



North Front Range
Metropolitan
Planning
Organization

North Front Range Transportation & Air Quality Planning Council

FINANCIAL STATEMENTS

December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Planning Council
North Front Range Transportation & Air Quality Planning Council
Fort Collins, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the North Front Range Transportation & Air Quality Planning Council (the "Council") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Council as of December 31, 2019, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 10, the Governmental Fund Budgetary Comparison Statement on page 30, and the Note to the Required Supplementary Information on page 31 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government Accounting Standards Board (GASB) 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 the Council's basic financial statements. The listing of Council members and staff members, the Proprietary Fund Budgetary Comparison Statement, and Schedule of Expenditures of Federal Awards required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information 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 May 7, 2020 on our consideration of the Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the Council's internal control over financial reporting and compliance.

McGee, Hearne & Paiz, LLP

Fort Collins, Colorado
May 7, 2020

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

Listing of Council Members

As of December 31, 2019

Representative	Member Entity Represented
Dave Clark – Chair	City of Loveland
Donald McLeod-Vice Chair	Town of Severance
Kristie Melendez-Immediate Past Chair	Town of Windsor
William Karspeck	Town of Berthoud
Mark Clark	City of Evans
Kevin Ross	Town of Eaton
Kristin Stephens	City of Fort Collins
Fil Archuleta	Town of Garden City
Brett Payton	City of Greeley
Troy Mellon	Town of Johnstown
Tom Donnelly	Larimer County
Paula Cochran	Town of LaSalle
Elizabeth Austin	Town of Milliken
Lisa Laake	Town of Timnath
Barbara Kirkmeyer	Weld County
Kathleen Bracke	Transportation Commission
Rick Coffin	CDPHE – Air Pollution Control Division

Listing of Staff Members

As of December 31, 2019

Name	Position
Suzette Mallette	Executive Director
Shane Armstrong	Operations Services Coordinator
Barbara Bills	Administrative Support/Accounting Clerk I
Ryan Dusil	Transportation Planner
Alex Gordon	Transportation Planner II/Mobility Coordinator
Rebekah Karasko	Transportation Planning Director/Title VI Coordinator
Medora Bornhoft	Transportation Planner II
Merideth Kimsey	Accounting Clerk III
Anna Rose Cunningham	Transportation Planner I
Rena Steffen	Administrative Director

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

MANAGEMENT’S DISCUSSION AND ANALYSIS

The North Front Range Transportation & Air Quality Planning Council (the “Council” or “MPO”) offers the readers of the Council’s financial statements this narrative overview and analysis of the financial activities for the fiscal year ended December 31, 2019. The Management’s Discussion and Analysis is intended to be read in conjunction with the Council’s financial statements beginning on page 11.

Financial Highlights

Our primary sources of transportation planning and program operating revenues were as follows for calendar year 2019:

Governmental Activities

Consolidated Planning Grant (CPG) Federal Funding	\$ 897,977
Surface Transportation Program (STBG) Federal Funding	26,427
Section 5310 Federal Funding	26,569
National Aging and Disability Transportation Center (NADTC) Funding	68,975
Other Intergovernmental Income	123,287
Local Match - Member Entities	267,875

Business-type Activities

VanGo™ Operating Fares	\$ 461,176
Fort Collins Program Revenue	563,889
Insurance Recovery	79,665

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Council’s basic financial statements. The Council’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

Combined Government-Wide and Fund Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the Council’s finances using the accrual basis of accounting, the basis of accounting used by most private-sector businesses.

The Statement of Net Position presents information on all the Council’s assets and liabilities, with the difference between the two reported as net position. Ordinarily, over time, increases and decreases in net position would provide an indication of whether the Council’s financial position is improving or deteriorating. Since the Council primarily operates on a cost reimbursement basis, meaning revenues should equal expenditures at year end for all Federal funding contract activities, any increases or decreases in net assets is primarily comprised of the total value in our capital assets and non-Federal programs, as opposed to being reflective of whether the financial position of the Council is improving or deteriorating.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Statement of Activities presents information reflecting how the Council's net position has changed during the fiscal year just ended. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the 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., earned but unused vacation leave).

The government-wide financial statements can be found beginning on page 11 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. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Council is comprised of one governmental fund and one proprietary fund, the General Fund and VanGo™, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Council uses an enterprise fund to account for the VanGo™ vanpooling program.

The fund financial statements can be found beginning on page 13 of this report.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The basic governmental fund financial statements can be found beginning on page 13 of this report.

Proprietary funds are used to account for services the Council charges customers a fee. Proprietary funds, like the government-wide statements, provide both long-term and short-term financial information. The Council uses enterprise funds, (one type of proprietary fund) to report its business-type activities and provide more detailed and additional information, such as cash flows.

The proprietary fund financial statements can be found beginning on page 17 of this report.

Notes to the Financial Statements

The notes to the financial statements are considered an integral part of the basic financial statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 20 of this report.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Government-Wide Financial Analysis

Assets exceed liabilities by \$5,220,901 at the close of the year. Of this figure, \$645,145 represents the net investment in capital assets. The Council uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

The following is a condensed comparative summary of the Council's net position at December 31:

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 860,684	\$ 718,301	\$ 3,844,581	\$ 3,649,378	\$ 4,705,265	\$ 4,367,679
Capital assets, net	23,186	39,803	621,959	628,207	645,145	668,010
Total Assets	\$ 883,870	\$ 758,104	\$ 4,466,540	\$ 4,277,585	\$ 5,350,410	\$ 5,035,689
Current and other liabilities	\$ 73,941	\$ 75,885	\$ 25,495	\$ 29,956	\$ 99,436	\$ 105,841
Unearned revenues	-	-	11,921	8,455	11,921	8,455
Long-term liabilities	16,816	15,184	1,336	1,839	18,152	17,023
Total Liabilities	\$ 90,757	\$ 91,069	\$ 38,752	\$ 40,250	\$ 129,509	\$ 131,319
Net Position						
Net investment in capital assets	\$ 23,186	\$ 39,803	\$ 621,959	\$ 628,207	\$ 645,145	\$ 668,010
Restricted for grants	-	-	-	56,054	-	56,054
Unrestricted	769,927	627,232	3,805,829	3,553,074	4,575,756	4,180,306
Total Net Position	\$ 793,113	\$ 667,035	\$ 4,427,788	\$ 4,237,335	\$ 5,220,901	\$ 4,904,370

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Changes in Net Position

The following table reflects a condensed summary of activities and changes in net position.

	Government Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Revenues						
VanGo™ Vanpool Fares	\$ -	\$ -	\$ 461,177	\$ 534,078	\$ 461,177	\$ 534,078
Total Charge for Services	-	-	\$ 461,177	\$ 534,078	\$ 461,177	534,078
Grant revenue - Federal	1,013,434	923,263	-	-	1,013,434	923,263
Grant revenue - local match	267,876	297,439	-	-	267,876	297,439
Program revenues	129,801	72,805	563,889	636,369	693,690	709,174
Total Operating Grants and Contributions	1,411,111	1,293,507	563,889	636,369	1,975,000	1,929,876
Earnings on investments	10,296	8,380	78,166	63,550	88,462	71,930
Miscellaneous revenues	123	438	79,665	159,981	79,788	160,419
Gain on sale of capital assets	-	-	127,198	83,843	127,198	83,843
Total General Revenues	10,419	8,818	285,029	307,374	295,448	316,192
Total Revenues	\$ 1,421,530	\$ 1,302,325	\$ 1,310,095	\$ 1,477,821	\$ 2,731,625	\$ 2,780,146
Expenditures						
Payroll expense	842,729	790,650	118,288	121,772	961,017	912,422
Fleet expense	-	-	587,972	544,581	587,972	544,581
Office expense	127,627	148,694	107,273	98,170	234,900	246,864
Consultant and professional	248,138	298,647	5,480	2,548	253,618	301,195
Other program expense	44,686	45,017	82,885	29,576	127,571	74,593
Travel/Conference/Travel	32,244	21,280	4,150	4,419	36,394	25,699
Interest expense	28	37	-	-	28	37
Depreciation	-	-	213,594	293,816	213,594	293,816
Total Expenditures	\$ 1,295,452	\$ 1,304,325	\$ 1,119,642	\$ 1,094,882	\$ 2,415,094	\$ 2,399,207
Change in net position	126,078	(2,000)	190,453	382,939	316,531	380,939
Net position - Beginning of year	667,035	669,035	4,237,335	3,854,396	4,904,370	4,523,431
Net position - End of year	\$ 793,113	\$ 667,035	\$ 4,427,788	\$ 4,237,335	\$ 5,220,901	\$ 4,904,370

The above condensed summary of the Council's governmental and business type activities for the period ended December 31, 2019 reflects net position increasing by \$316,531 (6.5%). The prior period is also included for comparative purposes.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Governmental activities: Governmental activities increased the Council's net position by \$126,078 accounting for a positive 39.8% of the Council's \$316,531 overall increase in net position. Major variations are due to the following:

- Federal grant revenues increased by \$90,171 in 2019 which was mostly due to increased reimbursement for consulting costs to update the Travel Demand Model and \$40,000 in FTA 5304 funding to develop an Implementation Plan for the One Call One Click Center. All Federal grants are reimbursement type grants requiring the expenditure to be incurred before payment from the grant is received.
- Local match revenue decreased by \$29,563 based on budgeted requirements. Local match funds received not required for matching grant revenue is used to fund the governmental operating reserve.
- In 2019 Council received funding of \$68,975 from the National Aging and Disability Transportation Center (NADTC) funds to perform a proof of concept for the One Call One Click Center that provides rides for seniors and people with disabilities through a temporary call center. There was no local match requirement for this grant.

Business-type activities: Business-type activities (VanGo™ van pools program) increased the Council's net position by \$190,453 accounting for 60.2% of the Council's \$316,531 increase in net position. Major variations are due to the following:

- Van pool fares decreased by \$72,901 due to a continued decrease in ridership. The program received \$135,074 for the sales of vans.
- During 2019, the VanGo™ program sustained hail damage on many vans. A total of \$79,665 was received in insurance proceeds to offset the cost of repairs.
- Business-type activities expenses totaled \$1,119,642 an increase of \$24,760 compared to 2018. \$53,894 was spent on promotions and outreach to wrap vans offset by a decrease in operating expenses due to a decrease in ridership.

General Fund Budgetary Highlights

The Council's budget presented in the financial statements is for its calendar year (January-December). January-September is from the 2019 UPWP budget and October-December is from the 2020 UPWP budget. It should be noted that a Federal fiscal year budget (October-September) is Federally required for its Unified Planning Work Program (UPWP) and that the Council cannot expend more than is budgeted in the UPWP, without amendments to the UPWP and related funding contracts.

Budgetary highlights for 2019 included the disposition of nineteen vans and acquisition of seven vans for a net decrease of twelve vans. During 2019, the VanGo™ vanpool program added five new routes and cancelled six routes resulting in a decrease of one route. The program ended the year with an occupancy rate at 85% for the remaining routes. When compared with the prior year, fleet expenses decreased by 8% during 2019. This decrease is due to multiple factors including continued low fuel costs, increased alternatives such as Bustang and FLEX and retirement of long-term vanpoolers.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

MANAGEMENT’S DISCUSSION AND ANALYSIS

Capital Asset and Debt Administration

Capital Assets

The Council’s investment in capital assets at December 31, 2019 amounts to \$645,145 (net of accumulated depreciation). This investment in capital assets includes motor vehicles, office equipment and leasehold improvements

The capital assets purchased during the year were as follows:

Vans (7)	<u><u>\$ 215,222</u></u>
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Capital assets are classified as follows (net of depreciation):

	Governmental Activities		Business-type Activities		Total Government	
	2019	2018	2019	2018	2019	2018
Motor vehicles	\$ -	\$ -	\$621,959	623,670	\$621,959	\$623,670
Office equipment and softwar	10,605	18,834	-	4,537	10,605	23,371
Leasehold improvement	12,581	20,969	-	-	12,581	20,969
	<u>\$ 23,186</u>	<u>\$ 39,803</u>	<u>\$621,959</u>	<u>\$628,207</u>	<u>\$645,145</u>	<u>\$668,010</u>

Additional information on the Council’s capital assets can be found in Note 1 on pages 20-24 and Note 7 on page 28 of this report.

Long-term Liabilities

At December 31, 2019, the Council had \$18,152 of long-term liabilities. The long-term liabilities of the Council represent accrued compensated absences as follows:

	Governmental Activities	Business-type Activities	Total Government
Accrued compensated absences	<u>\$ 16,816</u>	<u>\$ 1,336</u>	<u>\$ 18,152</u>

Economic Factors and Next Year’s Tasks (Budget)

The economy in the United States has seen a steady upward escalation in the past few years and nowhere is it more apparent than in Northern Colorado. This area has seen stronger economic growth than the U.S. and the State of Colorado. This growth in the economy has also brought growth in population. This initially pushed the region into a housing shortage that caused home and rental prices to escalate. The region is gaining on the housing demand, but prices remain relatively high. Higher home prices exacerbate the congestion on the roadways as people will drive further to afford a home and commute to their work destinations.

The COVID-19 pandemic has decreased ridership in the VanGo™ Program and will impact fare revenue in 2020 and Fort Collins Exchange revenue in future years, based on decreased mileage and the impact on funding allocations. The VanGo™ program has sufficient reserves to offset short-term revenue losses.

Decrease in Vehicle Miles Traveled (VMT) in Colorado may also impact revenue from CPG funds as they are based on the Highway User Trust Fund (HUTF).

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

MANAGEMENT'S DISCUSSION AND ANALYSIS

Potential Federal stimulus funding as a result of the COVID19 can potentially create short term funding for shortfalls in operating expenses in the VanGo™ program and fund road construction projects in the region.

Accomplishments expected in 2020:

- Hire a Mobility Manager to start implementation of Once Call One Click Center
- Review Fare Analysis for the VanGo™ program
- Adopt the Environmental Justice (EJ) Plan
- Amend and Modify the FY2020 – FY2023 TIP as requested
- Write and post an RFP, and select a consultant for the Regional Premium Transit Analysis
- Creation of Fact Sheets for all Transportation Planning plans
- Translation of key brochures into Spanish for outreach
- MPO 101 Training Videos for posting on the agency website
- Update the 2045 Regional Transportation Plan
- Adopt the Federally required System Performance Report
- Update and readopt the FY2020-3032 UPWP
- Participate with RAQC committees to develop control strategies for the upcoming State Implementation Plans (SIPs)
- Perform Conformity on both the TIP and RTP

Requests for Information

This financial report is designed to provide Federal and state oversight agencies, taxpayers, and creditors with a general overview of the Council's finances and to demonstrate the Council's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Lisa Gagliardi, Accounting Manager, North Front Range Transportation & Air Quality Planning Council, 419 Canyon Avenue, Suite 300, Fort Collins, Colorado 80521, or by phone at (970) 289-8282, or by e-mail at lgagliardi@nfrmpo.org.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**STATEMENT OF NET POSITION
December 31, 2019**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and Cash Equivalents (Note 2)	\$ 151,678	\$ 68,225	\$ 219,903
Investments (Note 2)	383,883	3,722,609	4,106,492
Due from Other Governments	6,029	59,843	65,872
Grants Receivable	308,560	-	308,560
Prepaid Items	4,438	-	4,438
Internal Balances	6,096	(6,096)	-
Capital Assets, Net (Note 7)	23,186	621,959	645,145
Total Assets	883,870	4,466,540	5,350,410
LIABILITIES AND NET POSITION			
LIABILITIES			
Accounts Payable and Accrued Liabilities	54,865	21,746	76,611
Unearned Revenue	-	11,921	11,921
Accumulated Leave - due in one year or less (Note 8)	19,076	3,749	22,825
Long-term Liabilities:			
Accumulated Leave - due in more than one year (Note 8)	16,816	1,336	18,152
Total Liabilities	90,757	38,752	129,509
NET POSITION			
Net Investment in Capital Assets	23,186	621,959	645,145
Unrestricted	769,927	3,805,829	4,575,756
Total Net Position	\$ 793,113	\$ 4,427,788	\$ 5,220,901

The notes to the financial statements are an integral part of the financial statements.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**STATEMENT OF ACTIVITIES
Year Ended December 31, 2019**

Functions/Programs	Program Revenue				Net (Expenses) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 1,295,452	\$ -	\$ 1,411,111	\$ -	\$ 115,659	\$ -	\$ 115,659
Total Governmental Activities	<u>1,295,452</u>	<u>-</u>	<u>1,411,111</u>	<u>-</u>	<u>115,659</u>	<u>-</u>	<u>115,659</u>
Business-type Activities:							
VanGo™	1,119,642	461,177	563,889	-	-	(94,576)	(94,576)
Total Business-type Activities	<u>1,119,642</u>	<u>461,177</u>	<u>563,889</u>	<u>-</u>	<u>-</u>	<u>(94,576)</u>	<u>(94,576)</u>
Total Primary Government	<u>\$ 2,415,094</u>	<u>\$ 461,177</u>	<u>\$ 1,975,000</u>	<u>\$ -</u>	<u>115,659</u>	<u>(94,576)</u>	<u>21,083</u>
General Revenues							
Unrestricted Investment Earnings					10,296	78,166	88,462
Miscellaneous Revenues					123	79,665	79,788
Gain on Sale of Property					-	127,198	127,198
Total General Revenues					<u>10,419</u>	<u>285,029</u>	<u>295,448</u>
Change in Net Position					126,078	190,453	316,531
Net position -Beginning					667,035	4,237,335	4,904,370
Net position -Ending					<u>\$ 793,113</u>	<u>\$ 4,427,788</u>	<u>\$ 5,220,901</u>

The notes to the financial statements are an integral part of the financial statements.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**GOVERNMENTAL FUND BALANCE SHEET
December 31, 2019**

	General Fund
	<u> </u>
ASSETS	
Cash and Cash Equivalents (Note 2)	\$ 151,678
Investments (Note 2)	383,883
Due from Other Governments	6,029
Grants Receivable	308,560
Prepaid Items	4,438
Due From Other Funds	<u>23,188</u>
Total Assets	<u><u>\$ 877,776</u></u>
 LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable and Accrued Liabilities	\$ 54,865
Advances from Other Funds	<u>17,092</u>
Total Liabilities	<u>71,957</u>
 FUND BALANCE	
Nonspendable Prepaid Items	4,438
Unassigned	<u>801,381</u>
Total Fund Balance	<u>805,819</u>
Total Liabilities and Fund Balance	<u><u>\$ 877,776</u></u>

The notes to the financial statements are an integral part of the financial statements.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2019**

Adjustments to reconcile the governmental fund balance sheet to the statement of net position are as follows:

Fund Balance per Governmental Fund Balance Sheet	\$	805,819
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance sheet:		23,186
Some Liabilities are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet:		<u>(35,892)</u>
Net Position of Governmental Activities	\$	<u><u>793,113</u></u>

The notes to the financial statements are an integral part of the financial statements.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2019**

	General Fund
	<hr/>
REVENUE	
Operating Grants and Contributions	
Grant Revenue - Federal	\$ 1,013,434
Grant Revenue - Local Match	267,876
Other Intergovernmental Revenue	129,801
Earnings on Investments	10,296
Miscellaneous	123
	<hr/>
Total Revenues	1,421,530
	<hr/>
EXPENDITURES/EXPENSES	
General Government	
Payroll Expense	841,298
Office Expense	111,010
Consultant and Professional Services	248,138
Other Program Expense	44,686
Travel / Conference / Training	32,244
Interest Expense	28
	<hr/>
Total Expenditures / Expenses	\$ 1,277,404
	<hr/>
Excess of revenues over expenditures	144,126
FUND BALANCE/ NET POSITION	
Beginning of the Year	661,693
End of the Year	<u><u>\$ 805,819</u></u>

The notes to the financial statements are an integral part of the financial statements.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE TO THE
STATEMENT OF ACTIVITIES**

Year Ended December 31, 2019

Adjustments to reconcile the statement of governmental fund revenues, expenditures and changes in fund balance to the statement of activities are as follows:

Net Change in Fund Balance - Total Governmental Fund	\$	144,126
--	----	---------

Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense:

Depreciation	<u>(16,617)</u>	
Total		(16,617)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds

Compensated Absences		(1,431)
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Change in Net Position of Governmental Activities	<u>\$</u>	<u>126,078</u>
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The notes to the financial statements are an integral part of the financial statements.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**PROPRIETARY FUND STATEMENT OF NET POSITION
December 31, 2019**

	VanGo™
ASSETS	
Cash and Cash Equivalents (Note 2)	\$ 68,225
Investments (Note 2)	3,722,609
Receivables	59,843
Advances to Other Funds	17,092
	<hr/>
Total Current Assets	3,867,769
Capital Assets, Net (Note 7)	621,959
	<hr/>
Total Assets	4,489,728
	<hr/>
LIABILITIES AND NET POSITION	
LIABILITIES	
Accounts Payable and Accrued Liabilities	21,746
Unearned Revenue	11,921
Due to Other Funds	23,188
Accumulated Leave - due in less than one year (Note 8)	3,749
	<hr/>
Total Current Liabilities	60,604
Long-term Liabilities	
Accumulated Leave - due in more than one year (Note 8)	1,336
	<hr/>
Total Liabilities	61,940
	<hr/>
NET POSITION	
Net Investment in Capital Assets	621,959
Unrestricted	3,805,829
	<hr/>
Total Net Position	\$ 4,427,788
	<hr/> <hr/>

The notes to the financial statements are an integral part of the financial statements.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2019**

	VanGo™
OPERATING REVENUES	
Charges for services	\$ 461,177
Other Program Revenues	563,889
Total Operating Revenues	<u>1,025,066</u>
OPERATING EXPENSES	
Payroll Expense	118,288
Fleet Expense	587,972
Office Expense	107,273
Consultant and Professional Services	5,480
Other Program Expense	82,885
Travel / Conference / Training	4,150
Depreciation	213,594
Total Operating Expenses	<u>1,119,642</u>
Operating loss	<u>(94,576)</u>
NONOPERATING REVENUES	
Other Revenue	79,665
Earnings on Investments	78,166
Gain on Sale of Property	127,198
Total Nonoperating Revenues	<u>285,029</u>
Change in Net Position	190,453
Beginning of the Year	<u>4,237,335</u>
End of the Year	<u><u>\$ 4,427,788</u></u>

The notes to the financial statements are an integral part of the financial statements.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**PROPRIETARY FUND STATEMENT OF CASH FLOWS
Year Ended December 31, 2019**

	VanGo™
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$ 1,042,473
Cash Paid to Suppliers and Vendors	(792,635)
Cash Paid to Employees	(118,377)
Net Cash provided by Operating Activities	<u>131,461</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Other Nonoperating Revenues	79,665
Changes in Interfund Receivable/Payable	12,646
Net Cash Flows provided by Non-Capital and Related Financing Activities	<u>92,311</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Disposition of Capital Assets	135,074
Purchase of Capital Assets	(215,222)
Net Cash Flows (used by) Capital and Related Financing Activities	<u>(80,148)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	78,166
Sale of Investments	(307,084)
Net Cash Flows (used by) Investing Activities	<u>(228,918)</u>
Net Change in Cash and Cash Equivalents	(85,294)
Cash and Cash Equivalents - Beginning of Year	153,519
Cash and Cash Equivalents - End of year	<u>\$ 68,225</u>
RECONCILIATION OF OPERATING LOSS TO NET CASH FLOWS FROM OPERATING ACTIVITIES	
Operating Loss	\$ (94,576)
Adjustment to Reconcile Operating Loss to Net Cash Flows provided by Operating Activities:	
Depreciation	213,594
Changes in Assets and Liabilities:	
Receivables	13,941
Accounts Payable and Accrued Liabilities	(4,875)
Unearned Revenue	3,466
Accrued Compensated Absences	(89)
	<u>\$ 131,461</u>

The notes to the financial statements are an integral part of the financial statements.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying financial statements have been prepared in accordance with Generally Accepted Accounting Principles (GAAP) applicable to governmental units, and standards adopted by the Governmental Accounting Standards Board (GASB). A summary of the North Front Range Transportation & Air Quality Planning Council's (Council) significant accounting policies consistently applied in the preparation of these financial statements follows:

Reporting Entity

The Council was established in 1988 for the purpose of promoting regional transportation and transportation-related air quality planning, cooperation and coordination among Federal, state and local governments and between levels of government within the geographical area defined by the boundaries of the North Front Range Metropolitan Planning Organization (MPO). The Council is a voluntary association of local governments designated by the Governor as this region's MPO. The MPO's Council representatives are appointed by municipal and county legislative bodies which form the metropolitan area. Member entities include Fort Collins, Greeley, Loveland, Evans, Eaton, Severance, Windsor, Garden City, LaSalle, Berthoud, Johnstown, Milliken, Timnath, Larimer County, and Weld County. The Colorado Transportation Commission's and the Colorado Department of Public Health and Environment's Air Pollution Control Division representatives are also voting members of the Council.

The Council follows GASB accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency. Based on this criteria, there are no other organizations that would be considered a component unit of the Council. In addition, the Council would not be a component unit of any other government organization.

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely primarily on fees and charges for support.

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Under the modified accrual basis of accounting, as used in governmental fund financial statements, revenues are recognized when they are both measurable and available. Grants and similar items are recognized when they are both measurable and available. Revenues are considered to be “measurable” when in the hands of intermediary collecting governments and are recognized as revenue at that time. Revenues are considered to be “available” when they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. For this purpose, the Council considers revenues to be available if they are collectible within 60 days of the current fiscal year, except intergovernmental revenue which is considered “available” when an agreement is executed. Expenditures are recognized 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.

Under the modified accrual basis of accounting, as used in governmental fund financial statements, acquisition costs of capital assets are recorded as expenditures at the time of purchase and depreciation is not recognized on these capital assets. The Council applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.

The Council presents the following major governmental fund:

The General Fund is the primary operating fund. It accounts for all general operating financial resources of the Council. There are no resources required to be accounted for in another fund.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund’s principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Council reports the following major proprietary fund:

The VanGo™ Fund is used to account for the operations of the MPO’s vanpooling program. This program provides vans for use in commuter services. Each van is required to maintain at least four riders. The participants are charged a monthly fee for the service.

Our overall business, most notably our VanGo™ ridership, could be negatively impacted by the coronavirus outbreak, but the significance of the impact of the coronavirus outbreak on our business and the duration for which it may have an impact cannot be determined at this time.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Budget and Budgetary Accounting

Appropriated budgets are established for all funds of the Council

The Council follows these procedures in establishing any budgetary data reflected in the financial statements:

1. During the months of February through March, a proposed budget, referred to as the Unified Planning Work Program, or “UPWP,” for the fiscal year commencing the following October 1 is prepared with coordination from the Technical Advisory Committee, the Finance Committee, transit providers, and MPO staff, along with input from Colorado Department of Transportation’s Division of Transportation Development and Region 4 representatives. The budget includes task scopes of work, proposed expenditures and the means of financing them.
2. Notice of the budget agenda item is published in three regional newspapers designating the meetings in which the budget will be discussed and then adopted.
3. Prior to October 1, the UPWP is adopted by formal resolution. The UPWP is generally adopted by Council action at its May meeting but no later than the June meeting.
4. Expenditures may not exceed the UPWP budgeted totals. Any revisions that alter the total budgeted expenditures of any tasks must be approved by the Council or by means of an administrative amendment, and be formally incorporated into an amended UPWP.

The Council’s annual fiscal year budget is based on two fiscal year budgets. January-September is based on the 2019 UPWP budget and October-December is based on the 2020 UPWP budget.

Cash and Cash Equivalents

The Council considers all highly-liquid investments with original maturities of three months or less to be cash equivalents.

Investments

The Council has investments in a local government investment pool, which are valued at net asset value.

Receivables

Grants receivable are expressed net of any allowances for doubtful accounts. Unbilled expenditure reimbursement revenues are accrued as of year-end and included with grants receivable. All receivables are expected to be collected within 60 days except intergovernmental funds which are subject to an executed agreement.

Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items. The prepaid balances, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Capital Assets

Capital assets are reported at historical cost, net of accumulated depreciation, in the Governmental Funds Balance Sheet / Statement of Net Position. Capital assets are defined by the Council as assets with an initial, individual cost of more than \$5,000 and an estimated useful life of at least three years.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized and are expensed as incurred. Capital assets are depreciated using the straight-line method, mid-year convention, with estimated useful lives as follows:

Office Furniture & Equipment	3-5 years
Leasehold Improvements	5 years
Motor Vehicles	3-5 years

Interfund Receivables/Payables and Advances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds”: (i.e. the not-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Accumulated Leave

The Council allows employees to accumulate unused vacation pay. A percentage, based on years of service, of accumulated sick pay is allowed to be paid into a retirement health savings plan at a discounted rate. The liability associated with these benefits is reported in the Statement of Net Position.

Revenue Recognition

Generally, most of the expenditure activity incurred by the Council is on a cost reimbursement basis through Federal grant and local match funding streams. Reimbursement invoices are submitted to the Colorado Department of Transportation on a monthly basis for the prior month’s net expenditures and recorded as revenue on the date invoiced. Local member entities are billed on an annual basis and the amounts are recorded as a liability when paid. Each month the required match amount is recorded as revenue with a reduction to the liability.

Operating revenues for the VanGO™ program are billed monthly to the participants.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Fund Balance and Net Position

In the government-wide financial statements, net position is classified in the following categories:

Net Investment in Capital Assets - This category groups all capital assets into one component of net position. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce this category.

Restricted Net Position - This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted Net Position - This category represents the net position of the MPO, which is not restricted for any project or other purpose. A deficit will require future funding.

The Council applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted resources are available.

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the MPO is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. Fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact.

Restricted - amounts that can be spent only for specific purposes because of constitutional provisions, charter requirements or enabling legislation, or because of constraints that are externally imposed by creditors, grantors, or the laws or regulations of other governments.

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

Assigned - amounts that do not meet the criteria to be classified as restricted or committed but that are intended to be used for specific purposes. The Council has the authority to assign amounts for specific purposes.

Unassigned - all other spendable amounts.

Note 2. Cash, Cash Equivalents and Investments

The Council's bank accounts at year-end were entirely covered by Federal depository insurance or by collateral held by the Council's custodial banks under provisions of the Colorado Public Deposit Protection Act.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by Federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust. For the General Fund, the bank balances with the financial institutions were \$152,263 of which all was covered by Federal depository insurance. The bank balances for the VanGo™ fund were \$64,615 of which all was covered by Federal depository insurance.

State statutes authorize the Council to invest in obligations of the U.S. Treasury and U.S. agencies, obligations of the State of Colorado or of any county, school district, and certain towns and cities therein, notes or bonds secured by insured mortgages or trust deeds, obligations of national mortgage associations, and certain repurchase agreements.

At December 31, 2019 the balance in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”), a Colorado local government investment pool trust was \$4,106,492. The investment pools are routinely monitored by the Colorado division of Securities with regard to operations and investments. As of December 31, 2019, COLOTRUST was rated “AAAm” by Standard & Poor’s, a nationally recognized statistical rating organization. The “AAAm” rating signifies excellent safety of invested principal value and limited exposure to loss. The investment pool operates similarly to a money market fund; each share is equal in value to \$1.00. The investment in COLOTRUST is measured at net asset value.

As of December 31, 2019, the Council had cash and cash equivalents and investment balances as follows:

	Governmental Activities	Business-type Activities	Total
Cash on hand	\$ 75	\$ -	\$ 75
Bank deposits	151,603	68,225	219,828
Local government investment	383,883	3,722,609	4,106,492
Total	<u>\$ 535,561</u>	<u>\$ 3,790,834</u>	<u>\$ 4,326,395</u>

Note 3. Tabor Amendment

In November 1992, Colorado voters passed Section 20, Article X of the Colorado Constitution, commonly known as the Taxpayer’s Bill of Rights (TABOR). TABOR contains revenue, spending, tax, and debt limitations that apply to the State of Colorado and all local governments. Management has obtained a written legal opinion that states the organization is not a local government subject to TABOR.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Risk Management

Property, Liability, and Workers Compensation

The Council is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool operating as a common risk management and insurance program for member entities. As a member, an annual contribution is paid to CIRSA for property, casualty, and Workers' Compensation insurance coverage.

The intergovernmental agreements for the formation of CIRSA provides that the pool will be self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insurance retention, which is determined each policy year.

Coverage under this membership includes Property, Liability, Crime, Public Officials Errors and Omissions Liability, and Workers' Compensation. Settled claims resulting from these risks have not exceeded insurance coverage since inception.

Employee Health and Illness

Under an Intergovernmental Services Agreement with the City of Fort Collins (City), the Council provides its permanent employees with comprehensive major medical benefits. The provided options for medical benefits include a Preferred Provider Option (PPO) Plan or a High Deductible Plan with a Health Savings Account. The City's Benefits Fund is utilized to finance and account for medical risks of loss. Stop-loss coverage of \$120,000 per occurrence is retained by the City as excess risk coverage. To date, there have been no claims on behalf of Council employees that have exceeded the stop-loss limit. The contributions were as follows:

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2018	2019	2018	2019	2018	2019
Employer	\$ 67,168	\$ 78,574	\$ 13,998	\$ 18,318	\$ 81,166	\$ 96,892
Employee	18,652	20,432	3,715	5,585	22,367	26,017

Note 5. Retirement Plans

Money Purchase Plan

The Council offers all its permanent, classified employees a defined contribution money purchase plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate 30 days from the date of employment.

During 2018 the Council modified the current plan to exclude the Executive Director and created a separate defined contribution money purchase plan for the Executive Director only.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS

The modified plan (employee plan) requires both employer and employees to contribute amounts ranging from 3% to 7.5% (depending on job classification) of base salary each pay period. The new plan (Executive Director plan) requires only employer contributions up to a defined contribution maximum limit decided by the Council per year. Contributions made by the Council are not taxable to the employee until they are withdrawn. Employee contributions are made with pre-tax dollars, and the earnings on Council and employee contributions are not taxed until withdrawn. Employees are fully vested upon initial participation in the plan. Plan provisions and contribution requirements are established and may be amended by the Council. Both Plans are administered by ICMA Retirement Corporation.

Council and employee contributions to the plans during 2019 and 2018 were:

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2018	2019	2018	2019	2018	2019
Employer	\$ 66,304	\$ 92,750	\$ 8,199	\$ 6,799	\$ 74,503	\$ 99,549
Employee	14,706	15,077	2,848	2,351	17,554	17,428

Deferred Compensation Plan

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets under this plan are not considered property of the Council and are held by a second party administrator for the exclusive benefit of the plan participants and their beneficiaries. The Council has little administrative involvement and does not perform the investing function for this plan. Therefore, these assets are not included as part of the financial statements of the Council. The Council does not contribute to this plan.

Note 6. Concentration

Approximately 71% of the governmental activities total revenue of its general fund is from FHWA and FTA grants administered through Colorado Department of Transportation. Approximately 2% of the governmental activities total revenue is from the City of Fort Collins in accordance with a funding exchange for FTA Section 5310 funds.

Approximately 35% of the governmental activities total revenue of the VanGo™ fund is from charges for services. Approximately 43% of the governmental activities total revenue of the VanGo™ fund is from the City of Fort Collins in accordance with a funding exchange for FTA Section 5307 and 5339 funds.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Capital Assets

A summary of changes to capital assets for the year ended December 31, 2019 follows:

	1/1/2019 Balance	Additions	Deletions	12/31/2019 Balance
Governmental Activities				
Capital Assets Being Depreciated				
Office equipment	\$ 82,411	\$ -	\$ -	\$ 82,411
Leasehold improvement	41,938	-	-	41,938
Government activities Capital assets being depreciated	124,349	-	-	124,349
Accumulated Depreciation				
Office equipment	63,577	8,229	-	71,806
Leasehold improvement	20,969	8,388	-	29,357
Total accumulated depreciation	84,546	16,617	-	101,163
Governmental Activities Capital Assets, Net	<u>\$ 39,803</u>	<u>\$ (16,617)</u>	<u>\$ -</u>	<u>\$ 23,186</u>
Business-type Activities				
Capital Assets Being Depreciated				
Fleet equipment	\$2,009,162	\$ 215,222	\$ 372,873	\$1,851,511
Office equipment	27,220	-	-	27,220
Business-type activities Capital assets being depreciated	2,036,382	215,222	372,873	1,878,731
Accumulated Depreciation				
Fleet equipment	1,385,492	209,057	364,997	1,229,552
Office equipment	22,683	4,537	-	27,220
Total accumulated depreciation	1,408,175	213,594	364,997	1,256,772
Business-type Activities Capital Assets, Net	<u>\$ 628,207</u>	<u>\$ 1,628</u>	<u>\$ 7,876</u>	<u>\$ 621,959</u>

Depreciation expense for governmental activities has been allocated to general government for \$16,617.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended December 31, 2019 follows:

	<u>1/1/2019 Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2019 Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Accumulated Leave	\$ 34,461	\$ 92,798	\$ 91,367	\$ 35,892	\$ 19,076
Total Long-Term Liabilities	<u>\$ 34,461</u>	<u>\$ 92,798</u>	<u>\$ 91,367</u>	<u>\$ 35,892</u>	<u>\$ 19,076</u>
Business-type Activities					
Accumulated Leave	\$ 5,174	\$ 7,459	\$ 7,548	\$ 5,085	\$ 3,749
Total Long-Term Liabilities	<u>\$ 5,174</u>	<u>\$ 7,459</u>	<u>\$ 7,548</u>	<u>\$ 5,085</u>	<u>\$ 3,749</u>

Note 9. Operating Leases

The Council leases office facilities. This lease expires February 28, 2022.

Total costs for the office space was \$151,529 for the year ended December 31, 2019. The business-type activities had no operating leases as of December 31, 2019.

The future minimum lease payments for these leases are as follows:

Year Ending December 31,	<u>Office</u>
2020	100,471
2021	103,486
2022	<u>17,332</u>
	<u>\$ 221,289</u>

REQUIRED SUPPLEMENTARY INFORMATION

NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL

GOVERNMENTAL FUND BUDGETARY COMPARISON STATEMENT
Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES					
Grant Revenue - Federal	\$ 1,268,263	\$ (27,893)	\$ 1,240,370	\$ 1,013,434	\$ (226,936)
Grant Revenue - Local Match	272,565	(7,985)	264,580	267,876	3,296
Other Intergovernmental Revenue	66,972	49,046	116,018	129,801	13,783
Earnings on Investments	-	-	-	10,296	10,296
Miscellaneous	-	-	-	123	123
Total Revenues	<u>1,607,800</u>	<u>13,168</u>	<u>1,620,968</u>	<u>1,421,530</u>	<u>(199,438)</u>
EXPENDITURES					
Payroll Expense	1,133,459	(55,964)	1,077,495	841,298	236,197
Office Expense	178,991	(24,845)	154,146	111,010	43,136
Consultant and Professional Services	204,619	89,870	294,489	248,138	46,351
Other Program Expense	53,075	(1,748)	51,327	44,686	6,641
Travel/Conf/Training	30,156	2,105	32,261	32,244	17
Interest Expense	-	-	-	28	(28)
Capital Outlay - Purchases	7,500	3,750	11,250	-	11,250
Total Expenditures	<u>1,607,800</u>	<u>13,168</u>	<u>1,620,968</u>	<u>1,277,404</u>	<u>343,564</u>
Excess (Deficiency) of Revenue over Expenditures	-	-	-	144,126	144,126
Net Change In Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 144,126</u>	<u>\$ 144,126</u>
Fund Balance / Net Position, Beginning of the Year			<u>661,693</u>	<u>661,693</u>	<u>-</u>
Fund Balance / Net Position, End of the Year			<u>\$ 661,693</u>	<u>\$ 805,819</u>	<u>\$ 144,126</u>

See Note to the Required Supplementary Information.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

Note to the Required Supplementary Information

Note 1. Budgetary Information

The budget for the General Fund is adopted on the modified accrual basis where capital outlays are treated as expenditures and depreciation is not budgeted. The operating budget includes proposed expenditures and the means of financing them. The Council must approve changes in the General Fund's budget. (See Note 1 for additional budgetary information.)

SUPPLEMENTARY INFORMATION

NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL

PROPRIETY FUND BUDGET COMPARISON STATEMENT
Year Ended December 31, 2019

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Operating Revenues					
Charges for Service	\$ 540,080	\$ 3,499	\$ 543,579	\$ 461,177	\$ (82,402)
Other Program Revenues	187,379	318,520	505,899	563,889	57,990
Total Operating Revenues	<u>727,459</u>	<u>322,019</u>	<u>1,049,478</u>	<u>1,025,066</u>	<u>(24,412)</u>
Operating Expenses					
Payroll Expense	131,604	4,739	136,343	118,288	18,055
Fleet Expense	485,705	93,987	579,692	587,972	(8,280)
Office Expense	46,881	27,335	74,216	107,273	(33,057)
Consultant and Professional Services	7,527	(1,736)	5,791	5,480	311
Other Program Expense	51,319	76,240	127,559	82,885	44,674
Travel/Conference/Training	4,423	73	4,496	4,150	346
Capital Purchases	-	240,750	240,750	215,222	25,528
Total Operating Expenses	<u>727,459</u>	<u>441,388</u>	<u>1,168,847</u>	<u>1,121,270</u>	<u>47,577</u>
Operating Income (Loss)	<u>-</u>	<u>(119,369)</u>	<u>(119,369)</u>	<u>(96,204)</u>	<u>23,165</u>
Nonoperating Revenues					
Other Revenue	-	-	-	79,665	79,665
Earnings on Investment	-	-	-	78,166	78,166
Gain on Sale of Capital Assets	-	119,369	119,369	127,198	7,829
Total Nonoperating Revenues (Expenses)	<u>-</u>	<u>119,369</u>	<u>119,369</u>	<u>285,029</u>	<u>165,660</u>
Change in Net Position - Budgetary Basis	-	-	-	188,825	188,825
Reconciliation to GAAP Basis					
Capital Outlay	-	-	-	215,222	-
Depreciation	-	-	-	(213,594)	-
Change in Net Position - GAAP Basis				190,453	
Net Position - Beginning of the Year				<u>4,237,335</u>	<u>4,237,335</u>
Net Position - End of the Year				<u>\$ 4,427,788</u>	<u>\$ 4,426,160</u>

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**Schedule of Expenditures of Federal Awards
Year Ended December 31, 2019**

Federal Grantor/Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Transportation			
<u>Highway Planning and Construction Cluster:</u>			
Pass-through Colorado Department of Transportation			
Highway Planning and Construction	20.205	18-HTD-ZL-00053	\$ 897,977
Highway Planning and Construction	20.205	18-HTD-SL-00054	26,427
Highway Planning and Construction	20.205	18-HTD-ZL-00139	22,461
<i>Total Highway Planning and Construction Cluster</i>			<u>946,865</u>
<u>Transit Services Programs Cluster:</u>			
Pass-through Colorado Department of Transportation			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	19-HTR-ZL-00131	26,569
<i>Total Transit Services Programs Cluster</i>			<u>26,569</u>
Pass-through Colorado Department of Transportation			
Metropolitan Planning	20.505	19-HTR-ZL-00188	40,000
<i>Total U.S. Department of Transportation</i>			<u>1,013,434</u>
Total Expenditures of Federal Awards			<u><u>\$ 1,013,434</u></u>

See Notes to Schedule of Expenditures of Federal Awards.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the accompanying North Front Range Transportation and Air Quality Planning Council (the “Council”) 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. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The Council provided no Federal funds to subrecipients.

Note 2. De Minimis Cost Rate

The Council did not elect to use the 10% de minimis cost rate allowed under the Uniform Guidance.

Note 3. Basis of Presentation

The Schedule includes the Federal award activity of the Council under programs of the Federal government for the year ended December 31, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Council, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Council.



**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 Planning Council
North Front Range Transportation & Air Quality Planning Council
Fort Collins, Colorado

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund of the North Front Range Transportation & Air Quality Planning Council (the "Council") as of and for the year ended December 31, 2019, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated May 7, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Council'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 Council's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Fort Collins, Colorado

May 7, 2020



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

To the Planning Council
North Front Range Transportation & Air Quality Planning Council
Fort Collins, Colorado

Report on Compliance for Each Major Federal Program

We have audited the North Front Range Transportation & Air Quality Planning Council (the "Council") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Council's major Federal programs for the year ended December 31, 2019. The Council's major Federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Council's major Federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major Federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major Federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on Each Major Federal Program

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major Federal programs for the year ended December 31, 2019.

Report on Internal Control over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on each major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the audit requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McGee, Hearne & Paiz, LLP

Fort Collins, Colorado
May 7, 2020

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

I. SUMMARY OF INDEPENDENT AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with U.S. GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major Federal programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified? Yes None Reported

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

- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)? Yes No

Identification of major Federal programs:

<u>CFDA 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

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2019**

II. FINANCIAL STATEMENT FINDINGS

None.

III. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

None.

**NORTH FRONT RANGE TRANSPORTATION
& AIR QUALITY PLANNING COUNCIL**

**SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
Year Ended December 31, 2019**

There were no findings in the prior year.