



North Front Range Transportation & Air Quality Planning Council

FINANCIAL AND COMPLIANCE REPORT

December 31, 2023

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT	1-3
LISTING OF COUNCIL MEMBERS AND STAFF MEMBERS	4
MANAGEMENT'S DISCUSSION AND ANALYSIS (Required Supplementary Information)	5-11
BASIC FINANCIAL STATEMENTS	
Statement of Net Position	12
Statement of Activities	13
Governmental Fund Balance Sheet	14
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	15
Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance	16
Reconciliation of the Statement of Governmental Fund Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities	17
Proprietary Fund Statement of Net Position	18
Proprietary Fund Statement of Revenues, Expenses and Changes in Net Position	19
Proprietary Fund Statement of Cash Flows	20
Notes to the Financial Statements	21-31
REQUIRED SUPPLEMENTARY INFORMATION	
Governmental Fund Budgetary Comparison Statement	32
Note to the Required Supplementary Information	33
SUPPLEMENTARY INFORMATION	
Proprietary Fund Budgetary Comparison Statement	34
Schedule of Expenditures of Federal Awards	35
Notes to the Schedule of Expenditures of Federal Awards	36
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	37-38
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE	39-41
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	42-43
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS	44
EXHIBIT I: CORRECTIVE ACTION PLAN	



INDEPENDENT AUDITOR'S REPORT

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

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, 2023, 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, 2023, and the respective changes in its 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* issued by the Comptroller General of the United States (*Government Auditing Standards*). 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.

Responsibilities 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 Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 32, and the Note to the Required Supplementary Information on page 33 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, 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*, 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 GAAS. 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 20, 2024 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
June 20, 2024

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

LISTING OF COUNCIL MEMBERS AND STAFF MEMBERS

**Listing of Council Members
As of December 31, 2023**

Representative	Member Entity Represented
Scott James - Chair	Weld County
Jon Mallo - Vice Chair	City of Loveland
William Karspeck	Town of Berthoud
Liz Heid	City of Eaton
Mark Clark	City of Evans
Tricia Canonico	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
Dan Dean	Town of Milliken
Frank Baszler	Town of Severance
Lisa Laake	Town of Timnath
Paul Rennemeyer	Town of Windsor
Jim Kelly	Transportation Commission
Jessica Ferko	CDPHE - Air Pollution Control Division

**Listing of Staff Members
As of December 31, 2023**

Name	Position
Suzette Mallette	Executive Director
Rebekah Karasko	Transportation Planning Director
Rachel Stillwell	Accountant
Cory Schmitt	Mobility Director
Brooke Bettolo	Mobility Planner
Lisa Deaton	Mobility Specialist
Shane Armstrong	Operations Services Coordinator/Fleet Manager
Barbara Bills	Office Administrator
Anna Rose Cunningham	Transportation Planner II
Alex Gordon	Transportation Planner III
Michael Saunders	Transportation Planner I
Jerome Rouser	Transportation Planner I

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, 2023. 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 2023:

Governmental activities:		
Consolidated Planning Grant Federal funding	\$	1,021,336
Surface Transportation Program Federal funding		10,415
Section 5310 Federal funding		117,302
Other intergovernmental income		493,128
Local match - member entities		269,616
Business-type activities:		
VanGo™ operating fares	\$	105,902
Fort Collins Program revenue		329,972
Insurance recovery		743
Gain on sale of capital assets		111,697

Overview of the Financial Statements

This discussion and analysis are 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 of 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.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT'S DISCUSSION AND ANALYSIS

The proprietary fund financial statements can be found beginning on page 18 of this report.

Notes to the Financial Statements

The notes to the financial statements are considered an integral part of the basic financial statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 21 of this report.

Government-Wide Financial Analysis

Assets exceed liabilities by \$7,357,505 at the close of the year. Of this figure, \$272,302 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	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 1,042,443	\$ 1,198,367	\$ 6,345,449	\$ 6,048,931	\$ 7,387,892	\$ 7,247,298
Capital and right-of-use assets, net	937,279	1,050,254	291,500	306,361	1,228,779	1,356,615
Total Assets	<u>\$ 1,979,722</u>	<u>\$ 2,248,621</u>	<u>\$ 6,636,949</u>	<u>\$ 6,355,292</u>	<u>\$ 8,616,671</u>	<u>\$ 8,603,913</u>
Current and other liabilities	\$ 325,528	\$ 469,476	\$ 54,709	\$ 22,304	\$ 380,237	\$ 491,780
Long-term liabilities	875,337	967,663	3,592	3,921	878,929	971,584
Total Liabilities	<u>\$ 1,200,865</u>	<u>\$ 1,437,139</u>	<u>\$ 58,301</u>	<u>\$ 26,225</u>	<u>\$ 1,259,166</u>	<u>\$ 1,463,364</u>
Net investment in capital assets	\$ (19,200)	\$ 1,308	\$ 291,500	\$ 306,361	\$ 272,300	\$ 307,669
Unrestricted	798,057	810,174	6,287,148	6,022,706	7,085,205	6,832,880
Total Net Position	<u>\$ 778,857</u>	<u>\$ 811,482</u>	<u>\$ 6,578,648</u>	<u>\$ 6,329,067</u>	<u>\$ 7,357,505</u>	<u>\$ 7,140,549</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:

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Revenues						
VanGo™ vanpool fares	\$ -	\$ -	\$ 105,902	\$ 106,433	\$ 105,902	\$ 106,433
Total Charge for Services	\$ -	\$ -	\$ 105,902	\$ 106,433	\$ 105,902	\$ 106,433
Grant revenue - Federal	1,149,053	971,443	-	-	1,149,053	971,443
Grant revenue - local match	269,616	264,334	-	-	269,616	264,334
Program revenues	493,128	428,948	329,972	609,002	823,100	1,037,950
Total Operating Grants and Contributions	\$ 1,911,797	\$ 1,664,725	\$ 329,972	\$ 609,002	\$ 2,241,769	\$ 2,273,727
Earnings on investments	60,828	10,967	236,545	72,160	297,373	83,127
Miscellaneous revenues	17,631	-	743	16,657	18,374	16,657
Gain on sale of capital assets	-	-	111,697	345,236	111,697	345,236
Total General Revenues	\$ 78,459	\$ 10,967	\$ 348,985	\$ 434,053	\$ 427,444	\$ 445,020
Total Revenues	\$ 1,990,256	\$ 1,675,692	\$ 784,859	\$ 1,149,488	\$ 2,775,115	\$ 2,825,180
Expenses						
Payroll expense	1,008,673	851,248	117,170	107,470	1,125,843	958,718
Fleet expense	16	-	163,931	207,997	163,947	207,997
Office expense	173,186	165,228	83,132	80,035	256,318	245,263
Consultant and professional	604,994	635,046	45	-	605,039	635,046
Other program expense	95,359	98,767	7,021	33,205	102,380	131,972
Travel/conference	16,890	14,218	3,778	295	20,668	14,513
Depreciation	11,350	7,312	160,201	205,304	171,551	212,616
Amortization	112,413	93,678	-	-	112,413	93,678
Total Expenses	\$ 2,022,881	\$ 1,865,497	\$ 535,278	\$ 634,306	\$ 2,558,159	\$ 2,499,803
(Decrease) Increase in Net Position Before Transfers	\$ (32,625)	\$ (189,805)	\$ 249,581	\$ 515,182	\$ 216,956	\$ 325,377
Transfers	-	247,556	-	(247,556)	-	-
(Decrease) Increase in Net Position	\$ (32,625)	\$ 57,751	\$ 249,581	\$ 267,626	\$ 216,956	\$ 325,377
Net position - Beginning of year	811,482	753,731	6,329,067	6,061,441	7,140,549	6,815,172
Net position - End of year	\$ 778,857	\$ 811,482	\$ 6,578,648	\$ 6,329,067	\$ 7,357,505	\$ 7,140,549

The above condensed summary of the Council's governmental and business-type activities for the period ended December 31, 2023 reflects net position increasing by \$216,956 (3%). The prior period is also included for comparative purposes.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT’S DISCUSSION AND ANALYSIS

Governmental activities: Governmental activities decreased the Council’s net position by \$32,625, accounting for a negative 15% of the Council’s \$216,956 overall increase in net position. Major variations are due to the following:

- Federal grant revenues increased by \$177,610 in 2023, which was mostly due to the increase in Federal funds from the Federal Transportation Authorization Infrastructure Investment and Jobs Act. 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 \$5,282 based on budgeted requirements. Local match funds received that are not required for matching grant revenue are used to fund the governmental operating reserve.

Business-type activities: Business-type activities (VanGo™ vanpooling program) increased the Council’s net position by \$249,581, accounting for a positive 115% of the Council’s \$216,956 increase in net position. Major variations are due to the following:

- Vanpool fares decreased by \$531.
- A total of \$743 was received in insurance proceeds to offset the cost of repairs.
- Business-type activities expenses totaled \$535,278, a decrease of \$99,028 compared to 2022.

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 2023 Unified Planning Work Program (UPWP) budget, and October-December is from the 2024 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 2023, the VanGo™ vanpooling program added one new route and canceled or consolidated two routes. When compared with the prior year, fleet expenses decreased by 21% during 2023. This decrease is largely due to COVID-19, remote working and a reduced fleet.

Capital Assets (Including Right-of-Use Assets) and Debt Administration

Capital assets: The Council’s investment in capital assets at December 31, 2023 amounts to \$272,300 (net of accumulated depreciation and lease liability). This investment in capital assets includes motor vehicles, office equipment, and right-of-use assets.

The capital assets purchased during the year were as follows:

Fleet equipment	\$	145,340
Office equipment		10,788
	\$	<u>156,128</u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT’S DISCUSSION AND ANALYSIS

Capital and right-of-use assets are classified as follows (net of depreciation/amortization):

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Motor vehicles	\$ -	\$ -	\$ 291,500	\$ 305,213	\$ 291,500	\$ 305,213
Office equipment and software	19,238	19,800	-	1,148	19,238	20,948
Right-of-use assets	918,041	1,030,454	-	-	918,041	1,030,454
Leasehold improvements	-	-	-	-	-	-
	<u>\$ 937,279</u>	<u>\$ 1,050,254</u>	<u>\$ 291,500</u>	<u>\$ 306,361</u>	<u>\$ 1,228,779</u>	<u>\$ 1,356,615</u>

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

Long-term liabilities: At December 31, 2023, the Council had \$1,036,175 of long-term liabilities. The long-term liabilities of the Council represent accrued compensated absences and the lease liability associated, as follows:

	Governmental Activities	Business-Type Activities	Total Government
Accrued compensated absences	\$ 65,626	\$ 14,070	\$ 79,696
Lease liability	956,479	-	956,479
	<u>\$ 1,022,105</u>	<u>\$ 14,070</u>	<u>\$ 1,036,175</u>

Economic Factors and Next Year’s Tasks (Budget)

There are still lingering effects from the COVID pandemic that impacted the U.S. and world economies, most notably supply chain issues and inflation. At the end of 2023, the Consumer Price Index for inflation between January 2020 and December 2023 was 16% and has increased since then. This has had a profound impact on the cost of goods and services. Additionally, the supply chain is still not at pre-COVID levels, and it has taken over 1.5 years to fulfill the order of 10 vans for the VanGo™ program. Typically, the Colorado economy tends to do better than that of the U.S., but they are now, very close to each other. U.S. unemployment is at 3.9%, with Colorado unemployment at 3.7%, which is trending better, but spending power has been seriously eroded by inflation.

The VanGo™ program is still at about half of its pre-pandemic levels. The program made some temporary COVID policies permanent, such as one-half-and-one-quarter fares. The number of vans on the road is consistent from the previous year, but occupancy has risen. VanGo™ is anticipating a fare increase starting in January 2025 to help offset inflation.

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 Senate Bill 21-260, which created new fees to fund transportation within the state.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

MANAGEMENT’S DISCUSSION AND ANALYSIS

Accomplishments expected in 2024 are as follows:

- Hire a new Executive Director
- Hire an Accountant
- Be an incubator for a Transportation Management Organization (TMO) on US 34
- Build Transportation Demand Management (TDM) capabilities in the NFRMPO
- Expand outreach to include TDM
- Hire a Planner I and II
- Complete a Call for Projects for MMOF funds for FY2024 and FY2027
- Complete the statewide household travel survey
- Execute trip matching software to support the Mobility Program
- Amend and modify the FY2024-FY2027 TIP as requested
- Complete the Premium Transit Analysis/Link NoCo Phase II
- Continue the translation of key brochures into Spanish for outreach
- Complete the Federally required System Performance Report
- Adopt the FY2024-FY2025 UPWP with 2025 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, 2023**

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents (Note 2)	\$ 237,055	\$ 225,910	\$ 462,965
Investments (Note 2)	1,335,307	4,995,826	6,331,133
Due From Other Governments	158,563	21,778	180,341
Grants Receivable	385,596	-	385,596
Prepaid Items	27,857	-	27,857
Internal Balances	(1,101,935)	1,101,935	-
Capital and Right-of-Use Assets, net (Notes 7 and 9)	937,279	291,500	1,228,779
Total assets	1,979,722	6,636,949	8,616,671
LIABILITIES AND NET POSITION			
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	174,427	41,523	215,950
Unearned revenue	4,333	2,708	7,041
Accumulated leave - due in one year or less (Note 8)	49,421	10,478	59,899
Lease liability - current (Notes 8 and 9)	97,347	-	97,347
Total current liabilities	325,528	54,709	380,237
Long-term liabilities:			
Lease liability - noncurrent (Notes 8 and 9)	859,132	-	859,132
Accumulated leave - due in more than one year (Note 8)	16,205	3,592	19,797
Total liabilities	1,200,865	58,301	1,259,166
Net Position			
Net investment in capital assets	(19,200)	291,500	272,300
Unrestricted	798,057	6,287,148	7,085,205
Total net position	\$ 778,857	\$ 6,578,648	\$ 7,357,505

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, 2023**

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		
					Governmental Activities	Business-Type Activities	Total
Primary Government							
Governmental activities:							
General government	\$ 2,022,881	\$ -	\$ 1,911,797	\$ -	\$ (111,084)	\$ -	\$ (111,084)
Total governmental activities	2,022,881	-	1,911,797	-	(111,084)	-	(111,084)
Business-type activities:							
VanGo™	535,278	105,902	329,972	-	-	(99,404)	(99,404)
Total business-type activities	535,278	105,902	329,972	-	-	(99,404)	(99,404)
Total primary government	\$ 2,558,159	\$ 105,902	\$ 2,241,769	\$ -	(111,084)	(99,404)	(210,488)
General Revenues							
Unrestricted investment earnings					60,828	236,545	297,373
Miscellaneous revenues					17,631	743	18,374
Gain on sale of property					-	111,697	111,697
Total general revenues					78,459	348,985	427,444
Change in net position					(32,625)	249,581	216,956
Net Position, beginning of year					811,482	6,329,067	7,140,549
Net Position, end of year					\$ 778,857	\$ 6,578,648	\$ 7,357,505

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, 2023**

	General Fund
ASSETS	
Cash and Cash Equivalents (Note 2)	\$ 237,055
Investments (Note 2)	1,335,307
Due From Other Governments	158,563
Grants Receivable	385,596
Prepaid Items	27,857
Due From Other Funds	1,215,349
Total assets	\$ 3,359,727
LIABILITIES AND FUND BALANCE	
Liabilities	
Accounts payable and accrued liabilities	\$ 174,427
Deferred revenue	4,333
Advances from other funds	2,317,284
Total liabilities	2,496,044
Fund Balance	
Nonspendable prepaid items	27,857
Unassigned	835,826
Total fund balance	863,683
Total liabilities and fund balance	\$ 3,359,727

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, 2023**

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

Fund balance per the Governmental Fund Balance Sheet		\$	863,683
Capital assets, net, and right-of-use assets, net, used in governmental activities are not financial resources and, therefore, are not reported in the Governmental Fund Balance Sheet.			937,279
Some liabilities are not due and payable in the current period and, therefore, are not reported in the Governmental Fund Balance Sheet:			
Accrued leave	\$	(65,626)	
Lease liability		(956,479)	
			<u>(1,022,105)</u>
Net position of governmental activities		\$	<u><u>778,857</u></u>

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

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

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE
Year Ended December 31, 2023**

	General Fund
Revenues (Note 6)	
Operating grants and contributions:	
Grant revenue - Federal	\$ 1,149,053
Grant revenue - local match	269,616
Other intergovernmental revenue	493,128
Earnings on investments	60,828
Miscellaneous revenue	17,631
Total revenues	<u>1,990,256</u>
Expenditures	
General government:	
Payroll expense	1,096,655
Office expense	173,185
Consultant and professional services	604,994
Other program expense	95,375
Travel/conference/training	16,890
Total expenditures	<u>1,987,099</u>
Excess of revenues over expenditures	3,157
Fund Balance	
Beginning of year	<u>860,526</u>
End of year	<u>\$ 863,683</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, 2023**

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	\$ 3,157
The governmental fund reports 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.	(112,975)
Principal payments on the lease liability	92,467
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 the governmental fund:	
Accumulated leave	<u>(15,274)</u>
Change in net position of governmental activities	<u><u>\$ (32,625)</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, 2023**

	VanGo™
ASSETS	
Current Assets	
Cash and cash equivalents (Note 2)	\$ 225,910
Investments (Note 2)	4,995,826
Receivables	21,778
Advances to other funds	2,317,284
Total current assets	<u>7,560,798</u>
Capital Assets, net (Note 7)	291,500
Total assets	<u>7,852,298</u>
 LIABILITIES AND NET POSITION	
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	41,523
Unearned revenue	2,708
Due to other funds	1,215,349
Accumulated leave - due in less than one year (Note 8)	10,478
Total current liabilities	<u>1,270,058</u>
Long-term liabilities:	
Accumulated leave - due in more than one year (Note 8)	3,592
Total liabilities	<u>1,273,650</u>
Net Position	
Net investment in capital assets	291,500
Unrestricted	6,287,148
Total net position	<u>\$ 6,578,648</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, 2023**

	VanGo™
Operating Revenues (Note 6)	
Charges for services	\$ 105,902
Other program revenues	329,972
Total operating revenues	<u>435,874</u>
Operating Expenses	
Payroll expense	117,170
Fleet expense	163,931
Office expense	83,132
Consultant and professional services	45
Other program expense	7,021
Travel/conference/training	3,778
Depreciation (Note 7)	160,201
Total operating expenses	<u>535,278</u>
Operating (loss)	<u>(99,404)</u>
Nonoperating Revenues	
Other revenues	743
Earnings on investments	236,545
Gain on sale of property	111,697
Total nonoperating revenues	<u>348,985</u>
Change in net position	<u>249,581</u>
Net Position, beginning of year	<u>6,329,067</u>
Net Position, end of year	<u>\$ 6,578,648</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, 2023**

	VanGo™
Cash Flows From Operating Activities	
Cash received from customers	\$ 1,091,989
Cash paid to suppliers and vendors	(222,911)
Cash paid to employees	(116,788)
Net cash provided by operating activities	<u>752,290</u>
Cash Flows From Noncapital Financing Activities	
Other nonoperating revenues	743
Changes in interfund receivable/payable	(730,271)
Net cash (used in) noncapital financing activities	<u>(729,528)</u>
Cash Flows From Capital and Related Financing Activities	
Proceeds from disposition of capital assets	111,697
Purchase of capital assets	(145,340)
Net cash (used in) capital and related financing activities	<u>(33,643)</u>
Cash Flows From Investing Activities	
Earnings on investments	236,545
Sale of investments	(836,545)
Net cash (used in) investing activities	<u>(600,000)</u>
Net change in cash and cash equivalents	<u>(610,881)</u>
Cash and Cash Equivalents, beginning of year	<u>836,791</u>
Cash and Cash Equivalents, end of year	<u><u>\$ 225,910</u></u>
Reconciliation of Operating (Loss) to Net Cash Provided by Operating Activities	
Operating (loss)	\$ (99,404)
Adjustments to reconcile operating (loss) to net cash provided by operating activities:	
Depreciation	160,201
Changes in assets and liabilities:	
Receivables	659,417
Accounts payable and accrued liabilities	34,996
Unearned revenue	(3,302)
Accrued compensated absences	382
	<u><u>\$ 752,290</u></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 with 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 these 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, except for cost-based reimbursement revenue, to be available if they are collectible within 60 days of the current fiscal year. Cost-based reimbursement revenue is considered available if it is collected within 180 days of the current fiscal year. 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 expenditure is incurred for purposes for which both restricted and unrestricted net position are 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 2023 UPWP budget, and October-December is based on the 2024 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 that 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

Leased assets: Right-of-use leased assets are recorded at the present value of the lease as of the effective date of the lease. Amortization on the assets is computed using the straight-line method over the estimated useful life of the leased asset or the lease term, whichever is shorter.

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.

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

NOTES TO THE FINANCIAL STATEMENTS

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

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

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

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

In the fund financial statements, governmental funds report fund classifications that compose 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 because either they are not in spendable form or 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 and 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).

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

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

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 of 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, 2023, the Council had deposits of \$750,114 collateralized with securities held by the financial institutions' agents but not in the Council's name.

Colorado 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, 2023, the balance in the Colorado Local Government Liquid Asset Trust (COLOTRUST), a Colorado local government investment pool trust, was \$6,331,133. The investment pool is routinely monitored by the Colorado Division of Securities with regard to operations and investments. As of December 31, 2023, 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, 2023, 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	236,980	225,910	462,890
Local government investment	1,335,307	4,995,826	6,331,133
Total	\$ 1,572,362	\$ 5,221,736	\$ 6,794,098

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 stating that the Council is not a local government subject to TABOR.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 4. Risk Management

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

The intergovernmental agreements for the formation of CIRSA 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.

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:

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Employer	\$ 103,152	\$ 78,670	\$ 11,449	\$ 10,577	\$ 114,601	\$ 89,247
Employee	23,191	15,982	1,573	2,358	24,764	18,340

Note 5. Retirement Plans

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

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

NOTES TO THE FINANCIAL STATEMENTS

Note 5. Retirement Plans, *Continued*

The modified plan (employee plan) requires both the employer and employees to contribute amounts ranging from 3% to 7.5% (depending on job classification) of their 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 pretax 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 2023 and 2022 were as follows:

	Governmental Activities		Business-Type Activities		Total Government	
	2023	2022	2023	2022	2023	2022
Employer	\$ 114,730	\$ 97,395	\$ 8,008	\$ 7,232	\$ 122,738	\$ 104,627
Employee	21,157	18,299	2,549	2,872	23,706	21,171

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 58% 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 1% 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 13% of the total business-type activities revenue of the VanGo™ Fund is from charges for services. Approximately 42% 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.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 7. Capital Assets and Right-of-Use Asset

A summary of changes to capital assets for the year ended December 31, 2023 follows:

	Balance, January 1	Additions	Deletions	Balance, December 31
Governmental activities:				
Capital assets being depreciated:				
Office equipment	\$ 45,508	\$ 10,788	\$ -	\$ 56,296
Right-of-use asset	1,124,132	-	-	1,124,132
Leasehold improvement	41,938	-	-	41,938
Governmental activities - capital assets being depreciated	1,211,578	10,788	-	1,222,366
Accumulated depreciation:				
Office equipment	25,708	11,350	-	37,058
Right-of-use asset	93,678	112,413	-	206,091
Leasehold improvement	41,938	-	-	41,938
Total accumulated depreciation	161,324	123,763	-	285,087
Governmental activities - capital assets, net	\$ 1,050,254	\$ (112,975)	\$ -	\$ 937,279
Business-type activities:				
Capital assets being depreciated:				
Fleet equipment	\$ 1,064,417	\$ 145,340	\$ 199,460	\$ 1,010,297
Office equipment	29,988	-	-	29,988
Business-type activities - capital assets being depreciated	1,094,405	145,340	199,460	1,040,285
Accumulated depreciation:				
Fleet equipment	759,204	159,053	199,460	718,797
Office equipment	28,840	1,148	-	29,988
Total accumulated depreciation	788,044	160,201	199,460	748,785
Business-type activities - capital assets, net	\$ 306,361	\$ (14,861)	\$ -	\$ 291,500

Depreciation and amortization expense for governmental activities has been allocated to general government for \$123,763.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 8. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended December 31, 2023 follows:

	Balance, January 1	Additions	Reductions	Balance, December 31	Due Within One Year
Governmental activities:					
Accumulated leave	\$ 50,352	\$ 137,812	\$ 122,538	\$ 65,626	\$ 49,421
Lease liability	1,048,946	-	92,467	956,479	97,347
Total long-term liabilities	\$ 1,099,298	\$ 137,812	\$ 215,005	\$ 1,022,105	\$ 146,768
Business-type activities:					
Accumulated leave	\$ 13,688	\$ 9,579	\$ 9,197	\$ 14,070	\$ 10,478
Total long-term liabilities	\$ 13,688	\$ 9,579	\$ 9,197	\$ 14,070	\$ 10,478

Note 9. Leases

The Council recognizes long-term lessee leases in accordance with GASB Statement No. 87, *Leases*. At the commencement of the lease term for a long-term lease (i.e., lease term is greater than 12 months), the Council recognizes a right-of-use leased asset and a lease liability. The right-of-use leased asset is recorded at the present value of the lease as of the effective date of the lease. Amortization on the asset is computed using the straight-line method over the estimated useful life of the leased asset or the lease term, whichever is shorter. The lease liability is measured at the present value of the lease payments expected to be paid during the lease term, inclusive of any options to renew expected to be exercised.

As of March 1, 2022, the Council entered into a right-of-use lease agreement for building and office space, with an initial present value cost of \$1,124,132 and a depreciated cost of \$206,091 as of December 31, 2023. The lease liability has a balance of \$956,479 at December 31, 2023. The lease requires monthly payments of \$9,194, with an annual increase of 3%, using an imputed interest rate of 1.72%.

The building lease is supplemented with a monthly common area maintenance (CAM) charge that is adjusted each year. Total costs for the CAM were \$62,485 for the year ended December 31, 2023.

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

NOTES TO THE FINANCIAL STATEMENTS

Note 9. Leases, *Continued*

Total future minimum lease payments to be paid under the lease agreement are as follows:

	Principal	Interest	Total
Years ending December 31:			
2024	\$ 97,347	\$ 15,734	\$ 113,081
2025	102,499	13,975	116,474
2026	107,799	12,170	119,969
2027	113,294	10,273	123,567
2028	118,970	8,304	127,274
2029-2032	416,570	11,915	428,485
	<u>\$ 956,479</u>	<u>\$ 72,371</u>	<u>\$ 1,028,850</u>

REQUIRED SUPPLEMENTARY INFORMATION

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

**GOVERNMENTAL FUND BUDGETARY COMPARISON STATEMENT
Year Ended December 31, 2023**

	Original Budget	Budget Amendments	Final Budget	Actual	Variance With Final Budget
Revenues					
Grant revenue - Federal	\$ 1,587,799	\$ 311,532	\$ 1,899,331	\$ 1,149,053	\$ (750,278)
Grant revenue - local match	386,664	89,100	475,764	269,616	(206,148)
Other intergovernmental revenue	1,035,225	250,000	1,285,225	493,128	(792,097)
Earnings on investments	-	-	-	60,828	60,828
Miscellaneous	-	-	-	17,631	17,631
Total revenues	<u>3,009,688</u>	<u>650,632</u>	<u>3,660,320</u>	<u>1,990,256</u>	<u>(1,670,064)</u>
Expenditures					
Payroll expense	1,124,882	90,000	1,214,882	1,096,655	118,227
Office expense	115,666	-	115,666	173,185	(57,519)
Consultant and professional services	897,464	327,000	1,224,464	604,994	619,470
Other program expense	374,299	-	374,299	95,375	278,924
Travel/conference/training	37,103	-	37,103	16,890	20,213
Capital outlay - purchases	25,000	-	25,000	-	25,000
Total expenditures	<u>2,574,414</u>	<u>417,000</u>	<u>2,991,414</u>	<u>1,987,099</u>	<u>1,004,315</u>
Excess (deficiency) of revenues over expenditures	<u>435,274</u>	<u>233,632</u>	<u>668,906</u>	<u>3,157</u>	<u>(665,749)</u>
Other Financing (Uses)					
Transfers out	(310,000)	-	(310,000)	-	310,000
Addition to reserves	(125,274)	(233,632)	(125,274)	-	125,274
Total other financing (uses)	<u>(435,274)</u>	<u>(233,632)</u>	<u>(435,274)</u>	<u>-</u>	<u>435,274</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,632</u>	<u>\$ 3,157</u>	<u>\$ (230,475)</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 a 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 North Front Range Transportation & Air Quality Planning Council must approve changes in the General Fund's budget. (See Note 1 to the financial statements 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, 2023**

	Original/Final Budget	Actual	Variance With Final Budget
Operating Revenues			
Charges for service	\$ 200,000	\$ 105,902	\$ (94,098)
Other program revenues	808,354	329,972	(478,382)
Total operating revenues	1,008,354	435,874	(572,480)
Operating Expenses			
Payroll expense	119,949	117,170	2,779
Fleet expense	240,723	163,931	76,792
Office expense	132,885	83,132	49,753
Consultant and professional services	1,000	45	955
Other program expense	82,341	7,021	75,320
Travel/conference/training	6,500	3,778	2,722
Capital purchases	299,341	-	299,341
Total operating expenses	882,739	375,077	507,662
Operating gain	125,615	60,797	(64,818)
Nonoperating Revenues			
Other revenues	-	743	743
Earnings on investment	-	236,545	236,545
Gain on sale of capital assets	-	111,697	111,697
Total nonoperating revenues	-	348,985	348,985
Change in net position - budgetary basis	\$ 125,615	409,782	\$ 284,167
Reconciliation to GAAP Basis			
Depreciation		(160,201)	
Change in net position - GAAP basis		\$ 249,581	

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

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2023**

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal Assistance Listing Number	Pass-Through Entity Identifying Number	Total Federal Expenditures
U.S. Department of Transportation			
Pass through Colorado Department of Transportation:			
Highway Planning and Construction	20.205	23-HTD-ZL-00044	\$ 770,129
Highway Planning and Construction	20.205	23-HTD-ZL-00102	222,238
Highway Planning and Construction	20.205	22-HTD-ZL-00171-M0004	10,415
Total Highway Planning and Construction			<u>1,002,782</u>
Transit Services Programs Cluster:			
Pass through Colorado Department of Transportation:			
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	23-HTR-ZL-00095	117,302
Enhanced Mobility of Seniors and Individuals With Disabilities	20.513	23-HTR-ZL-00139	28,969
Total Transit Services Programs Cluster			<u>146,271</u>
Total U.S. Department of Transportation			<u>1,149,053</u>
Total expenditures of Federal awards			<u>\$ 1,149,053</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 provides no Federal funds to subrecipients.

Note 2. De Minimis Cost Rate

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

Note 3. Basis of Presentation

The Schedule includes the Federal award activity of the Council under programs of the Federal government for the year ended December 31, 2023. 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 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 (*Government Auditing Standards*), 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, 2023, 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 20, 2024.

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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified a deficiency in internal control described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001, 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*.

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 20, 2024



**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

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 Office of Management and Budget's *Compliance Supplement* that could have a direct and material effect on the Council's major Federal program for the year ended December 31, 2023. The Council's major Federal program is identified in the Summary of Independent 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, 2023.

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.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on 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 20, 2024

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023**

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 the 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 the 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 the major Federal program:

Assistance Listing Number	Name of Federal Program or Cluster
20.205	Highway Planning and Construction

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

Auditee qualified as low-risk auditee? ☒ Yes ☐ No

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2023**

II. FINANCIAL STATEMENT FINDINGS

2023-001: General Fund Budgetary Amendments

Criteria: The original budget, as well as any amendments, should be approved by the North Front Range Transportation & Air Quality Planning Council (the Council) and memorialized in the minutes.

Condition/context: The Council was unable to provide an approved budget amendment in the amount of \$233,632 that occurred during the year ended December 31, 2023.

Cause: Appropriate budgets are established for all funds of the Council. Any revisions that alter the total budgeted expenditure of any tasks must be approved by the Planning Council or by means of an administrative amendment and be formally incorporated into an amended Unified Planning Work Program. The Council amended the FY2023 budget during the current fiscal year for the General Fund. However, the Council was unable to provide an amended budget approved by the Planning Council in the amount of \$233,632.

Effect: As a result, there was no support for the budget amendment.

Recommendation: We recommend that the Council memorialize all budget amendments during the Planning Council meeting minutes. Additionally, we recommend that after the original budget is entered into the accounting system a budget report is retained with the original budget that was approved by the Planning Council. The same thing would apply when there is a budget amendment.

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 AUDIT FINDINGS
Year Ended December 31, 2023**

I. FINANCIAL STATEMENT FINDINGS

2022-001: Internal Controls and Audit Adjustments to Due to/From Balances

Condition/context: Adjusting journal entries were identified as being necessary so that the General Fund and VanGo™ fund balances would roll forward from the prior year and the interfund payable/receivable would balance.

Recommendation: We recommend that the North Front Range Transportation & Air Quality Planning Council revise its internal control processes over interfund transactions to ensure the accuracy and completeness of financial information.

Status: The corrective action plan was implemented.

Auditor's comment: The corrective action plan was implemented, and there were no corresponding adjusting journal entries associated with due to/from balances. The finding is considered resolved.

2023-01: General Fund Budgetary Amendments

Condition/Context: The Council was unable to provide an approved budget amendment in the amount of \$233,632 that occurred during the year ended December 31, 2023.

Recommendation: We recommend that the Council memorialize all budget amendments during the Planning Council meeting minutes. Additionally, we recommend that after the original budget is entered into the accounting system, a budget report is retained with the original budget that was approved by the Planning Council. The same thing would apply when there is a budget amendment.

Corrective Action Plan: Moving forward, each quarter a budget report will be run and retained to verify that any amendments or modifications have been appropriately accounted for in the financial system and the Unified Planning Work Program. This will become part of the quarterly unaudited financial statements that are presented to the Finance Committee and the Council.

Contact: Suzette Mallette, Executive Director

Anticipated Completion Date: June 28, 2024