



North Front Range
Metropolitan
Planning
Organization

North Front Range Transportation & Air Quality Planning Council

FINANCIAL STATEMENTS

December 31, 2018

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

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NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

Listing of Council Members

As of December 31,2018

| Representative | Member Entity Represented |
|-----------------------------|----------------------------------|
| Tom Donnelly – Chair | Larimer County |
| Kristie Melendez-Vice Chair | Town of Windsor |
| Kevin Ross-Past Chair | Town of Eaton |
| William Karspeck | Town of Berthoud |
| Mark Clark | City of Evans |
| Gerry Horak | City of Fort Collins |
| Rob Casseday | City of Greeley |
| Troy Mellon | Town of Johnstown |
| Paula Cochran | Town of LaSalle |
| Elizabeth Austin | Town of Milliken |
| Don McLeod | Town of Severance |
| Aaron Pearson | Town of Timnath |
| Julie Cozad | Weld County |
| Rick Coffin | Air Quality Control Commission |
| Kathy Gilliland | Transportation Commission |

Listing of Staff Members

As of December 31, 2018

| Name | Position |
|------------------|--|
| Suzette Mallette | Executive Director |
| Shane Armstrong | Operations Services Coordinator |
| Barbara Bills | Administrative Support/Accounting Clerk I |
| Ryan Dusil | Transportation Planner |
| Alex Gordon | Transportation Planner II/Mobility Coordinator |
| Crystal Hedberg | Finance Director |
| Rebekah Karasko | Regional Transportation Planning Director |
| Medora Kealey | Transportation Planner |
| Merideth Kimsey | Accounting Clerk III/ NTD Reporter |
| Sarah Martin | Transportation Planner |
| Rena Steffen | Administrative Director |



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the North Front Range Transportation & Air Quality Planning Council (the Council) as of and for the year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the Council as of December 31, 2018, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4 through 10 and 31 through 32 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other 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, and the proprietary fund budgetary comparison statement are presented for purposes of additional analysis and are not a required part of the financial statements.

The proprietary fund budgetary comparison statement is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the proprietary fund budgetary comparison statement is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The listing of council members and staff members has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 26, 2019 on our consideration of North Front Range Transportation & Air Quality Planning Council's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 North Front Range Transportation & Air Quality Planning 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
March 26, 2019

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2018

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, 2018. The management’s discussion and analysis is intended to be read in conjunction with the Council’s financial statements beginning on page 11.

Financial Highlights

Our primary sources of transportation planning and program operating revenues were as follows for calendar year 2018:

Governmental Activities

| | | |
|---|----|---------|
| Consolidated Planning Grant (CPG) Federal Funding | \$ | 800,617 |
| Surface Transportation Program (STBG) Federal Funding | | 39,195 |
| Section 5310 Federal Funding | | 23,178 |
| State Planning & Research Grant-Federal Funding | | 60,273 |
| Other Intergovernmental Income | | 72,805 |
| Local Match - Member Entities | | 297,439 |

Business-type Activities

| | | |
|------------------------------|----|---------|
| VanGo™ Operating Fares | \$ | 534,078 |
| Fort Collins Program Revenue | | 636,369 |
| Insurance Recovery | | 159,981 |

Overview of the Financial Statements

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

Combined Government-Wide and Fund Financial Statements

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

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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

The government-wide financial statements can be found beginning on page 11 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The Council is comprised of one governmental fund and one proprietary fund, the General fund and VanGo™, an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Council uses an enterprise fund to account for the VanGo™ vanpooling program.

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

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

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

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

Notes to the Financial Statements

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Government-Wide Financial Analysis

Assets exceed liabilities by \$4,904,370 at the close of the year. Of this figure, \$668,010 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 | |
|----------------------------------|-------------------------|------------|--------------------------|--------------|------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Current and Other Assets | \$ 718,301 | \$ 702,881 | \$ 3,649,378 | \$ 3,289,188 | \$ 4,367,679 | \$ 3,992,069 |
| Capital Assets, Net | 39,803 | 58,468 | 628,207 | 643,968 | 668,010 | 702,436 |
| Total Assets | 758,104 | 761,349 | 4,277,585 | 3,933,156 | 5,035,689 | 4,694,505 |
| Current and Other Liabilities | 75,885 | 80,854 | 29,956 | 55,598 | 105,841 | 136,452 |
| Unearned Revenues | - | - | 8,455 | 22,335 | 8,455 | 22,335 |
| Long-term Liabilities | 15,184 | 11,460 | 1,839 | 827 | 17,023 | 12,287 |
| Total Liabilities | 91,069 | 92,314 | 40,250 | 78,760 | 131,319 | 171,074 |
| Net Position | | | | | | |
| Net Investment in Capital Assets | 39,803 | 58,468 | 628,207 | 643,968 | 668,010 | 702,436 |
| Restricted for Grants | - | - | 56,054 | - | 56,054 | - |
| Unrestricted | 627,232 | 610,567 | 3,553,074 | 3,210,428 | 4,180,306 | 3,820,995 |
| Total Net Position | \$ 667,035 | \$ 669,035 | \$ 4,237,335 | \$ 3,854,396 | \$ 4,904,370 | \$ 4,523,431 |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

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 | |
|--|-----------------------|------------|--------------------------|--------------|------------------|--------------|
| | 2018 | 2017 | 2018 | 2017 | 2018 | 2017 |
| Revenues: | | | | | | |
| VanGo™ Vanpool Fares | \$ - | \$ - | \$ 534,078 | \$ 599,166 | \$ 534,078 | \$ 599,166 |
| Total Charge for Services | - | - | 534,078 | 599,166 | 534,078 | 599,166 |
| Grant Revenue - Federal | 923,263 | 767,139 | - | - | 923,263 | 767,139 |
| Grant Revenue - Local Match | 297,439 | 240,841 | - | - | 297,439 | 240,841 |
| Program Revenues | 72,805 | 39,879 | 636,369 | 658,152 | 709,174 | 698,031 |
| Total Operating Grants and Contributions | 1,293,507 | 1,047,859 | 636,369 | 658,152 | 1,929,876 | 1,706,011 |
| Grant Revenue- Capital Contributions | - | - | - | 294,256 | - | 294,256 |
| Total Capital Grants and Contributions | - | - | - | 294,256 | - | 294,256 |
| Earnings on investments | 8,380 | 4,993 | 63,550 | 20,866 | 71,930 | 25,859 |
| Miscellaneous Revenues | 438 | 191 | 159,981 | 86,822 | 160,419 | 87,013 |
| Gain on Sale of Capital Assets | | 2,075 | 83,843 | 73,942 | 83,843 | 76,017 |
| Total General Revenues | 8,818 | 7,259 | 307,374 | 181,630 | 316,192 | 188,889 |
| Total Revenues | 1,302,325 | 1,055,118 | 1,477,821 | 1,733,204 | 2,780,146 | 2,788,322 |
| Expenditures: | | | | | | |
| Payroll Expense | 790,650 | 740,352 | 121,772 | 137,549 | 912,422 | 877,901 |
| Fleet Expense | - | 2,962 | 544,581 | 581,138 | 544,581 | 584,100 |
| Office Expense | 148,694 | 127,682 | 98,170 | 95,143 | 246,864 | 222,825 |
| Consultant & Professional | 298,647 | 96,578 | 2,548 | 8,340 | 301,195 | 104,918 |
| Other Program Expense | 45,017 | 44,933 | 29,576 | 43,203 | 74,593 | 88,136 |
| Travel/Conference/Training | 21,280 | 26,148 | 4,419 | 4,275 | 25,699 | 30,423 |
| Interest Expense | 37 | 46 | - | - | 37 | 46 |
| Depreciation | - | - | 293,816 | 388,763 | 293,816 | 388,763 |
| Total Expenditures | 1,304,325 | 1,038,701 | 1,094,882 | 1,258,411 | 2,399,207 | 2,297,112 |
| Change in Net Position | (2,000) | 16,417 | 382,939 | 474,793 | 380,939 | 491,210 |
| Net Position - Beginning of Year | 669,035 | 652,618 | 3,854,396 | 3,379,603 | 4,523,431 | 4,032,221 |
| Net Position - End of Year | \$ 667,035 | \$ 669,035 | \$ 4,237,335 | \$ 3,854,396 | \$ 4,904,370 | \$ 4,523,431 |

The above condensed summary of the Councils governmental and business type activities for the period ended December 31, 2018 reflects net position increasing by \$380,939 (8.4%). The prior period is also included for comparative purposes.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2018

Governmental activities. Governmental activities decreased the Council's net position by \$2,000 accounting for a negative 0.052% of the Council's \$380,939 overall increase in net position. Major variations are due to the following;

- Federal grant revenues increased by \$156,124 in 2018 which was mostly due to increased reimbursement for consulting costs to update the Travel Demand Model. 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 \$56,598 based on budgeted requirements. Local match funds received not required for matching grant revenue is used to fund the governmental operating reserve.
- In 2018 Council received funding of \$19,937 from the National Aging and Disability Transportation Center to establish an expert panel composed of representatives from transit agencies, volunteer transportation agencies, human service providers and riders to produce evaluation criteria for software to facilitate a "One Call, One Click" center to increase accessible transportation for older adults and people with disabilities living in the community.
- Governmental activities expenditures had an increase of \$265,624 largely due to an increase in consultant costs for the Travel Demand Model update.

Business-type activities. Business-type activities (VanGo™ van pools program) increased the Council's net position by \$382,939 accounting for 100.52% of the Council's \$380,939 increase in net position. Major variations are due to the following:

- Vanpool Fares decreased by \$65,088 due to a continued decrease in ridership. The program recorded a gain of \$83,843 for the sales of vans.
- During 2018, the VanGo™ program sustained hail damage on many vans. A total of \$159,981 was received in insurance proceeds to offset the cost of repairs.
- Business-type activities expenses totaled \$1,094,882 a decrease of \$163,529 compared to 2017. With the continued decline in ridership, requirements for fleet maintenance has declined as well.

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 2018 UPWP budget and October-December is from the 2019 UPWP budget. It should be noted that a federal fiscal year budget (October-September) is federally required for its Unified Planning Work Program (UPWP) and that the Council cannot expend more than is budgeted in the UPWP, without amendments to the UPWP and related funding contracts.

Budgetary highlights for 2018 included the disposition of thirteen vans and acquisition of nine vans for a net decrease of four vans. During 2018, the VanGo™ vanpool program added two new routes and cancelled six routes resulting in a decrease of four routes. The program ended the year with an occupancy rate at 86% for the remaining routes. When compared with the prior year, operating revenue decreased by 10.86% during 2018. This decrease is due to multiple factors including continued low fuel costs, increased alternatives such as Bustang and FLEX and retirement of long-term vanpoolers.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2018

Capital Asset and Debt Administration

Capital Assets

The Council’s net investment in capital assets at December 31, 2018 amounts to \$668,010 (net of accumulated depreciation). This net investment in capital assets includes motor vehicles, office equipment and leasehold improvements

The capital assets purchased during the year were as follows:

- Vans (9) \$ 278,055

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

| | Governmental Activities | | Business-type Activities | | Total Government | |
|-----------------------------|------------------------------------|-------------------------|-------------------------------------|--------------------------|-----------------------------|--------------------------|
| | 2018 | 2017 | 2018 | 2017 | 2108 | 2017 |
| Motor Vehicles | \$ - | \$ - | \$ 623,670 | \$ 630,358 | \$ 623,670 | \$ 630,358 |
| Office Equipment & Software | 18,834 | 29,111 | 4,537 | 13,610 | 23,371 | 42,721 |
| Leasehold Improvement | 20,969 | 29,357 | - | - | 20,969 | 29,357 |
| | <u><u>\$ 39,803</u></u> | <u><u>\$ 58,468</u></u> | <u><u>\$ 628,207</u></u> | <u><u>\$ 643,968</u></u> | <u><u>\$ 668,010</u></u> | <u><u>\$ 702,436</u></u> |

Additional information on the Council’s capital assets can be found in Note 1 on pages 20-25 and Note 7 on page 29 of this report.

Long-term Liabilities

At December 31, 2018, the Council had \$17,023 of long-term liabilities. The long-term liabilities of the Council represent accrued compensated absences as follows:

| | Governmental Activities | Business-type Activities | Total Government |
|------------------------------|------------------------------------|-------------------------------------|-----------------------------|
| Accrued Compensated Absences | <u><u>\$ 15,184</u></u> | <u><u>\$ 1,839</u></u> | <u><u>\$ 17,023</u></u> |

Economic Factors and Next Year’s Tasks (Budget)

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT’S DISCUSSION AND ANALYSIS
December 31, 2018

Economic prosperity has brought positive and negative impacts to the region. Transportation funding has not seen a reliable, sustainable source which effectively addresses the demand on the system. In the fall of 2018, Colorado voters had the option of two ballot proposals that would fund transportation on a statewide basis and both measures failed. Transportation funding is not keeping pace with the demand on the roadway system and is increasing relying on local governments to help fund state facilities as well as their local system.

Accomplishments expected in 2019:

- Create a business and financial plan for a “One Call/One Click” system for seniors and people with disabilities to book rides
- Adopt Freight Northern Colorado, the region first freight plan
- Adopt the 2045 Regional Transportation Plan
- Adopt the 2019 Public Information Plan
- Adopt the FY 2020 - FY 2023 TIP
- Adopt 2019 Congestion Management Plan (CMP)
- Update the Regional Travel Demand Model to 2045
- Update the Regional Land Use Allocation Model to 2045
- Approve the FY 2022 – 2023 Call for Projects
- Adopt the federally required Performance Measures
- Prepare a Fare Analysis for the VanGo™ program
- Participate with the RAQC committees to develop control strategies for the upcoming SIP’s
- Adopt a 2020-2021 UPWP
- Perform Conformity on both the TIP and RTP

Requests for Information

This financial report is designed to provide federal and state oversight agencies, taxpayers, and creditors with a general overview of the Council’s finances and to demonstrate the Council’s accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to: Crystal Hedberg, Finance Director, North Front Range Transportation & Air Quality Planning Council, 419 Canyon Avenue, Suite 300, Fort Collins, Colorado 80521, or by phone at (970) 416-2638, or by e-mail at chedberg@nfrmpo.org.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

STATEMENT OF NET POSITION

December 31, 2018

| | Primary Government | | Total |
|---|------------------------------------|-------------------------------------|----------------------|
| | Governmental Activities | Business-type Activities | |
| <u>ASSETS</u> | | | |
| Cash and Cash Equivalents (Note 2) | \$ 32,573 | \$ 153,519 | \$ 186,092 |
| Investments (Note 2) | 310,463 | 3,415,525 | 3,725,988 |
| Due from Other Governments | 28,154 | 73,784 | 101,938 |
| Grants Receivable | 348,779 | - | 348,779 |
| Prepaid Items | 4,882 | - | 4,882 |
| Internal Balances | (6,550) | 6,550 | - |
| Capital Assets, Net (Note 7) | 39,803 | 628,207 | 668,010 |
| Total Assets | <u>758,104</u> | <u>4,277,585</u> | <u>5,035,689</u> |
| <u>LIABILITIES AND NET POSITION</u> | | | |
| <u>LIABILITIES</u> | | | |
| Accounts Payable and Accrued Liabilities | 56,608 | 26,621 | 83,229 |
| Unearned Revenue | - | 8,455 | 8,455 |
| Accumulated Leave - due in one year or less | 19,277 | 3,335 | 22,612 |
| Long-term Liabilities: | | | |
| Accumulated Leave - due in more than one year (Note 8) | 15,184 | 1,839 | 17,023 |
| Total Liabilities | <u>91,069</u> | <u>40,250</u> | <u>131,319</u> |
| <u>NET POSITION</u> | | | |
| Net Investment in Capital Assets | 39,803 | 628,207 | 668,010 |
| Restricted for Grants | - | 56,054 | 56,054 |
| Unrestricted | 627,232 | 3,553,074 | 4,180,306 |
| Total Net Position | <u>\$ 667,035</u> | <u>\$ 4,237,335</u> | <u>\$ 4,904,370</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

STATEMENT OF ACTIVITIES
Year Ended December 31, 2018

| Functions/Programs | Program Revenue | | | | Net (Expenses) Revenue and Changes in Net Assets | | |
|----------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|--|--------------------------|---------------------|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government | | |
| | | | | | Governmental Activities | Business-Type Activities | Total |
| Primary Government | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 1,304,325 | \$ - | \$ 1,293,507 | \$ - | \$ (10,818) | \$ - | \$ (10,818) |
| Total Governmental Activities | <u>1,304,325</u> | <u>-</u> | <u>1,293,507</u> | <u>-</u> | <u>(10,818)</u> | <u>-</u> | <u>(10,818)</u> |
| Business-type Activities: | | | | | | | |
| VanGo™ | 1,094,882 | 534,078 | 636,369 | - | - | 75,565 | 75,565 |
| Total Business-type Activities | <u>1,094,882</u> | <u>534,078</u> | <u>636,369</u> | <u>-</u> | <u>-</u> | <u>75,565</u> | <u>75,565</u> |
| Total Primary Government | <u>\$ 2,399,207</u> | <u>\$ 534,078</u> | <u>\$ 1,929,876</u> | <u>\$ -</u> | <u>(10,818)</u> | <u>75,565</u> | <u>64,747</u> |
| General Revenues | | | | | | | |
| Unrestricted Investment Earnings | | | | | 8,380 | 63,550 | 71,930 |
| Miscellaneous Revenues | | | | | 438 | 159,981 | 160,419 |
| Gain on Sale of Property | | | | | - | 83,843 | 83,843 |
| Total General Revenues | | | | | <u>8,818</u> | <u>307,374</u> | <u>316,192</u> |
| Change in Net Position | | | | | (2,000) | 382,939 | 380,939 |
| Net position -Beginning | | | | | 669,035 | 3,854,396 | 4,523,431 |
| Net position -Ending | | | | | <u>\$ 667,035</u> | <u>\$ 4,237,335</u> | <u>\$ 4,904,370</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

GOVERNMENTAL FUND BALANCE SHEET

December 31, 2018

| | <u>General Fund</u> |
|--|-------------------------|
| <u>ASSETS</u> | |
| Cash and Cash Equivalents (Note 2) | \$ 32,573 |
| Investments (Note 2) | 310,463 |
| Due from Other Governments | 28,154 |
| Grants Receivable | 348,779 |
| Prepaid Items | 4,882 |
| Due From Other Funds | <u>19,153</u> |
| Total Assets | <u>\$ 744,004</u> |
| <u>LIABILITIES AND NET POSITION</u> | |
| <u>LIABILITIES</u> | |
| Accounts Payable and Accrued Liabilities | \$ 56,608 |
| Advances from Other Funds | <u>25,703</u> |
| Total Liabilities | <u>82,311</u> |
| <u>FUND BALANCE</u> | |
| Nonspendable Prepaid Items | 4,882 |
| Unassigned | <u>656,811</u> |
| Total Fund Balance | <u>661,693</u> |
| Total Liabilities and Fund Balance | <u>\$ 744,004</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

**RECONCILIATION OF THE GOVERNMENTAL FUND BALANCE SHEET
TO THE STATEMENT OF NET POSITION**

December 31, 2018

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

| | |
|---|-------------------|
| Fund Balance per General Fund (see page 13) | \$ 661,693 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental fund balance sheet: | |
| Total Capital Assets, net | 39,803 |
| Some Liabilities are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet: | |
| Accumulated Leave | <u>(34,461)</u> |
| Net Position (see page 11) | <u>\$ 667,035</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

**STATEMENT OF GOVERNMENTAL FUND REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE**

Year Ended December 31, 2018

| | General Fund |
|---|-------------------------|
| REVENUE | |
| Operating Grants and Contributions | |
| Grant Revenue - Federal | \$ 923,263 |
| Grant Revenue - Local Match | 297,439 |
| Other Intergovernmental Revenue | 72,805 |
| Earnings on Investments | 8,380 |
| Miscellaneous | 438 |
| Total Revenues | <u>1,302,325</u> |
| EXPENDITURES/EXPENSES | |
| General Government | |
| Payroll Expense | 806,568 |
| Office Expense | 130,029 |
| Consultant and Professional Services | 298,647 |
| Other Program Expense | 45,017 |
| Travel / Conference / Training | 21,280 |
| Interest Expense | 37 |
| Total Expenditures/ Expenses | <u>1,301,578</u> |
| Excess of revenues over expenditures | 747 |
| FUND BALANCE/ NET POSITION | |
| Beginning of the Year | 660,946 |
| End of the Year | <u>\$ 661,693</u> |

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, 2018

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

Changes in Fund Balance - General Fund (see page 15) \$ 747

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

| | | |
|--------------|-----------------|----------|
| Depreciation | <u>(18,665)</u> | |
| Total | | (18,665) |

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

| | | |
|----------------------|--|--------|
| Compensated Absences | | 15,918 |
|----------------------|--|--------|

| | | |
|--------------------------------------|--|-------------------|
| Change in Net Position (see page 12) | | <u>\$ (2,000)</u> |
|--------------------------------------|--|-------------------|

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

PROPRIETARY FUND STATEMENT OF NET POSITION

December 31, 2018

| | <u>VanGo™</u> |
|--|---------------------|
| <u>ASSETS</u> | |
| Cash and Cash Equivalents (Note 2) | \$ 153,519 |
| Investments (Note 2) | 3,415,525 |
| Receivables | 73,784 |
| Advances to Other Funds | <u>25,703</u> |
| Total Current Assets | 3,668,531 |
| Capital Assets, Net (Note 7) | <u>628,207</u> |
| Total Assets | <u>4,296,738</u> |
| <u>LIABILITIES AND NET POSITION</u> | |
| LIABILITIES | |
| Accounts Payable and Accrued Liabilities | 26,621 |
| Unearned Revenue | 8,455 |
| Due to Other Funds | 19,153 |
| Accumulated Leave - due in less than one year | <u>3,335</u> |
| Total Current Liabilities | 57,564 |
| Long-term Liabilities | |
| Accumulated Leave - due in more than one year (Note 8) | <u>1,839</u> |
| Total Liabilities | <u>59,403</u> |
| NET POSITION | |
| Net Investment in Capital Assets | 628,207 |
| Restricted for Grants | 56,054 |
| Unrestricted | <u>3,553,074</u> |
| Total Net Position | <u>\$ 4,237,335</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

PROPRIETARY FUND STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
Year Ended December 31, 2018

| | VanGo™ |
|--------------------------------------|---------------------|
| OPERATING REVENUES | |
| Charges for Services | \$ 534,078 |
| Other Program Revenues | 636,369 |
| Total Operating Revenues | <u>1,170,447</u> |
| OPERATING EXPENSES | |
| Payroll Expense | 121,772 |
| Fleet Expense | 544,581 |
| Office Expense | 98,170 |
| Consultant and Professional Services | 2,548 |
| Other Program Expense | 29,576 |
| Travel / Conference / Training | 4,419 |
| Depreciation | 293,816 |
| Total Operating Expenses | <u>1,094,882</u> |
| Operating Income | <u>75,565</u> |
| NONOPERATING REVENUES | |
| Other Revenue | 159,981 |
| Earnings on Investments | 63,550 |
| Gain on Sale of Property | 83,843 |
| Total Nonoperating Revenues | <u>307,374</u> |
| Change in Net Position | 382,939 |
| Net Position, Beginning of the Year | <u>3,854,396</u> |
| Net Position, End of the Year | <u>\$ 4,237,335</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

PROPRIETARY FUND
STATEMENT OF CASH FLOWS
Year Ended December 31, 2018

| | <u>VanGo™</u> |
|--|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | |
| Cash Received From Customers | \$ 1,826,242 |
| Cash Paid to Suppliers and Vendors | (703,865) |
| Cash paid to Employees | (121,831) |
| Net Cash Flows from Operating Activities | <u>1,000,546</u> |
| CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES | |
| Other Nonoperating Revenues | 159,981 |
| Changes in Interfund Receivable/Payable | 15,887 |
| Net Cash Flows from Non Capital and Related Financing Activities | <u>175,868</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | |
| Proceeds from Disposition of Capital Assets | 83,843 |
| Purchase of Capital Assets | (278,055) |
| Net Cash Flows (used for) Capital and Related Financing Activities | <u>(194,212)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | |
| Earnings on Investments | 63,550 |
| Sale of Investments | (1,101,529) |
| Net Cash Flows (used for) Investing Activities | <u>(1,037,979)</u> |
| Net Change in Cash and Cash Equivalents | (55,777) |
| Cash and Cash Equivalents - Beginning of Year | 209,296 |
| Cash and Cash Equivalents - End of year | <u>\$ 153,519</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES; | |
| Operating Income | \$ 75,565 |
| Adjustment to Reconcile Operating Income to Net Cash Flows from Operating Activities; | |
| Depreciation | 293,816 |
| Changes in Assets and Liabilities | |
| Receivables | 669,675 |
| Accounts Payable and Accrued Liabilities | (24,571) |
| Unearned Revenue | (13,880) |
| Accrued Compensated Absences | (59) |
| | <u>\$ 1,000,546</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

B. Government-wide and Fund Financial Statements

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

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.

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.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

Under the modified accrual basis of accounting, as used in governmental fund financial statements, revenues are recognized when they are both measurable and available. Grants and similar items are recognized when they are both measurable and available. Revenues are considered to be "measurable" when in the hands of intermediary collecting governments and are recognized as revenue at that time. Revenues are considered to be "available" when they are collectible within the current fiscal year or soon enough thereafter to pay liabilities of the current fiscal year. For this purpose, the Council considers revenues to be available if they are collectible within 60 days of the current fiscal year, except intergovernmental revenue which is considered "available" when an agreement is executed. Expenditures are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

The Council presents the following major governmental fund:

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

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

The Council reports the following major proprietary fund:

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

D. Budget and Budgetary Accounting

Appropriated budgets are established for all funds of the Council

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

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

The Council's annual fiscal year budget is based on two fiscal year budgets. January-September is based on the 2018 UPWP budget and October-December is based on the 2019 UPWP budget. Actual expenses in the VanGo™ Fund exceeded budgeted amounts during 2018 which may not be in compliance with the UPWP.

E. Cash and Cash Equivalents

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

F. Investments

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

G. Receivables

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

H. 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.

I. Capital Assets

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

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

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

J. 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 non-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

K. Accumulated Leave

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

L. 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.

M. Estimates

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

N. Fund Balance and Net Position

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

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

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

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

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

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

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

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

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

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

Unassigned - all other spendable amounts.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

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.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust. For the General Fund, the bank balances with the financial institutions were \$56,821 of which all was covered by federal depository insurance. The bank balances for the VanGo™ fund were \$151,504 of which all was covered by federal depository insurance.

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

At December 31, 2018 the balance in the Colorado Local Government Liquid Asset Trust (“COLOTRUST”), a Colorado local government investment pool trust was \$3,725,988. The investment pools are routinely monitored by the Colorado division of Securities with regard to operations and investments. As of December 31, 2018, 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, 2018, 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 | 32,498 | 153,519 | 186,017 |
| Local government investment pool | 310,463 | 3,415,525 | 3,725,988 |
| Total | \$ 343,036 | \$ 3,569,044 | \$ 3,912,080 |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

NOTE 3: TABOR AMENDMENT

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

NOTE 4: RISK MANAGEMENT

Property, Liability, and Workers Compensation

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

The intergovernmental agreements for the formation of CIRSA provides that the pool will be self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self-insurance retention, which is determined each policy year. Coverage under this membership includes Property, Liability, Crime, Public Officials Errors and Omissions Liability, and Workers’ Compensation. Settled claims resulting from these risks have not exceeded insurance coverage since inception.

Employee Health and Illness

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

| | <u>Government Activities</u> | | <u>Business-type Activities</u> | | <u>Total Government</u> | |
|----------|------------------------------|-----------|---------------------------------|-----------|-------------------------|-----------|
| | 2017 | 2018 | 2017 | 2018 | 2017 | 2018 |
| Employer | \$ 67,807 | \$ 67,168 | \$ 15,469 | \$ 13,998 | \$ 83,276 | \$ 81,166 |
| Employee | 21,493 | 18,652 | 4,142 | 3,715 | 25,635 | 22,367 |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

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 \$55,000 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 2018 and 2017 were:

| | <u>Government Activities</u> | | <u>Business-type Activities</u> | | <u>Total Government</u> | |
|----------|------------------------------|-------------|---------------------------------|-------------|-------------------------|-------------|
| | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> | <u>2017</u> | <u>2018</u> |
| Employer | \$ 42,607 | \$ 66,304 | \$ 7,400 | \$ 8,199 | \$ 50,007 | \$ 74,503 |
| Employee | 20,636 | 14,706 | 3,241 | 2,848 | 23,877 | 17,554 |

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.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

NOTE 6: CONCENTRATION

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

Approximately 36% of the organization's total revenue of the VanGo™ fund is from charges for services. Approximately 43% of the organization's total revenue of the VanGo™ fund is from the City of Fort Collins in accordance with a funding exchange for FTA Section 5307 and 5339 funds.

NOTE 7: CAPITAL ASSETS

A summary of changes to capital assets for the year ended December 31, 2018 follows:

| | <u>1/1/2018 Balance</u> | <u>Additions</u> | <u>Deletions</u> | <u>12/31/2018 Balance</u> |
|---|-----------------------------|--------------------|------------------|-------------------------------|
| Governmental activities | | | | |
| <u>Capital Assets Being Depreciated</u> | | | | |
| Office Equipment | \$ 82,411 | \$ - | \$ - | \$ 82,411 |
| Leasehold Improvements | 41,938 | - | - | 41,938 |
| Government activities Capital Assets being Depreciated | <u>124,349</u> | <u>-</u> | <u>-</u> | <u>124,349</u> |
| <u>Accumulated Depreciation</u> | | | | |
| Office Equipment | 53,299 | 10,278 | | 63,577 |
| Leasehold Improvements | 12,582 | 8,387 | - | 20,969 |
| Total Accumulated Depreciation | <u>65,881</u> | <u>18,665</u> | <u>-</u> | <u>84,546</u> |
| Governmental Activities | | | | |
| Capital Assets, Net | <u>\$ 58,468</u> | <u>\$ (18,665)</u> | <u>\$ -</u> | <u>\$ 39,803</u> |
| Business-type activities | | | | |
| <u>Capital Assets Being Depreciated</u> | | | | |
| Fleet Equipment | \$ 2,039,749 | \$ 278,055 | \$ 308,642 | \$ 2,009,162 |
| Office Equipment | 27,220 | - | - | 27,220 |
| Business-type activities Capital Assets being Depreciated | <u>2,066,969</u> | <u>278,055</u> | <u>308,642</u> | <u>2,036,382</u> |
| <u>Accumulated Depreciation</u> | | | | |
| Fleet Equipment | 1,409,391 | 284,743 | 308,642 | 1,385,492 |
| Office Equipment | 13,610 | 9,073 | - | 22,683 |
| Total Accumulated Depreciation | <u>1,423,001</u> | <u>293,816</u> | <u>308,642</u> | <u>1,408,175</u> |
| Business-type Activities | | | | |
| Capital Assets, Net | <u>\$ 643,968</u> | <u>\$ (15,761)</u> | <u>\$ -</u> | <u>\$ 628,207</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Financial Statements
December 31, 2018

Depreciation expenses for governmental activities has been allocated to general government for \$18,665.

NOTE 8: LONG-TERM LIABILITIES

A summary of changes in long term liabilities for the year ended December 31, 2018 follows:

| | <u>1/1/2018</u> <u>Balance</u> | <u>Additions</u> | <u>Reductions</u> | <u>12/31/2018</u> <u>Balance</u> | <u>Due Within</u> <u>One Year</u> |
|---------------------------------|-----------------------------------|------------------|-------------------|-------------------------------------|--------------------------------------|
| Governmental Activities | | | | | |
| Accumulated Leave | \$ 50,379 | \$ 78,839 | \$ 94,757 | \$ 34,461 | \$ 19,277 |
| Total Long-Term Liabilities | <u>\$ 50,379</u> | <u>\$ 78,839</u> | <u>\$ 94,757</u> | <u>\$ 34,461</u> | <u>\$ 19,277</u> |
| Business-type Activities | | | | | |
| Accumulated Leave | \$ 5,233 | \$ 8,422 | \$ 8,481 | \$ 5,174 | \$ 3,335 |
| Total Long-Term Liabilities | <u>\$ 5,233</u> | <u>\$ 8,422</u> | <u>\$ 8,481</u> | <u>\$ 5,174</u> | <u>\$ 3,335</u> |

NOTE 9: OPERATING LEASES

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

Total costs for the office space was \$158,437 for the year ended December 31, 2018. The business-type activities had no operating leases as of December 31, 2018.

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

| <u>Years Ending December 31:</u> | <u>Office</u> |
|----------------------------------|-------------------|
| 2019 | \$ 97,545 |
| 2020 | 100,471 |
| 2021 | 103,486 |
| 2022 | 17,332 |
| | <u>\$ 318,834</u> |



NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

Required Supplementary Information

December 31, 2018

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

GOVERNMENTAL FUND BUDGETARY COMPARISON STATEMENT

Year Ended December 31, 2018

| | <u>Original Budget</u> | <u>Budget Amendments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|------------------------------|---------------------|-------------------|---------------------------------------|
| REVENUES | | | | | |
| Grant Revenue - Federal | \$ 1,223,569 | \$ 166,398 | \$ 1,389,967 | \$ 923,263 | \$ (466,704) |
| Grant Revenue - Local Match | 255,694 | 69,614 | 325,308 | 297,439 | (27,869) |
| Other Intergovernmental Revenue | 61,230 | 1,436 | 62,666 | 72,805 | 10,139 |
| Earnings on Investments | - | - | - | 8,380 | 8,380 |
| Miscellaneous | - | - | - | 438 | 438 |
| Total Revenues | <u>1,540,493</u> | <u>237,448</u> | <u>1,777,941</u> | <u>1,302,325</u> | <u>(475,616)</u> |
| EXPENDITURES | | | | | |
| Payroll Expense | 974,901 | 94,924 | 1,069,825 | 806,568 | 263,257 |
| Fleet Expense | 4,500 | (1,125) | 3,375 | - | 3,375 |
| Office Expense | 124,445 | 63,408 | 187,853 | 130,029 | 57,824 |
| Consultant and Professional Services | 280,550 | 100,190 | 380,740 | 298,647 | 82,093 |
| Other Program Expense | 100,717 | (5,127) | 95,590 | 45,017 | 50,573 |
| Travel/Conf/Training | 25,880 | 2,678 | 28,558 | 21,280 | 7,278 |
| Interest Expense | - | - | - | 37 | (37) |
| Capital Outlay - Purchases | 29,500 | (17,500) | 12,000 | - | 12,000 |
| Total Expenditures | <u>1,540,493</u> | <u>237,448</u> | <u>1,777,941</u> | <u>1,301,578</u> | <u>476,363</u> |
| Excess (Deficiency) of Revenue over Expenditures | <u>-</u> | <u>-</u> | <u>-</u> | <u>747</u> | <u>747</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ -</u> | <u>\$ -</u> | <u>-</u> | <u>747</u> | <u>747</u> |
| FUND BALANCE / NET POSITION, Beginning of the Year | | | <u>660,946</u> | <u>660,946</u> | <u>-</u> |
| FUND BALANCE / NET POSITION, End of the Year | | | <u>\$ 660,946</u> | <u>\$ 661,693</u> | <u>\$ 747</u> |

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
Notes to the Required Supplementary Information
December 31, 2018

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.D. for additional budgetary information).



North Front Range
Metropolitan
Planning
Organization

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

Supplementary Information

December 31, 2018

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

PROPRIETY FUND BUDGET COMPARISON STATEMENT

Year Ended December 31, 2018

| | <u>Original Budget</u> | <u>Budget Amendments</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|------------------------|------------------------------|---------------------|---------------------|---------------------------------------|
| Operating Revenues | | | | | |
| Charges for Service | \$ 615,000 | \$ (18,730) | \$ 596,270 | \$ 534,078 | \$ (62,192) |
| Other Program Revenues | 159,589 | 6,948 | 166,537 | 636,369 | 469,832 |
| Total Operating Revenues | <u>774,589</u> | <u>(11,782)</u> | <u>762,807</u> | <u>1,170,447</u> | <u>407,640</u> |
| OPERATING EXPENSES | | | | | |
| Payroll Expense | 154,500 | (5,724) | 148,776 | 121,772 | 27,004 |
| Fleet Expense | 476,000 | 2,427 | 478,427 | 544,581 | (66,154) |
| Office Expense | 85,290 | (12,040) | 73,250 | 98,170 | (24,920) |
| Consultant and Professional Services | 1,050 | 7,432 | 8,482 | 2,548 | 5,934 |
| Other Program Expense | 53,499 | (3,920) | 49,579 | 29,576 | 20,003 |
| Travel/Conference/Training | 4,250 | 43 | 4,293 | 4,419 | (126) |
| Capital Purchases | - | - | - | 278,055 | (278,055) |
| Total Operating Expenses | <u>774,589</u> | <u>(11,782)</u> | <u>762,807</u> | <u>1,079,121</u> | <u>(316,314)</u> |
| Operating Income | - | - | - | 91,326 | 723,954 |
| NONOPERATING REVENUES (EXPENSES) | | | | | |
| Other Revenue | - | - | - | 159,981 | (159,981) |
| Earnings on Investment | - | - | - | 63,550 | (63,550) |
| Gain on Sale of Capital Assets | - | - | - | 83,843 | (83,843) |
| Total Nonoperating Revenues (Expenses) | - | - | - | 307,374 | (307,374) |
| Change in Net Position - Budgetary Basis | - | - | - | 398,700 | 416,580 |
| Reconciliation to GAAP Basis | | | | | |
| Capital Outlay | - | - | - | 278,055 | - |
| Depreciation | - | - | - | (293,816) | - |
| Change in Net Position - GAAP Basis | - | - | - | 382,939 | - |
| Net Position - Beginning of the Year | - | - | - | 3,854,396 | 3,854,396 |
| Net Position - End of the Year | - | - | - | <u>\$ 4,237,335</u> | <u>\$ 4,270,976</u> |