's current period contribution requirement. During 2023, no funds were used to offset pension expense. During 2023, DRCOG's required, which equaled actual, contributions and employee contributions to the Plan, were \$873,542 and \$428,485, respectively.

NOTE 6 PARTICIPATING MEMBER DUES

Participating member dues in the amount of \$2,003,700 were received by DRCOG during the year ended June 30, 2023. The following represents the use of funds received:

Operations and Supported Projects	\$ 861,591
Matching Requirement for State-Assisted Projects	1,142,109
Total	\$ 2,003,700

NOTE 7 COMMITMENTS AND CONTINGENCIES

DRCOG 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 DRCOG expects such amounts, if any, to be immaterial.

NOTE 8 RISK MANAGEMENT

DRCOG is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. DRCOG maintains commercial insurance for all risks of loss. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2023**

NOTE 9 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.



**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***

Finance and Budget Committee of the Board of Directors
Denver Regional Council of Governments
Denver, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and the major fund of the Denver Regional Council of Governments, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Denver Regional Council of Governments's basic financial statements, and have issued our report thereon dated September 27, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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



CliftonLarsonAllen LLP

Broomfield, Colorado
September 27, 2023



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

Finance and Budget Committee of the Board of Directors
Denver Regional Council of Governments
Denver, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Denver Regional Council of Governments's 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 the Denver Regional Council of Governments's major federal program for the year ended June 30, 2023. The Denver Regional Council of Governments's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Denver Regional Council of Governments complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2023.

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 the Denver Regional 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 the Denver Regional Council of Governments's 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 the Denver Regional Council of Governments's federal programs.

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 the Denver Regional Council of Governments's 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 the Denver Regional Council of Governments's 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 the Denver Regional Council of Governments's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Denver Regional Council of Governments's 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 the Denver Regional Council of Governments's 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

Broomfield, Colorado
September 27, 2023

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023**

Federal Grantor / Pass-Through Grantor / Program or Cluster Title	Federal ALN	Pass-Through Entity Identifying Number	Passed- Through to Subrecipients	Expenditures
Department of Transportation				
Federal Highway Administration				
<i>Colorado Department of Transportation</i>				
Highway Planning and Construction	20.205	20-HA1-XC-00066, 20-HTD-ZL-03249, 23-HTD-ZL-00048/491003079, 21-HTD-ZL-00153/491002396, 23-HAA-ZL-00069/491003110, 23-HTD-ZL-00041 / 491003072	\$ -	\$ 8,154,498
Total Federal Highway Administration			<u>-</u>	<u>8,154,498</u>
Federal Transit Administration				
<i>Transit Services Programs Cluster</i>				
FTA Section 5310 Program	20.513	-	1,680,729	1,852,467
<i>Total Transit Services Programs Cluster</i>			<u>1,680,729</u>	<u>1,852,467</u>
<i>Colorado Department of Transportation</i>				
State Planning and Research	20.515	None provided	-	7,043
Traffic Crash	20.616	23-HAA-ZH-00029	-	98,991
<i>Total Colorado Department of Transportation</i>			<u>-</u>	<u>106,034</u>
Total Federal Transit Administration			<u>1,680,729</u>	<u>1,958,501</u>
Total Department of Transportation			<u>1,680,729</u>	<u>10,112,999</u>
Department of Health and Human Services				
<i>Colorado Department of Human Services</i>				
<i>Special Program for the Aging</i>				
Title VII, Elder Abuse	93.041	21 IHEA 160181	-	17,510
Title VII, LTC Ombudsman	93.042	21 IHEA 160181	-	139,136
COVID-19-ARPA Part D	93.043	23 IHEA 175343	94,222	94,222
COVID-19-ARPA Public Health	93.043	23 IHEA 175343	-	36,403
Title III, Part D	93.043	21 IHEA 160181	204,481	204,481
<i>Total Special Program for the Aging</i>			<u>298,703</u>	<u>491,752</u>
<i>Aging Cluster</i>				
Title III, Admin	93.044	21 IHEA 160181	-	956,269
Title III, Part B	93.044	21 IHEA 160181	2,209,249	2,209,249
COVID-19 Title III, Part B	93.044	23 IHEA 175343	1,191,036	1,191,036
Title III, Ombudsman Part III	93.044	21 IHEA 160181	-	739,568
COVID-19 - Title III, Colorado Vaccine Act	93.044	23 IHEA 175343	-	200,938
			<u>3,400,285</u>	<u>5,297,060</u>
Title III, Part C-1	93.045	21 IHEA 160181	2,440,323	2,440,323
COVID-19 - Title III, Part C-1	93.045	23 IHEA 175343	761,669	761,669
Title III, Part C-2	93.045	21 IHEA 160181	4,696,497	4,696,497
COVID-19 - Title III, Part C-2	93.045	23 IHEA 175343	825,806	825,806
Nymbi Science Funding	93.045	21 IHEA 160181	-	686,070
COVID-19 - Title III, Part C	93.045	23 IHEA 175343	21,507	21,507
			<u>8,745,802</u>	<u>9,431,872</u>
Nutrition Services Incentive Program	93.053	None provided	575,600	575,600
<i>Total Aging Cluster</i>			<u>12,721,687</u>	<u>15,304,532</u>
Title III, Part E	93.052	21 IHEA 160181	1,077,758	1,077,758
			<u>1,077,758</u>	<u>1,077,758</u>
Older Adult Refugee Assistance	93.576	CTGG1 2021*2291	-	157,956
<i>Medicaid Cluster</i>				
ADRC Federal Financial Participation	93.778	23 IHEA 174626	-	564,487
<i>Medicaid Cluster</i>			<u>-</u>	<u>564,487</u>
Total Colorado Department of Human Services			<u>14,098,148</u>	<u>17,596,485</u>
<i>Colorado Department of Regulatory Agencies</i>				
HHS Medicare Enrollment Assistance	93.071	None provided	-	224,428
Total Colorado Department of Regulatory Agencies			<u>-</u>	<u>224,428</u>
Total Department of Health and Human Services			<u>14,098,148</u>	<u>17,820,913</u>
Total Federal Financial Assistance			<u>\$ 15,778,877</u>	<u>\$ 27,933,912</u>

See accompanying Notes to Schedule of Expenditures of Federal Awards.

DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2023

NOTE 1 BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Denver Regional Council of Governments (DRCOG) under programs of the federal government for the year ended June 30, 2023. In the accompanying schedule of expenditures of federal awards, award revenues and expenditures have been prepared 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 DRCOG, it is not intended to and does not present the financial position, changes in net position, or cash flows of DRCOG.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue from federal awards is recognized when DRCOG 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. 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. DRCOG has elected to not use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2023**

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

ALN(s)

20.205

Name of Federal Program or Cluster

Highway Planning and Construction

Dollar threshold used to distinguish between Type A and Type B programs:

\$ 838,017

Auditee qualified as low-risk auditee?

 x yes no

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
YEAR ENDED JUNE 30, 2023**

Section II – Financial Statement Findings

There were no financial statement audit findings in the current year.

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).

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
YEAR ENDED JUNE 30, 2023**

Denver Regional Council of Governments respectfully submits the following summary schedule of prior audit findings for the year ended June 30, 2023.

Audit period: 2022

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

FINDING—FINANCIAL STATEMENT AUDIT

2022 – 001 Significant Deficiency in Internal Control Over Financial Reporting

Condition: During audit procedures, it was noted that multiple District members were not billed for their dues pertaining to the final quarter of the fiscal year.

Status: This was not a repeat finding for the 2023 fiscal year audit.

FINDINGS— FEDERAL AWARD PROGRAMS AUDITS

There were no federal award program audit findings in the prior year.

Questions regarding this schedule, please call Jenny Dock at (303) 480-6709.



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