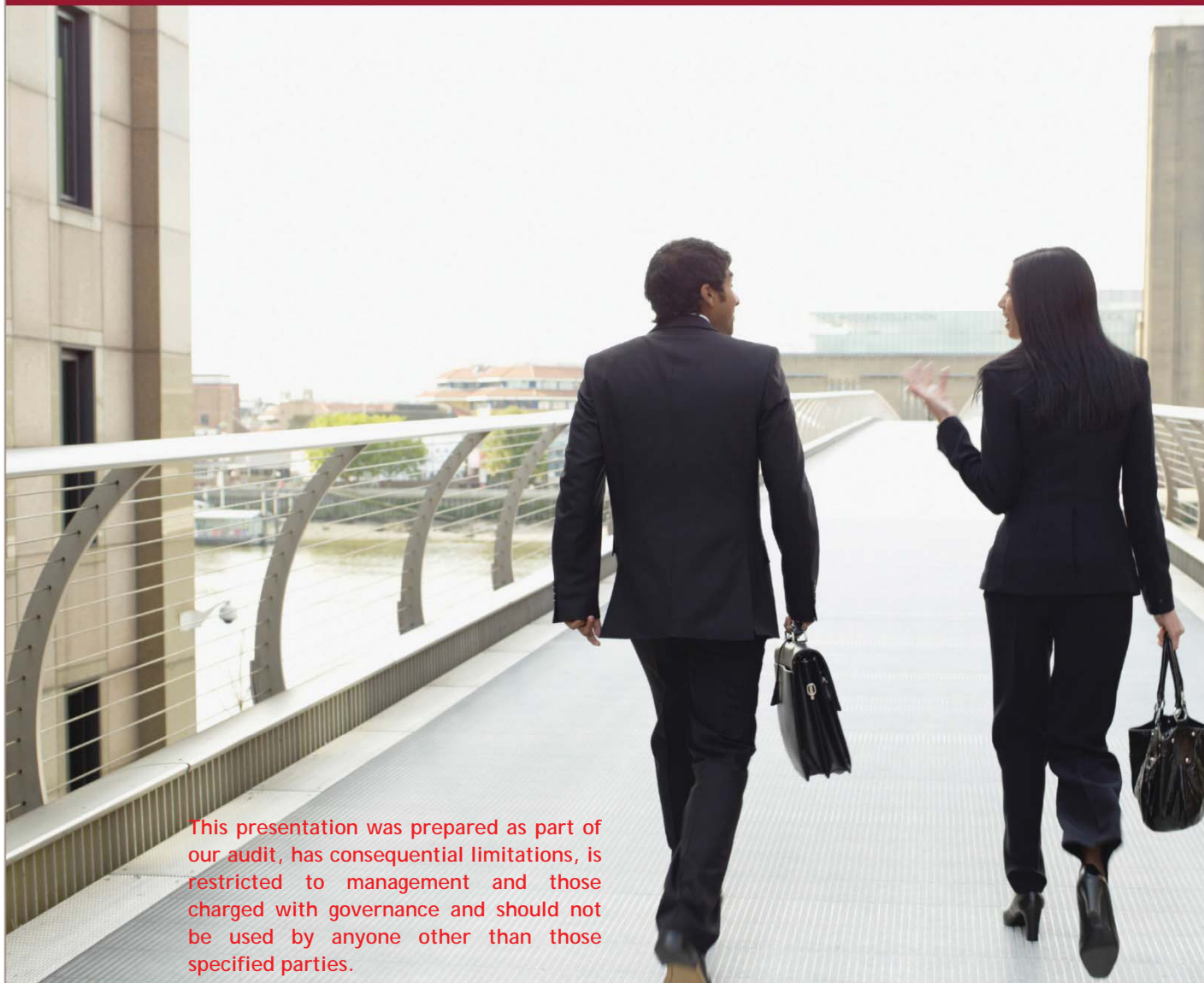


North Front Range Transportation and Air Quality Council

Audit Wrap Up

May 7, 2015



This presentation was prepared as part of our audit, has consequential limitations, is restricted to management and those charged with governance and should not be used by anyone other than those specified parties.

Attendees: Planning Council
Randy Watkins, Partner
Tyra Litzau, Director



Anton Collins Mitchell LLP



May 7, 2015

Planning Council
North Front Range Transportation & Air Quality Planning Council
419 Canyon Avenue, Suite 300
Fort Collins, Colorado 80521

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On February 18, 2015, we met with management and the Finance Committee to provide an overview of our plan for the audit of the financial statements of North Front Range Transportation & Air Quality Planning Council (the "Council") as of and for the year ended December 31, 2014, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Council's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Council and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

Anton Collins Mitchell LLP

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STATUS OF OUR AUDIT

We have completed our audit of the financial statements of North Front Range Transportation & Air Quality Planning Council (the "Council") as of and for the year ended December 31, 2014. Our audit was conducted 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. These audits of the financial statements do not relieve management or those charged with governance of their responsibilities.

- The objective of our audits was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described in our earlier Audit Planning communications.
- We expect to issue unmodified opinions on the financial statements.
- Our responsibility for other information in documents containing the Council's audited financial statements (e.g., Management's Discussion and Analysis (MD&A)) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we will read the information included by the Council and consider whether such information, or the manner of its presentation, is materially consistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact.
- We have also prepared a report on our consideration of the Council's internal control over financial reporting and compliance with certain provisions of laws, regulations, contracts, and grant agreements in accordance with *Government Auditing Standards* and a report on the compliance for each major federal program and report on internal control over compliance required by OMB A-133
- All records and information requested by Anton Collins Mitchell LLP ("ACM") were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Council personnel throughout the course of our work.

RESULTS OF OUR AUDIT

ACCOUNTING PRACTICES, POLICIES, ESTIMATES

The following summarizes the more significant required communications related to our audit concerning the Council's accounting practices, policies, and estimates:

The Council's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within the footnotes to the financial statements.

- There were no changes in significant accounting policies and practices during the year ended December 31, 2014.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain. The Council's significant accounting estimates, including a description of management's processes and significant assumptions used in development of the estimates, are disclosed within the footnotes of the financial statements.

- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in 2014.

Primary Areas of Focus and Considerations and Findings

Revenue Recognition

The Council's major source of revenues consists of federal grant and local match received on a cost reimbursement basis. Reimbursement invoices are submitted on a monthly basis for the prior month's net expenditures and recorded as revenue on the date invoiced.

Accounts Receivable and Allowances

Accounts receivable represent amounts due from state or local member entities as of December 31, 2013. Grant Receivables for Long Term Liabilities represents pending revenue that would be received as reimbursement for future expenditure payments of the accumulated leave liability. Management has evaluated accounts receivable and concluded that an allowance for doubtful accounts is not necessary.

Capital Assets and Depreciation

Capital assets of the Council continue to be a significant area of the financial statements. Accordingly, as part of the audit, we paid particular attention to the costs of newly acquired assets, repairs and maintenance expenditures on existing capital assets, and depreciation expense of these assets.

Single Audit Procedures

Because the Council expended in excess of \$500,000 of federal grant funds, the Council was subject to a single audit pursuant to OMB Circular A-133. Accordingly, ACM performed testing on internal controls, and certain compliance requirements associated with the Council's major grants.

RESULTS OF OUR AUDIT

Evaluation of Going Concern

No going concern issues were noted during our audit.

Evaluation of Estimates

Estimates were determined to be reasonable, and free of bias.

CORRECTED AND UNCORRECTED MISSTATEMENTS

Please refer to the schedule of corrected misstatements for adjusting journal entries.

Please refer to the schedule of uncorrected statements for passed adjusting journal entries.

QUALITY OF THE COUNCIL'S FINANCIAL REPORTING

A discussion was held regarding the quality of the Council's financial reporting, which included the following:

- Qualitative aspects of significant accounting policies and practices
- Our conclusions regarding significant accounting estimates
- Significant unusual transactions
- Financial statement presentation
- New accounting pronouncements
- Alternative accounting treatments

INTERNAL CONTROL OVER FINANCIAL REPORTING

In planning and performing our audit of the financial statements, we considered the Council's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion 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.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, those charged with governance all material weaknesses and significant deficiencies that have been identified in the Council's internal controls over financial reporting. The definitions of material weakness, significant deficiencies and control deficiencies follow:

Category	Definition
Deficiency in 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.
Significant Deficiency	A deficiency or 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.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Council's financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit of the financial statements, we did not identify any deficiencies in the Council's internal controls over financial reporting that were considered to be material weaknesses.

OTHER REQUIRED COMMUNICATIONS

Following is a summary of those required items along with specific discussion points as they pertain to the Council:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance as part of our Audit Planning communications.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Council's financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management on financial accounting and/or reporting matters and auditing procedures that, if not satisfactorily resolved, would cause a modification of our auditors' reports.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
Representations requested from management	Please refer to the management representation letter.

INDEPENDENCE COMMUNICATION

Our engagement letter dated February 2, 2015 describes our responsibilities in accordance with professional standards and certain regulatory authorities with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Council with respect to independence as agreed to by the Council. Please refer to that letter for further information.

GET TO KNOW ACM AND BDO

ACM is an independent member of the BDO Seidman, LLC Alliance, which provides us access to some of the best resources available on a national level, including technical resources, software, training, and publications.

BDO USA, LLP is a national professional services firm providing assurance, tax, financial advisory, and consulting services to a wide range of publicly traded and privately held companies. We are guided by our core values: put people first; be exceptional: every day, every way; embrace change; empowerment through knowledge; and choose accountability.

Our culture and core values reflect how we manage our work, our relationships and ourselves.

For more than 100 years, we have provided quality involvement of our most experienced and committed pro



The firm serves clients through 49 offices and more than 400 independent alliance firm locations nationwide. As an independent Member Firm of BDO International Limited, BDO serves multinational clients through a global network of 1,264+ offices in 144 countries. For further information, please refer to <http://www.bdo.com>.

BDO commits significant resources to keep our professionals and our clients up to date on current and evolving technical, governance, industry, and reporting developments. Our thought leadership consists of quarterly email updates, publications, surveys, practice aids, and tools that span a broad spectrum of topics that impact financial reporting, as well as corporate governance. Our focus is not simply to announce changes in technical guidance, regulations or emerging business trends, but rather expound on how such changes may impact our clients' businesses. Through our various webinar series, we reach a broad audience and provide brief, engaging, just-in-time training that we make available in a variety of ways to meet the needs of your busy schedule. The following provides a sample of our offerings.

AC'SENSESM WEBINARS

An educational series designed to assist those charged with governance (e.g., Audit Committees) and financial executives in keeping up to date on the latest corporate governance, risk management and financial reporting developments. The program is multi-faceted and consists of complimentary CPE webinars, podcasts and archived self-study courses, covering both broad and specific topics of interest, publications and links to various BDO and external resources. Visit www.bdo.com/acsense.

BDO KNOWLEDGE TAX WEBINAR SERIES

A monthly series providing insights and perspectives on the tax issues most important to our clients and their businesses. Visit www.bdo.com/bdoknows/tax-resource-center/tax-webinar.aspx.

For additional information and links to various resources and tools, visit www.bdo.com/bdoknows.

ACM AND BDO RESOURCES

To subscribe to BDO publications, please register at BDO's Subscription Center at <https://subscriptions.bdo.com/> or RSS Feeds at <http://www.bdo.com/rss/> to have our latest news and publications delivered directly to your desktop.

BOARD REFLECTIONS

The **BDO Board Reflections** resource center includes BDO's proprietary studies, publications, practice aids, and educational programs to keep board members of both public and private companies up to date on emerging issues and trends to assist in fulfilling their corporate oversight responsibilities. The resource center contains customized information for the various committees of the board. For example, refer to our Effective Audit Committees in the Ever Changing Marketplace practical guide and related tools. Visit <http://www.bdo.com/library/boardreflections.aspx>.

SIGNIFICANT ACCOUNTING AND REPORTING MATTERS

A quarterly digest of final and proposed financial accounting standards designed to help audit committees, boards and financial executives keep up to date on the latest corporate governance and financial reporting developments.

CLIENT ADVISORIES

Concise documents that provide timely commentary, analysis and insights on events and trends of interest to management and boards of directors.

TAX NEWSLETTERS AND ALERTS

Updates with respect to federal, state, local, expatriate, and international developments, along with other specific tax planning and strategy considerations including specific practice areas such as compensation and benefits, private client and individual filer services, transfer pricing, Foreign Account Tax Compliance Act, etc.

TECHNICAL RESEARCH TOOLS

BDO uses Accounting Research Manager™ (ARM) as a primary source of insightful interpretations on GAAP, GAAS and Securities and Exchange Commission rules. ARM is updated daily and is considered to be one of the timeliest and most comprehensive online databases of analytical interpretations of accounting, auditing and SEC matters. Access to ARM, and a number of other research tools, provides each professional the technical research capability to respond immediately to client-specific technical issues.

BDO KNOWS FLASH REPORTS

Briefs about select technical and regulatory developments and emerging issues are made immediately available to BDO professionals and to clients.

BDO KNOWS FINANCIAL REPORTING LETTERS

Publications containing more in-depth discussions and practical guidance on technical guidance affecting both public and private entities.

INDUSTRY NEWSLETTERS, ALERTS, REPORTS, PROPRIETARY STUDIES AND SURVEYS

A variety of publications depicting specific industry issues, emerging trends and developments.

ACM AND BDO RESOURCES

INDUSTRY EXPERIENCE

Industry experience has emerged at the top of the list of what businesses need and expect from their accountants and advisors. The power of industry experience is perspective - perspective we bring to help you best leverage your own capabilities and resources.

BDO's industry focus is part of who we are and how we serve our clients, and has been for over a century. We demonstrate our experience through knowledgeable professionals, relevant client work and participation in the industries we serve.

For further information on the following BDO industries, please visit <http://www.bdo.com./industries/>.

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Year End: December 31, 2014
 Adjusting Journal Entries
 Date: 1/1/2014 To 12/31/2014
 Account No: AJE 1 To AJE 3

Prepared by	Reviewed by
JG 4/14/2015	

AJE

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE 1	12/31/2014	Accrued Accounts Receivable	122000-099 GF	CC.03		16,382.00			
AJE 1	12/31/2014	Accrued Accounts Payable	204000-099 GF	CC.03			16,382.00		
AJE 1	12/31/2014	Federal Income Section 5317	411250-009 GF	CC.03			16,382.00		
AJE 1	12/31/2014	Pass Thru Expenses-New Freedom	802600-009 GF	CC.03		16,382.00			
To record unrecorded liabilities found during our search for unrecorded liabilities.									
AJE 3	12/31/2014	Program Revenue Insurance Recovery	441350-004 VG	1.01		3,791.00			
AJE 3	12/31/2014	Fleet Repairs&Maintenance-Insurance Deductibl	522032-004 VG	1.01			3,791.00		
To reverse out entry that was improperly recorded twice.									
						36,555.00	36,555.00		
			Net Income (Loss)			1,838,805.00			

Year End: December 31, 2014
 Adjusting journal entries
 Date: 1/1/2014 To 12/31/2014
 Account No: PAJE 1

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
PAJE 1	12/31/2014	Accumulated Depreciation	145000-004 VG	M.02			5,739.00		
PAJE 1	12/31/2014	Invstmnt in General Fixed Asset	311000-004 VG	M.02		5,739.00			
To recorded depreciation that was incorrectly recorded on the rollforward.									
						5,739.00	5,739.00		
Net Income (Loss)			1,838,805.00						