



North Front Range Transportation & Air Quality Planning Council

FINANCIAL STATEMENTS

December 31, 2020

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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, 2020, 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, 2020, 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 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 the Schedule of Expenditures of Federal Awards required by Title 2 U.S. Code of Federal Regulations 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 20, 2021 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 20, 2021

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

LISTING OF COUNCIL MEMBERS AND STAFF MEMBERS

**Listing of Council Members
As of December 31, 2020**

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

**Listing of Staff Members
As of December 31, 2020**

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

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, 2020. 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 2020:

Governmental activities:		
Consolidated Planning Grant (CPG) Federal funding	\$	864,232
Surface Transportation Program Federal funding		35,583
Section 5310 Federal funding		27,190
Other intergovernmental income		104,666
Local match - member entities		232,540
Business-type activities:		
VanGo™ operating fares	\$	154,625
Fort Collins Program revenue		2,009,374
Insurance recovery		22,849

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.

Government-Wide 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 are primarily composed 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 composed of one governmental fund (the General Fund) and one proprietary fund (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 Statement of Governmental Fund 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 for which 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.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

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.

Government-Wide Financial Analysis

Assets exceed liabilities by \$6,747,204 at the close of the year. Of this figure, \$370,468 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 1,008,812	\$ 860,684	\$ 5,516,870	\$ 3,844,581	\$ 6,525,682	\$ 4,705,265
Capital assets, net	19,083	23,186	351,385	621,959	370,468	645,145
Total Assets	<u>\$ 1,027,895</u>	<u>\$ 883,870</u>	<u>\$ 5,868,255</u>	<u>\$ 4,466,540</u>	<u>\$ 6,896,150</u>	<u>\$ 5,350,410</u>
Current and other liabilities	\$ 116,446	\$ 73,941	\$ 11,938	\$ 25,495	\$ 128,384	\$ 99,436
Unearned revenues	-	-	8,020	11,921	8,020	11,921
Long-term liabilities	11,460	16,816	1,082	1,336	12,542	18,152
Total Liabilities	<u>\$ 127,906</u>	<u>\$ 90,757</u>	<u>\$ 21,040</u>	<u>\$ 38,752</u>	<u>\$ 148,946</u>	<u>\$ 129,509</u>
Net investment in capital assets	\$ 19,083	\$ 23,186	\$ 351,385	\$ 621,959	\$ 370,468	\$ 645,145
Restricted for grants	-	-	-	-	-	-
Unrestricted	880,906	769,927	5,495,830	3,805,829	6,376,736	4,575,756
Total Net Position	<u>\$ 899,989</u>	<u>\$ 793,113</u>	<u>\$ 5,847,215</u>	<u>\$ 4,427,788</u>	<u>\$ 6,747,204</u>	<u>\$ 5,220,901</u>

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	
	2020	2019	2020	2019	2020	2019
Revenues						
VanGo™ vanpool fares	\$ -	\$ -	\$ 154,625	\$ 461,177	\$ 154,625	\$ 461,177
Total Charge for Services	\$ -	\$ -	\$ 154,625	\$ 461,177	\$ 154,625	\$ 461,177
Grant revenue - Federal	965,549	1,013,434	-	-	965,549	1,013,434
Grant revenue - local match	232,540	267,876	-	-	232,540	267,876
Program revenues	66,122	129,801	2,009,374	563,889	2,075,496	693,690
Total Operating Grants and Contributions	\$ 1,264,211	\$ 1,411,111	\$ 2,009,374	\$ 563,889	\$ 3,273,585	\$ 1,975,000
Earnings on investments	3,458	10,296	28,242	78,166	31,700	88,462
Miscellaneous revenues	932	123	22,849	79,665	23,781	79,788
Gain on sale of capital assets	-	-	50,765	127,198	50,765	127,198
Total General Revenues	\$ 4,390	\$ 10,419	\$ 101,856	\$ 285,029	\$ 106,246	\$ 295,448
Total Revenues	\$ 1,268,601	\$ 1,421,530	\$ 2,265,855	\$ 1,310,095	\$ 3,534,456	\$ 2,731,625
Expenditures						
Payroll expense	929,476	842,729	139,375	118,288	1,068,851	961,017
Fleet expense	47	-	266,275	587,972	266,322	587,972
Office expense	73,757	127,627	140,575	107,273	214,332	234,900
Consultant and professional	71,311	248,138	90	5,480	71,401	253,618
Other program expense	80,726	44,686	55,876	82,885	136,602	127,571
Travel/conference	6,389	32,244	133	4,150	6,522	36,394
Interest expense	19	28	-	-	19	28
Depreciation	-	-	244,104	213,594	244,104	213,594
Total Expenditures	\$ 1,161,725	\$ 1,295,452	\$ 846,428	\$ 1,119,642	\$ 2,008,153	\$ 2,415,094
Change in Net Position	\$ 106,876	\$ 126,078	\$ 1,419,427	\$ 190,453	\$ 1,526,303	\$ 316,531
Net position - Beginning of year	793,113	667,035	4,427,788	4,237,335	5,220,901	4,904,370
Net position - End of year	\$ 899,989	\$ 793,113	\$ 5,847,215	\$ 4,427,788	\$ 6,747,204	\$ 5,220,901

The above condensed summary of the Council's governmental and business-type activities for the period ended December 31, 2020 reflects net position increasing by \$1,526,303 (29%). The prior period is also included for comparative purposes.

Governmental activities: Governmental activities increased the Council's net position by \$106,876, accounting for a positive 7.0% of the Council's \$1,526,303 overall increase in net position. Major variations are due to the following:

- Federal grant revenues decreased by \$47,885 in 2020, which was mostly due to a decrease in the use of consultants. 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 \$35,336 based on budgeted requirements. Local match funds received that are not required for matching grant revenue are used to fund the governmental operating reserve.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

Business-type activities: Business-type activities (VanGo™ vanpooling program) increased the Council's net position by \$1,419,427, accounting for 93.5% of the Council's \$1,518,730 increase in net position. Major variations are due to the following:

- Vanpool fares decreased by \$306,552 due to a continued decrease in ridership, largely due to COVID-19 and remote work.
- A total of \$22,849 was received in insurance proceeds to offset the cost of repairs; a large portion of this was due to one vehicle being totaled.
- Business-type activities expenses totaled \$846,428, a decrease of \$273,214 compared to 2019. \$19,869 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 2020 Unified Planning Work Program (UPWP) budget and October-December is from the 2021 UPWP budget. It should be noted that a Federal fiscal year budget (October-September) is Federally required for its UPWP and that the Council cannot expend more than is budgeted in the UPWP, without amendments to the UPWP and related funding contracts.

During 2020, the VanGo™ vanpooling program added no new routes and cancelled nine routes. When compared with the prior year, fleet expenses decreased by 55% during 2020. This decrease is largely due to COVID-19 and remote working.

Capital Assets and Debt Administration

Capital assets: The Council's investment in capital assets at December 31, 2020 amounts to \$370,468 (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:

Office equipment	<u>\$ 19,248</u>
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Capital assets are classified as follows (net of depreciation):

	Governmental Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Motor vehicles	\$ -	\$ -	\$ 345,645	621,959	\$ 345,645	\$ 621,959
Office equipment and software	14,890	10,605	5,740	-	20,630	10,605
Leasehold improvement	4,193	12,581	-	-	4,193	12,581
	<u>\$ 19,083</u>	<u>\$ 23,186</u>	<u>\$ 351,385</u>	<u>\$ 621,959</u>	<u>\$ 370,468</u>	<u>\$ 645,145</u>

Additional information on the Council's capital assets can be found in Note 1 to the financial statements on pages 20-24 and Note 7 to the financial statements on pages 27-28 of this report.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT’S DISCUSSION AND ANALYSIS

Long-term liabilities: At December 31, 2020, the Council had \$12,542 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	\$ 11,460	\$ 1,082	\$ 12,542

Economic Factors and Next Year’s Tasks (Budget)

The United States, and the world, is enduring a pandemic from the COVID-19 virus. The effects of the virus in Colorado started to spread in early March 2020, with the State of Colorado and many counties within the State issuing stay-at-home orders at the end of March 2020. Non-essential businesses have closed, developed a workaround that limits contact with other people, or are working remotely. The effect of the pandemic on the United States economy is unknown at this point as the duration of closures will be a key factor. The Federal government has approved stimulus packages to support the economy and families during the crisis. Prior to the pandemic, the U.S. economy was very strong with low unemployment.

The COVID-19 pandemic has decreased ridership in the VanGo™ program and will impact fare revenue in 2021 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. However, stimulus funds have been made available to the program and help keep it operational.

A decrease in vehicle miles traveled in Colorado may also impact revenue from CPG funds as they are based on the Highway User Trust Fund.

Accomplishments expected in 2021:

- Hire a mobility coordinator to support the implementation of the One Call One Click Center and Mobility Program
- Adopt the Environmental Justice Plan
- Adopt the Active Transportation Plan
- Amend and modify the FY2020-FY2023 Transportation Improvement Program (TIP) as requested
- Adopt new TIP for FY2022-FY2025
- Perform conformity on the new TIP
- Work with selected consultant on the Regional Premium Transit Analysis
- Translation of key brochures into Spanish for outreach
- MPO 101 training videos for posting on the agency website
- Adopt the Federally required System Performance Report
- Adopt the FY2022-FY2023 UPWP
- Participate with Regional Air Quality Council committees to develop control strategies for the upcoming State Implementation Plans
- Participate in Air Quality Control Commission rulemaking as it pertains to transportation and GHG
- Develop a Land Use model to support transportation planning out to 2050

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

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: Merideth Kimsey, Accounting Manager, North Front Range Transportation & Air Quality Planning Council, 419 Canyon Avenue, Suite 300, Fort Collins, Colorado 80521, or by phone at (970) 289-8284, or by e-mail at mkimsey@nfrmpo.org.

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

**STATEMENT OF NET POSITION
December 31, 2020**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents (Note 2)	\$ 512,748	\$ 505,940	\$ 1,018,688
Investments (Note 2)	554,341	4,543,841	5,098,182
Due from Other Governments	44,494	90,708	135,202
Grants Receivable	272,416	-	272,416
Prepaid Items	906	288	1,194
Internal Balances	(376,093)	376,093	-
Capital Assets, Net (Note 7)	19,083	351,385	370,468
Total assets	1,027,895	5,868,255	6,896,150
LIABILITIES AND NET POSITION			
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	83,674	4,692	88,366
Unearned revenue	-	8,020	8,020
Accumulated leave - due in one year or less (Note 8)	32,772	7,246	40,018
Total current liabilities	116,446	19,958	136,404
Long-term liabilities:			
Accumulated leave - due in more than one year (Note 8)	11,460	1,082	12,542
Total liabilities	127,906	21,040	148,946
Net Position			
Net investment in capital assets	19,083	351,385	370,468
Unrestricted	880,906	5,495,830	6,376,736
Total net position	\$ 899,989	\$ 5,847,215	\$ 6,747,204

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, 2020

Functions/Programs	Program Revenue				Net Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 1,161,725	\$ -	\$ 1,264,211	\$ -	\$ 102,486	\$ -	\$ 102,486
Total governmental activities	1,161,725	-	1,264,211	-	102,486	-	102,486
Business-type activities:							
VanGo™	846,428	154,625	2,009,374	-	-	1,317,571	1,317,571
Total business-type activities	846,428	154,625	2,009,374	-	-	1,317,571	1,317,571
Total primary government	\$ 2,008,153	\$ 154,625	\$ 3,273,585	\$ -	102,486	1,317,571	1,420,057
General Revenues							
Unrestricted investment earnings					3,458	28,242	31,700
Miscellaneous revenues					932	22,849	23,781
Gain on sale of property					-	50,765	50,765
Total general revenues					4,390	101,856	106,246
Change in net position					106,876	1,419,427	1,526,303
Net Position, beginning of year					793,113	4,427,788	5,220,901
Net Position, end of year					\$ 899,989	\$ 5,847,215	\$ 6,747,204

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, 2020**

	General Fund
ASSETS	
Cash and Cash Equivalents (Note 2)	\$ 512,748
Investments (Note 2)	554,341
Due from Other Governments	44,494
Grants Receivable	272,416
Prepaid Items	906
Due from Other Funds	<u>75,970</u>
Total assets	<u><u>\$ 1,460,875</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued liabilities	\$ 83,674
Advances from other funds	<u>452,063</u>
Total liabilities	<u>535,737</u>
Fund Balance	
Nonspendable prepaid items	906
Unassigned	<u>924,232</u>
Total fund balance	<u>925,138</u>
Total liabilities and fund balance	<u><u>\$ 1,460,875</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, 2020**

Adjustments to reconcile the Governmental Fund Balance Sheet to the Statement
of Net Position are as follows:

Fund balance per Governmental Fund Balance Sheet	\$ 925,138
Capital assets used in governmental activities are not financial resources and therefore are not reported in the Governmental Fund Balance Sheet.	19,083
Some liabilities are not due and payable in the current period and therefore are not reported in the Governmental Fund Balance Sheet.	<u>(44,232)</u>
Net position of governmental activities	<u>\$ 899,989</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, 2020**

	General Fund
Revenues (Note 6)	
Operating grants and contributions:	
Grant revenue - Federal	\$ 965,549
Grant revenue - local match	232,540
Other intergovernmental revenue	66,122
Earnings on investments	3,458
Miscellaneous	932
Total revenues	<u>1,268,601</u>
Expenditures/Expenses	
General government:	
Payroll expense	921,136
Fleet expense	47
Office expense	69,654
Consultant and professional services	71,311
Other program expense	80,726
Travel/conference/training	6,389
Interest expense	19
Total expenditures/expenses	<u>1,149,282</u>
Excess of revenues over expenditures/expenses	<u>119,319</u>
Fund Balance/Net Position	
Beginning of year	<u>805,819</u>
End of year	<u><u>\$ 925,138</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, 2020**

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	\$	119,319
--	----	---------

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation (\$16,463) exceeds capital purchases (\$12,360) in the current period.	(4,103)
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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.	
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Accumulated leave	(8,340)
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Change in net position of governmental activities	\$	106,876
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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, 2020**

	VanGo™
ASSETS	
Current Assets	
Cash and cash equivalents (Note 2)	\$ 505,940
Investments (Note 2)	4,543,841
Receivables	90,708
Advances to other funds	452,063
Prepaid items	288
Total current assets	<u>5,592,840</u>
Capital Assets, Net (Note 7)	351,385
Total assets	<u>5,944,225</u>
LIABILITIES AND NET POSITION	
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	4,692
Unearned revenue	8,020
Due to other funds	75,970
Accumulated leave - due in less than one year (Note 8)	7,246
Total current liabilities	<u>95,928</u>
Long-term liabilities:	
Accumulated leave - due in more than one year (Note 8)	1,082
Total liabilities	<u>97,010</u>
Net Position	
Net investment in capital assets	351,385
Unrestricted	5,495,830
Total net position	<u>\$ 5,847,215</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 REVENUES,
EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2020**

	VanGo™
Operating Revenues (Note 6)	
Charges for services	\$ 154,625
Other program revenues	2,009,374
Total operating revenues	<u>2,163,999</u>
Operating Expenses	
Payroll expense	139,375
Fleet expense	266,275
Office expense	140,575
Consultant and professional services	90
Other program expense	55,876
Travel/conference/training	133
Depreciation	244,104
Total operating expenses	<u>846,428</u>
Operating gain	<u>1,317,571</u>
Nonoperating Revenues	
Other revenues	22,849
Earnings on investments	28,242
Gain on sale of property	50,765
Total nonoperating revenues	<u>101,856</u>
Change in net position	<u>1,419,427</u>
Net Position, beginning of year	<u>4,427,788</u>
Net Position, end of year	<u>\$ 5,847,215</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, 2020**

	VanGo™
Cash Flows from Operating Activities	
Cash received from customers	\$ 2,129,233
Cash paid to suppliers and vendors	(480,291)
Cash paid to employees	(136,132)
Net cash provided by operating activities	<u>1,512,810</u>
Cash Flows from Noncapital Financing Activities	
Other nonoperating revenues	22,849
Changes in interfund receivable/payable	(382,189)
Net cash (used in) noncapital financing activities	<u>(359,340)</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from disposition of capital assets	84,123
Purchase of capital assets	(6,888)
Net cash provided by capital and related financing activities	<u>77,235</u>
Cash Flows from Investing Activities	
Earnings on investments	28,242
Sale of investments	(821,232)
Net cash (used in) investing activities	<u>(792,990)</u>
Net change in cash and cash equivalents	437,715
Cash and Cash Equivalents, beginning of year	<u>68,225</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 505,940</u></u>
Reconciliation of Operating Gain to Net Cash Flows from Operating Activities	
Operating gain	\$ 1,317,571
Adjustments to reconcile operating gain to net cash provided by operating activities:	
Depreciation	244,104
Changes in assets and liabilities:	
Receivables	(30,865)
Prepaid items	(288)
Accounts payable and accrued liabilities	(17,054)
Unearned revenue	(3,901)
Accrued compensated absences	3,243
	<u>\$ 1,512,810</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 (the 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 that 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 that 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, the appointment of a voting majority of the organization's governing body, the 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 interfund 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

Note 1. Summary of Significant Accounting Policies, *Continued*

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, 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:

General 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 nonoperating 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 nonoperating revenues and expenses.

The Council reports the following major proprietary fund:

VanGo™ 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.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies, *Continued*

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 and March, a proposed budget, referred to as the Unified Planning Work Program (UPWP), for the fiscal year commencing the following October 1 is prepared in coordination with the Technical Advisory Committee, the Finance Committee, transit providers, and MPO staff, along with input from the 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 each 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 2020 UPWP budget and October-December is based on the 2021 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.

Capital assets: Capital assets are reported at historical cost, net of accumulated depreciation, in the Governmental Fund 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.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies, *Continued*

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 and 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 noncurrent 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 of accumulated sick pay, based on years of service, 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 GAAP requires management to make estimates and assumptions that affect the reported amounts of assets, deferred outflows of resources, liabilities, and deferred inflows of resources; the 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.

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.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies, *Continued*

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 (PDPA).

The PDPA requires that all local governments deposit cash in eligible public depositories. Eligibility is determined by state regulations. The state regulatory commissioners regulate the eligible public depositories. Amounts on deposit in excess of Federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. The PDPA allows the financial institutions to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2020, the Council had deposits of \$1,032,721 collateralized with securities held by the financial institutions' agents but not in the Council's name.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 2. Cash, Cash Equivalents and Investments, *Continued*

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, 2020, the balance in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a Colorado local government investment pool trust, was \$5,098,182. The investment pool is routinely monitored by the Colorado Division of Securities with regard to operations and investments. As of December 31, 2020, 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, 2020, 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	512,673	505,940	1,018,613
Local government investment	554,341	4,543,841	5,098,182
Total	\$ 1,067,089	\$ 5,049,781	\$ 6,116,870

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.

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 provide 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Risk Management, *Continued*

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, the Council provides its permanent employees with comprehensive major medical benefits. The provided options for medical benefits include a Preferred Provider Option Plan or a High-Deductible Plan with a Health Savings Account. The City of Fort Collins' 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 of Fort Collins 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:

	Government Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Employer	\$ 88,351	\$ 78,574	\$ 20,727	\$ 18,318	\$ 109,078	\$ 96,892
Employee	22,768	20,432	5,891	5,585	28,659	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.

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 2020 and 2019 were as follows:

	Government Activities		Business-Type Activities		Total Government	
	2020	2019	2020	2019	2020	2019
Employer	\$ 95,513	\$ 92,750	\$ 9,433	\$ 6,799	\$ 104,946	\$ 99,549
Employee	16,466	15,077	2,767	2,351	19,233	17,428

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Retirement Plans, *Continued*

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 76% of the governmental activities total revenue of the Council's General Fund is from Federal Highway Administration and Federal Transit Administration (FTA) grants administered through the 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 7% of the business-type activities total revenue of the VanGo™ Fund is from charges for services. Approximately 89% of the business-type 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.

Note 7. Capital Assets

A summary of changes to capital assets for the year ended December 31, 2020 follows:

	Balance, January 1	Additions	Deletions	Balance, December 31
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 82,411	\$ 12,360	\$ 9,989	\$ 84,782
Leasehold improvement	41,938	-	-	41,938
Governmental activities - capital assets being depreciated	124,349	12,360	9,989	126,720
Accumulated depreciation:				
Office equipment	71,806	8,075	9,989	69,892
Leasehold improvement	29,357	8,388	-	37,745
Total accumulated depreciation	101,163	16,463	9,989	107,637
Governmental activities - capital assets, net	\$ 23,186	\$ (4,103)	\$ -	\$ 19,083

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

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Capital Assets, *Continued*

	Balance, January 1	Additions	Deletions	Balance, December 31
Business-type activities:				
Capital assets being depreciated:				
Fleet equipment	\$ 1,851,511	\$ -	\$ 195,104	\$ 1,656,407
Office equipment	27,220	6,888	4,120	29,988
Business-type activities - capital assets being depreciated	1,878,731	6,888	199,224	1,686,395
Accumulated depreciation:				
Fleet equipment	1,229,552	242,956	161,746	1,310,762
Office equipment	27,220	1,148	4,120	24,248
Total accumulated depreciation	1,256,772	244,104	165,866	1,335,010
Business-type activities - capital assets, net	\$ 621,959	\$ (237,216)	\$ 33,358	\$ 351,385

Depreciation expense for governmental activities has been allocated to general government for \$16,463.

Note 8. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended December 31, 2020 follows:

	Balance, January 1	Additions	Reductions	Balance, December 31	Due within One Year
Governmental activities:					
Accumulated leave	\$ 35,892	\$ 131,618	\$ 123,278	\$ 44,232	\$ 32,772
Total long-term liabilities	\$ 35,892	\$ 131,618	\$ 123,278	\$ 44,232	\$ 32,772
Business-type activities:					
Accumulated leave	\$ 5,085	\$ 12,898	\$ 9,655	\$ 8,328	\$ 7,246
Total long-term liabilities	\$ 5,085	\$ 12,898	\$ 9,655	\$ 8,328	\$ 7,246

Note 9. Operating Leases

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

Total costs for the office space were \$156,873 for the year ended December 31, 2020. The business-type activities had no operating leases as of December 31, 2020.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Operating Leases, *Continued*

The future minimum lease payments for this lease are as follows:

Years ending December 31:	
2021	\$ 103,486
2022	<u>17,332</u>
	<u>\$ 120,818</u>

Note 10. COVID-19 Global Pandemic and Government Relief Funding

During March 2020, a global pandemic was declared by the World Health Organization related to the rapidly growing outbreak of a novel strain of coronavirus (COVID-19). The pandemic has impacted, and continues to significantly impact, the economic conditions in the U.S. as Federal, state and local governments react to the public health crisis, and has created significant uncertainties in the U.S. economy. It is unknown how long the adverse economic conditions associated with the coronavirus will last and what the complete financial effect will be, if any, on the Council. To date, overall business, most notably the Council's VanGo™ ridership, has seen a significant decrease in participation and revenue. VanGo™ has seen a decrease of approximately 30% in participants since March 2020 and an even greater increase in lost fare revenue as policies were adjusted to allow current participants to "hold" their seat at no charge under a COVID-19 policy exception enacted promptly at the first statewide shutdown.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) was enacted to, among other provisions, provide emergency assistance for individuals, families and businesses affected by the coronavirus pandemic. On December 21, 2020, Congress passed the Consolidated Appropriations Act of 2021, which provided additional funding for the Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) Advance program. This additional funding was used to (a) re-open the PPP for first-draw loans, (b) allow certain borrowers to apply for a second draw of PPP funding, and (c) re-open the EIDL Advance program. This legislation also extended the Employee Retention Tax Credit through June 30, 2021 and increased the potential amount of the credit.

To date, the Council has not utilized any assistance programs offered through this legislation.

REQUIRED SUPPLEMENTARY INFORMATION

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

**GOVERNMENTAL FUND BUDGETARY COMPARISON STATEMENT
Year Ended December 31, 2020**

	Original Budget	Budget Amendments	Final Budget	Actual	Variance with Final Budget
Revenues					
Grant revenue - Federal	\$ 1,155,688	\$ (179,980)	\$ 975,708	\$ 965,549	\$ (10,159)
Grant revenue - local match	235,853	(27,340)	208,513	232,540	24,027
Other intergovernmental revenue	694,416	(420,197)	274,219	66,122	(208,097)
Earnings on investments	-	-	-	3,458	3,458
Miscellaneous	-	-	-	932	932
Total revenues	2,085,957	(627,517)	1,458,440	1,268,601	(189,839)
Expenditures					
Payroll expense	1,095,752	(148,233)	947,519	921,136	26,383
Fleet expense	-	-	-	47	(47)
Office expense	137,297	(47,575)	89,722	57,294	32,428
Consultant and professional services	554,583	(337,860)	216,723	71,311	145,412
Other program expense	263,208	(113,314)	149,894	80,726	69,168
Travel/conference/training	35,117	2,590	37,707	6,389	31,318
Interest expense	-	-	-	19	(19)
Capital outlay - purchases	-	16,875	16,875	12,360	4,515
Total expenditures	2,085,957	(627,517)	1,458,440	1,149,282	309,158
Excess of revenues over expenditures	\$ -	\$ -	-	119,319	119,319
Fund Balance/Net Position, beginning of year			805,819	805,819	-
Fund Balance/Net Position, end of year	\$ 805,819	\$ 925,138	\$ 805,819	\$ 119,319	\$ 119,319

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

PROPRIETARY FUND BUDGETARY COMPARISON STATEMENT Year Ended December 31, 2020

	Original Budget	Budget Amendments	Final Budget	Actual	Variance with Final Budget
Operating Revenues					
Charges for service	\$ 482,332	\$ (135,368)	\$ 346,964	\$ 154,625	\$ (192,339)
Other program revenues	508,862	152,782	661,644	2,009,374	1,347,730
Total operating revenues	991,194	17,414	1,008,608	2,163,999	1,155,391
Operating Expenses					
Payroll expense	153,643	(2,315)	151,328	139,375	11,953
Fleet expense	405,329	(10,696)	394,633	266,275	128,358
Office expense	124,788	23,570	148,358	140,575	7,783
Consultant and professional services	500	61	561	90	471
Other program expense	49,734	4,909	54,643	55,876	(1,233)
Travel/conference/training	2,200	1,885	4,085	133	3,952
Capital purchases	320,000	(3,750)	316,250	6,888	309,362
Total operating expenses	1,056,194	13,664	1,069,858	609,212	460,646
Operating (loss) income	(65,000)	3,750	(61,250)	1,554,787	1,616,037
Nonoperating Revenues					
Other revenues	-	-	-	22,849	22,849
Earnings on investment	-	-	-	28,242	28,242
Gain on sale of capital assets	65,000	(3,750)	61,250	50,765	(10,485)
Total nonoperating revenues	65,000	(3,750)	61,250	101,856	40,606
Change in net position - budgetary basis	\$ -	\$ -	\$ -	1,656,643	1,656,643
Reconciliation to GAAP Basis					
Capital outlay				6,888	-
Depreciation				(244,104)	-
Change in net position - GAAP basis				1,419,427	
Net Position, beginning of year				4,427,788	4,427,788
Net Position, end of year				\$ 5,847,215	\$ 6,084,431

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2020**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Passed Through to Subrecipients	Total Federal Expenditures
U.S. Department of Transportation				
Highway Planning and Construction Cluster:				
Pass-through Colorado Department of Transportation:				
Highway Planning and Construction	20.205	20-HTD-ZL-03071	\$ -	\$ 663,298
Highway Planning and Construction	20.205	20-HTD-ZL-00104	-	200,934
Highway Planning and Construction	20.205	20-HTD-ZL-03170	-	28,328
Highway Planning and Construction	20.205	20-HTD-ZL-03170-M0002	-	7,255
Total Highway Planning and Construction Cluster			-	899,815
Transit Services Programs Cluster:				
Pass-through Colorado Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	20-HTR-ZL-03140	-	27,190
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	19-HTR-ZL-00012	38,544	38,544
Total Transit Services Programs Cluster			38,544	65,734
Total U.S. Department of Transportation			38,544	965,549
Total expenditures of Federal awards			\$ 38,544	\$ 965,549

See Notes to the Schedule of Expenditures of Federal Awards.

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

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Summary of Significant Accounting Policies

Expenditures reported on the accompanying North Front Range Transportation & 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 Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (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 \$38,544 of 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, 2020. The information in this Schedule is presented in accordance with the requirements of the 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, 2020, 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 20, 2021.

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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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.

A handwritten signature in cursive script that reads "McGee, Hearne & Paiz, LLP".

Fort Collins, Colorado
May 20, 2021



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
THE 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 the Major Federal Program

We have audited the North Front Range Transportation & Air Quality Planning Council's (the Council) compliance with the types of compliance requirements described in the Office of Management and Budget Compliance Supplement that could have a direct and material effect on the Council's major Federal program for the year ended December 31, 2020. The Council's major Federal program is 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 program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Council's major Federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the 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 the major Federal program. However, our audit does not provide a legal determination of the Council's compliance.

Opinion on the 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 its major Federal program for the year ended December 31, 2020.


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 the major Federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major Federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.



Fort Collins, Colorado
May 20, 2021

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2020**

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 program:

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

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

CFDA Number(s)	Name of Federal Program or Cluster
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

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, 2020

There were no findings in the prior year.



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

We are pleased to present this report related to our audit of the basic financial statements of the North Front Range Transportation & Air Quality Planning Council (the Council) as of and for the year ended December 31, 2020. This report summarizes certain matters required by professional standards to be communicated to you in your oversight responsibility for the Council's financial and related compliance reporting process.

Auditing standards generally accepted in the United States of America (AU-C 260, *The Auditor's Communication with Those Charged with Governance*) require the auditor to promote effective two-way communication between the auditor and those charged with governance. Consistent with this requirement, the following summarizes our responsibilities regarding the financial statement audit, as well as observations arising from our audit that are significant and relevant to your responsibility to oversee the financial and related compliance reporting process.

Our Responsibilities with Regard to the Financial Statement and Compliance Audit

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States, have been described to you in our arrangement letter dated January 13, 2021. Our audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication dated January 13, 2021 regarding the planned scope and timing of our audit and have discussed with you our identification of significant risks of material misstatement.

Accounting Policies and Practices

- *Accounting Policies and Practices:* Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Council are described in Note 1 to the financial statements.
- *Adoption of, or Change in, Accounting Policies:* Management has the ultimate responsibility for the appropriateness of the accounting policies used by the Council. The Council did not adopt any significant new accounting policies nor have there been any changes in existing significant accounting policies during the current period.
- *Significant or Unusual Transactions:* We did not identify any significant or unusual transactions or significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.
- *Management's Judgments and Accounting Estimates:* Accounting estimates are an integral part of the preparation of financial statements and are based upon management's current judgment. The process used by management encompasses their knowledge and experience about past and current events and certain assumptions about future events. There were no areas where it was necessary for management to form significant accounting estimates in connection with the preparation of the financial statements.

- *Financial Statement Disclosures:* Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. There were no areas that involved particularly sensitive financial statement disclosures.

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

Audit Adjustments

Audit adjustments, other than those that are clearly trivial, proposed by us and recorded by the Council, as well as any adjustments provided by management of the Council after presenting the original trial balance for audit, are included in the attached representation letter within the *Summary of Recorded Adjustments*.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Disagreements with Management

We encountered no disagreements with management over the application of significant accounting principles, the basis for management's judgments on any significant matters, the scope of the audit, or significant disclosures to be included in the financial statements.

Consultation with Other 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. We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Significant Issues Discussed with Management

We generally discuss a variety of matters with management each year, including the application of accounting principles and auditing standards and operating plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as the Council's auditors.

Significant Difficulties Encountered in Performing the Audit

We did not encounter any significant difficulties in dealing with management during the audit.

Significant Written Communications Between Management and Our Firm

A copy of the audit representation letter between our Firm and the management of the Council is attached to this letter.

This report is intended solely for the information and use of the Planning Council and management, and is not intended to be, and should not be, used by anyone other than these specified parties. It will be our pleasure to respond to any questions you have about this report. We appreciate the opportunity to continue to be of service to the North Front Range Transportation & Air Quality Planning Council.

McGee, Hearne & Paiz, LLP

Fort Collins, Colorado
May 20, 2021

May 20, 2021

McGee, Hearne & Paiz, LLP
155 E. Boardwalk Drive, Suite 320
Fort Collins, Colorado 80525

This representation letter is provided in connection with your audit of the basic financial statements of the North Front Range Transportation & Air Quality Planning Council (the Council) as of and for the year ended December 31, 2020, for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of the date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated January 13, 2021, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
3. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party transactions and interfund transactions, including interfund accounts and advances receivable and payable, sale and purchase transactions, interfund transfers, long-term loans, leasing arrangements and guarantees, have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. The financial statements properly classify all funds and activities in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, as amended.
7. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.
8. The effects of all known, actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.



9. We acknowledge our responsibility for the selection and application of accounting policies. In that regard, all accounting policies used by us during the year are deemed appropriate.
10. Net position classifications have been properly recorded and disclosed within the basic financial statements.
11. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
12. We have complied with all aspects of laws, regulations, and provisions of contracts and agreements that would have a material effect on the financial statements in the event of noncompliance.
13. We have no knowledge of any uncorrected misstatements in the financial statements.

Information Provided

14. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audit;
 - c. Unrestricted access to persons within the Council from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the governing board and committees, or summaries of actions of recent meetings for which minutes have not yet been prepared.
15. All transactions have been recorded in the accounting records and are reflected in the financial statements.
16. It is our responsibility to establish and maintain internal controls over financial reporting. One of the components of internal control is risk assessment. We hereby represent that our risk assessment process includes the identification and assessment of risks of material misstatement due to fraud. We have shared with you our fraud risk assessment, including a description of the risks, our assessment of the magnitude and likelihood of misstatements arising from those risks, and the controls that we have designed and implemented in response to those risks.
17. We have no knowledge of allegations of fraud or suspected fraud affecting the Council's financial statements involving:
 - a. Management.
 - b. Employees who have significant roles in internal control.
 - c. Others where the fraud could have a material effect on the financial statements.
18. We have no knowledge of any allegations of fraud or suspected fraud affecting the Council's financial statements received in communications from employees, former employees, analysts, regulators, short sellers or others.
19. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations.



20. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements, and we have not consulted legal counsel concerning litigation or claims.
21. We have disclosed to you the identity of the Council's related parties and all the related-party relationships and transactions of which we are aware.
22. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Council's ability to record, process, summarize, and report financial data.
23. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
24. During the course of your audit, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

25. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no significant assumptions or interpretations regarding the measurement or presentation of such information.
 - e. When supplementary information is not presented with the audited financial statements, we will make the audited financial statements readily available to the intended users of the supplementary information no later than the date of issuance of the supplementary information and the auditor's report thereon.
26. With respect to Management's Discussion and Analysis, the Governmental Fund Budgetary Comparison Statement, and the note to the required supplementary information presented as required by the GASB to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
 - d. There are no significant assumptions or interpretations regarding the measurement or presentation of such information.



27. We are in agreement with the adjusting journal entries that you have identified through your audit procedures, and they have been posted to the Council's accounts. The adjustments to the original trial balance presented for audit are included in the Summary of Recorded Adjustments. These adjustments are attached as Appendix A.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

28. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
29. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the Council.
30. Has identified and disclosed to the auditor that there were no instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, or other instances that warrant the attention of those charged with governance.
31. Has identified and disclosed to the auditor that there were no instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.
32. Has identified and disclosed to the auditor that there were no instances that have occurred, or are likely to have occurred, of waste or abuse that could be quantitatively or qualitatively material to the financial statements.
33. Is responsible for the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
34. Acknowledges its responsibility for the design, implementation and maintenance of internal controls to prevent and detect fraud.
35. Has identified for the auditor all previous audits, attestation engagements and other studies related to the audit objectives.
36. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor as described in the arrangement letter, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of Federal awards conducted in accordance with Subpart F of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), we confirm:

37. Management is responsible for complying, and has complied, with the requirements of the Uniform Guidance.



38. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to its Federal program.
39. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for Federal programs that provides reasonable assurance that the Council is managing Federal awards in compliance with Federal statutes, regulations, and the terms and conditions of the Federal awards that could have a material effect on its Federal program.
40. Management is responsible for the preparation of the Schedule of Expenditures of Federal Awards; acknowledges and understands its responsibility for the presentation of the Schedule of Expenditures of Federal Awards in accordance with the Uniform Guidance; believes the Schedule of Expenditures of Federal Awards, including its form and content, is fairly presented in accordance with the Uniform Guidance; asserts that methods of measurement or presentation have not changed from those used in the prior period, or if the methods of measurement or presentation have changed, the reasons for such changes have been communicated; and is responsible for any significant assumptions or interpretations underlying the measurement or presentation of the Schedule of Expenditures of Federal Awards.
41. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
42. Management has identified and disclosed to the auditor the requirements of Federal statutes, regulations, and the terms and conditions of Federal awards that are considered to have a direct and material effect on its major program.
43. Management has made available all Federal awards (including amendments, if any) and any other correspondence relevant to its Federal program and related activities that have taken place with Federal agencies or pass-through entities.
44. Management has identified and disclosed to the auditor that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of Federal awards.
45. Management believes that the Council has complied with the direct and material compliance requirements.
46. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to the Federal program financial reports and claims for advances and reimbursements.
47. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
48. Management has disclosed to the auditor that there were no communications from Federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
49. Management has disclosed to the auditor that there were no findings received or related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.



50. Management is not aware of any known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report.
51. Management is not aware of any changes in internal control over compliance or other factors that might significantly affect internal control that have occurred subsequent to the period covered by the auditor's report.
52. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
53. The copies of Federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the Federal agency or pass-through entity, as applicable.
54. Management has monitored subrecipients to determine that they have expended pass-through assistance in accordance with applicable laws and regulations and the terms and conditions of the sub-award and have met other pass-through entity requirements of the Uniform Guidance.
55. Management has charged costs to Federal awards in accordance with applicable cost principles.
56. The reporting package does not contain protected personally identifiable information.
57. Management has accurately completed the appropriate sections of the data collection form.

North Front Range Transportation & Air Quality Planning Council

Merideth Kimsey
Accounting Manager

Suzette Mallette
Executive Director