



North Front Range
Metropolitan
Planning
Organization

North Front Range Transportation & Air Quality Planning Council

FINANCIAL STATEMENTS

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Planning Council
North Front Range Transportation & Air Quality Planning Council

Report on the Audit of the Financial Statements

Opinions

We have audited 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, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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, 2021, 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.

Basis for Opinions

We concluded our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards (Government Auditing Standards)*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management 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, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about the Council's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 5 through 11, the Governmental Fund Budgetary Comparison Statement on page 31, and the Note to the Required Supplementary Information on page 32 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the 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 as 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.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, 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 June 16, 2022 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.



Fort Collins, Colorado
June 16, 2022

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

LISTING OF COUNCIL MEMBERS AND STAFF MEMBERS

**Listing of Council Members
As of December 31, 2021**

Representative	Member Entity Represented
William Karspeck - Chair	Town of Berthoud
Scott James - Vice Chair	Weld County
Lanie Isbell	City of Eaton
Mark Clark	City of Evans
Jeni Arndt	City of Fort Collins
Fil Archuleta	Town of Garden City
Johnny Olson	City of Greeley
Troy Mellon	Town of Johnstown
Kristin Stephens	Larimer County
Paula Cochran	Town of LaSalle
Jon Mallo	City of Loveland
Elizabeth Austin	Town of Milliken
Frank Baszler	Town of Severance
Lisa Laake	Town of Timnath
Paul Rennemeyer	Town of Windsor
Kathleen Bracke	Transportation Commission
Dena Wojtach	CDPHE - Air Pollution Control Division

**Listing of Staff Members
As of December 31, 2021**

Name	Position
Suzette Mallette	Executive Director
Rebekah Karasko	Transportation Planning Director
Merideth Kimsey	Accounting Manager
Cory Schmitt	Mobility Manager
Hanna Johnson	Mobility Coordinator
Shane Armstrong	Operations Services Coordinator/Fleet Manager
Barbara Bills	Office Administrator
Medora Bornhoft	Transportation and Air Quality Planner III
Anna Rose Cunningham	Transportation Planner II
Alex Gordon	Transportation Planner 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, 2021. Management's Discussion and Analysis is intended to be read in conjunction with the Council's financial statements beginning on page 12.

Financial Highlights

Our primary sources of transportation planning and program operating revenues were as follows for calendar year 2021:

Governmental activities:	
Consolidated Planning Grant (CPG) Federal funding	\$ 741,393
Surface Transportation Program Federal funding	54,641
Section 5310 Federal funding	26,814
Other intergovernmental income	317,520
Local match - member entities	240,214
Business-type activities:	
VanGo™ operating fares	\$ 81,896
Fort Collins Program revenue	647,026
Insurance recovery	30,514

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 12 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 14 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 14 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 18 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 21 of this report.

Government-Wide Financial Analysis

Assets exceed liabilities by \$6,815,172 at the close of the year. Of this figure, \$476,567 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 892,851	\$ 1,008,812	\$ 5,699,270	\$ 5,516,870	\$ 6,592,121	\$ 6,525,682
Capital assets, net	8,608	19,083	467,959	351,385	476,567	370,468
Total Assets	<u>\$ 901,459</u>	<u>\$ 1,027,895</u>	<u>\$ 6,167,229</u>	<u>\$ 5,868,255</u>	<u>\$ 7,068,688</u>	<u>\$ 6,896,150</u>
Current and other liabilities	\$ 134,259	\$ 116,446	\$ 95,517	\$ 11,938	\$ 229,776	\$ 128,384
Unearned revenues	6,273	-	6,339	8,020	12,612	8,020
Long-term liabilities	7,196	11,460	3,932	1,082	11,128	12,542
Total Liabilities	<u>\$ 147,728</u>	<u>\$ 127,906</u>	<u>\$ 105,788</u>	<u>\$ 21,040</u>	<u>\$ 253,516</u>	<u>\$ 148,946</u>
Net investment in capital assets	\$ 8,608	\$ 19,083	\$ 467,959	\$ 351,385	\$ 476,567	\$ 370,468
Restricted for grants	-	-	-	-	-	-
Unrestricted	745,123	880,906	5,593,482	5,495,830	6,338,605	6,376,736
Total Net Position	<u>\$ 753,731</u>	<u>\$ 899,989</u>	<u>\$ 6,061,441</u>	<u>\$ 5,847,215</u>	<u>\$ 6,815,172</u>	<u>\$ 6,747,204</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	
	2021	2020	2021	2020	2021	2020
Revenues						
VanGo™ vanpool fares	\$ -	\$ -	\$ 81,896	\$ 154,625	\$ 81,896	\$ 154,625
Total Charge for Services	\$ -	\$ -	\$ 81,896	\$ 154,625	\$ 81,896	\$ 154,625
Grant revenue - Federal	860,480	965,549	-	-	860,480	965,549
Grant revenue - local match	240,214	232,540	-	-	240,214	232,540
Program revenues	279,888	66,122	647,026	2,009,374	926,914	2,075,496
Total Operating Grants and Contributions	\$ 1,380,582	\$ 1,264,211	\$ 647,026	\$ 2,009,374	\$ 2,027,608	\$ 3,273,585
Earnings on investments	276	3,458	2,186	28,242	2,462	31,700
Miscellaneous revenues	316	932	30,514	22,849	30,830	23,781
Gain on sale of capital assets	-	-	152,631	50,765	152,631	50,765
Total General Revenues	\$ 592	\$ 4,390	\$ 185,331	\$ 101,856	\$ 185,923	\$ 106,246
Total Revenues	\$ 1,381,174	\$ 1,268,601	\$ 914,253	\$ 2,265,855	\$ 2,295,427	\$ 3,534,456
Expenditures						
Payroll expense	962,377	929,476	122,099	139,375	1,084,476	1,068,851
Fleet expense	46	47	231,691	266,275	231,737	266,322
Office expense	149,288	69,654	89,088	140,575	238,376	210,229
Consultant and professional	295,349	71,311	985	90	296,334	71,401
Other program expense	101,633	80,726	36,245	55,876	137,878	136,602
Travel/conference	8,255	6,389	2,128	133	10,383	6,522
Interest expense	9	19	-	-	9	19
Depreciation	10,475	4,103	217,791	244,104	228,266	248,207
Total Expenditures	\$ 1,527,432	\$ 1,161,725	\$ 700,027	\$ 846,428	\$ 2,227,459	\$ 2,008,153
Change in Net Position	\$ (146,258)	\$ 106,876	\$ 214,226	\$ 1,419,427	\$ 67,968	\$ 1,526,303
Net position - Beginning of year	899,989	793,113	5,847,215	4,427,788	6,747,204	5,220,901
Net position - End of year	\$ 753,731	\$ 899,989	\$ 6,061,441	\$ 5,847,215	\$ 6,815,172	\$ 6,747,204

The above condensed summary of the Council's governmental and business-type activities for the period ended December 31, 2021 reflects net position increasing by \$67,968 (1%). The prior period is also included for comparative purposes.

Governmental activities: Governmental activities decreased the Council's net position by \$146,258, accounting for a negative 215% of the Council's \$67,968 overall increase in net position. Major variations are due to the following:

- Federal grant revenues decreased by \$105,069 in 2021, 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 increased by \$7,674 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 \$214,226, accounting for a positive 315% of the Council’s \$67,968 increase in net position. Major variations are due to the following:

- Vanpool fares decreased by \$72,729 due to a continued decrease in ridership, largely due to COVID-19 and remote work.
- A total of \$30,514 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 \$700,027 a decrease of \$146,401 compared to 2020. \$12,309 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 2021 Unified Planning Work Program (UPWP) budget and October-December is from the 2022 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 2021, the VanGo™ vanpooling program added two new routes and cancelled nine routes. When compared with the prior year, fleet expenses decreased by 13% during 2021. 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, 2021 amounts to \$476,567 (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:

Fleet equipment \$ 345,950

Capital assets are classified as follows (net of depreciation):

	Governmental Activities		Business-Type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Motor vehicles	\$ -	\$ -	\$ 464,515	\$ 345,646	\$ 464,515	\$ 345,646
Office equipment and software	8,608	14,890	3,444	5,740	12,052	20,630
Leasehold improvements	-	4,193	-	-	-	4,193
	<u>\$ 8,608</u>	<u>\$ 19,083</u>	<u>\$ 467,959</u>	<u>\$ 351,386</u>	<u>\$ 476,567</u>	<u>\$ 370,469</u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT’S DISCUSSION AND ANALYSIS

Additional information on the Council’s capital assets can be found in Note 1 to the financial statements on pages 21 to 25 and Note 7 to the financial statements on pages 28 and 29 of this report.

Long-term liabilities: At December 31, 2021, the Council had \$11,128 of long-term liabilities. The long-term liabilities of the Council represent accrued compensated absences, as follows:

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total Government</u>
Accrued compensated absences	<u>\$ 7,196</u>	<u>\$ 3,932</u>	<u>\$ 11,128</u>

Economic Factors and Next Year’s Tasks (Budget)

In early 2020, the U.S. and world economy were heavily impacted by the COVID-19 pandemic that closed businesses and restricted many others, in addition to losing employees due to illness. The U.S. unemployment rate rose from 3.4% to 6.5% and Colorado’s unemployment rate increased from 2.4% to 8.8%, according to the U.S. Bureau of Labor Statistics. Between December 2019 and December 2020, Colorado lost nearly 151,000 jobs. Within the Council’s region, the unemployment rate between June 2019 and June 2020 increased to 8.3% and 9.3% in Larimer and Weld counties, respectively. The economy continues to suffer, and many items have become more expensive and scarcer. The economy has been substantially supported through Federal stimulus funds for both businesses and residents. The economic future for the U.S., Colorado and the Council’s region remains uncertain, but predictions are calling for an economic rebound beginning in 2022.

At the end of 2021, the VanGo™ program was at approximately half of its pre-pandemic levels. The program is now revising the temporary measures put into place during COVID-19 and bringing riders back into the system. While the program has been reduced, it is healthier in terms of known riders and expected revenue.

In the fall of 2021, the Federal government passed the Infrastructure Investment and Jobs Act, a Federal transportation funding bill that increased funding for many areas of transportation, giving the MPO a known amount of funding for the next five years. Additionally, the State of Colorado passed SB 21-260, which created new fees to fund transportation within the state.

Accomplishments expected in 2022:

- Hire an accountant
- Hire a Planner I
- Readopt the 2045 RTP in compliance with State GHG requirements
- Perform conformity analysis on the readopted 2045 RTP
- Participate with the Colorado Department of Transportation in the development of the GHG Rulemaking and ancillary meetings
- Update the Regionally Significant Corridors for the 2050 RTP
- Complete a Call for Projects for FY2024 and FY2025

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

- Draft 2050 Land Use model
- Update to travel demand model for GHG analysis and 2050 RTP
- Statewide household travel survey begins
- Adopt and implement the 2021 Coordinated Public Transportation/Human Services Transportation Plan
- Purchase and execute trip discovery software to support the Mobility Program
- 2023 Public Involvement Plan
- Amend and modify the FY2022-FY2025 Transportation Improvement Program (TIP) as requested
- Adopt new TIP for FY2023-FY2026
- Perform conformity on the new TIP
- Complete the Premium Transit Analysis/Link NoCo
- Translation of key brochures into Spanish for outreach
- Complete the Federally required System Performance Report
- Readopt the FY2022-FY2023 UPWP with 2023 budget
- Participate with Regional Air Quality Council committees to develop control strategies for the upcoming State Implementation Plans

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: Suzette Mallette, Executive Director, North Front Range Transportation & Air Quality Planning Council, 419 Canyon Avenue, Suite 300, Fort Collins, Colorado 80521, or by phone at (970) 986-4197, or by e-mail at smallette@nfrmpo.org.

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

**STATEMENT OF NET POSITION
December 31, 2021**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents (Note 2)	\$ 433,165	\$ 109,854	\$ 543,019
Investments (Note 2)	615,956	4,484,678	5,100,634
Due from Other Governments	87,073	478,905	565,978
Grants Receivable	372,146	-	372,146
Prepaid Items	10,056	288	10,344
Internal Balances	(625,545)	625,545	-
Capital Assets, net (Note 7)	8,608	467,959	476,567
Total assets	901,459	6,167,229	7,068,688
LIABILITIES AND NET POSITION			
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	99,962	88,337	188,299
Unearned revenue	6,273	6,339	12,612
Accumulated leave - due in one year or less (Note 8)	34,297	7,180	41,477
Total current liabilities	140,532	101,856	242,388
Long-term liabilities:			
Accumulated leave - due in more than one year (Note 8)	7,196	3,932	11,128
Total liabilities	147,728	105,788	253,516
Net Position			
Net investment in capital assets	8,608	467,959	476,567
Unrestricted	745,123	5,593,482	6,338,605
Total net position	\$ 753,731	\$ 6,061,441	\$ 6,815,172

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, 2021**

Functions/Programs	Expenses	Program Revenue			Net Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total
					Governmental Activities	Business-Type Activities	
Primary Government							
Governmental activities:							
General government	\$ 1,527,432	\$ -	\$ 1,380,582		\$ (146,850)		\$ (146,850)
Total governmental activities	1,527,432	-	1,380,582	-	(146,850)	-	(146,850)
Business-type activities:							
VanGo™	700,027	81,896	647,026	-		28,895	28,895
Total business-type activities	700,027	81,896	647,026	-	-	28,895	28,895
Total primary government	\$ 2,227,459	\$ 81,896	\$ 2,027,608	\$ -	(146,850)	28,895	(117,955)
General Revenues							
Unrestricted investment earnings					276	2,186	2,462
Miscellaneous revenues					316	30,514	30,830
Gain on sale of property					-	152,631	152,631
Total general revenues					592	185,331	185,923
Change in net position					(146,258)	214,226	67,968
Net Position, beginning of year					899,989	5,847,215	6,747,204
Net Position, end of year					\$ 753,731	\$ 6,061,441	\$ 6,815,172

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, 2021**

	General Fund
ASSETS	
Cash and Cash Equivalents (Note 2)	\$ 433,165
Investments (Note 2)	615,956
Due from Other Governments	87,073
Grants Receivable	372,146
Prepaid Items	10,056
Due from Other Funds	<u>179,403</u>
Total assets	<u><u>\$ 1,697,799</u></u>
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued liabilities	\$ 99,962
Deferred revenue	6,273
Advances from other funds	<u>804,948</u>
Total liabilities	<u>911,183</u>
Fund Balance	
Nonspendable prepaid items	10,056
Unassigned	<u>776,560</u>
Total fund balance	<u>786,616</u>
Total liabilities and fund balance	<u><u>\$ 1,697,799</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, 2021**

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

Fund balance per Governmental Fund Balance Sheet	\$	786,616
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet.		8,608
Some liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet.		<u>(41,493)</u>
Net position of governmental activities	\$	<u>753,731</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, 2021**

	General Fund
Revenues (Note 6)	
Operating grants and contributions:	
Grant revenue - Federal	\$ 860,480
Grant revenue - local match	240,214
Other intergovernmental revenue	279,888
Earnings on investments	276
Miscellaneous	316
Total revenues	<u>1,381,174</u>
Expenditures/Expenses	
General government:	
Payroll expense	965,116
Fleet expense	46
Office expense	149,288
Consultant and professional services	295,349
Other program expense	101,633
Travel/conference/training	8,255
Interest expense	9
Total expenditures/expenses	<u>1,519,696</u>
(Deficiency) of revenues over expenditures/expenses	(138,522)
Fund Balance	
Beginning of year	<u>925,138</u>
End of year	<u>\$ 786,616</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, 2021

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	\$ (138,522)
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.	(10,475)
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.	
Accumulated leave	<u>2,739</u>
Change in net position of governmental activities	<u><u>\$ (146,258)</u></u>

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

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

**PROPRIETARY FUND STATEMENT OF NET POSITION
December 31, 2021**

	VanGo™
ASSETS	
Current Assets	
Cash and cash equivalents (Note 2)	\$ 109,854
Investments (Note 2)	4,484,678
Receivables	478,905
Advances to other funds	804,948
Prepaid items	288
Total current assets	<u>5,878,673</u>
Capital Assets, net (Note 7)	<u>467,959</u>
Total assets	<u><u>6,346,632</u></u>
 LIABILITIES AND NET POSITION	
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	88,337
Unearned revenue	6,339
Due to other funds	179,403
Accumulated leave - due in less than one year (Note 8)	7,180
Total current liabilities	<u>281,259</u>
Long-term liabilities:	
Accumulated leave - due in more than one year (Note 8)	3,932
Total liabilities	<u>285,191</u>
Net Position	
Net investment in capital assets	467,959
Unrestricted	5,593,482
Total net position	<u><u>\$ 6,061,441</u></u>

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

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

**PROPRIETARY FUND STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN NET POSITION
Year Ended December 31, 2021**

	VanGo™
Operating Revenues (Note 6)	
Charges for services	\$ 81,896
Other program revenues	647,026
Total operating revenues	<u>728,922</u>
Operating Expenses	
Payroll expense	122,099
Fleet expense	231,691
Office expense	89,088
Consultant and professional services	985
Other program expense	36,245
Travel/conference/training	2,128
Depreciation	217,791
Total operating expenses	<u>700,027</u>
Operating gain	<u>28,895</u>
Nonoperating Revenues	
Other revenues	30,514
Earnings on investments	2,186
Gain on sale of property	152,631
Total nonoperating revenues	<u>185,331</u>
Change in net position	214,226
Net Position, beginning of year	<u>5,847,215</u>
Net Position, end of year	<u>\$ 6,061,441</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, 2021**

	VanGo™
Cash Flows from Operating Activities	
Cash received from customers	\$ 339,044
Cash paid to suppliers and vendors	(276,492)
Cash paid to employees	(119,315)
Net cash (used in) operating activities	<u>(56,763)</u>
Cash Flows from Noncapital Financing Activities	
Other nonoperating revenues	30,514
Changes in interfund receivable/payable	(249,452)
Net cash (used in) noncapital financing activities	<u>(218,938)</u>
Cash Flows from Capital and Related Financing Activities	
Proceeds from disposition of capital assets	164,216
Purchase of capital assets	(345,950)
Net cash (used in) capital and related financing activities	<u>(181,734)</u>
Cash Flows from Investing Activities	
Earnings on investments	2,186
Sale of investments	59,163
Net cash provided by investing activities	<u>61,349</u>
Net change in cash and cash equivalents	(396,086)
Cash and Cash Equivalents, beginning of year	<u>505,940</u>
Cash and Cash Equivalents, end of year	<u>\$ 109,854</u>
Reconciliation of Operating Gain to Net Cash (Used in) Operating Activities	
Operating gain	\$ 28,895
Adjustments to reconcile operating gain to net cash (used in) operating activities:	
Depreciation	217,791
Changes in assets and liabilities:	
Receivables	(388,197)
Accounts payable and accrued liabilities	83,645
Unearned revenue	(1,681)
Accrued compensated absences	2,784
	<u>\$ (56,763)</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 2021 UPWP budget and October-December is based on the 2022 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, based on their nature, are expressed as fully collectible. 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 equipment	3-5 years
Leasehold improvements	5 years
Fleet equipment	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, 2021, the Council had deposits of \$555,610 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, 2021, the balance in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a Colorado local government investment pool trust, was \$5,100,634. The investment pool is routinely monitored by the Colorado Division of Securities with regard to operations and investments. As of December 31, 2021, 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, 2021, 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	433,090	109,854	542,944
Local government investment	615,956	4,484,678	5,100,634
Total	\$ 1,049,121	\$ 4,594,532	\$ 5,643,653

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 Council 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	
	2021	2020	2021	2020	2021	2020
Employer	\$ 93,379	\$ 88,351	\$ 13,198	\$ 20,727	\$ 106,577	\$ 109,078
Employee	21,865	22,768	2,541	5,891	24,406	28,659

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 2021 and 2020 were as follows:

	Government Activities		Business-Type Activities		Total Government	
	2021	2020	2021	2020	2021	2020
Employer	\$ 99,994	\$ 95,513	\$ 8,141	\$ 9,433	\$ 108,135	\$ 104,946
Employee	17,776	16,466	2,767	2,767	20,543	19,233

**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 61% of the total governmental activities 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 total governmental activities revenue is from the City of Fort Collins in accordance with a funding exchange for FTA Section 5310 funds.

Approximately 9% of the total business-type activities revenue of the VanGo™ Fund is from charges for services. Approximately 74% of the total business-type activities revenue of the VanGo™ Fund is from the City of Fort Collins in accordance with a funding exchange for FTA Section 5307 and Section 5339 funds.

Note 7. Capital Assets

A summary of changes to capital assets for the year ended December 31, 2021 follows:

	Balance, January 1	Additions	Deletions	Balance, December 31
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 84,782	\$ -	\$ -	\$ 84,782
Leasehold improvement	41,938	-	-	41,938
Governmental activities - capital assets being depreciated	126,720	-	-	126,720
Accumulated depreciation:				
Office equipment	69,892	6,282	-	76,174
Leasehold improvement	37,745	4,193	-	41,938
Total accumulated depreciation	107,637	10,475	-	118,112
Governmental activities - capital assets, net	\$ 19,083	\$ (10,475)	\$ -	\$ 8,608

**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	\$ 1,656,407	\$ 345,950	\$ 359,257	\$ 1,643,100
Office equipment	29,988	-	-	29,988
Business-type activities - capital assets being depreciated	1,686,395	345,950	359,257	1,673,088
Accumulated depreciation:				
Fleet equipment	1,310,761	215,495	347,671	1,178,585
Office equipment	24,248	2,296	-	26,544
Total accumulated depreciation	1,335,009	217,791	347,671	1,205,129
Business-type activities - capital assets, net	\$ 351,386	\$ 128,159	\$ 11,586	\$ 467,959

Depreciation expense for governmental activities has been allocated to general government for \$10,475.

Note 8. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended December 31, 2021 follows:

	Balance, January 1	Additions	Reductions	Balance, December 31	Due within One Year
Governmental activities:					
Accumulated leave	\$ 44,232	\$ 78,720	\$ 81,459	\$ 41,493	\$ 34,297
Total long-term liabilities	\$ 44,232	\$ 78,720	\$ 81,459	\$ 41,493	\$ 34,297
Business-type activities:					
Accumulated leave	\$ 8,328	\$ 9,624	\$ 6,840	\$ 11,112	\$ 7,180
Total long-term liabilities	\$ 8,328	\$ 9,624	\$ 6,840	\$ 11,112	\$ 7,180

Note 9. Operating Leases

The Council leases office facilities. This lease expires on February 28, 2027.

Total costs for the office space were \$169,438 for the year ended December 31, 2021. The business-type activities had no operating leases as of December 31, 2021.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Operating Leases, *Continued*

Future minimum lease payments for this lease are as follows:

Years ending December 31:	
2022	\$ 106,590
2023	109,788
2024	113,081
2025	116,474
2026	119,968
2027	<u>2,092</u>
	<u>\$ 567,993</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.

REQUIRED SUPPLEMENTARY INFORMATION

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

**GOVERNMENTAL FUND BUDGETARY COMPARISON STATEMENT
Year Ended December 31, 2021**

	Original Budget	Budget Amendments	Final Budget	Actual	Variance with Final Budget
Revenues					
Grant revenue - Federal	\$ 1,123,688	\$ 88,006	\$ 1,211,694	\$ 860,480	\$ (351,214)
Grant revenue - local match	233,130	14,816	247,946	240,214	(7,732)
Other intergovernmental revenue	405,383	64,101	469,484	279,888	(189,596)
Earnings on investments	-	-	-	276	276
Miscellaneous	-	-	-	316	316
Total revenues	<u>1,762,201</u>	<u>166,923</u>	<u>1,929,124</u>	<u>1,381,174</u>	<u>(547,950)</u>
Expenditures					
Payroll expense	1,095,752	11,208	1,106,960	965,116	141,844
Fleet expense	-	-	-	46	(46)
Office expense	104,891	2,290	107,181	149,288	(42,107)
Consultant and professional services	578,583	131,820	710,403	295,349	415,054
Other program expense	263,208	42,849	306,057	101,633	204,424
Travel/conference/training	35,117	3,816	38,933	8,255	30,678
Interest expense	-	-	-	9	(9)
Capital outlay - purchases	-	17,484	17,484	-	17,484
Total expenditures	<u>2,077,551</u>	<u>209,467</u>	<u>2,287,018</u>	<u>1,519,696</u>	<u>767,322</u>
(Deficiency) excess of revenues over expenditures	<u>\$ (315,350)</u>	<u>\$ (42,544)</u>	<u>(357,894)</u>	<u>(138,522)</u>	<u>219,372</u>
Fund Balance/Net Position, beginning of year			925,138	925,138	-
Fund Balance/Net Position, end of year			<u>\$ 567,244</u>	<u>\$ 786,616</u>	<u>\$ 219,372</u>

See Note to the Required Supplementary Information.

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

NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION

Note 1. Budgetary Information

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

SUPPLEMENTARY INFORMATION

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

**PROPRIETARY FUND BUDGETARY COMPARISON STATEMENT
Year Ended December 31, 2021**

	Original Budget	Budget Amendments	Final Budget	Actual	Variance with Final Budget
Operating Revenues					
Charges for service	\$ 482,332	\$ (78,702)	\$ 403,630	\$ 81,896	\$ (321,734)
Other program revenues	894,895	93,488	988,383	647,026	(341,357)
Total operating revenues	<u>1,377,227</u>	<u>14,786</u>	<u>1,392,013</u>	<u>728,922</u>	<u>(663,091)</u>
Operating Expenses					
Payroll expense	153,643	(3,854)	149,789	122,099	27,690
Fleet expense	405,329	(38,202)	367,127	231,691	135,436
Office expense	124,788	(2,310)	122,478	89,088	33,390
Consultant and professional services	500	150	650	985	(335)
Other program expense	49,734	5,250	54,984	36,245	18,739
Travel/conference/training	2,200	589	2,789	2,128	661
Capital purchases	320,000	12,500	332,500	345,950	(13,450)
Total operating expenses	<u>1,056,194</u>	<u>(25,877)</u>	<u>1,030,317</u>	<u>828,186</u>	<u>202,131</u>
Operating gain (loss)	<u>321,033</u>	<u>40,663</u>	<u>361,696</u>	<u>(99,264)</u>	<u>(460,960)</u>
Nonoperating Revenues					
Other revenues	-	-	-	30,514	30,514
Earnings on investment	-	-	-	2,186	2,186
Gain on sale of capital assets	-	-	-	152,631	152,631
Total nonoperating revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>185,331</u>	<u>185,331</u>
Change in net position - budgetary basis	<u>\$ 321,033</u>	<u>\$ 40,663</u>	<u>\$ 361,696</u>	<u>86,067</u>	<u>(275,629)</u>
Reconciliation to GAAP Basis					
Capital outlay				345,950	-
Depreciation				(217,791)	-
Change in net position - GAAP basis				<u>214,226</u>	
Net Position, beginning of year				<u>5,847,215</u>	<u>5,847,215</u>
Net Position, end of year				<u>\$ 6,061,441</u>	<u>\$ 5,571,586</u>

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2021**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal AL 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	21-HTD-ZL-00104	\$ -	\$ 562,373
Highway Planning and Construction	20.205	22-HTD-ZL-00119	-	157,390
Highway Planning and Construction	20.205	20-HTD-ZL-03170-M0002	-	54,641
Total Highway Planning and Construction Cluster			<u>-</u>	<u>774,404</u>
Transit Services Programs Cluster:				
Pass through Colorado Department of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	21-HTR-ZL-00207	-	26,814
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	21-HTR-ZL-00219	-	21,630
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	21-HTR-ZL-00186	37,632	37,632
Total Transit Services Programs Cluster			<u>37,632</u>	<u>86,076</u>
Total U.S. Department of Transportation			<u>37,632</u>	<u>860,480</u>
Total expenditures of Federal awards			<u>\$ 37,632</u>	<u>\$ 860,480</u>

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 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 \$37,362 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, 2021. 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

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, 2021, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated June 16, 2022.

Report on 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. Therefore, material weaknesses or significant deficiencies may exist that have not been identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we considered to be material weaknesses. However, we identified a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2021-001, that we consider to be a significant deficiency.

Report on 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*.

The Council's Response to the Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Council's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The Council's response was not subjected to other audit procedures applied in the audit of the financial statements, and accordingly, we express no such opinion on the response.

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.



Fort Collins, Colorado
June 16, 2022



**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

Report on Compliance for the Major Federal Program

Opinion on 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 identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on the Council's major Federal program for the year ended December 31, 2021. 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.

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, 2021.

Basis for Opinion on the Major Federal Program

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

We are required to be independent of the Council and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major Federal program. Our audit does not provide a legal determination of the Council's compliance with the compliance requirements referred to above.

Responsibility of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Council's Federal programs.

Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Council's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Council's compliance with the requirements of each major Federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Council's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Council's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Council's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

McGee, Hearne & Paiz, LLP

Fort Collins, Colorado
June 16, 2022

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021**

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:

AL Number	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

2021-001: Internal Controls and Audit Adjustments to Accounts Payable

Criteria: An internal control structure should be designed to identify adjusting journal entries that are significant to the North Front Range Transportation & Air Quality Planning Council's (the Council) financial statements prepared in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

Condition/context: Adjusting journal entries were proposed and recorded to increase the accounts payable balance within both the General Fund and VanGo™, a proprietary fund, by \$9,669 and \$4,827, respectively. In addition, projected misstatements to increase the accounts payable for the General Fund and VanGo™ by \$4,533 and \$13,964, respectively, were recorded as passed adjusting journal entries.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2021**

II. FINANCIAL STATEMENT FINDINGS, *Continued*

Cause: The Council primarily keeps its books on a cash basis and the statements are adjusted to full accrual at year-end. There were errors when recording these adjustments due to invoices being received after year-end and entered into the general ledger using the invoice dates rather than the service dates. In addition, there was an automatic bank transaction that occurred at year-end for a December 2021 expense that was not communicated when preparing the accrual year-end entry.

Effect: As a result, accounts payable for the General Fund and VanGo™ were understated in the financial statements for the year ended December 31, 2021. Prior to the proposed audit adjustments, the financial statements were not properly stated in accordance with U.S. GAAP. Specifically, accounts payable for the General Fund and VanGo™ were understated in the financial statements for the year ended December 31, 2021.

Recommendation: We recommend the Council revise its internal control processes over the preparation of its year-end accrual entries, specifically for accounts payable, to ensure the accuracy and completeness of financial information. Activity near year-end should be evaluated to assist in identifying any financial statement impact.

View of responsible officials and planned corrective action: Management concurs with the finding; see Exhibit I.

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, 2021**

There were no findings in the prior year.

EXHIBIT I

CORRECTIVE ACTION PLAN

2021-001: Internal Controls and Audit Adjustments to Accounts Payable

Condition/Context: An internal control structure should be designed to identify adjusting journal entries that are significant to the Council's financial statements prepared in accordance with accounting principles generally accepted in the United States of America.

Recommendation: We recommend the Council revise its internal control processes over the preparation of its year-end accrual entries, specifically for accounts payable, to ensure the accuracy and completeness of financial information. Activity near year-end should be evaluated to assist in identifying any financial statement impact.

Corrective Action Plan: All financial documents will be scanned into the system to make them accessible to offsite personnel for review. A listing of all invoices paid in January and February will be created and sent to the Executive Director for her review and signature.

Contact: Suzette Mallette, Executive Director

Anticipated Completion Date: All financial documents prior to the completion of the audit will be scanned within 60 days of the audit report being approved by the Council. Subsequent to the completion of the audit, documents will be scanned as they are received. The listing of invoices will be sent to the Executive Director no later than March 1 of the following year.