

The 617th Policy Board Meeting
Fargo-Moorhead Metropolitan Council of Governments
THURSDAY, July 20 2023 – 4:00 p.m.
AGENDA

1. Call to Order and Introductions (5:00)
 - a. Introductions Information Item
 - b. Approve Order and Contents of the Overall Agenda Action Item
 - c. Approve Minutes of the June 15 2023 Board Meeting Action Item
 - d. Approve July 2023 Bills Action Item
2. Consent Agenda (5:00) **Action Item**
 - a. June End of Month Report
 - b. Metro COG 2nd Quarter Report
 - c. Metro COG 2022 Financial Audit
3. Regular Agenda
 - a. Public Comment Opportunity Public Input
 - b. Interstate Operations Analysis Final Report (25:00) **Action Item**
 - c. 2023-2026 TIP Amendment #7 (5:00) **Action Item**
4. Additional Business Information Item
5. Adjourn

REMINDER: The next Metro COG Policy Board Meeting will be held Thursday, August 17, 2023 at 4:00 p.m.

Metro COG is encouraging citizens to provide their comments on agenda items via email to leach@fmmetrocog.org. To ensure your comments are received prior to the meeting, please submit them by 8:00 a.m. on the day of the meeting and reference which agenda item your comments address. If you would like to appear via video or audio link for comments or questions on a regular agenda or public hearing item, please provide your e-mail address and contact information to the above e-mail at least one business day before the meeting.

For Public Participation, please REGISTER with the following link:

https://us02web.zoom.us/webinar/register/WN_gT8CpdBfT7y1I7VNFoYNxg

Red Action Items require roll call votes.

Full Agenda packets can be found on the Metro COG Web Site at <http://www.fmmetrocog.org>

NOTE: Given the participation of Fargo City Commissioners at Policy Board meetings, such meetings may constitute open public meetings of the City of Fargo.

Metro COG is committed to ensuring all individuals, regardless of race, color, sex, age, national origin, disability/handicap, sexual orientation, and/or income status have access to Metro COG's programs and services. Meeting facilities will be accessible to mobility impaired individuals. Metro COG will make a good faith effort to accommodate requests for translation services for meeting proceedings and related materials. Please contact Savanna Leach, Metro COG Office Manager, at 701-532-5100 at least five days in advance of the meeting if any special accommodations are required for any member of the public to be able to participate in the meeting.

**616th Policy Board Meeting
Fargo-Moorhead Metropolitan Council of Governments
Thursday, June 15, 2023 – 4:00 pm**

Members Present:

Duane	Breitling	Cass County Commission
John	Gunkelman	Fargo Planning Commission
Denise	Kolpack	Fargo City Commission
Steve	Lindaas	Moorhead City Council
Jenny	Mongeau	Clay County Commission
Julie	Nash	Dilworth City Council
Brad	Olson	West Fargo City Commission
Dave	Piepkorn	Fargo City Commission
Arlette	Preston	Fargo City Commission
Rocky	Schneider	Fargo Planning Commission
John	Strand	Fargo City Commission
Jeff	Trudeau	Horace City Council

Members Absent:

Amanda	George	West Fargo City Commission
Chuck	Hendrickson	Moorhead City Council
Maranda	Tasa	Fargo Planning Commission
Deb	White	Moorhead City Council
Shiloh	Wahl	MnDOT – District 4 (ex-officio)
Aaron	Murra	NDDOT – Fargo District (ex-officio)

Others Present:

Adam	Altenburg	Metro COG
Dan	Bergerson	HDR
Paul	Bervik	Metro COG
Jaron	Capps	Metro COG
Dan	Farnsworth	Metro COG
Ben	Griffith	Metro COG
Brian	King	HDR
Paul	Krabbenhoff	Clay County Commission
Savanna	Leach	Metro COG
Michael	Maddox	Metro COG
Ayden	Schaffler	Metro COG

1a. MEETING CALLED TO ORDER, WELCOME, AND INTRODUCTIONS, convened

The meeting was called to order at 4:00 pm, on June 15, 2023 by Vice Chair Breitling, noting a quorum was present. Introductions were made.

1b. Approve Order and Contents of Overall Agenda, approved

Vice Chair Breitling asked for approval for the overall agenda.

MOTION: Approve the contents of the Overall Agenda of the June 15, 2023 Policy Board Meeting.

Ms. Preston moved, seconded by Ms. Mongeau

MOTION, passed

Motion carried unanimously.

1c. Past Meeting Minutes, approved

Vice Chair Breitling asked for approval of the Minutes of the May 18, 2023 Meeting.

**MOTION: Approve the May 18, 2023 Policy Board Meeting Minutes.
Mr. Lindaas moved, seconded by Mr. Gunkelman
MOTION, passed
Motion carried unanimously.**

1d. Monthly Bills, approved

Vice Chair Breitling asked for approval of the June 2023 Bills as listed on Attachment 1d.

**MOTION: Approve the June 2023 Bills List.
Ms. Kolpack moved, seconded by Ms. Preston
MOTION, passed
Motion carried unanimously.**

2. CONSENT AGENDA

Vice Chair Breitling asked for approval of Item **A** on the Consent Agenda.

a. May Month End Report

**MOTION: Approve Item A on the Consent Agenda.
Mr. Strand moved, seconded by Mr. Schneider
MOTION, passed
Motion carried unanimously.**

3. REGULAR AGENDA

3a. Public Comment Opportunity

No public comments were made or received.

3b. NDDOT UPWP 2023 Contract Amendment

Mr. Griffith presented an amendment to the NDDOT 2023-2024 UPWP contract. NDDOT is moving from two-year contracts to a one-year contract. Another amendment will be brought forward closer to the end of the year.

**MOTION: Approval of the 2023-2024 UPWP Contract Amendment with
NDDOT, authorizing execution of the contract by the Policy Board Chair
and Executive Director.
Ms. Mongeau moved, seconded by Mr. Lindaas
MOTION, passed
Motion carried unanimously.**

3c. West Metro Perimeter Highway Study – Consultant Selection

Mr. Farnsworth presented HDR as the highest-ranked consulting firm who proposed on the RFP released by Metro COG. Three consulting firms submitted

proposals: HDR, KLJ, and WSB. The selection committee interviewed all three firms on Wednesday, June 7, and found HDR to be the preferred consulting firm. HDR's cost proposal came in at \$249,791.08.

MOTION: Approval of Metro COG entering into a contract with HDR for the West Metro Perimeter Highway Study.

Ms. Preston moved, seconded by Mr. Lindaas.

MOTION, passed

Motion carried unanimously.

3d. SS4A Comprehensive Safety Action Plan Consultant Selection

Mr. Altenburg presented SRF as the highest-ranked consulting firm who proposed on the RFP released by Metro COG. Three firms submitted proposals: Alta Planning + Design, KLJ, and SRF. The selection committee interviewed all three firms on Tuesday, June 13. SRF's cost proposal came in at \$249,048.79.

Total project costs would be split 80 percent between funding through an SS4A Action Plan Grant awarded to Metro COG on January 31, and a 20 percent local match from Metro COG's member jurisdictions. An SS4A grant agreement was signed and executed between Metro COG and the Federal Highway Administration (FHWA) on June 8. The planned SS4A final report date is November 30, 2024.

MOTION: Approve of the selection of SRF to complete the SS4A Comprehensive Safety Action Plan pending contract negotiations to finalize the scope and fee.

Mr. Lindaas moved, seconded by Ms. Mongeau

MOTION, passed

Motion carried unanimously.

3e. 2023-2026 Transportation Improvement Program Administrative Adjustment #4

Mr. Bervik presented Administrative Adjustment #4 to the 2023-2026 Transportation Improvement Program (TIP). The administrative adjustment to the 2023-2026 TIP is as follows:

1. **Modification of Project 9162667:** Rehabilitation of I-94W with a 10.9-mile thin mill and overlay project from East of Casselton to near West Fargo (2024). Project year changed from 2023.

3f. 2024-2027 Transportation Improvement Program (TIP) Development

Mr. Bervik presented that Metro COG has started the development of the 2024-2027 Transportation Improvement Program (TIP). The Draft 2024-2027 TIP is comprised of transportation projects in coordination with NDDOT and MnDOT Draft State Transportation Improvement Programs (STIPs). Unlike past TIPs, this TIP includes projects utilizing Metro COG's directly suballocated federal funds (as a result of the TMA designation) that were solicited and chosen by Metro COG. As the development of the TIP continues, Metro COG staff will be refining all the necessary components of the TIP, including glossary with definitions and

acronyms, "locally funded projects of note" referenced from local jurisdictions' Capital Improvement Programs (CIPs), financial plan and fiscal constraint, overview of federal aid programs, performance measures, and environmental considerations.

A legal notice was published in the June 15, 2023 edition of The Forum to begin the official TIP comment period. The Draft TIP will be available for review on the Metro COG website.

In addition to the public comment period announcement, Metro COG will announce further public input opportunities including a public input meeting on July 25th, 2023.

3g. Mid-Year Review Update

Mr. Griffith shared a brief update from the Mid-Year Review. A few Metro COG staff members attended, along with NDDOT, MnDOT, FTA, and FHWA.

Subjects discussed included: Transportation Management Area, Consolidated Planning Grant, Transportation Improvement Program, Unified Planning Work Program, Federal Review and other topics such as Title VI, QBS, Transit and Consultant Evaluation Process. Metro COG staff will be reaching out to individual jurisdictions to follow up on specific projects for updates.

3h. MnDOT MPO Carbon Reduction Strategy

Ms. Pierce made a presentation on the statewide Carbon Reduction Strategy.

4. Additional Business

Mr. Griffith said that he has not heard anything back from NDDOT regarding the CPG funding formula. He also said that Metro COG received a memo from FHWA, regarding virtual public participation. In the coming months, Metro COG will be watching for any guidance from FHWA moving forward, and will bring any updates to the Policy Board.

5. Adjourn

The 616th Meeting of the FM Metro COG Policy Board held Thursday, June 15, 2023 was adjourned at 4:45 pm.

THE NEXT FM METRO COG POLICY BOARD MEETING WILL BE HELD JULY 20, 2023, 4:00 P.M.

Respectfully Submitted,

Savanna Leach
Executive Assistant

To: Policy Board members
From: Ben Griffith, AICP, Executive Director
Date: July 13, 2023
Re: **2022 Metro COG Financial Audit**

In May of this year, Metro COG began its annual audit for 2022 by the accounting firm Brady Martz & Associates, P.C. While no significant issues were noted with our finances, it did note some entries which needed to be revised by our accountant due to some recently adopted changes to some accounting standards regarding leases. The entries were revised and found to be in compliance.

The audit also noted that our total net position decreased by \$249,803. Discussions with our accountant indicate that we still need to update and increase our indirect rate multiplier with NDDOT. The current rate is based on our 2019 financials, which is part of the reason we continue to see net position decreases.

We have been in communication with NDDOT financial staff and have forwarded them a copy of the 2022 audit, along with other requested materials so they may begin to review our financials. We expect to meet with them towards the end of this month.

Requested Action: Accept the 2022 financial audit prepared by Brady Martz & Associates P.C.

June 28, 2023

To the Governing Board
Fargo-Moorhead Metropolitan Council of Governments
Fargo, North Dakota

We have audited the financial statements of the governmental activities and general fund of Fargo-Moorhead Metropolitan Council of Governments for the year ended December 31, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 10, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Fargo-Moorhead Metropolitan Council of Governments are described in Note 1 to the financial statements. As described in Note 1, the Metro COG changed accounting policies related to leases by adopting GASB 87, *Leases*, during the current year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The entity's financial statements do not contain any estimates deemed sensitive.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements which consisted of several material adjustments. A schedule of adjustments detected as a result of our audit procedures is attached.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 28, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Fargo-Moorhead Metropolitan Council of Governments' financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Fargo-Moorhead Metropolitan Council of Governments' auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management's Discussion and Analysis and Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - General Fund - Budget and Actual which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the Schedule of Expenditures of Federal Awards, which accompany the financial statements but is not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Governing Board and management of Fargo-Moorhead Metropolitan Council of Governments and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

**FARGO – MOORHEAD METROPOLITAN
COUNCIL OF GOVERNMENTS
FARGO, NORTH DAKOTA**

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
FINANCIAL STATEMENTS	
Governmental Funds Balance Sheet/Statement of Net Position	12
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities	13
Notes to the Financial Statements	14
REQUIRED SUPPLEMENTARY INFORMATION	
Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balance - General Fund-Budget and Actual	27
Note to the Budgetary Comparison Schedule	28
SUPPLEMENTARY INFORMATION	
Schedule of Expenditures of Federal Awards and Notes to the Schedule of Federal Awards	29
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	30
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	32
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	35



INDEPENDENT AUDITOR'S REPORT

To the Governing Board
Fargo-Moorhead Metropolitan Council of Governments
Fargo, North Dakota

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and general fund information of the Fargo-Moorhead Metropolitan Council of Governments as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the Fargo-Moorhead Metropolitan 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 general fund information of the Fargo-Moorhead Metropolitan Council of Governments, as of December 31, 2022, and the respective changes in financial position thereof 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 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Fargo-Moorhead Metropolitan Council of Governments and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the financial statements, Fargo-Moorhead Metropolitan Council of Governments changed its method of accounting for leases in 2022 due to the adoption of GASB Statement 87, *Leases*, effective January 1, 2022. See Note 8 to the financial statements. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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 Fargo-Moorhead Metropolitan 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.

Auditor's 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 auditor's report that includes our opinion. 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Fargo-Moorhead Metropolitan 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 Fargo-Moorhead Metropolitan Council of Governments ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America requires that the management's discussion and analysis and budgetary comparison information on pages 5-11 and 25 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2023 on our consideration of Fargo-Moorhead Metropolitan 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 Council'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 Fargo-Moorhead Metropolitan Council of Governments' internal control over financial reporting and compliance.



**BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA**

June 28, 2023

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2022

As Management of the Fargo-Moorhead Metropolitan Council of Governments (Metro COG), we offer readers of Metro COG's financial statements this narrative overview and analysis of the financial activities of Metro COG for the fiscal year ended December 31, 2022. We encourage readers to consider the information presented here in conjunction with Metro COG's financial statements, which begin on page 14.

Financial Highlights

- The assets of Metro COG exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$18,534 (net position).
- Metro COG's cash balance at December 31, 2022 was \$0 representing a decrease of \$2,751 from December 31, 2021.
- Metro COG's total net position decreased by \$249,803.
- Metro COG had revenues of \$2,170,445 and expenses of \$2,420,248 for the year ended December 31, 2022. Revenues included grant funds of \$1,596,895, local matching funds of \$342,888, local dues of \$230,253 and other income of \$409. For the year ended December 31, 2021, Metro COG's revenues were \$1,636,970 and expenses were \$1,769,397. Revenues for the year ended December 31, 2021 included grant funds of \$1,311,230, local matching funds of \$151,746, local dues of \$173,839, and other income of \$155.

Overview of the Financial Statements

The discussion and analysis is intended to serve as an introduction to Metro COG's basic financial statements. Metro COG's basic financial statements comprise three parts: 1) Governmental Funds Balance Sheet/Statement of Net Position, 2) Statement of Governmental Fund Revenues, Expenditures, and Changes in Fund Balances/Statement of Activities, and 3) Notes to the Financial Statements.

BASIC FINANCIAL STATEMENTS

The basic financial statements are designed to provide readers with a broad overview of Metro COG's finances, in a manner similar to a private-sector business.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

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

	<u>2022</u>	<u>2021</u>
ASSETS		
Current and other assets	\$ 782,349	\$ 599,369
TOTAL ASSETS	<u>782,349</u>	<u>599,369</u>
LIABILITIES		
Current liabilities	400,360	162,670
Long-term liabilities	<u>158,356</u>	<u>-</u>
TOTAL LIABILITIES	<u>558,716</u>	<u>162,670</u>
DEFERRED INFLOW OF RESOURCES		
Local match - Federal Planning Contracts	<u>205,099</u>	<u>168,362</u>
TOTAL DEFERRED INFLOW OF RESOURCES	<u>205,099</u>	<u>168,362</u>
NET POSITION		
Net investment in capital assets	251,636	270,950
Unrestricted	<u>(233,102)</u>	<u>(2,613)</u>
TOTAL NET POSITION	<u>\$ 18,534</u>	<u>\$ 268,337</u>

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

The *statement of activities* presents information showing how Metro COG's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future periods (e.g., depreciation and earned but unused vacation leave).

	2022	2021
REVENUE		
Operating grants and contributions	\$ 2,170,036	\$ 1,636,815
Other income	409	155
	2,170,445	1,636,970
EXPENSES		
Salaries	712,646	608,577
Fringe benefits	145,381	126,551
Travel	17,150	3,752
Professional fees	13,444	14,686
Rent and utilities	41,671	70,007
Bookkeeping service	17,870	16,212
Advertising	1,677	1,656
Telephone	3,724	3,690
Office expense	6,198	6,529
Dues and subscriptions	51,860	8,173
Project costs (contracted planning)	1,073,504	785,888
Equipment lease	78,294	66,688
Insurance	6,555	7,563
Special activities	163,378	2,198
Compensated absences	3,814	15,723
Interest expense	14,196	-
Depreciation and amortization	68,886	31,504
	2,420,248	1,769,397
Change in net position	(249,803)	(132,427)
Net position, beginning of year	268,337	400,764
Net position, end of year	\$ 18,534	\$ 268,337

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

The basic financial statements report on the primary function of Metro COG as being supported by intergovernmental revenues from local, state, and federal sources. Metro COG is responsible for harmonizing transportation planning and programming decisions involving local, state, and federal agencies to ensure the efficient management and operations of the surface transportation system within the FM Metropolitan area. Metro COG's primary revenue source is from the U.S. Department of Transportation.

The basic financial statements can be found on pages 12 and 13 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Metro COG, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Metro COG has only one fund type, namely a general fund that is used to account for its operations.

NOTES TO THE FINANCIAL STATEMENTS

The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 14 through 26 of this report.

Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of Metro COG, assets exceeded liabilities and deferred inflows of resources by \$18,534 at the close of the most recent fiscal year.

During the current fiscal year, net position of Metro COG decreased by \$249,803. Metro COG's revenues are largely intergovernmental revenues received from cost reimbursement grants. Metro COG draws down monies from the grants' awards for allowable program expenses, except for non-cash transactions, such as changes in compensated absences. Metro COG's intergovernmental revenues and charges for services were sufficient to cover all expenses incurred during the year.

Financial Analysis of Metro COG's Funds

As noted earlier, Metro COG uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. Metro COG's general fund is discussed below:

GENERAL FUND

As of the end of the current fiscal year, Metro COG's general fund reported an ending fund balance of (\$155,808). Metro COG's major sources of revenues are cost reimbursement state and federal grants, as well as local dues and local matches collected from local units of government. The fund balance primarily represents the accumulation of local monies and interest income in excess of expenditures not reimbursed by funding sources.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

General Fund Budgeting Highlights

Actual revenues were \$351,770 higher than expected and actual expenditures were \$656,247 over budget in the general fund.

Capital Asset and Debt Administration

CAPITAL ASSETS

Metro COG's capitalization threshold is \$1,000. As of December 31, 2022, Metro COG had capital assets, net of accumulated depreciation, of \$251,636. See Note 4 of this report for more information on capital assets.

Economic Factors and Next Year's Budgets and Rates

Metro COG's initial 2021 budget was approximately \$1.65 million. This budget supported operations and contracted planning services. On July 15, 2021, Metro COG's Policy Board approved Amendment #2 to 2021-2022 Unified Planning Work Program (UPWP). With this amendment, the 2021 budget was increased to approximately \$1.72 million. This amount is made up of over \$1.34 million in federal funds and approximately \$388,500 in state funds and local dues and match. Some of the increase is due to the use of some additional carry-over funds from 2020, State funding from both Minnesota and North Dakota DOTs on a contracted project, and a slight increase in Federal CPG funds. The amendments were made to address local transportation planning needs and to accelerate spending in 2021 given that several of our contracted projects will extend out into 2022 and 2023, delaying the overall use of the Consolidated Planning Grant (CPG) funds devoted to those projects. For example, one large project, the Interstate Operations Analysis, took months to get under contract in 2021 due to coordination and contracting required between Metro COG and MnDOT for the use of MnDOT funds to cover part of the project budget. This delay reduced the amount of funds that could be spent on this project during 2021, and extending the project out farther than originally planned. Other projects added to the 2021 work program took longer than anticipated to go through the consultant selection process, and virtually no funds were spent on these projects until 2022. This included the University Drive & 10th Street Corridor Study and the 25th Street Corridor Study.

Local funds were also received as revenue to cover staff efforts that are not eligible for Federal funding. Work program elements covered by these funds include Mapleton Comprehensive Plan activities that are ineligible for CPG funds, technical assistance provided to the Cass Clay Food Commission, and ineligible or supplemental components of other studies. Metro COG is also working with all local jurisdictions in the metro area on a metropolitan housing needs analysis, for which local funds are being used to pay for both Metro COG staff time as well as consultant fees.

There was no staff turnover in 2021. Several of Metro COG's staff have longevity of five years or more at the agency, and salaries have steadily grown with experience. Metro COG added a staff member as part of Amendment #2 to the UPWP. The anticipated hire date was in September 2021; however, the position did not get filled until the end of December 2021. The addition of the new position resulted in increased operational costs in the form of salary and benefits, which is accounted for in the 2021-2022 budget. However, since the position was not

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

filled until the end of the year, the unspent funds budgeted for 2021 were carried over into 2022. The additional position is needed to handle the workload generated by the Fargo-Moorhead metropolitan area's transition to a Transportation Management Area (TMA). Since Metro COG serves as the Metropolitan Planning Organization (MPO) for the region, it is this agency's responsibility to address the TMA requirements. Over the past year, the responsibilities of the agency as a TMA have become clearer, and consist of soliciting local jurisdictions for federally funded projects, organizing and documenting project selection and prioritization, and tracking projects as they go through the project development and implementation phases to ensure the funds can be spent during the year for which they are programmed.

As the metropolitan area grows, the need for studies and staff efforts to address the region's transportation system also continues to grow. Over the next year, Metro COG will continue focusing on the agency's responsibilities, needs, and expectations as a TMA. Metro COG will complete the expenditure of 2021 CPG funds with our June, 2022 reimbursement request. This will initiate the use of the 2022 CPG funds, of which there are approximately \$2.3M. Currently, Metro COG's 2023 budget estimate uses approximately \$1.8M, but the agency intends to work with local jurisdictions to determine if additional studies should be added to the 2023 budget with the preparation of the 2023-2024 UPWP, aiming for a 2023 budget closer to \$2M - \$2.5M. This would result in some carryover into 2024, as projects often take longer than one year to complete.

Metro COG needs to request that NDDOT to update the agency's audited overhead rate as soon as possible. Metro COG management believes that this is, for the most part, the reason why the agency's net position was reduced by over \$132,000 during 2021. The indirect rate currently being used is based on 2019.

Future Events that will Financially Impact Metro COG

In 2021, the Infrastructure Investment and Jobs Act (IIJA), also referred to as the Bipartisan Infrastructure Legislation (BIL) was passed by Congress. Over the first half of 2022, Metro COG, like other MPOs and State DOTs, has been learning about the different funding opportunities of the IIJA. The legislation increased CPG funding, and it appears that some of that increase is finding its way to Metro COG, and is having a positive effect on our budget for 2023. However, at the same time, both North Dakota and Minnesota DOTs have been reviewing their funding formulas, and Metro COG could be affected by this. In Minnesota, the funding formula is likely to stay the same or favor Metro COG due to the TMA designation and responsibilities. In North Dakota, no changes are anticipated in the very near future, but the potential remains for Minot and the surrounding area to be designated as an MPO. This could result in a reduction in funding for Metro COG either in 2023 or 2024. NDDOT has also expressed concern about the funding formula, and the desire for it to be modified to provide additional funds to a smaller MPO, which would likely affect Metro COG's funding level. NDDOT and MnDOT have been able to provide Metro COG with reliable estimates of CPG funding with enough advance notice that we have been able to prepare or update our budgets with a reasonable level of accuracy, but we are not sure if this will continue to be the case.

After the 2020 Census data becomes finalized, it is possible that Metro COG's share of the state MPO funding will change. Our metro area is likely to make up a larger portion of the metropolitan population in the state of North Dakota. This could result in an increased percentage of CPG funds, but the State will likely wish to protect funding levels for the other two

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
MANAGEMENT'S DISCUSSION AND ANALYSIS - CONTINUED
FOR THE YEAR ENDED DECEMBER 31, 2022

MPOs. If the Minot, ND area is determined to have reached a population of 50,000 in the 2020 Census, as mentioned above, that metro area would also be designated as an MPO. This would require ND's CPG funds to be spread to an additional MPO. A new funding formula would be required to accommodate any new MPOs and there are no guarantees that the overall funding amount will increase, regardless of how many MPOs it will be divided among. Population changes on the Minnesota side are less likely to result in significant changes to funding levels.

The Fargo-Moorhead metropolitan area exceeds the 200,000-population threshold, which results in our metropolitan area forming a Transportation Management Area or TMA. A TMA receives a dedicated direct allocation of federal transportation funds through what is now the Surface Transportation Program. These funds may be used for streets, highways, transit, and planning activities. A direct allocation of funding will also occur for alternative transportation modes, called the Transportation Alternative Program (TAP) and for a new program included in the IIJA called the Carbon Reduction Program. This change will occur at or around the beginning of the Federal Fiscal Year of 2023 (October 1, 2023). Typically, a transitional period occurs during the first year or even the first few years after an MPO reaches the TMA threshold.

If any of the scenarios described above result in reduced revenues for Metro COG, it would likely result in reduced staff of the organization or a reduction in some of the consultant led studies in our work program. Our agency would need to ensure that we have adequate funds to fulfill our core required MPO transportation planning responsibilities, such as the update of the five-year Metropolitan Transportation Plan, the four-year Transportation Improvement Program, the Public Participation Plan, the Title VI Plan, the Limited English Proficiency Plan and the annual Unified Planning Work Program.

Contacting Metro COG's Financial Management

The financial report is designed to provide a general overview of Metro COG's finances for all those with an interest. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Ben Griffith, Executive Director, Fargo-Moorhead Metropolitan Council of Governments, Case Plaza Suite 232, One 2nd Street North, Fargo, North Dakota, or call (701) 532-5100.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION
DECEMBER 31, 2022

	General Fund	Adjustments	Statement of Net Position
ASSETS			
Receivables:			
Due from NDDOT	\$ 233,250	\$ -	\$ 233,250
Due from MNDOT	33,279	-	33,279
Other Receivable	908	-	908
Prepaid expense	80,529	-	80,529
Capital assets, net of accumulated depreciation	-	251,636	251,636
Lease assets (net)	-	182,747	182,747
Total Assets	347,966	434,383	782,349
LIABILITIES AND DEFERRED INFLOW OF RESOURCES			
Liabilities			
Current liabilities:			
Accounts payable	117,057	-	117,057
Accrued expenses	42,255	1,107	43,362
Checks in excess of deposits	139,363	-	139,363
Lease liabilities - current	-	31,261	31,261
Compensated absences:			
Expected to be paid within one year	-	69,317	69,317
Total current liabilities	298,675	101,685	400,360
Long-term liabilities			
Lease liabilities - net of current	-	158,356	158,356
Total long-term liabilities	-	158,356	158,356
Total liabilities	298,675	260,041	558,716
Deferred Inflow of Resources:			
Local match - Federal Planning Contracts	205,099	-	205,099
Total liabilities and deferred inflow of resources	503,774	260,041	763,815
FUND BALANCE / NET POSITION			
Fund balance:			
General fund - nonspendable	80,529	(80,529)	-
General fund - unassigned	(236,337)	236,337	-
Total fund balance	(155,808)		
Net position:			
Net investment in capital assets			251,636
Unrestricted		18,534	(233,102)
Total		\$ 18,534	\$ 18,534

See Notes to the Financial Statements

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES / STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2022

	<u>General</u> <u>Fund</u>	<u>Adjustments</u>	<u>Statement of</u> <u>Activities</u>
Revenues:			
Federal - passed through State of ND	\$ 1,563,370	\$ -	\$ 1,563,370
State - Minnesota	26,820	-	26,820
Local dues	236,958	-	236,958
Local match (contracted planning)	342,888	-	342,888
Other income	409	-	409
Total revenues	<u>2,170,445</u>	<u>-</u>	<u>2,170,445</u>
Expenditures/Expenses:			
Public Works			
Current:			
Salaries	712,646	-	712,646
Fringe benefits	145,381	-	145,381
Travel	17,150	-	17,150
Professional fees	13,444	-	13,444
Rent and utilities	84,440	(42,769)	41,671
Bookkeeping service	17,870	-	17,870
Advertising	1,677	-	1,677
Telephone	3,724	-	3,724
Office expense	6,198	-	6,198
Dues and subscriptions	51,860	-	51,860
Project costs (contracted planning)	1,073,504	-	1,073,504
Information systems	78,294	-	78,294
Insurance	6,555	-	6,555
Special activities	163,020	358	163,378
Compensated absences	-	3,814	3,814
Interest expense	-	14,196	14,196
Depreciation and amortization	-	68,886	68,886
Capital outlay	13,380	(13,380)	-
Total expenditures/expenses	<u>2,389,143</u>	<u>31,105</u>	<u>2,420,248</u>
Excess of revenues over expenses	(218,698)	218,698	-
Change in net position	-	(249,803)	(249,803)
Fund balance / net position			
Beginning of the year	<u>62,890</u>	<u>-</u>	<u>268,337</u>
End of the year	<u>\$ (155,808)</u>	<u>\$ -</u>	<u>\$ 18,534</u>

See Notes to the Financial Statements

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2022

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Fargo-Moorhead Metropolitan Council of Governments (Metro COG) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governments. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of Metro COG's accounting policies are described below.

Reporting Entity

The accompanying financial statements present the activities of Metro COG. Metro COG has considered all potential component units for which Metro COG is financially accountable and other organizations for which the nature and significance of their relationships with Metro COG such that exclusion would cause Metro COG's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of Metro COG to impose its will on that organization or (2) the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on Metro COG.

Based on these criteria, there are no component units.

Basis of Presentation

Metro COG's basic financial statements consist of government-wide statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the non-fiduciary activities of Metro COG.

Basis of Accounting

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 eligible 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 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Under the terms of grant agreements, Metro COG funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is Metro COG's policy to first apply cost-reimbursement grant resources to such programs, and then by general revenues.

The government reports the following major governmental funds:

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

Budgets

Based upon available financial information and request by the board, the executive director prepares Metro COG's budget. The budget is prepared for the general fund on the modified accrual basis of accounting. The budget includes the proposed expenditures and the means of financing them. All annual appropriations lapse at year-end. It is typical that Metro COG expends 100% of collected local dues (paid by member units of government) and its MN/DOT State Planning Grant during the current budget year. Metro COG typically carries over federal funds and the requisite 20% non-federal local match from one budget year to the next for Contracted Planning activities.

Cash and Investments

Metro COG considers cash equivalents to be money market funds and demand deposits. Deposits must either be deposited with the Bank of North Dakota or in another financial institution situated and doing business within the state. Deposits, other than with the Bank of North Dakota, must be fully insured or bonded. In lieu of a bond, a financial institution may provide a pledge of securities equal to 110% of the uninsured balance.

State statutes authorize Metro COG to invest in: (1) Bonds, treasury bills and notes, or other securities that are a direct obligation of, or an obligation insured or guaranteed by, the treasury of the United States, or its agencies, instrumentalities, or organization created by an act of Congress. (2) Securities sold under agreements to repurchase, written by a financial institution in which the underlying securities for the agreement to repurchase are the type listed above. (3) Certificates of Deposit fully insured by the federal deposit insurance corporation or the state. (4) Obligations of the state.

Receivables

Receivables comprise of amounts receivable from the North Dakota Department of Transportation and the Minnesota Department of Transportation and are reimbursements due for expenses in the operation of various programs. These amounts consist of a mix of state and federal dollars. These amounts are expected to be collected in full and no allowance for doubtful accounts is deemed necessary.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Capital Assets and Depreciation

Capital assets are recorded at historical cost or estimated historical cost if actual historical cost is not known. Contributed assets, including those from the federal government, are recorded at acquisition value on the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Costs incurred for repairs and maintenance are expensed as incurred.

Capital assets are defined by the federal government as assets with an initial individual cost of more than \$5,000. Metro COG's capitalization policy is \$1,000. It is also Metro COG's practice to require that any capital purchase of more than \$5,000 be approved by the appropriate federal agency (E.g. FHWA, FTA, etc.). Such assets purchased as capital expenditures shall belong to each funding agency in proportion to their share of the original costs, unless regulations state otherwise. All such items shall be inventoried, and if sold, the funding agencies shall receive or be credited their proportional share, in accordance with federal regulations.

Property and equipment are carried at cost less accumulated depreciation computed on the straight-line method over periods ranging between 5 to 50 years.

Leases

The determination of whether an arrangement contains a lease is made at inception by evaluating whether the arrangement conveys the right to use an identified asset and whether the Metro COG has control of the right to use asset. Control includes the right to obtain present service capacity and the right to determine the nature and manner of use of the underlying asset, as specified in the contract.

Leases with an initial lease term of more than 12 months, or that contain an option to purchase that the Metro COG is reasonably certain to exercise, are recognized based on the present value of lease payments over the lease term discounted using the interest rate implicit in the lease. In cases where the implicit rate is not readily determinable, the Metro COG uses its incremental borrowing rate based on the information available at the lease commencement date. The Metro COG has made an accounting policy election to use a risk free rate based on US Treasury Tbill rate as of the lease commencement. The Metro COG accounts for lease agreements with lease and non-lease components together as a single lease component for all underlying classes of assets.

The Metro COG continues to record rent expense for short term leases on a straight-line basis over the lease term. Short term leases have a term of 12 months or less at lease commencement and do not include an option to purchase the underlying asset that the Metro COG are reasonably certain to exercise.

The depreciable life of assets and leasehold improvements are limited by the expected lease term unless there is a transfer of title or purchase option reasonably certain of exercise.

The Metro COG's lease agreements do not include any material residual value guarantees or restrictive covenants.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Encumbrances

Encumbrances, which represent commitments related to unperformed contracts for goods or services, have not been recorded in the financial statements.

Accounts Payable

Accounts payable consists of amounts on open account for goods and services received prior to December 31, 2022, and chargeable to the appropriations for the year then ended but paid for subsequent to that date.

Compensated Absences

Employees accrue vacation leave at a rate of various hours per month for years of continuous service. The maximum amount of vacation leave is an amount that can be earned in the prior two years, to be used at the discretion of the employee and his/her department head. All outstanding vacation is payable upon termination and is recorded in the financial statements.

Sick leave is accrued at a rate of one working day per each full month of service. Employees will receive monetary compensation of (50) percent of all sick leave hours accumulated over 960 hours. This compensation is made to eligible employees at the end of December each year. Terminated employees receive compensation of all sick leave hours up to 960 at a rate of (25) percent and over 960 hours at a rate of (50) percent. Twenty five percent of accumulated unpaid sick leave is recorded in the financial statements as no employee had over 960 hours accrued as of December 31, 2022.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resource (expense/expenditure) until then. Metro COG does not have any items that qualify for reporting in this category.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Metro COG has one type of item that qualifies for reporting in this category. The governmental funds report unavailable revenues from one source, local share of planning contracts. These amounts are deferred and recognized as an inflow of resources in the period that the contract commitments are fulfilled.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Fund Balance

GASB Statement No. 54 *Fund Balance Reporting and Governmental Fund Type Definitions*, provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. The following classifications describe the strength of the spending constraints and the purposes for which resources can be used:

Nonspendable - consists of amounts that are not in spendable form, such as inventory and prepaid items.

Restricted - consists of amounts related to externally imposed constraints established by creditors, grantors or contributors; or constraints imposed by law through constitutional provisions or enabling legislation.

Committed - consists of internally imposed constraints. These constraints are established by formal action of the Policy Board.

Assigned - consists of internally imposed constraints. These constraints reflect the specific purpose for which it is the Organization's intended use. These constraints are established by the Policy Board. Pursuant to Board resolution, the Organization's Executive Director may be authorized to establish assignments of fund balance.

Unassigned - is the residual classification for the general fund and also reflects negative residual amounts in other funds.

The Metro COG does not have a formal fund balance policy, however, when both restricted and unrestricted resources are available for use, Metro COG will first use restricted resources, and then use unrestricted resources as they are needed.

When committed, assigned or unassigned resources are available for use, Metro COG will use resources in the following order; 1) committed, 2) assigned, 3) unassigned.

Net Position

Net position represents the difference between (a) assets and deferred outflows of resources and (b) liabilities and deferred inflows of resources in Metro COG's financial statements. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any long-term debt attributable to the acquisition, construction, or improvement of those assets. Restricted Net Position consists of restricted assets reduced by liabilities and deferred inflows of resources related to those assets.

Unrestricted Net Position is the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Estimates

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

Change in Accounting Principles

The Metro COG implemented GASB Statement No. 87, *Leases*, in the fiscal year ended December 31, 2022. GASB Statement No. 87 establishes a single model for lease accounting based on the foundation principal that leases are financings of the right to use an underlying asset.

The adoption of GASB 87 resulted in the recognition of a right to use leased asset and lease liability of \$219,296 as of January 1, 2022. Results for periods prior to January 1, 2022 continue to be reported in accordance with the Metro COG's historical accounting treatment. See Note 8 for expanded disclosures regarding the Metro COG's leases.

Economic Dependency

Metro COG has significant economic dependency on the grant revenues from the Department of Transportation.

NOTE 2 LEGAL COMPLIANCE – BUDGETS

Expenditures Over Appropriations

The following expenditures exceeded their budgeted amounts by the following during the year ended December 31, 2022:

Rent and utilities	4,040
Bookkeeping service	1,070
Dues and subscriptions	42,795
Project costs (contracted planning)	100,504
Information system	7,115
Capital outlay	13,380
Special Activities	160,220

The excess of expenditures over budget were mostly covered by excess revenues over the original budget. Volatile markets and supply chain issues led to the rise in project costs and various services that were unforeseen at the time of budget preparation.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 3 DEPOSITS AND INVESTMENTS

Custodial Credit Risk

Custodial credit risk is risk associated with the failure of a depository financial institution to recover its deposits or collateralized securities that are in the possession of outside parties. Metro COG does not have a formal policy that addresses custodial credit risk for deposits. However, in accordance with state statutes, Metro COG maintains deposits at those depository banks and savings and loans authorized by Metro COG, all of which are covered by federal deposit insurance. These statutes also require that the deposits be protected by insurance, collateral or surety bond. The fair value of the collateral pledged must be equal to or greater than 110% of the deposits not covered by insurance or bonds. As of December 31, 2022, the carrying amount of all deposits was \$0 and the bank balance was \$12,476. The entire balance of Metro COG's deposits is either fully insured or properly collateralized, and has no custodial credit risk.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates of debt securities will adversely affect the fair value of an investment. The price of debt security typically moves in the opposite direction of the change in interest rate. Metro COG does not have a formal investment policy that limits investment maturities as a means of managing its exposure to potential fair value losses arising from future changes in interest rates. As of December 31, 2022, Metro COG had no debt securities investments.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. Metro COG does not have a formal investment policy that specifically addresses credit risk. As of December 31, 2022, Metro COG had no debt securities investments.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. Metro COG does not have an investment policy that specifically addresses concentrations of credit risk in a single issuer. As of December 31, 2022, Metro COG had no debt securities investments.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 4 CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2022 was as follows:

<u>Governmental Activities</u>	Balance January 1, 2022	Additions	Deletions	Balance December 31, 2022
Capital Assets Being Depreciated:				
Equipment	\$ 89,974	\$ 13,380	\$ -	\$ 103,354
Furniture	69,165	-	-	69,165
Leasehold Improvements	246,125	-	-	246,125
Less Accumulated Depreciation:				
Equipment	(71,731)	(6,405)	-	(78,136)
Furniture	(22,930)	(9,881)	-	(32,811)
Leasehold Improvements	<u>(39,653)</u>	<u>(16,408)</u>	<u>-</u>	<u>(56,061)</u>
Total Capital Assets Being Depreciated, Net	<u>\$ 270,950</u>	<u>\$ (19,314)</u>	<u>\$ -</u>	<u>\$ 251,636</u>

NOTE 5 COMPENSATED ABSENCES

The following is a summary of changes in compensated absences for the year ended December 31, 2022.

Balance <u>12/31/2021</u>	Accrued <u>2022</u>	Used <u>2022</u>	Balance <u>12/31/2022</u>	Current Portion <u>12/31/2022</u>
<u>\$ 65,503</u>	<u>\$ 80,203</u>	<u>\$ 76,389</u>	<u>\$ 69,317</u>	<u>\$ 69,317</u>

NOTE 6 SIMPLE DEFERRED COMPENSATION PLAN

Metro COG maintains a SIMPLE deferred compensation program for its employees. Metro COG contributes three percent of compensation for employees participating at the same or greater rate. The amount of this contribution for 2022 was \$100.

NOTE 7 DEFICIT FUND BALANCE

At December 31, 2022, the General Fund had a deficit balance of \$155,808. The Metro COG expects to eliminate this deficit with future grant revenues and reducing overhead costs.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 8 LEASES

Metro COG entered into a lease agreement with Case Plaza LLC for the use of the facilities, from which Metro COG operates, located in Fargo, North Dakota. The current lease expires on December 31, 2027 with monthly payments in adherence with the following schedule:

2023	\$ 3,298
2024	3,365
2025	3,432
2026	3,501
2027	3,571

Following is the total lease expense for the year ended December 31, 2022:

Lease Expense	Year Ended
Amortization of expense by class of underlying asset	<u>12/31/2022</u>
Building	<u>\$ 36,549</u>
Total amortization expense	36,549
Interest on lease liabilities	<u>14,196</u>
Total	<u><u>\$ 50,745</u></u>

Following is a schedule of activity of leased assets and lease liabilities for the year ended December 31, 2022:

	1/1/2022			12/31/2022	Amounts Due Within One Year
Lease Assets	<u>As Restated</u>	<u>Additions</u>	<u>Subtractions</u>	<u>12/31/2022</u>	
Building	<u>\$ 219,296</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 219,296</u>	
Less: Accumulated Amortization					
Building	<u>-</u>	<u>(36,549)</u>	<u>-</u>	<u>(36,549)</u>	
Total Lease Assets, net	<u>\$ 219,296</u>	<u>\$ (36,549)</u>	<u>\$ -</u>	<u>\$ 182,747</u>	
Lease Liabilities	<u>\$ 219,296</u>	<u>\$ -</u>	<u>\$ (29,679)</u>	<u>\$ 189,617</u>	<u>\$ 31,261</u>

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Following is a schedule by years of future minimum payments required under the lease:

Maturity Analysis	<u>Principal</u>	<u>Interest</u>	<u>Total Payments</u>
2023	\$ 31,261	\$ 12,283	\$ 43,544
2024	34,352	9,997	44,349
2025	37,665	7,487	45,152
2026	41,248	4,737	45,985
2027	45,091	1,728	46,819
Total Future Payments	<u>\$ 189,617</u>	<u>\$ 36,232</u>	<u>\$ 225,849</u>

NOTE 9 COMMITMENTS AND CONTINGENCIES

Risk Management

Metro COG 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.

The State Bonding Fund currently provides Metro COG with Blanket fidelity bond coverage in the amount of \$504,363 for its employees. The State Bonding fund does not currently charge a premium for this coverage.

Metro COG participates in the North Dakota Worker's Compensation Bureau.

Metro COG is currently insured for commercial/general liability, automobile liability insurance (nonowned and hired), personal property, inland marine, and Directors and Officers (liability). Metro COG purchases its insurance through the private market. Metro COG has not filed any claims in the last three calendar years.

Grant Programs

Metro COG participates in numerous state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that Metro COG has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable at December 31, 2022, may be impaired. In the opinion of Metro COG, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies.

Contracts

The Organization has entered into various contracts with contractors for transportation projects, \$638,117 of costs remain on the contracts as of December 31, 2022.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

NOTE 10 NEW PRONOUNCEMENTS

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, improves financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs) and also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). The statement provides definitions of PPPs and APAs and provides uniform guidance on accounting and financial reporting for transactions that meet those definitions. A PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. An APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 96, *Subscription-Based Information Arrangements* provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs). A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction. Under this Statement, a government generally should recognize a right-to use subscription asset—an intangible asset—and a corresponding subscription liability. The requirements of this Statement will improve financial reporting by establishing a definition for SBITAs and providing uniform guidance for accounting and financial reporting for transactions that meet that definition. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 99, *Omnibus 2022*, provides guidance on the following accounting matters:

- Classification and reporting of derivative instruments within the scope of Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument.
- Clarification of provisions in Statement No. 87, *Leases*, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives.
- Clarification of provisions in Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, related to (a) the determination of the public-private and public-public partnership (PPP) term and (b) recognition and measurement of installment payments and the transfer of the underlying PPP asset.
- Clarification of provisions in Statement No. 96, *Subscription-Based Information Technology Arrangements*, related to the subscription-based information technology arrangement (SBITA) term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

- Extension of the period during which the London Interbank Offered Rate (LIBOR) is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt.
- Accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP).
- Disclosures related to nonmonetary transactions.
- Pledges of future revenues when resources are not received by the pledging government.
- Clarification of provisions in Statement No. 34, *Basic Financial Statements— and Management's Discussion and Analysis—for State and Local Governments*, as amended, related to the focus of the government-wide financial statement.
- Terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*.
- Terminology used in Statement 53 to refer to resource flows statements.

The requirements of this statement are effective as follows:

- The requirements related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues by pledging governments, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statement 53 and Statement 63 are effective upon issuance.
- The requirements related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter.
- The requirements related to financial guarantees and the classification and reporting of derivative instruments within the scope of Statement 53 are effective for fiscal years beginning after June 15, 2023, and all reporting periods thereafter.

GASB Statement No. 100, *Accounting Changes and Error Corrections – An Amendment of GASB Statement No. 62*, provides guidance on accounting and financial reporting requirements for accounting changes and error corrections. Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. The requirements of this Statement for changes in accounting principles apply to the implementation of a new pronouncement in absence of specific transition provisions in the new pronouncement. This Statement also requires that the aggregate amount of adjustments to and restatements of beginning net position, fund balance, or fund net position, as applicable, be displayed by reporting unit in the financial statements.

This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. The requirements of this

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
DECEMBER 31, 2022

Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

GASB Statement No. 101, *Compensated Absences*, provides guidance on the recognition and measurement guidance for compensated absences. This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged.

Management has not yet determined what effect these statements will have on Metro COG's financial statements.

NOTE 11 SUBSEQUENT EVENTS

No significant events occurred subsequent to Metro COG's year end. Subsequent events have been evaluated through June 28, 2023, which is the date these financial statements were available to be issued.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
STATEMENT OF GOVERNMENTAL FUND REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GENERAL FUND – BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2022

	Original Budget	Final Budget	Actual	Variance Favorable (Unfavorable)
Revenues:				
Federal - passed through State of ND	\$ 1,308,436	\$ 1,672,975	\$ 1,563,370	\$ (109,605)
State - Minnesota	26,820	26,820	26,820	-
Local dues	181,394	238,349	236,958	(1,391)
Local match (contracted planning)	174,325	273,900	342,888	68,988
Other income	-	-	409	409
	<u>1,690,975</u>	<u>2,212,044</u>	<u>2,170,445</u>	<u>(41,599)</u>
Expenditures / Expenses				
Salaries & fringe Benefits	801,830	906,925	858,027	48,898
Travel	28,520	28,520	17,150	11,370
Professional fees	15,130	15,130	13,444	1,686
Rent and utilities	66,000	80,400	84,440	(4,040)
Bookkeeping service	16,800	16,800	17,870	(1,070)
Advertising	2,000	2,000	1,677	323
Telephone	4,080	4,080	3,724	356
Office expense	14,920	14,920	6,198	8,722
Dues and subscriptions	9,065	9,065	51,860	(42,795)
Project costs (contracted planning)	668,000	973,000	1,073,504	(100,504)
Information systems	40,000	71,179	78,294	(7,115)
Insurance	8,200	8,200	6,555	1,645
Miscellaneous	1,000	1,000	-	1,000
Capital outlay	-	-	13,380	(13,380)
Special activities	2,725	2,800	163,020	(160,220)
	<u>1,678,270</u>	<u>2,134,019</u>	<u>2,389,143</u>	<u>(255,124)</u>
Excess revenues over expenditures	12,705	78,025	(218,698)	(296,723)
Fund balance, beginning of year	<u>62,890</u>	<u>62,890</u>	<u>62,890</u>	<u>-</u>
Fund balance, end of year	<u>\$ 75,595</u>	<u>\$ 140,915</u>	<u>\$ (155,808)</u>	<u>\$ (296,723)</u>

See Note to the Budgetary Comparison Schedule

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
NOTE TO THE BUDGETARY COMPARISON SCHEDULE
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 - BUDGETARY COMPARISON

BUDGET

Metro COG prepares an annual budget on a per grant basis. This budget is approved by the Board and also must be approved by the grantor agency. The budget may be amended with the approval of the grantor agency.

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND NOTES TO THE SCHEDULE
OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2022

<u>Federal Grantor/Program Title</u>	<u>AL Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Passed Through to Subrecipients</u>	<u>Expenditures</u>
FEDERAL PASS THROUGH - STATE OF NORTH DAKOTA				
North Dakota Department of Transportation				
Highway Planning and Construction Cluster	20.205	Contract No. 38201401		\$ 1,563,370
TOTAL FEDERAL PASS THROUGH - STATE OF NORTH DAKOTA				<u>1,563,370</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS				<u>\$ 1,563,370</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE 1 – Significant Accounting Policies

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

NOTE 2 – Indirect Cost Rate

Fargo-Moorhead Metropolitan Council of Governments has not elected to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE 3 – Basis of Presentation

The accompanying Schedule includes the federal award activity of Fargo-Moorhead Metropolitan Council of Governments under programs of the federal government for the year ended December 31, 2022. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations 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 Fargo-Moorhead Metropolitan Council of Governments, it is not intended to and does not present the financial position or changes in net position of Fargo-Moorhead Metropolitan Council of Governments.

NOTE 4 – Pass-Through Entities

All pass-through entities listed above use the same AL numbers as the federal grantors to identify these grants, and have not assigned any additional identifying numbers.

**INDEPENDENT AUDITOR'S 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**

To the Governing Board
Fargo-Moorhead Metropolitan Council of Governments
Fargo, North Dakota

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and general fund of Fargo-Moorhead Metropolitan Council of Governments as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise Fargo-Moorhead Metropolitan Council of Governments' basic financial statements, and have issued our report thereon dated June 28, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Fargo-Moorhead Metropolitan Council of Governments' internal control over financial reporting (internal control) as a basis for designing auditing 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 Fargo-Moorhead Metropolitan Council of Governments' internal control. Accordingly, we do not express an opinion on the effectiveness of Fargo-Moorhead Metropolitan 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 have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Fargo-Moorhead Metropolitan 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 result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

June 28, 2023

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

To the Governing Board
Fargo-Moorhead Metropolitan Council of Governments
Fargo, North Dakota

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Fargo-Moorhead Metropolitan 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 its major federal program for the year ended December 31, 2022. Fargo-Moorhead Metropolitan Council of Governments' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Fargo-Moorhead Metropolitan 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 December 31, 2022.

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Fargo-Moorhead Metropolitan 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 Fargo-Moorhead Metropolitan 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 Fargo-Moorhead Metropolitan Council of Governments' federal programs.

Auditor's 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 Fargo-Moorhead Metropolitan 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 generally accepted auditing standards, *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 Fargo-Moorhead Metropolitan Council of Governments compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Fargo-Moorhead Metropolitan 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 Fargo-Moorhead Metropolitan 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 Fargo-Moorhead Metropolitan 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 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 Auditor's 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.



BRADY, MARTZ & ASSOCIATES, P.C.
GRAND FORKS, NORTH DAKOTA

June 28, 2023

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED DECEMBER 31, 2022

Section I-Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified
 Internal control over financial reporting:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are
 not considered to be material weaknesses? yes none
 Noncompliance material to financial
 statements noted? yes no

Federal Awards

Internal control over major programs:
 Material weakness(es) identified? yes no
 Significant deficiency(ies) identified that are
 not considered to be material weaknesses? yes none

Type of auditor's report issued on compliance
 for major programs: Unmodified

Any audit findings disclosed that are
 required to be reported in accordance with
 2 CFR 200.516(a)? yes no

Identification of major programs:

<u>AL Number(s)</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction Cluster

Dollar threshold used to distinguish
 between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? yes no

Section II-Financial Statement Findings

None – no current year audit findings were reported.

Section III-Federal Award Findings and Questioned Costs

None – no current year audit findings were reported.

To: Metro COG Policy Board
From: Dan Farnsworth, Transportation Planner
Date: July 14, 2023
Re: **Interstate Operations Analysis & Plan for Future Improvements**

In August of 2021 Metro COG began the Interstate Operations Analysis & Plan for Future Improvements. This plan identifies prioritized improvements to improve safety, traffic operations, and mobility for the Interstate system within the Fargo-Moorhead Metro Area.

This plan was developed in close coordination with both NDDOT and MnDOT and was guided by a study review committee comprised of representation from the cities of West Fargo, Fargo, Moorhead, Cass and Clay Counties, ATAC, NDDOT, MnDOT, and Metro COG. Upon completion of the draft plan, presentations were made to management of both NDDOT and MnDOT. At their regularly scheduled meeting on July 13, the TTC unanimously recommended approval of the plan to the Policy Board.

Attached is the Executive Summary of the plan. The final plan including the plan's appendices can be found on Metro COG's website at the following link:

<https://www.fmmetrocog.org/projects-rfps/InterstateOps2021/project-materials>

Requested Action: Approval of the Interstate Operations Analysis & Plan for Future Improvements.

INTERSTATE OPERATIONS STUDY & PLAN FOR FUTURE IMPROVEMENTS

EXECUTIVE SUMMARY | JULY 2023



METROCOG

FARGO-MOORHEAD METROPOLITAN COUNCIL OF GOVERNMENTS

Introduction

Fargo Moorhead Metro COG and its partner agencies have conducted the Interstate Operations Study and Plan for Future Improvements as a high-level study to identify prioritized improvements to improve safety, traffic operations, and mobility for the Interstate system within the Fargo-Moorhead Metro Area. The project study area is shown in the figure on the right and is defined by the following limits:

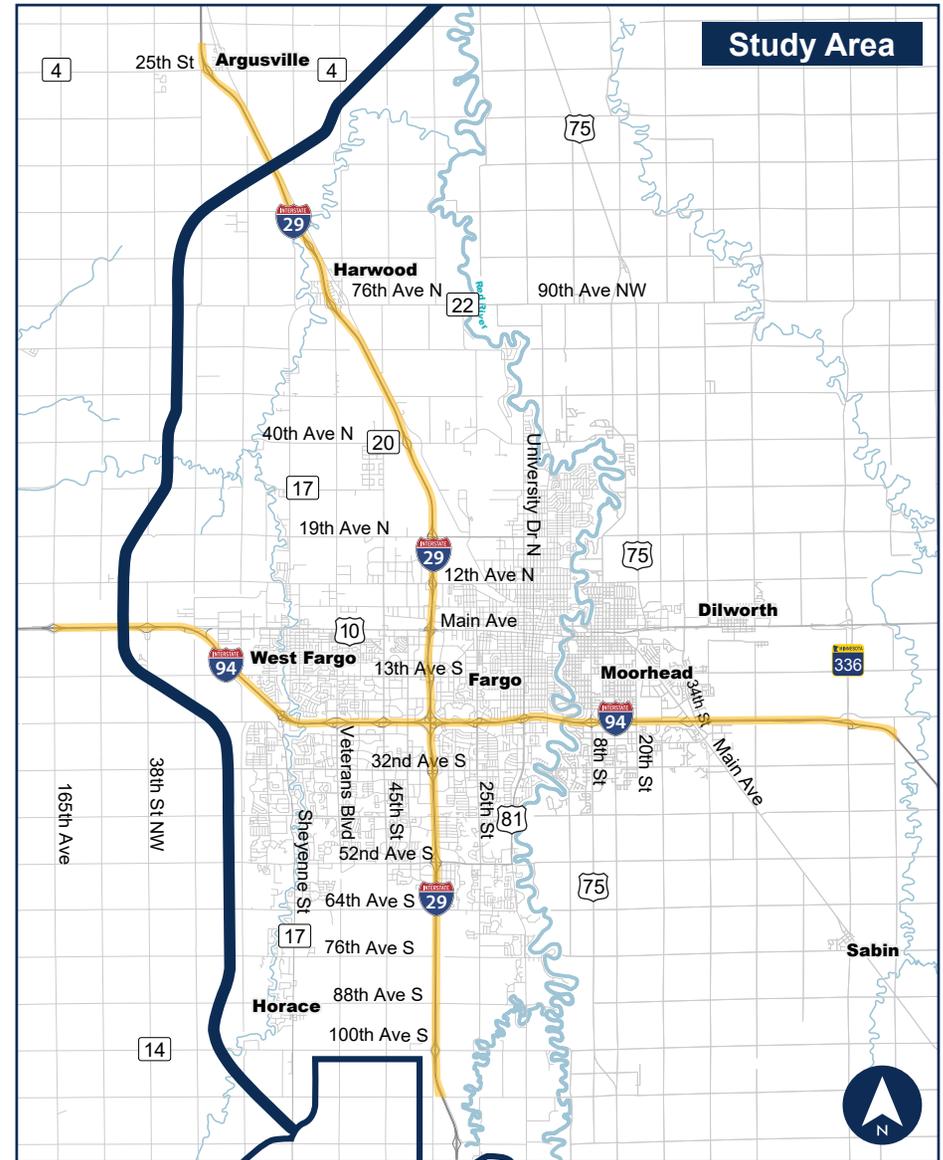
	<h3>INTERSTATE 94</h3>
	<ul style="list-style-type: none"> ▪ West Limit: 165th Avenue / Cass County 15 ▪ East Limit: Minnesota 336
	<h3>INTERSTATE 29</h3>
	<ul style="list-style-type: none"> ▪ North Limit: Cass County 4 (Argusville) ▪ South Limit: 100th Avenue S / Cass County 14

The study area includes Interstate mainline segment, system ramps, service ramps, rest areas, and ramp terminal intersections along I-29 and I-94.

Study Objectives

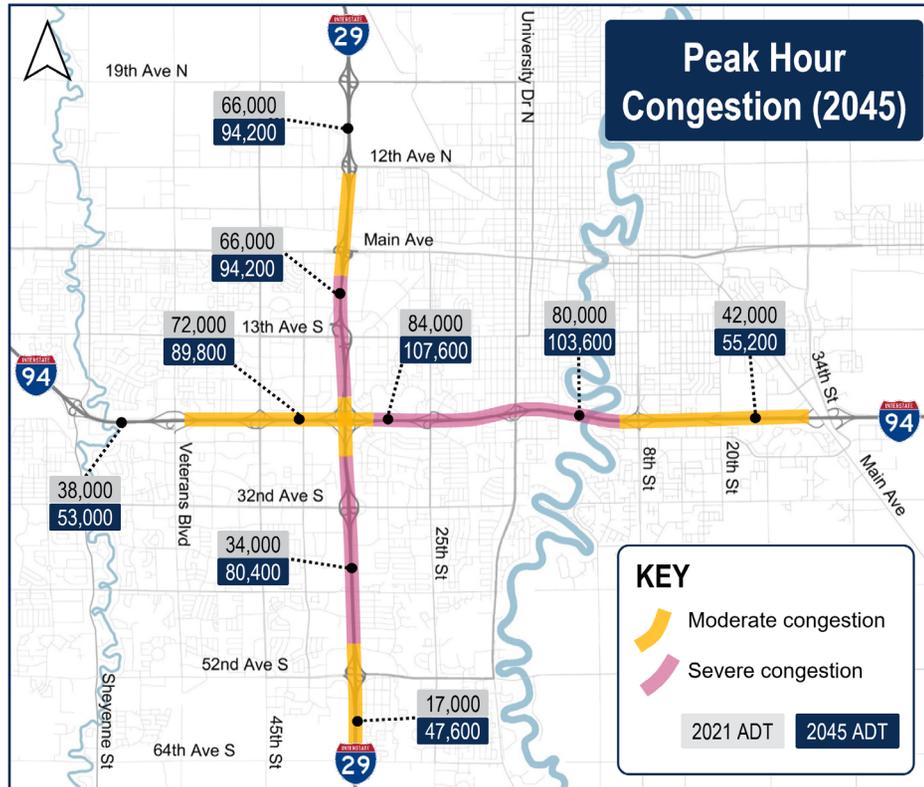
The objectives and anticipated outcomes for this study include:

- Present a clear menu of recommended improvements aimed at addressing identified deficiencies in operations, safety, reliability, etc.
- Recommend project priorities and staging based on expected increases in traffic volumes combined with planned system preservation projects
- Provide operational and analytical data to assist with later project development phases
- Determine the potential use of a perimeter route around the metro area and identify how such a route affects volumes on the interstate system



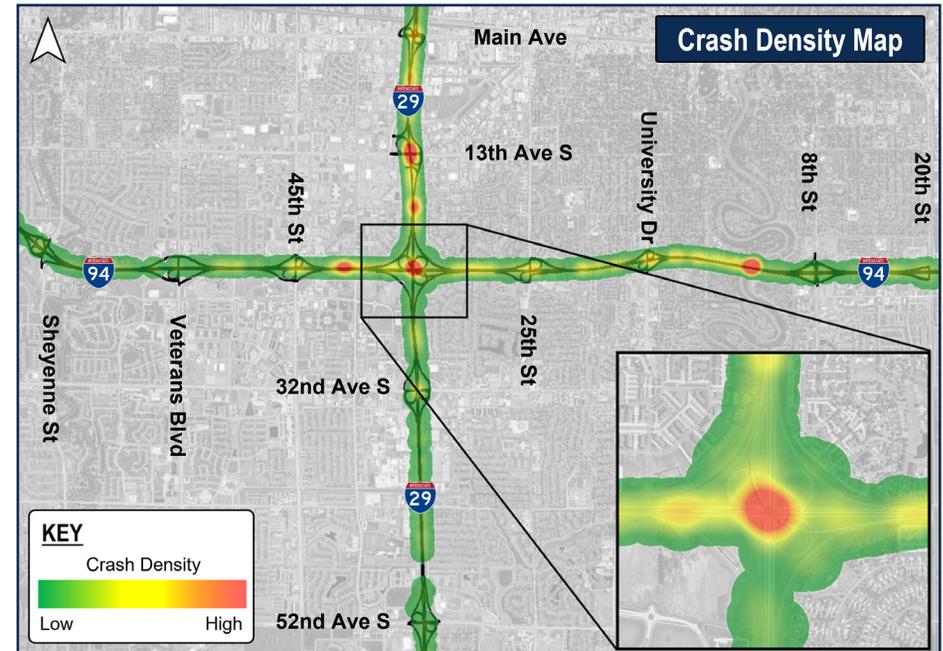
Traffic Operations

Planning-level peak hour capacities were developed for all Interstate segments within the study area. Capacities were compared to peak hour 2045 forecasts to determine areas of moderate and severe congestion, shown in the figure below.



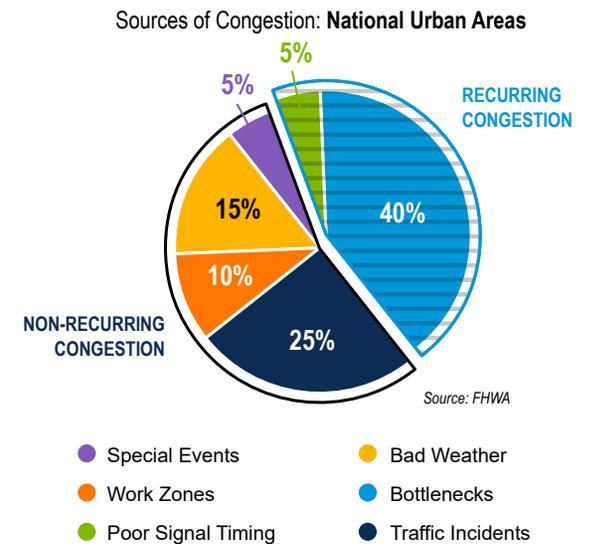
Safety

A safety dashboard was developed to select, sort, and filter crashed by time of day, day of week, month of year, type, and location. The study team also developed a crash density map to identify areas of high crash frequency to investigate.



Recurring vs Non-Recurring Congestion

The Fargo-Moorhead metro area experiences many different kinds of congestion, from bottlenecks to traffic incidents and weather events. FHWA national estimates are shown in the pie chart. Due to the fluctuations in normal traffic and long winter season, the study team estimates the percent recurring congestion in the metro area is **20%–30%**.



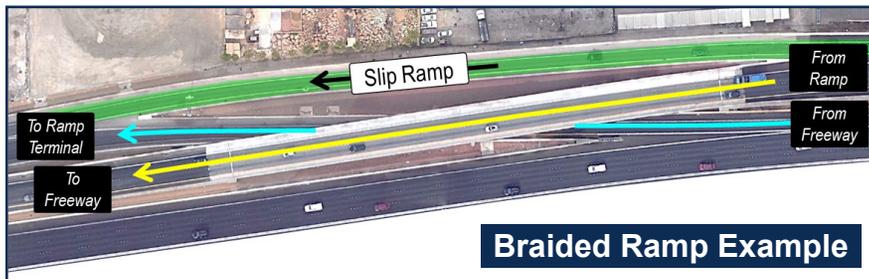
Strategy Development & Analytics

Mainline Geometric Strategies

The study team assessed operational and safety deficiencies along I-29 and I-94 to develop geometric improvement strategies. The study team reviewed the following mainline geometric improvements:

- Traditional Interstate Widening
- Auxiliary Lanes
- Collector-Distributor Roads
- Braided Ramps

As shown in the implementation plan, the study team recommended a combination of traditional widening, auxiliary lanes, and braided ramps at select locations. Braided ramps (shown below) separate the entering and exiting traffic at successive interchanges by shifting one of the movements onto a bridge, eliminating weaving traffic.



Interchange Strategies

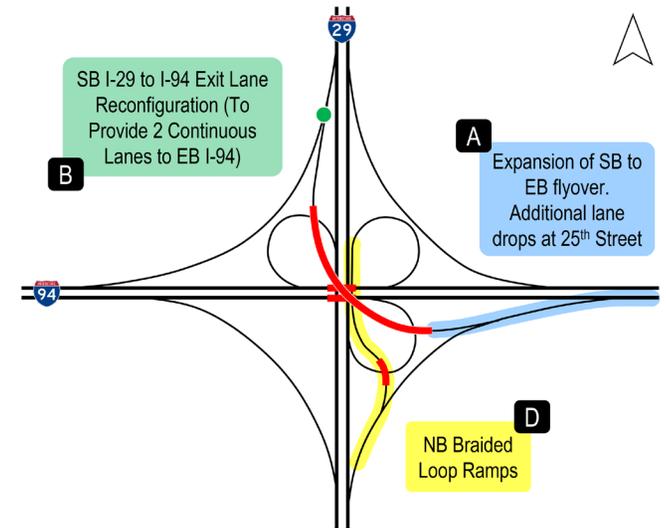
SERVICE INTERCHANGES

The study team assessed operational and safety deficiencies at service and system interchanges within the IOS study area. Each interchange is discussed in detail in the final report. The following strategies were considered:

- Interchange Reconfigurations
- New Interchanges
- Lane Modifications / Ramp Widening
- Signal Timing Improvements
- Bicycle / Pedestrian Enhancements

SYSTEM INTERCHANGE

Traffic volumes around the I-29 / I-94 system interchange are expected to grow significantly by 2045. The study team considered the following strategies at the system interchange to serve future demand.



- A. SB I-29 to EB I-94 Expansion (Construction in 2023)
- B. SB I-29 to I-94 Exit Lane Reconfiguration
- C. NB I-29 to WB I-94 Flyover
- D. Braided Loop Ramps
- E. Collector-Distributor Roads
- F. Dynamic Lane Assignment

Strategies A, B, and D were carried into the implementation plan. Some of these strategies were removed since they would reduce the effective weaving lengths for adjacent Interstate segments. Other strategies, like Dynamic Lane Assignment, should be considered as volumes continue to increase at the system interchange.

TSMO / ITS Improvements

Transportation Systems Management and Operations is an approach to manage and optimize the current transportation systems to improve safety, reduce congestion, and enhance mobility. TSMO typically involves the integration of various transportation technologies, strategies, and services to improve the performance of the transportation system.

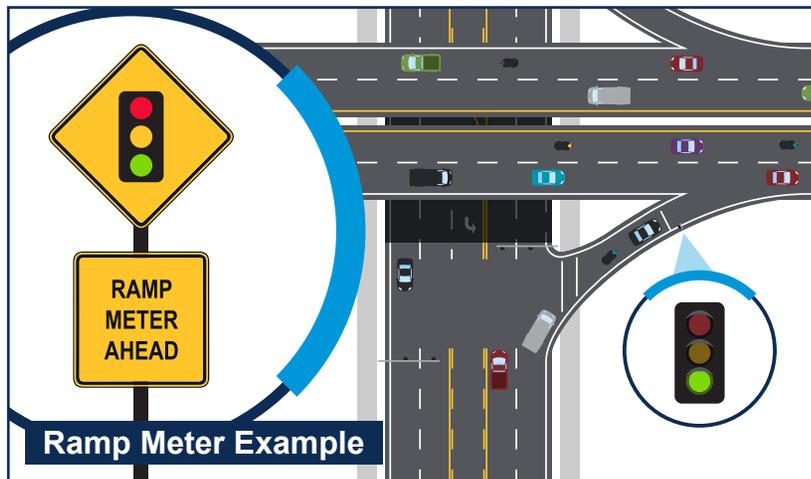
The study team reviewed the following TSMO Strategies to determine their effectiveness within the metro area.

TSMO/ITS IMPROVEMENTS

 Ramp Metering*	 Queue Detection System*
 Hard Shoulder Running	 Anti-Icing Systems
 Variable Speed Limits	 Traveler Information
 Bottleneck Removal	 Network Surveillance
 CAV Infrastructure	 Work Zone Management*
 Traffic Management Center*	 Roadway Service Patrol*
 Traffic Incident Management*	

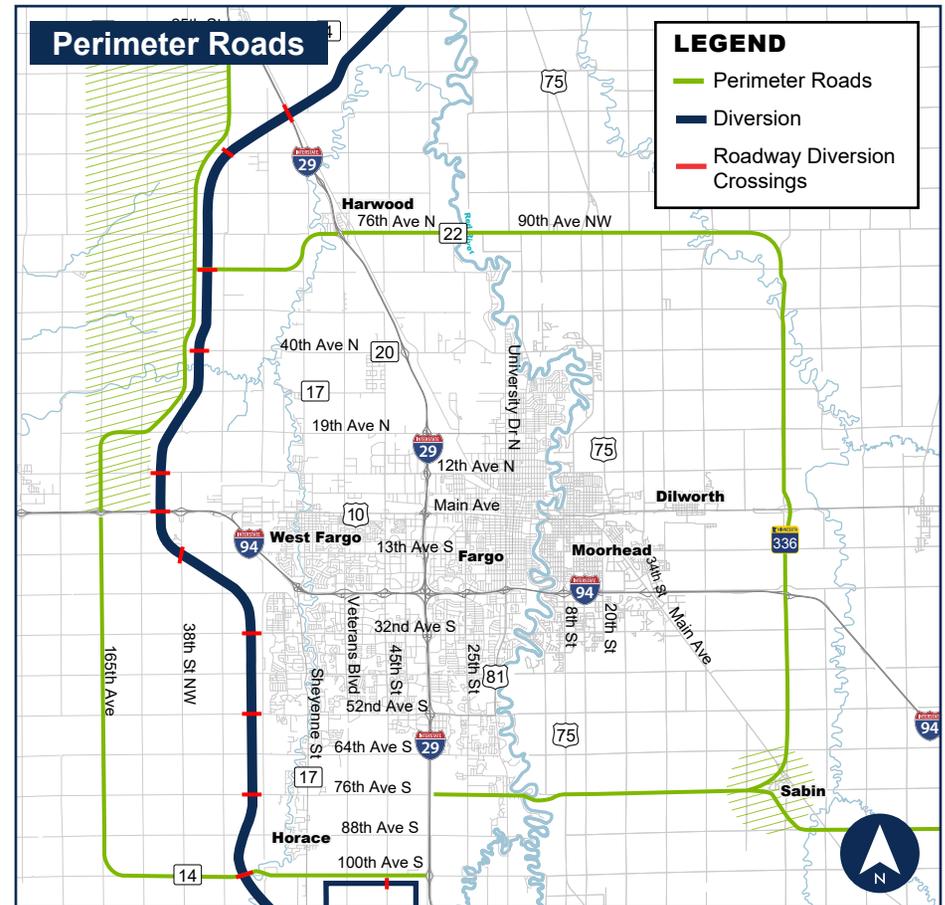
*The study team advanced TSMO strategies that were applicable to the metro area.

Specifically, the study team investigated safety and reliability of Ramp Metering throughout the core of the metro area. Through a review of the CMF Clearinghouse and case study research, ramp metering may reduce the number of total crashes up to 40% in areas of the Interstate where metering occurs.



Off-System Improvements – Perimeter Roads

A significant component to a resilient and reliable Interstate system is the non-Interstate system. The study team identified perimeter road alignments and other off-system improvements to act as a relief valve during Interstate slowdowns due to an incident, weather event, peak congestion, or construction.



Metro COG and Cass County are advancing the west perimeter roads through a follow-on study. At a minimum, Right-of-Way should be preserved along perimeter roads and access-control policies should be developed to limit closely spaced accesses on perimeter roads.

Agency & Stakeholder Coordination

Input received from one-on-one, study review committee, focus group, and DOT management team meetings were an integral part of the strategy and implementation plan development.

Study Review Committee Meetings

The study review committee, represented by the following agencies, met during 6 key milestones to gather information and gain feedback.



Focus Groups

Focus groups were established to help inform the study and provide input at key milestones. The following groups met at 3 key study milestones. The first responders focus groups helped recommend and justify Safety and TSMO improvements throughout I-29 & I-94.

- First responders
- Local officials
- Freight industry / MATBUS

DOT Management Meetings

The study team presented the implementation plan to the North Dakota and Minnesota DOT management teams during the development of the final recommendations for the study. Feedback from the management team meetings were incorporated into the implementation plan.

Implementation Plan

The study team used the following guidelines to develop the implementation plan

COMBINING SYSTEM PRESERVATION & EXPANSION PROJECTS

The plan should consider combining system preservation projects with expansion projects where it makes sense. This could be achieved by delaying or by advancing either type of project within any given Interstate segment.

OPERATIONAL & SAFETY CONSIDERATIONS

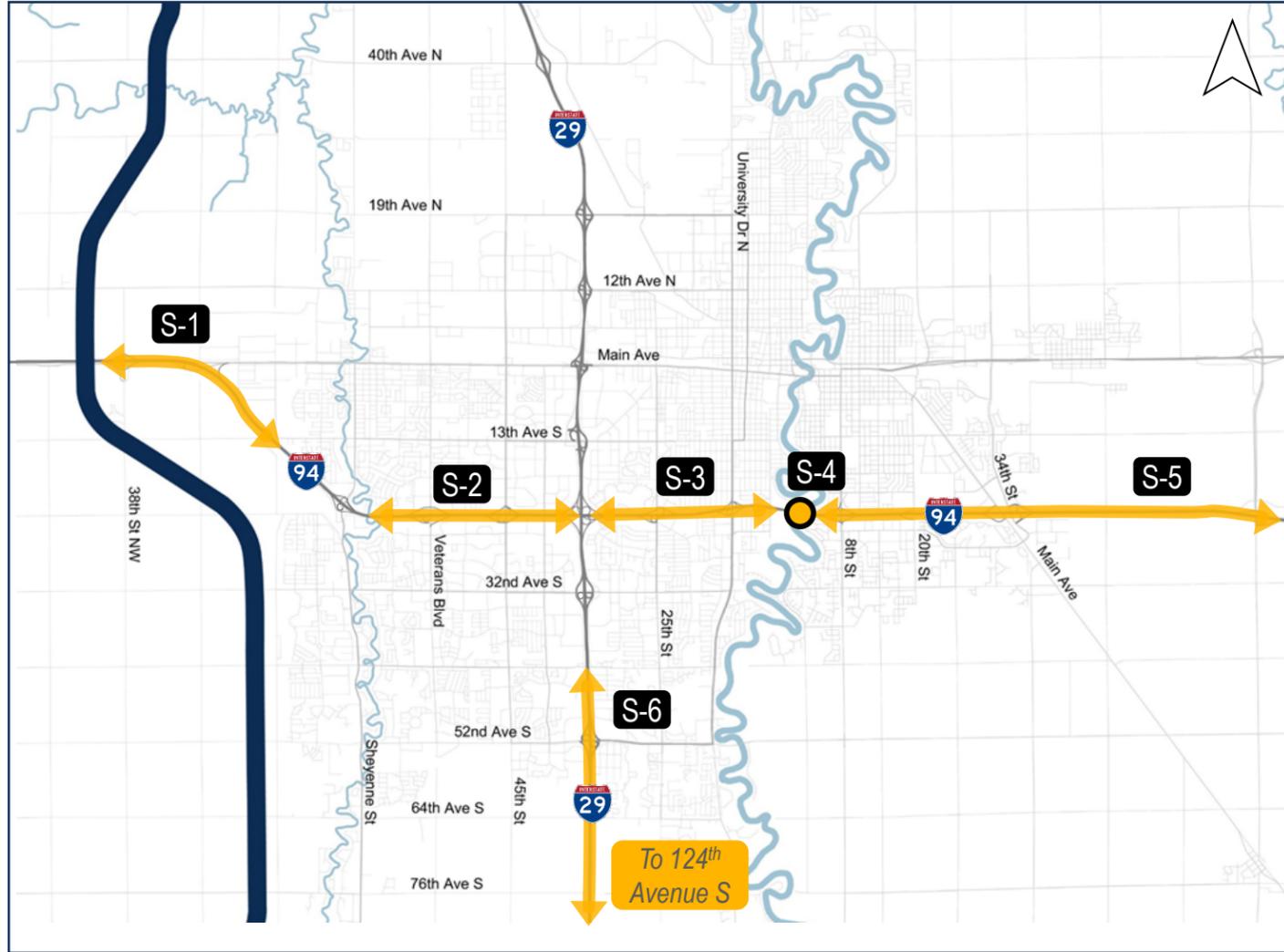
The plan should consider the severity of operational and safety needs and the impact of delaying the recommended improvement strategies.

LIMITING DISRUPTIONS TO THE TRAVELING PUBLIC

The plan should consider the impacts of project construction on the users of the system (for example, should there be a minimum number of years between major projects within a specific section of Interstate). Additionally, off-system or TSMO improvements that would improve operations during construction should be considered.

INPUT FROM STAKEHOLDERS

The plan should consider a balance of state DOT and local agency needs. The impact of development growth opened up by the diversion may shift local agency needs at various service interchanges. The timeline of these improvements were determined with SRC members.



System Preservation Projects

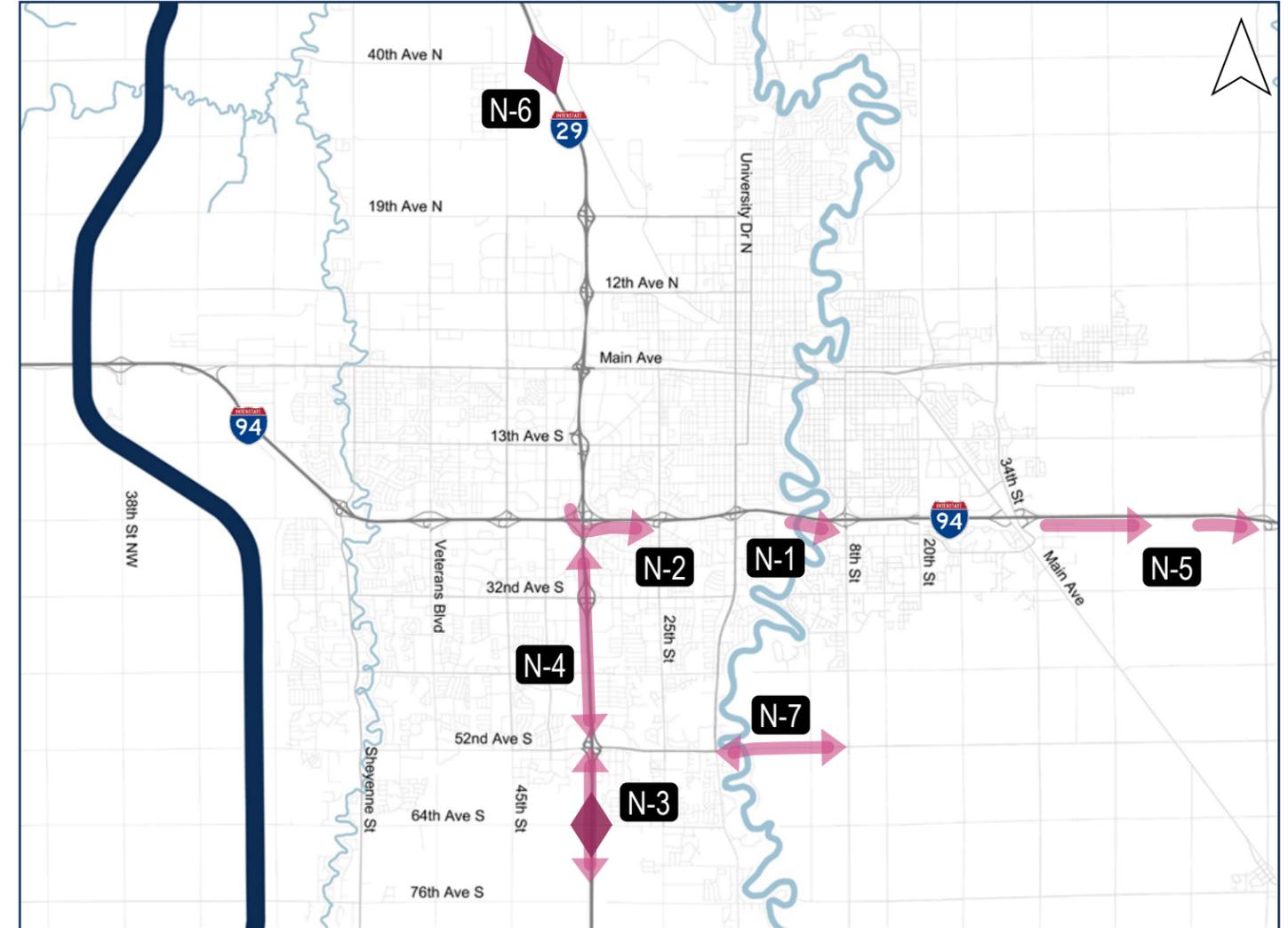
Six major system preservation projects are anticipated within the study area over the next 20 years. Minor rehabilitation (concrete pavement repair, bridge deck overlays, etc) were not included in the implementation plan.

NEAR TERM

- S-1. Full Reconstruction: 2023

MID TERM

- S-2. Full Reconstruction: 2031-2034
- S-3. Full Reconstruction: 2031-2034
- S-4. Bridge Replacement: 2031-2034
- S-5. Full Reconstruction: 2031-2034
- S-6. Full Reconstruction: 2034-2037



Near Term Projects

- N-1. I-94 EB Exit to 8th Street
- N-2. Flyover Expansion to 25th Street
- N-3. New Interchange at 64th Ave S (may include C-D Roads)
- N-4. I-29 Expansion
- N-5. I-94 Aux Lane (Near of Weigh Station)
- N-6. 40th Ave N Interchange Reconfiguration
- N-7. 52nd Ave S / 60th Ave S Widening

TSMO IMPROVEMENTS

- TIM Group
- TMC
- DMS / CCTV



Mid-Term Projects

- M-1. I-94 Expansion to 6 Lanes
- M-2. I-94 Expansion to 8 Lanes
- M-3. I-94 Mobility Improvements
- M-4. 20th Street Reconfiguration
- M-5. I-29 Braided Ramps between 13th Ave S & I-94
 - 13th Ave S Reconfiguration
- M-6. I-94 & Main Ave Improvements
 - Including 13th Ave S I-94 Overpass
- M-7. NW Perimeter Road

TSMO IMPROVEMENTS

- Ramp metering (Ring 1)
- Service patrol
- Smart Work Zones



Long-Term Projects

- L-1. I-29 Aux Lanes
- L-2. Braided NB Loop
- L-3. New Interchange at 76th Ave S (includes C-D Roads)
- L-4. 100th Ave S Improvements
- L-5. Perimeter Road(s)

TSMO IMPROVEMENTS

- Ramp metering (Ring 2)

TYPE	ID	PROJECT	NEAR TERM								MID TERM										LONG TERM								
			23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49
Interstate	N-1	I-94 EB Exit to 8th Street																											
Interstate	N-2	Flyover Expansion to 25th Street																											
Interstate / Interchange	N-3	New Interchange at 64th Ave S (May Include C-D Roads)																											
Interstate	N-4	I-29 Expansion (Between I-94 & 52nd Ave S)																											
Interstate	N-5	I-94 EB Aux Lanes (Between 34th Street, Weigh Station, & MN 336)																											
Interchange	N-6	40th Ave N Interchange Reconfiguration																											
Off-System	N-7	52nd Ave S / 60th Ave S Widening (Between University & US 75)																											
TSMO	N-8	Re-Start TIM Group																											
TSMO	N-9	Development of TMC																											
TSMO	N-10	DMS / CCTV Expansion																											
Interstate	M-1	I-94 Expansion to 6 Basic Lanes (Between Sheyenne & I-29)																											
Interstate	M-2	I-94 Expansion to 8 Basic Lanes (Between I-29 & 8th Street)																											
Interstate	M-3	I-94 Mobility Improvements (Between 8th Street & MN 336)																											
Interchange	M-4	20th Street Reconfiguration																											
Interstate / Interchange	M-5	I-29 Braided Ramps between 13th Ave S & I-94																											
Interchange	M-6	I-94 & Main Ave Improvements (Including 13th Ave S I-94 Overpass)																											
Off-System	M-7	NW Perimeter Road																											
TSMO	M-8	Ramp Metering (Ring 1)																											
TSMO	M-9	Service Patrol																											
TSMO	M-10	Smart Work Zones																											
Interstate	L-1	I-29 Aux Lanes (Between 12th Ave N & Main Ave)																											
Interstate	L-2	Braided NB Loop Ramp (At I-29 / I-94 System Interchange)																											
Interchange	L-3	New Interchange at 76th Ave S (May Include C-D Roads)																											
Interchange	L-4	100th Ave S Improvements																											
Off-System	L-5	Perimeter Road(s)																											
TSMO	L-6	Ramp Metering (Ring 2)																											
System Preservation	S-1	I-94 Construction (Between 38th Street NW & 13th Ave S)																											
System Preservation	S-2	I-94 Reconstruction (Between Sheyenne & I-29)																											
System Preservation	S-3	I-94 Reconstruction (Between I-29 & Red River)																											
System Preservation	S-4	I-94 Red River Bridge Replacement																											
System Preservation	S-5	I-94 Reconstruction (Between Red River & MN 336)																											
System Preservation	S-6	I-29 Reconstruction (Between 40th Ave S & 124th Ave S)																											

Legend

 Near Term	 Long Term	 Mainline / Off-System
 Mid Term	 System Preservation	 Interchange
 TSMO	 TSMO	 TSMO

To: Policy Board
From: Paul Bervik, Assistant Transportation Planner
Date: July 14, 2023
Re: **2023-2026 Transportation Improvement Program (TIP) Amendment 7**

The Fargo-Moorhead Metropolitan Council of Governments (Metro COG) will hold a public meeting both in person and via Zoom Video Communications on Thursday, July 20, 2023 at 4:00 pm to consider public comments regarding a proposed amendment to the 2023-2026 Transportation Improvement Program (TIP) for the FM Metropolitan Area. The proposed amendment to the 2023-2026 TIP reflects modified federally funded projects within the Metropolitan Planning Area (MPA).

A public notice was published in The Forum of Fargo-Moorhead on Wednesday, July 12, 2023, which advertised the public meeting, detailed how to request more information, and provided information on how to make public comment regarding the proposed amendment. The public notice advertised that public comments will be accepted until 12:00 p.m. (noon) on Thursday, July 27, 2023. As of the writing of this memo, no written comments have been received.

The proposed amendment to the 2023-2026 TIP is as follows:

1. **Modification of Project 4230010:** Fargo Transit purchase of miscellaneous support equipment (2023). The total project cost is increasing from \$100,000 to \$472,125 (372% increase). This project adds an additional \$297,000 in FTA 5339 funding to an existing project.
2. **Modification of Project 4210004:** Structural rehabilitation of 42nd Street South at I-94 bridge (2023) by the City of Fargo. The total project cost is increasing from \$275,680 to \$375,000 (36% increase). This project is connected to 4237034.
3. **Modification of Project 9231005:** NDDOT reconstruction of the Lynchburg interchange 3 miles west of ND18 (2023). The total project cost is increasing from \$5,200,000 to \$7,559,610 (45.4% increase).
4. **Modification of Project 9233029:** Rehabilitating the bridge decks with an overlay and spall repair on the Swan Creek and I-94 bridges (2026) by NDDOT. Project year shifting to 2026 from 2027.
5. **New Project 4237034:** Structural rehabilitation of 42nd Street South at I-94 bridge (2023) by the City of Fargo. This adds an additional \$230,583 in BRU funding to an existing project. This project is connected to 4210004.

See **Attachment 1** for more detailed project information.

Requested Action: Approve Amendment 7 of the Metro COG 2023-2026 Transportation Improvement Program (TIP).

Lead Agency	Metro COG ID State Number	Project Year	Project Location	Length	Project Limits From To	Project Description	Improvement Type	Total Project Cost	Federal Revenue Source	Other Revenue Source	Revenue
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Amendment 7 - 2023-2026 Metro COG TIP

Existing projects with a change in cost

Fargo Transit	4230010	2023	Transit			Misc. Support Equipment	Transit Capital	\$472,125 \$100,000	FTA 5339	Local	\$377,700 \$80,000 \$94,425 \$20,000
City of Fargo	4210004 23933	2023	42nd St S & I-94 Grade Separation			Structure Rehabilitation Connected to 4237034. Structure Rehabilitation	Rehabilitation	\$375,000 \$275,680	STBGP-U	Local	\$300,000 \$233,108 \$75,000 \$52,572
NDDOT	9231005 23808	2023	I-94 bridge repair at Lynchburg Interchange			3 WEST OF ND 18; STRUC REPLACE,APPR SLAB REP,GUARDRAIL	Reconstruction	\$7,559,610 \$5,200,000	NHU	State Local	\$6,803,649 \$4,680,000 \$755,961 \$520,000 \$0

Amendment 7 - 2023-2026 Metro COG TIP

Existing projects with a non-cost change

NDDOT	9233029 23906	2026 2027	I-94		Intersection of I-94 and Swan Creek	Various Structures on I-94 - Fargo District Deck Overlay, Spall Repairs (#0094-334.998L & #0094-334.998R)	Rehabilitation	\$674,900	IM	State	\$607,410 \$67,490
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Amendment 7 - 2023-2026 Metro COG TIP

The following are new projects

City of Fargo	4237034 23933	2023	42nd St S & I-94 Grade Separation			Structure Rehabilitation Connected to 4210004.	Rehabilitation	\$288,229	BRU	Local	\$230,583 \$57,646
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