



*NORTH FRONT RANGE TRANSPORTATION  
& AIR QUALITY PLANNING COUNCIL*

**FINANCIAL STATEMENTS  
&  
INDEPENDENT AUDITOR'S REPORT**

For Year Ended  
**December 31, 2014**

**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 April 6, 2015

Representative	Member Entity Represented
Sean Conway – Chair	Weld County
Joan Shaffer – Vice Chair	City of Loveland
Jan Dowker - Past Chair	Town of Berthoud
Tom Donnelly	Larimer County
Kevin Ross	Town of Eaton
John Morris	City of Evans
Gerry Horak	City of Fort Collins
Brian Seifried	Town of Garden City
Tom Norton	City of Greeley
Troy Mellon	Town of Johnstown
Paula Cochran	Town of LaSalle
Jordan Jemiola	Town of Milliken
Don Brookshire	Town of Severance
Paul Steinway	Town of Timnath
John Vasquez	Town of Windsor
Chris Colclasure	Air Quality Control Commission
Kathy Gilliland	Transportation Commission

### Listing of Staff Members As of April 6, 2015

Name	Position
Terri Blackmore	Executive Director
Anne Blair	VanGo™ Vanpool Services Manager
Mary Finn-Warring	Mobility Coordinator
Crystal Hedberg	Finance Manager
Merideth Kimsey	Accounting Clerk
Aaron Buckley	Transportation Planner
Alex Gordon	Transportation Planner
Angela Horn	Transportation Planner
Josh Johnson	Transportation Planner
Merry Anne Hood	Financial and Administrative Specialist
Becky Karasko	Regional Transportation Planning Director
Jeff McVay	Customer & Business Relations Representative
Rena Steffen	Administrative Director



## Independent Auditor's Report

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 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, 2014, 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 of 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 the 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 and each major fund of the Council as of December 31, 2014, and the respective changes in financial position and the respective budgetary comparison for the governmental funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.



### *Emphasis of Matter*

As described in Note 1K, management elected to report the activity of the VanGo™ fund as a special revenue fund instead of being reported within the General fund. Accordingly, the fund balance as of December 31, 2013 for the General fund was reduced by \$601,007 and the fund balance for the VanGo™ fund was increased by the same amount to reflect this change in reporting. Our opinion is not modified with respect to this matter.

### *Other Matters*

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 9 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 schedule of expenditures of federal awards, as required by Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

#### *Other Reporting Required by Government Auditing Standards*

In accordance with *Governmental Auditing Standards*, we have also issued our report dated May 7, 2015 on our consideration of the 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, and grant agreements and other matters. The purpose of that report is 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 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.

*Anton Collins Mitchell LLP*

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2014

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, 2014. The management's discussion and analysis is intended to be read in conjunction with the Council's financial statements beginning on page 10.

**Financial Highlights**

Our primary sources of transportation planning and program operating revenues were as follows for calendar year 2014:

Consolidated Planning Grant (CPG)	\$ 688,563
Surface Transportation Program (STP Metro)	155,275
Surface Transportation Program (STP Metro)-Unmatched	399,500
State Planning and Research Funds	80,428
Section 5310 Federal Funding	78,725
Section 5317 Federal Funding	190,350
Section 5307 Federal Funding	306,039
EPA Funding	19,377
State FASTER Funding	61,159
Local Match - Member Entities	211,694
VanGo™ Operating Fares	994,782
RTD Program Revenue & Match	654,006
Fort Collins Program Revenue	224,310

**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 two components: 1) government-wide financial statements and fund financial statements, and 2) 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 of the Council's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference between these categories 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 position 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.

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).

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2014

The government-wide financial statements are combined with the fund financial statements and can be found beginning on page 10 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 two governmental funds, the General fund and VanGo™, a special revenue fund. A special revenue fund is required to account for the use of revenue earmarked for a particular purpose.

**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 are combined with the government-wide financial statements and can be found beginning on page 10 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 15 of this report.

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2014

**Government-Wide Financial Analysis**

Assets exceed liabilities by \$2,862,601 at the close of the year. Of this figure, \$1,176,471 represents our 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:

	<u>2014</u>	<u>2013</u>
Current and Other Assets	\$ 1,951,642	\$ 1,273,306
Grant Receivables for Long-Term Liabilities	23,367	34,522
Capital Assets, net	1,183,966	325,331
Total Assets	<u>3,158,975</u>	<u>1,633,159</u>
Current and Other Liabilities	265,512	200,885
Long-term Liabilities	30,862	45,220
Total Liabilities	<u>296,374</u>	<u>246,105</u>
Net Position		
Net investment in capital assets	1,176,471	314,633
Unrestricted	1,686,130	1,072,421
Total Net Position	<u>\$ 2,862,601</u>	<u>\$ 1,387,054</u>



**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2014

**Governmental Activities**

During 2014, the Council's net position increased by \$1,475,547. Key elements contributing to this increase are as follows:

	<u>2014</u>	<u>2013</u>
Revenues:		
Grant Revenue - Federal	\$ 1,909,021	\$ 1,053,882
Grant Revenue - State	61,159	-
Grant Revenue - Local Match	209,773	189,663
VanGo™ Vanpool Fares	994,782	808,473
Other Program Revenues	878,316	525,375
Miscellaneous Revenues	2,370	1,483
Gain on Sale of Capital Assets	230,495	32,310
Total Revenues	<u>4,285,916</u>	<u>2,611,186</u>
Expenditures:		
Payroll Expense	927,453	1,068,531
Fleet Expense	1,035,952	987,726
Office Expense	201,360	204,121
Consultant & Professional Services	543,310	360,111
Other Program Expense	92,624	60,640
Travel/Conference/Training	7,186	10,302
Interest Expense	2,484	7,366
Total Expenditures	<u>2,810,369</u>	<u>2,698,797</u>
Increase (Decrease) in Net Position	1,475,547	(87,611)
Net Position - Beginning of Year	<u>1,387,054</u>	<u>1,474,665</u>
Net Position - End of Year	<u>\$ 2,862,601</u>	<u>\$ 1,387,054</u>

**Budgetary Highlights**

The Council's budget presented in the financial statements is for its calendar year (January through December). (January through September is from the 2014 United Planning Work Program (UPWP) budget and October through December is from the 2015 UPWP budget) It should be noted that a federal fiscal year budget (October through 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.

Budgetary highlights for 2014 included the disposition of 35 vans and the addition of 47 vans. The Section 5317 funds pass-through funds were booked to consultant expenditures in both 2013 and 2014. Consultant expenditures associated with these programs in 2014 were \$190,059. During 2014, the VanGo™ vanpool program added 5 new routes and cancelled 10 routes resulting in a decrease of 5 routes. The program maintained a 91% occupancy rate for the routes. When compared with the prior year, operating revenue increased by 23% during 2014. This increase is due to a multiple of factors including replacing short distance routes, which produce less income, with long distance routes, fare increases, and new routes having more participants.

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

December 31, 2014

**Capital Asset and Debt Administration**

**Capital Assets**

The Council's investment in capital assets at December 31, 2014 amounts to \$1,183,966 (net of accumulated depreciation). This investment in capital assets includes motor vehicles (owned and leased) and office equipment.

The capital assets purchased or obtained by capital leases during the year were as follows:

• Purchased (47) Vans for VanGo™ vanpooling program	\$ 1,206,914
• Purchase of Server	<u>18,183</u>
	<u>\$ 1,225,097</u>

Capital assets are classified as follows (net of depreciation)

	2014	2013
Motor Vehicles	\$ 1,138,348	\$ 280,724
Motor Vehicles under Lease	-	2,050
Office Equipment & Software	41,379	34,564
Office Equipment under Lease	4,239	7,993
	<u>\$ 1,183,966</u>	<u>\$ 325,331</u>

Additional information on the Council's capital assets can be found in Note 1 on page 17 and Notes 7 & 8 on pages 21-22 of this report.

**Long-term Debt**

At December 31, 2014, the Council had \$30,862 of long term debt outstanding. The long-term liabilities of the Council represent accrued compensated absences of \$23,367 and a capital lease liability of \$7,495.

**Economic Factors and Next Year's Tasks (Budget)**

Over the past few years, funding for transportation in Colorado has decreased. Coupled with steady growth in population and employment along the Front Range, declining resources have led to a transportation funding crisis. The Council continues to rely primarily on federal transportation-related grants and CDOT's FY2015 budget indicates that federal funding is being reduced, both for projects and for planning.

Many communities are having difficulty keeping up with road maintenance. Bridges and other transportation facilities are in a state of disrepair, and transit services are incapable of meeting current needs. Traffic congestion continues to increase, and significant efforts need to be made to address these problems

The VanGo™ Program offers the region's residents a safe, clean, reliable, cost efficient means of commuting outside the region, while removing single occupancy vehicles from congested corridors improving the region's air quality.

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2014**

Accomplishments expected during FY2015 include:

- Ongoing implementation of Public Transit/Human Services Transportation Plan
- Maintain Transportation Improvement Plan database
- Maintain and expand the VanGo™ vanpooling program with possible expansion to Estes Park and Wyoming
- Replace 20 percent of the VanGo fleet to maintain the average vehicle age and expenses
- Work on air quality issues, particularly ozone, through partnerships with the Regional Air Quality Council and the Colorado Department of Public Health Air Pollution Control Division
- Perform data, collection and analysis in support of planning functions
- Complete Regional Transit Element Update and the Regional Transportation Plan
- Complete the update of the Land Use and Travel models
- Update the Congestion Management Process and purchase equipment to allow data collection to supplement the HERES data to allow the improvement of the annual Congestion Management Plan Performance Report
- Realign the Annual Congestion Management Plan Performance Report with the other data collected
- Include the Certification recommendation in the FY 2006 and 2007 UPWP along with MAP-21 requirements

**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 Manager, 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](mailto:chedberg@nfrmpo.org).

# **BASIC FINANCIAL STATEMENTS**

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

**GOVERNMENTAL FUNDS BALANCE SHEET / STATEMENT OF NET POSITION**

**December 31, 2014**

	<b>General Fund</b>	<b>VanGo™</b>	<b>Total Governmental Funds</b>	<b>Adjustments (see page 11)</b>	<b>Statement of Net Position</b>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents (Note 2)	\$ 263,482	\$ 636,085	\$ 899,567	\$ -	\$ 899,567
Investments (Note 2)	120,477	262,394	382,871	-	382,871
Receivables	221,170	265,552	486,722	-	486,722
Grants Receivable	173,753	-	173,753	-	173,753
Prepaid Items	8,729	-	8,729	-	8,729
Capital Assets, Net of Accumulated Depreciation	-	-	-	1,183,966	1,183,966
Grant Receivables for Long-Term Liabilities	-	-	-	23,367	23,367
Total Assets	<u>\$ 787,611</u>	<u>\$ 1,164,031</u>	<u>\$ 1,951,642</u>	<u>1,207,333</u>	<u>3,158,975</u>
 <b><u>LIABILITIES AND NET POSITION</u></b>					
<b>LIABILITIES</b>					
Accounts Payable and Accrued Liabilities	\$ 190,701	\$ 27,629	\$ 218,330	-	218,330
Unearned Revenue	47,182	-	47,182	-	47,182
Long-Term Liabilities					
Capital Leases: (Note 7)	-	-	-	-	-
Due Within One Year	-	-	-	3,465	3,465
Due In More Than One Year	-	-	-	4,030	4,030
Accumulated Leave	-	-	-	23,367	23,367
Total Liabilities	<u>237,883</u>	<u>27,629</u>	<u>265,512</u>	<u>30,862</u>	<u>296,374</u>
<b>FUND BALANCE</b>					
Nonspendable for Prepaid Items	8,729	-	8,729	(8,729)	-
Assigned for Operations and Lease Liabilities	540,999	1,136,402	1,677,401	(1,677,401)	-
Total Fund Balance	<u>549,728</u>	<u>1,136,402</u>	<u>1,686,130</u>	<u>(1,686,130)</u>	<u>-</u>
Total Liabilities and Fund Balance	<u>\$ 787,611</u>	<u>\$ 1,164,031</u>	<u>\$ 1,951,642</u>	<u>(1,655,268)</u>	<u>296,374</u>
<b>NET POSITION</b>					
Net Investment in Capital Assets				1,176,471	1,176,471
Unrestricted				1,686,130	1,686,130
Total Net Position				<u>\$ 2,862,601</u>	<u>\$ 2,862,601</u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION

December 31, 2014

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

Fund Balance per Governmental Funds (see page 10)		\$ 1,686,130
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund balance sheet:		
	Total Capital Assets, net	1,183,966
Long-term liabilities, including capital lease obligations, are not due and payable from current financial resources, and therefore, are not recorded as liabilities in the fund balance sheet:		
	Capital Lease Obligations	(7,495)
Some liabilities are not due and payable in the current period and, therefore, are not reported in the fund balance sheet:		
	Accumulated Leave	(23,367)
Some receivables, including those which will pay off accumulated leave, are not measurable and available in the current period and, therefore, are not recorded in the fund balance sheet:		
	Grants Receivable for Long Term Liabilities	<u>23,367</u>
Net Position (see page 10)		<u>\$ 2,862,601</u>

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

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

Year Ended December 31, 2014

	General Fund	VanGo™	Total Governmental Funds	Adjustments (see page 13)	Statement of Activities
<b>REVENUE</b>					
<b>Operating Grants and Contributions</b>					
Grant Revenue - Federal	\$ 1,212,717	\$ -	\$ 1,212,717	\$ (9,235)	\$ 1,203,482
Grant Revenue - Local Match	196,342	-	196,342	(1,920)	194,422
<b>Capital grants and contributions</b>					
Grant Revenue - Federal	-	705,539	705,539	-	705,539
Grant Revenue - State	-	61,159	61,159	-	61,159
Grant Revenue - Local Match	-	15,351	15,351	-	15,351
<b>Charges for Services</b>					
VanGo™ Vanpooling Fares	-	994,782	994,782	-	994,782
Other Program Revenues	-	878,316	878,316	-	878,316
<b>General Revenues</b>					
Earnings on investments	584	1,009	1,593	-	1,593
Miscellaneous	777	-	777	-	777
Total Revenues	<u>1,410,420</u>	<u>2,656,156</u>	<u>4,066,576</u>	<u>(11,155)</u>	<u>4,055,421</u>
<b>EXPENDITURES/EXPENSES</b>					
<b>General Government</b>					
Payroll Expense	710,483	228,125	938,608	(11,155)	927,453
Fleet Expense	4,245	674,995	679,240	356,712	1,035,952
Office Expense	5,066	186,544	191,610	9,750	201,360
Consultant and Professional Services	543,042	268	543,310	-	543,310
Other Program Expense	41,620	51,004	92,624	-	92,624
Travel / Conference / Training	4,657	2,529	7,186	-	7,186
Capital Outlay - Purchases	18,183	1,206,914	1,225,097	(1,225,097)	-
<b>Debt Service</b>					
Principal Repayment of Capital Lease Obligations	2,336	867	3,203	(3,203)	-
Interest Payments - Capital Lease	2,474	10	2,484	-	2,484
Total Expenditures/ Expenses	<u>1,332,106</u>	<u>2,351,256</u>	<u>3,683,362</u>	<u>(872,993)</u>	<u>2,810,369</u>
Excess of Revenue over Expenditures/ Net Revenue (Expense)	78,314	304,900	383,214	861,838	1,245,052
<b>Other Financing Sources</b>					
Proceeds from Sale of Capital Assets/ Gain on Sale of Capital Assets	-	230,495	230,495	-	230,495
Total Other Financing Sources	<u>-</u>	<u>230,495</u>	<u>230,495</u>	<u>-</u>	<u>230,495</u>
Change in Fund Balance/Net Position	78,314	535,395	613,709	861,838	1,475,547
<b>FUND BALANCE/ NET POSITION</b>					
Beginning of the Year (Restated)	471,414	601,007	1,072,421	314,633	1,387,054
End of the Year	<u>549,728</u>	<u>1,136,402</u>	<u>1,686,130</u>	<u>1,176,471</u>	<u>2,862,601</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, 2014**

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 - Governmental Funds (see page 12)		\$ 613,709
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:		
Change in Accumulated Leave-Governmental Funds		(11,155)
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:		
Capital Outlay - Purchased Assets	1,225,097	
Depreciation	<u>(366,462)</u>	
Total		858,635
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund:		
Change in Grants Receivable for Long Term Liabilities-Governmental Funds		11,155
Capital lease payments are expenditures in governmental funds but are shown as reductions in long-term liabilities in the statement of net position and do not affect the statement of activities.		
Repayment of Capital Leases Principal		<u>3,203</u>
Change in Net Position (see page 12)		<u>\$ 1,475,547</u>



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

**BUDGETARY COMPARISON STATEMENT - GOVERNMENTAL FUNDS**

**Year Ended December 31, 2014**

	<u>Original Budget</u>	<u>Budget Amendments</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>					
Grant Revenue - Federal	\$ 1,970,440	\$ 271,404	\$ 2,241,844	\$ 1,918,256	\$ (323,588)
Grant Revenue - State	64,000	-	64,000	61,159	(2,841)
Grant Revenue - Local Match	428,039	(74,234)	353,805	211,693	(142,112)
VanGo™ Vanpooling Fares	920,661	(10,977)	909,684	994,782	85,098
Other Program Revenues	535,196	332,608	867,804	878,316	10,512
Earnings on Investments	-	-	-	1,593	1,593
Miscellaneous	-	-	-	777	777
<b>Total Revenues</b>	<u>3,918,336</u>	<u>518,801</u>	<u>4,437,137</u>	<u>4,066,576</u>	<u>(370,561)</u>
<b>EXPENDITURES</b>					
Payroll Expense	1,441,218	434,213	1,875,431	938,608	936,823
Fleet Expense	852,433	(192,761)	659,672	679,240	(19,568)
Office Expense	220,463	32,921	253,384	191,610	61,774
Consultant and Professional Services	564,011	(236,210)	327,801	543,310	(215,509)
Other Program Expense	81,863	(471)	81,392	92,624	(11,232)
Travel/Conf/Training	15,522	154	15,676	7,186	8,490
Capital Outlay - Purchases	742,826	480,955	1,223,781	1,225,097	(1,316)
Debt Service	-	-	-	5,687	(5,687)
<b>Total Expenditures</b>	<u>3,918,336</u>	<u>518,801</u>	<u>4,437,137</u>	<u>3,683,362</u>	<u>753,775</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>	-	-	-	383,214	383,214
<b>OTHER FINANCING SOURCES</b>					
Proceeds from Sale of Capital Assets	-	-	-	230,495	230,495
Total Other Financing Sources	-	-	-	230,495	230,495
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ -</u>	<u>\$ -</u>	-	613,709	613,709
<b>FUND BALANCE, Beginning of the Year</b>			1,072,421	1,072,421	-
<b>FUND BALANCE, End of the Year</b>			<u>\$ 1,072,421</u>	<u>\$ 1,686,130</u>	<u>\$ 613,709</u>

# **NOTES TO THE FINANCIAL STATEMENTS**

**NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL**  
**Notes to the Financial Statements**

**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 recognized 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 Air Quality Control Commission's 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.

These financial statements include those of the Council (primary government), and includes organizations for which the Council is financially accountable (component units). Together, these organizations comprise the Council's reporting entity.

The Council has one component unit, the North Front Range Mobility Alternatives (NFRMA), which is a blended component unit. NFRMA, a non-profit corporation, was formed in 2003 and received its 501(c)(3) determination from the Internal Revenue Service on April 27, 2004. Its board of directors is made up of the same individuals who sit on the MPO Council. NFRMA was created to help position the MPO to compete for a wide variety of non-governmental grants. Its overarching objective is to increase transportation alternatives for all residents of Colorado's North Front Range in an effort to better address mobility, congestion, and air quality issues. During 2014, there were no financial transactions for NFRMA; therefore, no balances are reported within the financial statements.

**B. Government-wide and Fund Financial Statements**

Because the North Front Range Transportation & Air Quality Planning Council only has governmental funds, the General fund and the VanGo™ fund, it has presented its government-wide financial statements and fund financial statements together with an adjustment column to show the reconciliation between the two required basic statements.

Since the Council does not operate any enterprise fund or internal service fund activities, there are no proprietary funds to include in this report.

**NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL**  
**Notes to the 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. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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 eligibility requirements are met and 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. Expenditures are recognized when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to accumulated leave 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 presents the following major governmental funds:

The General fund is the primary operating fund. It accounts for all general operating financial resources of the Council, except those that are accounted for in another fund.

The VanGo™ fund accounts for all operating financial resources for the commuter transportation program. This program provides vans for use for 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**

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

1. During the months of May through July, a proposed budget, referred to as the Unified Planning Work Program (UPWP), for the fiscal year commencing the following October 1 is prepared with coordination from the Technical Advisory Committee, the Finance Committee, 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 August 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. Any increase or decrease in the total budget must also be approved by the CDOT and FHWA.

**NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL**  
**Notes to the Financial Statements**

The Council's annual fiscal year budget is based on two fiscal year budgets. January through September is based on the 2014 UPWP fiscal budget and October through December is based on the 2015 UPWP fiscal budget.

**E. Receivables and Prepaid Items**

Accounts receivable are expressed net of any allowances for doubtful accounts. Unbilled expenditure reimbursement revenues are accrued as of year-end and included with accounts receivable. All receivables are expected to be paid within 60 days.

Grant Receivables for Long Term Liabilities represents pending revenue that would be received as reimbursement for future expenditure payments of the accumulated leave liability.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Governmental Funds Balance Sheet / Statement of Net Position.

**F. Capital Assets**

Capital assets are reported at historical cost, net of accumulated depreciation, in the 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
Motor Vehicles.....	3-5 years
Leased Vehicles.....	3-5 years

**G. Accumulated Leave**

The Council allows employees to accumulate unused vacation pay by accumulating compensatory leave up to maximum limits. Starting in 2014, a percentage, based on years of service, of accumulated sick pay is allowed to be paid into a retirement health savings plan. The liability associated with these benefits is reported in the Statement of Net Position, along with a corresponding Grant Receivable for Long Term Liabilities.

**H. Revenue Recognition**

Generally, most of the expenditure activity incurred by the Council in the General fund is on a cost reimbursement basis through federal grant and local match funding streams. Reimbursement invoices are submitted to Colorado Department of Transportation, Colorado Department of Public Health and Education and the local member entities on a monthly basis for the prior month's net expenditures and recorded as revenue on the date invoiced.

Operating revenues for the VanGo program are billed monthly to the participants. The majority of the capital expenditures incurred is on a cost reimbursement basis through federal grants. Reimbursement invoices are submitted as expenses occur and recorded as revenue on the date invoiced.

**NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL**  
**Notes to the Financial Statements**

**I. 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.

**J. 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 Council, 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 Council is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, 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 Planning Council. The Planning Council is the highest level of decision making authority. Commitments may be established, modified, or rescinded only through resolutions approved by the Planning 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 Planning 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**

Restricted funds are considered to be spent first, followed by committed, assigned and unassigned, for an expenditure for which any could be used.

**K. Change in Fund Reporting and Restatement**

During the current year, management of the Council deemed that the activity for the VanGo™ program should be reported separately as a special revenue fund instead of being reported within the General fund. The beginning fund balance for the General fund was reduced by \$601,007 and the fund balance for the VanGo™ fund was increased by the same amount to reflect this change in reporting.

The budget for the Council was adopted prior to the decision by the Council to separately report the VanGo™ fund. Therefore, the budget to actual statement included within the financial statements reports the activity of the General and VanGo™ funds together.

**NOTE 2: CASH 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. At December 31, 2014, the Council had deposits with financial institutions with a carrying amount of \$899,492. The bank balances with the financial institutions were \$895,440, of which \$728,623 was covered by federal depository insurance. The remaining balance of \$166,817 was collateralized with securities held by the financial institutions' agents but not in the Council's name.

Colorado Revised 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.

Colorado Revised Statutes limit investment maturities to five years or less from the date of purchase. This limit on investment maturities is a means of limiting exposure to fair value losses arising from increasing interest rates.

At December 31, 2014 the Council had \$382,871 invested in the Colorado Local Government Liquid Asset Trust ("COLO Trust"), a Colorado local government investment pool trust. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. Total interest earned on the investments in COLO Trust during 2014 was \$1,571. As of December 31, 2014, COLO Trust 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 Council considers all highly liquid investments with original maturities of three months or less to be cash equivalents.

**NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL**  
**Notes to the Financial Statements**

At December 31, 2014, the Council had cash and cash equivalent and investment balances as follows:

	<b>Amount</b>
Cash on hand	\$ 75
Bank deposits	899,492
Local government investment pool	382,871
Total	\$ 1,282,438

**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 under two health plan options, up to an aggregate lifetime benefit maximum of \$2 million per participant. Both options are Preferred Provider Options (PPO City Plans). 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 Council and employee contributions to these plans were \$74,162 and \$18,844, respectively, during 2014 and \$87,174 and \$16,296, respectively, during 2013.



**NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL**  
**Notes to the Financial Statements**

**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 six months from the date of employment. The 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. 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 Council. The Plan is administered by ICMA Retirement Corporation. Council and employee contributions to the plan were \$51,875 and \$26,792 respectively during 2014 and \$55,403 and \$25,073, respectively, during 2013..

**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 third 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.

**NOTE 6: CONCENTRATION**

Approximately 86% of the organization's total revenue of its general fund is from FHWA and FTA grants administered through Colorado Department of Transportation. Approximately 14% of the organization's total revenue of its general fund is from FTA grants administered through the Council.

Approximately 71% of the organizations total revenue of the VanGo™ fund is from charges for services. Approximately 27% of the organization's total revenue of the VanGo™ fund is from FTA grants.

**NOTE 7: CAPITAL LEASES**

The organization currently has one copier under capital lease. This lease was entered into during 2011 and requires a monthly lease payment of \$424, with a monthly interest rate of 2.377%. The last payment required in October 2016.

The carrying value of the assets under this lease is \$4,239 at December 31, 2014.

The following schedule reflects the future minimum lease payments under this capital lease, and the present value of the net minimum lease payments at December 31, 2014.

**NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL**  
**Notes to the Financial Statements**

<u>Year Ending December 31</u>	<u>Amount</u>
2015	\$ 5,087
2016	4,238
Total Minimum Lease Payments	<u>9,325</u>
Less: Amount representing Interest	(1,830)
Present Value of Future Minimum Lease Payments	<u><u>\$ 7,495</u></u>

**NOTE 8: CAPITAL ASSETS**

A summary of changes to capital assets for the year ended December 31, 2014 follows:

	<u>1/1/2014 Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Transfer</u>	<u>12/31/2014 Balance</u>
<u>Capital Assets Being Depreciated</u>					
Fleet Equipment	\$1,883,715	\$1,206,914	\$ 707,586	\$ 23,506	\$2,406,549
Office Equipment	189,967	18,183	-	-	208,150
Leased Assets	<u>37,636</u>	<u>-</u>	<u>-</u>	<u>(23,506)</u>	<u>14,130</u>
Total Capital Assets, Being Depreciated	<u>2,111,318</u>	<u>1,225,097</u>	<u>707,586</u>	<u>-</u>	<u>2,628,829</u>
<u>Accumulated Depreciation</u>					
Fleet Equipment	1,602,991	351,340	707,586	21,456	1,268,201
Office Equipment	155,403	11,368	-	-	166,771
Leased Assets	<u>27,593</u>	<u>3,754</u>	<u>-</u>	<u>(21,456)</u>	<u>9,891</u>
Total Accumulated Depreciation	<u>1,785,987</u>	<u>366,462</u>	<u>707,586</u>	<u>-</u>	<u>1,444,863</u>
Total Capital Assets, Net	<u><u>\$ 325,331</u></u>	<u><u>\$ 858,635</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$1,183,966</u></u>

Depreciation for governmental activities has been allocated to fleet expense for \$356,712 and office expense for \$9,750.

**NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL**  
**Notes to the Financial Statements**

**NOTE 9: LONG-TERM LIABILITIES**

A summary of changes in long term liabilities for the year ended December 31, 2014 follows:

	<u>1/1/2014</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2014</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Accumulated Leave	\$ 34,522	\$ 8,087	\$ 19,242	\$ 23,367	\$ -
Lease Liability	10,698	-	3,203	7,495	3,465
Total Long-Term Liabilities	<u>\$ 45,220</u>	<u>\$ 8,087</u>	<u>\$ 22,445</u>	<u>\$ 30,862</u>	<u>\$ 3,465</u>

**NOTE 10: OPERATING LEASES**

The Council leases office facilities and certain vanpool vans under non-cancelable operating leases. The office facility lease expires February 28, 2017.

The vans are leased for 2-3 year periods of time. Lease payments to Marple Leasing are made on a monthly basis. Total costs for the office space and van operating leases were \$104,397 and \$28,230, respectively for the year ended December 31, 2014.

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

<u>Year Ending December 31:</u>	<u>Office</u>	<u>Vans</u>
2015	\$107,125	\$25,200
2016	\$109,971	\$16,800
2017	\$20,452	

**Note 11. SUBSEQUENT EVENTS**

Management of the Council has evaluated subsequent events through May 7, 2015, the date that the financial statements were available to be issued. Effective January 1, 2015, the activities of the VanGo™ fund will be reported as an enterprise fund by the Council. No other transactions or events that would require adjustment to or disclosures in the financial statements were identified.

## **SUPPLEMENTARY INFORMATION**

North Front Range Transportation & Air Quality Planning Council  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2014

CFDA #	GRANT #	Pass-through Entity	Start Date	End Date	Federal Award Amount	+/- Change Orders	Prior Years Expenditures	Current Year		Federal Balance Remaining
								Federal Expenditures	Federal Expenditures	
<b>FEDERAL HIGHWAY ADMINISTRATION</b>										
Passed through CDOT:										
20.205	14HTD62424	Colorado Dept of Transp	11/29/13	12/31/15	\$ 776,227	\$ 213,301	\$ 41,078	\$ 686,563	\$ 261,887	(a)
20.205	12HTD44470	Colorado Dept of Transp	06/01/12	09/30/15	365,185	669,136	216,886	80,147	737,288	(b)
20.205	14-HTD68969	Colorado Dept of Transp	05/24/14	07/01/16	412,013	-	-	75,127	336,886	(a)
20.205	13HTD54648	Colorado Dept of Transp	04/29/13	09/30/14	180,000	-	-	180,000	-	-
20.205	14-HTD65425	Colorado Dept of Transp	03/12/14	05/01/16	144,500	-	-	144,500	-	-
20.205	14-HTD68970	Colorado Dept of Transp	05/27/14	07/01/16	75,000	-	-	75,000	-	-
20.205	14HTD62219	Colorado Dept of Transp	11/29/13	06/30/15	100,000	-	8,807	80,429	10,764	(a)
	<b>Sub-total Federal Highway Administration</b>				<b>2,052,925</b>	<b>882,437</b>	<b>266,771</b>	<b>1,321,766</b>	<b>1,346,825</b>	
<b>FEDERAL TRANSIT ADMINISTRATION</b>										
20.513		City of Fort Collins	10/21/13	09/30/17	46,250	-	23,796	22,454	-	-
20.513		City of Fort Collins	11/18/14	12/31/15	32,174	-	-	6,291	25,883	(a)
20.513	14-HRD64434	Colorado Dept of Transp	01/23/14	12/31/14	49,980	-	-	49,980	-	-
	<b>Sub-total Federal Transit Administration</b>				<b>128,404</b>	<b>-</b>	<b>23,796</b>	<b>78,725</b>	<b>25,883</b>	
<b>FEDERAL TRANSIT ADMINISTRATION</b>										
FY10 5307	CO-90-X189-00	Federal Transit Administration	04/27/11	06/30/14	166,153	-	162,087	4,066	-	-
FY11 5307	CO-90-X197-00	Federal Transit Administration	3/13/2012	9/30/2014	301,973	-	-	301,973	-	-
	<b>Sub-total Federal Transit Administration</b>				<b>468,126</b>	<b>-</b>	<b>162,087</b>	<b>306,039</b>	<b>-</b>	<b>-</b>
<b>FUNDS PASSED THROUGH FROM FEDERAL TRANSIT ADMINISTRATION</b>										
20.521	CO-57-X0005-00	Federal Transit Administration			76,504	-	42,543	7,874	26,087	(c)
20.521	CO-57-X0007-00	Federal Transit Administration			90,645	123,057	10,387	172,816	30,499	(c)
20.521	CO-57-X0015-00	Federal Transit Administration			45,660	-	-	9,660	36,000	(c)
	<b>Sub-total Passed through Federal Transit Administration</b>				<b>212,809</b>	<b>123,057</b>	<b>52,930</b>	<b>190,350</b>	<b>92,586</b>	
<b>TOTAL FEDERAL AWARDS</b>					<b>\$ 2,862,264</b>	<b>\$ 1,005,494</b>	<b>\$ 505,584</b>	<b>\$ 1,896,880</b>	<b>\$ 1,465,294</b>	

**NOTES TO SCHEDULE OF FEDERAL EXPENDITURES:**

- (a) Balance to be used in CY 2015 for 2015 UPWP Activities
- (b) Balance to be returned for MPO pool
- (c) Balance to be passed through in CY 2015

**NOTE 1: BASIS OF PRESENTATION**

This Schedule of Expenditures of Federal Awards includes the federal grant activity of the Council, and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts reported in, or used in the preparation of the basic financial statements.



**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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities 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, 2014, and the related notes to the financial statements, which collectively comprise the Council's basic financial statements, and have issued our report thereon dated May 7, 2015.

**Internal Control Over Financial Reporting**

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

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

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

**Compliance and Other Matters**

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



### Purpose of this Report

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

*Anton Collins Mitchell LLP*

Greeley, Colorado  
May 7, 2015



## Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by OMB Circular A-133

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

### Report on Compliance for Each Major Federal Program

We have audited Front Range Transportation & Air Quality Planning Council's (the "Council") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Council's major federal programs for the year ended December 31, 2014. The Council's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

#### *Management's Responsibility*

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on compliance for each of the Council's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Council's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### *Opinion on Each Major Federal Program*

In our opinion, the Council complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

### Report on Internal Control Over Compliance

Management of the Council is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Council's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Council's internal control over compliance.





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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
May 7, 2015

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL  
 Schedule of Findings and Questioned Costs  
 December 31, 2014

Section I - Summary of Auditor's Results

*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported
- Noncompliance material to financial statements noted? \_\_\_\_\_ yes      X   no

*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_ yes      X   no
- Significant deficiency(ies) identified? \_\_\_\_\_ yes      X   none reported

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular A-133? \_\_\_\_\_ yes      X   no

Identification of major programs:

<u>CFDA/Contract Number</u>	<u>Name of Federal Program or Cluster</u>
20.205	Highway Planning and Construction
20.507	Federal Transit_Formula Grants

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   yes    \_\_\_\_\_ no

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL  
Schedule of the Status of Prior Audit Findings, Questioned Costs and Recommendations  
December 31, 2014

**2013-001: Segregation of Duties and Internal Controls (Significant Deficiency)**

During our walkthrough procedures over internal controls at the Council, the following was identified:

- The Finance Manager was responsible for reconciling the bank accounts and is also an authorized signer on the Council bank accounts. In addition, there was not a secondary review over the bank reconciliations after they had been completed. The Executive Director received the bank statement and reviewed the transactions prior to the reconciliations being performed, but a secondary review was not done once the reconciliation was completed. We recommended that the person responsible for bank reconciliations not be an authorized signer of the Council and that the bank reconciliations be reviewed and approved by someone other than the preparer.
- The employee responsible for processing billing for accounts receivable also opened and processed check payments when they were received and inputted the information to the customer's account. We recommended that the processing of check payments be done by someone other than the person responsible for billing.
- The employee responsible for setting up new vendors in the accounting system also processed accounts payable and issued checks. A vendor Request Form was completed for new vendors and changes to existing vendors, which were approved by the Finance Manager prior to setup in the system, but a separate review of vendor changes in the system was not performed on a periodic basis. We recommended that new vendors either be set up by someone outside of the accounts payable process or that the Executive Director review a vendor change report on a regular basis.
- A separate review and approval over journal entries was not performed by an employee other than the preparer. We recommended that a separate review and approval be completed for all manual journal entries processed by the Council.

*Status:* This finding is resolved.

**2013-002: Accounts Payable (Significant Deficiency)**

During our search for unrecorded liabilities, we noted several exceptions in which invoices relating to goods received or services performed prior to the year-end date were not recorded as payables in the proper period. Based on discussion with management, there were a few invoices that were held by another department at year-end and were not forwarded to accounting for payment in a timely manner. Proper cutoffs are critical for the accuracy of the accrual basis of accounting. We suggested that procedures over accounts payable be strengthened to ensure that accounting is aware of outstanding invoices to ensure that cutoff is proper.

*Status:* This finding is resolved.

**2013-003 (Significant Deficiency)**

**Federal Programs - CFDA 20.205 - Highway Planning and Construction  
Compliance Requirements: Allowable Costs**

The Council requires all time sheets to be signed by the employee and the employee's supervisor. Through testing of a sample of payroll allowable costs, we noted that timesheets for two individuals charged to the grant were not approved by the employee's supervisor. We recommended that the Council follow its policies and procedures and obtain supervisor approval for timesheets prior to processing of payroll.

*Status:* This finding is resolved.