

DENVER REGIONAL COUNCIL OF GOVERNMENTS

**FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2024



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DENVER REGIONAL COUNCIL OF GOVERNMENTS

Board of Officers

Jeff Baker, Chair, Arapahoe County
Colleen Whitlow, Vice-Chair, Town of Mead
Steve Conklin, Secretary, City of Edgewater
Richard Kondo, Treasurer, Town of Mead
Steve Conklin, Immediate Past Chair, City of Edgewater
Douglas W. Rex, Executive Director

Board of Directors

<u>Jurisdiction</u>	<u>Member</u>	<u>Jurisdiction</u>	<u>Member</u>
Adams County	Steve O'Dorisio	Foxfield	Josie Cockrell
Arapahoe County	Jeff Baker	Frederick	Windi Padia
Arvada	Lisa Feret	Georgetown	Lynette Kelset
Aurora	Angela Lawson	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	Andy Kerr
Brighton	Greg Mills	Lafayette	Brian Wong
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	Marissa Harmon
Cherry Hills Village	Randy Weil	Longmont	Joan Peck
Clear Creek County	Randy Wheelock	Louisville	Judi Kern
Columbine Valley	Vacant	Lyons	Hollie Rogin
Commerce City	Steve Douglas	Mead	Colleen Whitlow
Dacono	Michelle Rogers	Morrison	Paul Sutton
Deer Trail	Vacant	Nederland	Nichole Sterling
Denver	Adam Paul	Northglenn	Richard Kondo
Douglas County	George Teal	Parker	John Diak
Edgewater	Steve Conklin	Sheridan	Terrance Kelly
Empire	Vacant	Silver Plume	Vacant
Englewood	Othoniel Sierra	Superior	Neal Shah
Erie	Emily Baer	Thornton	Justin Martinez
Federal Heights	Linda Montoya	Westminster	Sarah Nurmela
Firestone	Ray Byrd	Wheat Ridge	Bud Starker

Governor's Non-Voting Appointees

Darius Pakbaz, Colorado Dept. of Transportation
Sally Chafee, Colorado Dept. of Transportation

Regional Transportation District Non-Voting Appointee

Bill Sirois, 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, 2024, and the related notes to the financial statements, which collectively comprise the Denver Regional Council of Governments' 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', as of June 30, 2024, 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' 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' 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' 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 States 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' 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 October 24, 2024 on our consideration of the Denver Regional Council of Governments' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Denver Regional Council of Governments' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Denver Regional Council of Governments' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Broomfield, Colorado
October 24, 2024

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF NET POSITION
JUNE 30, 2024**

ASSETS

Current Assets:	
Cash and Investments	\$ 10,267,764
Contracts Receivable:	
Federal Grants	6,902,486
State Grants	726,377
Local Grants	448,602
Accounts Receivable	157,216
Prepaid Expense	93,205
Total Current Assets	18,595,650
Noncurrent Assets:	
Depreciable Assets	6,480,196
Accumulated Depreciation and Amortization	(2,021,075)
Total Noncurrent Assets	4,459,121
Total Assets	\$ 23,054,771

LIABILITIES AND NET POSITION

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 4,539,889
Accrued Wages and Related Liabilities	557,760
Unearned Revenue	152,702
Lease Liabilities	372,525
Compensated Absences	877,227
Total Current Liabilities	6,500,103
Noncurrent Liabilities:	
Lease Liabilities - Long-Term	4,585,787
Compensated Absences - Long-Term	198,909
Total Noncurrent Liabilities	4,784,696
Total Liabilities	11,284,799

NET POSITION

Net Investment in Capital Assets	(499,191)
Unrestricted	12,269,163
Total Net Position	11,769,972
Total Liabilities and Net Position	\$ 23,054,771

See accompanying Notes to Financial Statements.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2024**

<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	\$ 52,144,460	\$ 3,191,036	\$ 49,411,005	\$ 457,581
Total Governmental Activities	\$ 52,144,460	\$ 3,191,036	\$ 49,411,005	457,581
GENERAL REVENUES				
In-Kind Services				1,079,520
Net Investment Income (Loss)				95,662
Miscellaneous Income				209,797
Total General Revenues				1,384,979
CHANGE IN NET POSITION				
Net Position - Beginning of Year				9,927,412
NET POSITION - END OF YEAR				
				\$ 11,769,972

See accompanying Notes to Financial Statements.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
BALANCE SHEET –
GOVERNMENTAL FUND – GENERAL FUND
JUNE 30, 2024**

ASSETS

Cash and Investments	\$ 10,267,764
Contracts Receivable:	
Federal Grants	6,902,486
State Grants	726,377
Local Grants and Service Contracts	448,602
Accounts Receivable	157,216
Prepaid Items	<u>93,205</u>
Total Assets	<u><u>\$ 18,595,650</u></u>

LIABILITIES AND FUND BALANCE

LIABILITIES

Accounts Payable	\$ 4,539,889
Accrued Wages and Related Liabilities	557,760
Unearned Revenue	<u>152,702</u>
Total Liabilities	<u>5,250,351</u>

FUND BALANCE

Nonspendable:	
Prepaid Items	93,205
Assigned:	
Denver Regional Aerial Photography Program (DRAPP)	1,529,606
Vanpool	598,600
Way to Go	1,684,447
Unassigned	<u>9,439,441</u>
Total Fund Balance	<u>13,345,299</u>
Total Liabilities and Fund Balance	<u><u>\$ 18,595,650</u></u>

See accompanying Notes to Financial Statements.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
RECONCILIATION OF THE GOVERNMENTAL FUND
BALANCE SHEET TO THE STATEMENT OF NET POSITION
JUNE 30, 2024**

Total Fund Balance - Governmental Fund \$ 13,345,299

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 \$2,021,075 Accumulated Depreciation and Amortization 4,459,121

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, 2024 are:

Lease Liability	(4,958,312)
Compensated Absences	(1,076,136)
	(6,034,448)

Net Position - Governmental Activities \$ 11,769,972

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND – GENERAL FUND –
YEAR ENDED JUNE 30, 2024**

REVENUES

Participating Member Contributions	\$ 2,098,900
Federal Grants	22,188,563
State Grants	5,969,279
Local Grants	62,906
In-Kind Service Contribution	1,079,520
Vanpool	486,955
Denver Regional Aerial Photography Program (DRAPP)	1,035,270
Service Income:	
Guaranteed Ride Home	16,457
Other	40,409
Investment Income (Loss)	95,662
Miscellaneous Income	209,797
Pass-Through Grant Funds	<u>20,703,302</u>
Total Revenues	<u>53,987,020</u>

EXPENDITURES

Current:	
Salaries and Benefits	15,851,253
Other Contractual Services:	
Pass-Through Grant Funds	20,703,302
Consulting and Other Contractual	10,313,915
In-Kind Services	1,079,520
Travel	32,369
Printing Services	15,278
Information Technology Services	841,201
Other Services and Supplies	2,358,954
Debt Service:	
Principal	334,832
Interest	<u>349,919</u>
Total Expenditures	<u>51,880,543</u>

NET CHANGE IN FUND BALANCES

2,106,477

Fund Balance - Beginning of Year

11,238,822

FUND BALANCES - END OF YEAR

\$ 13,345,299

See accompanying Notes to Financial Statements.

**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, 2024**

Net Change in Fund Balance - Governmental Fund \$ 2,106,477

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	334,832
Adjustment to Compensated Absences Liability	<u>(90,248)</u>

Change in Net Position - Governmental Activities \$ 1,842,560

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE – BUDGET TO ACTUAL –
GENERAL FUND
YEAR ENDED JUNE 30, 2024**

	Original and Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES			
Participating Member Dues	\$ 2,072,300	\$ 2,098,900	\$ 26,600
Federal Grants	25,695,432	22,188,563	(3,506,869)
State Grants	7,035,264	5,969,279	(1,065,985)
Local Grants	353,626	62,906	(290,720)
In-Kind Service Contribution	1,381,377	1,079,520	(301,857)
Vanpool	548,186	486,955	(61,231)
Denver Regional Aerial Photography Program (DRAPP)	470,000	1,035,270	565,270
Service Income:			
EcoPass	-	16,457	16,457
Other	-	40,409	40,409
Investment Income	30,000	95,662	65,662
Miscellaneous Income	-	209,797	209,797
Pass-Through Grant Funds	22,847,919	20,703,302	(2,144,617)
Total Revenues	<u>60,434,104</u>	<u>53,987,020</u>	<u>(6,447,084)</u>
EXPENDITURES			
Current:			
Salaries and Benefits	17,956,470	15,851,253	2,105,217
Other Contractual Services:			
Pass-Through Grant Funds	22,847,919	20,703,302	2,144,617
Consulting and Other Contractual	15,338,800	10,313,915	5,024,885
In-Kind Services	1,593,386	1,079,520	513,866
Travel	16,753	32,369	(15,616)
Printing Services	23,265	15,278	7,987
Information Technology Services	458,145	841,201	(383,056)
Other Services and Supplies	1,434,615	2,358,954	(924,339)
Capital Outlay	80,000	-	80,000
Debt Service:			
Principal	334,832	334,832	-
Interest	349,919	349,919	-
Total Expenditures	<u>60,434,104</u>	<u>51,880,543</u>	<u>8,553,561</u>
NET CHANGE IN FUND BALANCE	-	2,106,477	2,106,477
Fund Balance - Beginning of Year	<u>11,754,369</u>	<u>11,238,822</u>	<u>(515,547)</u>
FUND BALANCE - END OF YEAR	<u>\$ 11,754,369</u>	<u>\$ 13,345,299</u>	<u>\$ 1,590,930</u>

See accompanying Notes to Financial Statements.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024**

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, 2024.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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

Right To Use Assets

Right-to-use lease assets are initially measured at the present value of payments expected to be made during the lease term, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized in a systematic and rational manner over the shorter of the lease term or the useful life of the underlying asset.

Unearned Revenue

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

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 net investment in capital assets and unrestricted.

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

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.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position and Fund Balance (Continued)

Fund Balances (Continued)

Committed – amounts that can be used only for specific purposes determined by a formal action of the Board of Directors of 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.

DRCOG reports the following assigned fund balances:

	Balance 6/30/2023	Additions/ (Deletions)	Balance 6/30/2024
Denver Regional Aerial Photography Program (DRAPP)	\$ 1,184,060	\$ 345,546	\$ 1,529,606
Vanpool	598,600		598,600
Way to Go	1,698,276	(13,829)	1,684,447
Total	<u>\$ 3,480,936</u>	<u>\$ 331,717</u>	<u>\$ 3,812,653</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, 2024, the unassigned balance equaled 18.32% 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

Use of Estimates

The preparation of financial statements in accordance 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 2024 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 2024. In May of the current year, an annual budget was adopted by formal resolution for the 2025 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.

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.

NOTE 2 DEPOSITS AND INVESTMENTS

DRCOG is governed by the deposit and investment limitations of state law. Deposits and investments held at June 30, 2024 are reported as follows:

Cash	\$ 7,381,003
Cash Equivalents	66,865
Investments	2,819,896
Total Cash and Investments	<u>\$ 10,267,764</u>

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024, 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, 2024, 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 18.

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, 2024**

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, 2024 for each investment type:

Issuer:	Moody Rating	Fair Value	Investment Portfolio
U.S. Treasury	Aaa	\$ 1,870,243	66%
Fannie Mae	Not Rated	550,690	20%
Mutual Funds	Not Rated	398,963	14%
Total Investments		<u>\$ 2,819,896</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, 2024:

Issuer:	Fair Value	Investment Maturities (In Years)			
		< 1	1-5	6-10	> 10
U.S. Treasury	\$ 1,870,243	\$ 179,127	\$ 1,574,800	\$ 65,370	\$ 50,946
Fannie Mae	550,690	-	-	1,584	549,106
Mutual Funds	398,963	398,963	-	-	-
Total	<u>\$ 2,819,896</u>	<u>\$ 578,090</u>	<u>\$ 1,574,800</u>	<u>\$ 66,954</u>	<u>\$ 600,052</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, 2024**

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, 2024, DRCOG had the following investments valued using the hierarchy described above.

Investment Type	6/30/2024	Fair Value Measurement Using		
		Level 1	Level 2	Level 3
U.S. Treasury	\$ 1,870,243	\$ -	\$ 1,870,243	\$ -
Fannie Mae	550,690	-	550,690	-
Mutual Funds	398,963	398,963	-	-
Total Investments by Fair Value Level	<u>\$ 2,819,896</u>	<u>\$ 398,963</u>	<u>\$ 2,420,933</u>	<u>\$ -</u>

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

NOTE 3 CAPITAL ASSETS

	Balance July 1, 2023	Additions	Dispositions	Balance June 30, 2024
<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	61,850	7,986	-	69,836
Vehicles	24,002	-	-	24,002
Electronic Equipment and Software	425,692	-	-	425,692
Buildings Lease Assets	1,001,030	500,515	-	1,501,545
Total Accumulated Depreciation and Amortization	1,512,574	508,501	-	2,021,075
Governmental Activities Capital Assets, Net	\$ 4,967,622	\$ (508,501)	\$ -	\$ 4,459,121

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, 2024 was as follows:

	Beginning Balance	Additions	Dispositions	Ending Balance	Current Portion
<u>Governmental Activities</u>					
Building Lease	\$ 5,293,144	\$ -	\$ 334,832	\$ 4,958,312	\$ 372,525
Compensated Absences	985,888	217,593	127,345	1,076,136	877,227
Total	\$ 6,279,032	\$ 217,593	\$ 462,177	\$ 6,034,448	\$ 1,249,752

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2024**

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, 2024.

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, 2024 are as follows:

<u>Year Ending June 30,</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
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	547,228	201,901	749,129
2030-2033	2,674,275	383,293	3,057,568
Total Payments	<u>\$ 4,958,312</u>	<u>\$ 1,716,146</u>	<u>\$ 6,674,458</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 2024, 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, 2024**

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 2024, no funds were used to offset pension expense. During 2024, DRCOG's required, which equaled actual, contributions and employee contributions to the Plan, were \$722,226 and \$478,485, respectively.

NOTE 6 PARTICIPATING MEMBER DUES

Participating member dues in the amount of \$2,098,900 were received by DRCOG during the year ended June 30, 2024. The following represents the use of funds received:

Operations and Supported Projects	\$ 902,527
Matching Requirement for State-Assisted Projects	1,196,373
Total	\$ 2,098,900

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, 2024**

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, 2024, and the related notes to the financial statements, which collectively comprise the Denver Regional Council of Governments' basic financial statements, and have issued our report thereon dated October 24, 2024.

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' 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' internal control. Accordingly, we do not express an opinion on the effectiveness of the Denver Regional 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 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' 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
October 24, 2024



**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' 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 each of the Denver Regional Council of Governments' major federal programs for the year ended June 30, 2024. The Denver Regional Council of Governments' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, 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 each of its major federal programs for the year ended June 30, 2024.

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' 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' 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' 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' 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' 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' 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' 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
October 24, 2024

**DENVER REGIONAL COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2024**

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-HTD-ZL-03249 23-HTD-ZL-00048/491003079 21-HTD-ZL-00153/491002396 23-HAA-ZL-00069/491003110 23-HTD-ZL-00041 / 491003072	\$ -	\$ 10,975,362
Total Federal Highway Administration			-	10,975,362
Federal Transit Administration				
Transit Services Programs Cluster				
<i>Enhanced Mobility of Seniors and Individuals with Disabilities</i>	20.513	-	2,581,054	3,002,770
Total Transit Services Programs Cluster			2,581,054	3,002,770
<i>Colorado Department of Transportation</i>				
<i>State Planning and Research</i>	20.515	None provided	-	11,199
National Highway Traffic Safety Administration (NHTSA) Discretionary Safety Grants and Cooperative Agreements	20.614	None provided	-	186,295
<i>Total Colorado Department of Transportation</i>			-	197,494
Total Federal Transit Administration			2,581,054	3,200,264
Total Department of Transportation			2,581,054	14,175,626
Environmental Protection Agency				
Environmental Justice Small Grant Program	66.046	N/A	-	389,033
Total Environmental Protection Agency			-	389,033
Department of Health and Human Services				
<i>Colorado Department of Human Services</i>				
<i>Special Program for the Aging</i>				
Title VII, Chapter 3, Programs for Prevention of Elder Abuse, Neglect, and Exploitation	93.041	-	-	17,326
Title VII, Chapter 2, Long Term Care Ombudsman Services for Older Individuals	93.042	21 IHEA 160181	-	205,817
Title III, Part D, Disease Prevention and Health Promotion Services	93.043	23 IHEA 175343	193,389	193,389
Title III, Part D, Disease Prevention and Health Promotion Services	93.043	21 IHEA 160181	126,979	126,979
<i>Total Special Program for the Aging</i>			320,368	543,511
<i>Aging Cluster</i>				
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	21 IHEA 160181	-	929,712
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	21 IHEA 160181	2,422,035	2,422,035
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	23 IHEA 175343	865,483	865,483
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	21 IHEA 160181	-	1,025,690
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	None Provided	-	763,411
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	None Provided	-	203,675
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	None Provided	-	228,674
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	None Provided	-	12,538
Title III, Part B, Grants for Supportive Services and Senior Centers	93.044	None Provided	-	596,070
		Subtotal	3,287,518	7,047,288
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	21 IHEA 160181	930,929	930,929
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	23 IHEA 175343	1,448,296	1,448,296
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	21 IHEA 160181	1,722,739	1,722,739
Special Programs for the Aging, Title III, Part C, Nutrition Services	93.045	23 IHEA 175343	2,583,030	2,583,030
Nymbi Science Funding	93.045	21 IHEA 160181	-	-
		Subtotal	6,684,994	6,684,994
Nutrition Services Incentive Program	93.053	None provided	199,944	199,944
<i>Total Aging Cluster</i>			10,172,456	13,932,226
ARPA Title III, Part E	93.052	21 IHEA 160181	1,603,338	1,603,338
ARPA Title III, Part E	93.052	None provided	-	164,987
<i>Total National Family Caregiver Support</i>			1,603,338	1,768,325
PHIT Workforce Development Program	93.355	None Provided	-	111,279
			-	111,279
Refugee and Entrant Assistance State/Replacement Designee Administered Programs	93.566	CTGG12021*2291	-	367,663
Total Colorado Department of Human Services			12,096,162	16,355,341
Colorado Department of Regulatory Agencies				
<i>Medicaid Cluster</i>				
Medical Assistance Program	93.778	None Provided	-	440,472
<i>Total Medicaid Cluster</i>			-	440,472
Total Colorado Department of Regulatory Agencies			-	440,472
Total Department of Health and Human Services			12,096,162	16,795,813
Total Federal Financial Assistance			\$ 14,677,216	\$ 31,360,472

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, 2024

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, 2024. 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, 2024**

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)

93.Aging
93.052

Name of Federal Program or Cluster

Aging Cluster
Title III, Part E

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

\$ 951,844

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, 2024**

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, 2024**

There were no findings for the year ended June 30, 2023.



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