



*NORTH FRONT RANGE TRANSPORTATION  
& AIR QUALITY PLANNING COUNCIL*

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

For Year Ended  
**December 31, 2015**

**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 13, 2016

Representative	Member Entity Represented
Gerry Horak - Chair	City of Fort Collins
Kevin Ross-Vice Chair	Town of Eaton
Sean Conway – Past Chair	Weld County
Jennifer Baker	Town of Berthoud
John Morris	City of Evans
None	Town of Garden City
Tom Norton	City of Greeley
Troy Mellon	Town of Johnstown
Tom Donnelly	Larimer County
Paula Cochran	Town of LaSalle
Joan Shaffer	City of Loveland
Linda Measner	Town of Milliken
Don Brookshire	Town of Severance
Paul Steinway	Town of Timnath
Kristie Melendez	Town of Windsor
Chris Colclasure	Air Quality Control Commission
Kathy Gilliland	Transportation Commission

### Listing of Staff Members

As of April 13, 2016

Name	Position
Terri Blackmore	Executive Director
Aaron Buckley	Transportation Planner
Alex Gordon	Transportation Planner II / Mobility Coordinator
Crystal Hedberg	Finance Manager/Operations Manager
Merry Anne Hood	Customer Service/Billing Specialist
Rebekah Karasko	Regional Transportation Planning Director
Medora Kealy	Transportation Planner
Merideth Kimsey	Accounting Clerk / NTD Reporter
Jenna Levin	Transportation Planner
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, the business-type activities, and each major fund of the North Front Range Transportation & Air Quality Planning Council (the "Council"), as of and for the year ended December 31, 2015, 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 accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

#### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund, of the North Front Range Transportation & Air Quality Planning Council as of December 31, 2015, and the respective changes in financial position, budgetary comparison for the General Fund and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As discussed in Note 1 letter K to the basic financial statements, the Council determined that the VanGo™ program should be reported as an enterprise fund, instead of as a governmental fund. As a result, the Council reported a \$2,280,315 decrease in beginning net position of the governmental activities, with a corresponding increase in the net position of the business-type activities. 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 5 through 11 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 evidence sufficient 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 budgetary comparison schedule for the VanGo™ program and schedule of expenditures of federal awards, as required by *Title 2 U.S. Code of Federal Regulations ("CFR") Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison schedule and schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 information is fairly stated in all material respects in relation to the financial statements as a whole.



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

In accordance with *Governmental Auditing Standards*, we have also issued our report dated June 2, 2016 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 North Front Range Transportation & Planning Council internal control over financial reporting and compliance.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
June 2, 2016

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

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, 2015. The management's discussion and analysis is intended to be read in conjunction with the Council's financial statements beginning on page 12.

**Financial Highlights**

Our primary sources of transportation planning and program operating revenues were as follows for calendar year 2015

<u>Governmental Activities</u>	
Consolidated Planning Grant (CPG)	\$ 612,235
Surface Transportation Program (STP Metro)	50,837
State Planning Funds	8,296
Section 5310 Federal Funding	45,223
Section 5311 Federal Funding	20,000
Section 5317 Federal Funding	62,537
EPA Funding	22,264
Local Match - Member Entities	223,857
<u>Business-type Activities</u>	
VanGo™ Operating Fares	\$ 765,555
Fort Collins Program Revenue	975,123
Surface Transportation Program (STP Metro)-Unmatched	37,500

**Overview of the Financial Statements**

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

**Combined Government-Wide and Fund Financial Statements**

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

The statement of net position presents information on all of the Council's assets and liabilities, with the difference between the two reported as net position. Ordinarily, over time, increases and decreases in net position would provide an indication of whether the Council's financial position is improving or deteriorating. Since the Council primarily operates on a cost reimbursement basis, meaning revenues should equal expenditures at year end for all federal funding contract activities, any increases or decreases in net assets 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, 2015

The government-wide financial statements can be found beginning on page 12 of this report.

**Fund Financial Statements**

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

The fund financial statements can be found beginning on page 14 of this report.

**Governmental Funds**

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

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

The basic governmental fund financial statements can be found beginning on page 14 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 22 of this report.



**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2015

**Government-Wide Financial Analysis**

Assets exceed liabilities by \$3,515,971 at the close of the year. Of this figure, \$790,574 represents the net investment in capital assets. The Council uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

The following is a condensed comparative summary of the Council's net assets at December 31:

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2015</u>	<u>2014 Restated</u>	<u>2015</u>	<u>2014 Restated</u>	<u>2015</u>	<u>2014 Restated</u>
Current and Other Assets	\$ 625,460	\$ 788,318	\$ 2,240,843	\$ 1,164,031	\$ 2,866,303	\$ 1,952,349
Grant Receivables for Long-Term Liabilities	27,796	12,970	-	10,397	27,796	23,367
Capital Assets, net	29,079	39,346	765,143	1,144,620	794,222	1,183,966
<b>Total Assets</b>	<b>682,335</b>	<b>840,634</b>	<b>3,005,986</b>	<b>2,319,048</b>	<b>\$ 3,688,321</b>	<b>\$ 3,159,682</b>
Current and Other Liabilities	55,732	237,883	68,810	28,336	124,542	266,219
Long-term Liabilities	31,444	20,465	16,364	10,397	47,808	30,862
<b>Total Liabilities</b>	<b>87,176</b>	<b>258,348</b>	<b>85,174</b>	<b>38,733</b>	<b>172,350</b>	<b>297,081</b>
<b>Net Position</b>						
Invested in Capital Assets, net	25,431	31,851	765,143	1,144,620	790,574	1,176,471
Unrestricted	569,728	550,435	2,155,669	1,135,695	2,725,397	1,686,130
<b>Total Net Position</b>	<b>\$ 595,159</b>	<b>\$ 582,286</b>	<b>\$ 2,920,812</b>	<b>\$ 2,280,315</b>	<b>\$ 3,515,971</b>	<b>\$ 2,862,601</b>

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2015

**Governmental Activities**

During 2015, the Council's net position increased by \$654,077. Key elements contributing to this increase are as follows:

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2015</u>	<u>2014 Restated</u>	<u>2015</u>	<u>2014 Restated</u>	<u>2015</u>	<u>2014 Restated</u>
Revenues:						
Grant Revenue - Federal	\$ 832,960	\$ 1,203,482	\$ 37,500	\$ 705,539	\$ 870,460	\$ 1,909,021
Grant Revenue-State	-	-	-	61,159	-	61,159
Grant Revenue - Local Match	226,408	196,342		15,351	226,408	211,693
VanGo™ Vanpool Fares	-	-	765,555	994,782	765,555	994,782
Program Revenues	-	-	1,015,489	878,316	1,015,489	878,316
Miscellaneous Revenues	2,525	777	1,495	1,009	4,020	1,786
Earnings on Investments	762	584	3,276		4,038	584
Gain on Sale of Capital Assets	-	-	119,332	230,495	119,332	230,495
Total Revenues	<u>1,062,655</u>	<u>1,401,185</u>	<u>1,942,647</u>	<u>2,886,651</u>	<u>3,005,302</u>	<u>4,287,836</u>
Expenditures:						
Payroll Expense	717,113	699,328	241,033	228,125	958,146	927,453
Fleet Expense	6,828	8,348	534,364	684,673	541,192	693,021
Office Expense	64,002	14,816	117,191	186,544	181,193	201,360
Consultant & Professional Services	170,959	535,996	1,549	268	172,508	536,264
Other Program Expense	84,435	41,620	28,025	51,004	112,460	92,624
Travel/Conference/Training	5,204	4,657	2,518	2,529	7,722	7,186
Interest Expense	1,241	2,474	-	-	1,241	2,474
Depreciation	-	-	377,470	352,609	377,470	352,609
Total Expenditures	<u>1,049,782</u>	<u>1,307,239</u>	<u>1,302,150</u>	<u>1,505,752</u>	<u>2,351,932</u>	<u>2,812,991</u>
Increase (Decrease) in Net Position	12,873	93,946	640,497	1,380,899	653,370	1,474,845
Net Position - Beginning of Year (Restated)	<u>582,286</u>	<u>488,340</u>	<u>2,280,315</u>	<u>899,416</u>	<u>2,862,601</u>	<u>1,387,756</u>
Net Position - End of Year	<u>\$ 595,159</u>	<u>\$ 582,286</u>	<u>\$ 2,920,812</u>	<u>\$ 2,280,315</u>	<u>\$ 3,515,971</u>	<u>\$ 2,862,601</u>

Note: The 2014 balances were restated to reflect the change in Vango™ from a special revenue fund to a business-type activity.

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

**General Fund Budgetary Highlights**

The Council's budget presented in the financial statements is for its calendar year (January-December). (January-September is from the 2015 UPWP budget and October-December is from the 2016 UPWP budget) It should be noted that a federal fiscal year budget (October-September) is federally required for its Unified Planning Work Program (UPWP) and that the Council cannot expend more than is budgeted in the UPWP, without amendments to the UPWP and related funding contracts.

Budgetary highlights for 2015 included the disposition of fifteen vans. The Section 5317 funds pass-through funds were booked to consultant expenditures in both 2014 and 2015. Consultant expenditures associated with these programs in 2015 were \$62,083. During 2015, the VanGo™ vanpool program added one new route and cancelled eleven routes resulting in a decrease of 10 routes. The program maintained an 86% occupancy rate for the routes. When compared with the prior year, operating revenue decreased by 23% during 2015. This decrease is due to a multiple factors including low fuel costs and increased alternatives such as Bustang.

**Capital Asset and Debt Administration**

**Capital Assets**

The Council's investment in capital assets at December 31, 2015 amounts to \$794,222 (net of accumulated depreciation). This investment in capital assets includes motor vehicles and office equipment.

The capital assets purchased during the year were as follows:

- Purchase of Automobile/Bicycle/Pedestrian Counters (2) \$10,180

Capital assets are classified as follows (net of depreciation)

	Governmental		Business-type Activities		Total Government	
	2015	2014 Restated	2015	2014 Restated	2015	2014 Restated
Motor Vehicles	\$ -	\$ 3,423	\$ 765,143	\$ 1,144,620	\$ 765,143	\$ 1,148,043
Office Equipment & Software	27,666	31,684	-	-	27,666	31,684
Office Equipment under Lease	1,413	4,239	-	-	1,413	4,239
	\$ 29,079	\$ 39,346	\$ 765,143	\$ 1,144,620	\$ 794,222	\$ 1,183,966

Note: The 2014 balances were restated to reflect the change in Vango™ from a special revenue fund to a business-type activity.

Additional information on the Council's capital assets can be found in Note 1 on pages 22-26 and Notes 7 & 8 on pages 29-30 of this report.

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2015**

**Long-term Debt**

At December 31, 2015, the Council had \$47,808 of long term debt outstanding. The long-term liabilities of the Council represent accrued compensated absences and lease liabilities as follows:

	Governmental Activities	Business-type Activities	Total Government
Accrued Compensated Absences	\$ 27,796	\$ 16,364	\$ 44,160
Lease Liability	3,648	-	3,648
	<u>\$ 31,444</u>	<u>\$ 16,364</u>	<u>\$ 47,808</u>

**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 FY2016 budget indicates that federal funding is being reduced, both for projects and for planning. On December 4, 2015, President Obama signed the Fixing America's Surface Transportation (FAST) Act – a five year funding bill. The bill provides limited increases in funding, however, it added new discretionary funding for freight and highway improvements.

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.

Accomplishments expected during FY2016 include:

- Ongoing implementation of Public Transit/Human Services Transportation Plan
- Complete Transportation Profile
- Approve FY 2020-2021 Call for Projects
- Initiate Freight Plan Northern Colorado
- Complete one Air Quality Ozone State Improvement Plan (SIP) for 75ppb and considerable work on a second Ozone SIP for 70ppb.
- Adopt the Non-motorized Plan
- Maintained the VanGo™ vanpooling program
- Replace a portion of the active VanGo fleet to reduce the average vehicle age and expenses
- Provide public outreach 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
- Prepare Congestion Management Annual Report
- Monitoring and implementation of FAST
- Complete Inventory of US-287

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
December 31, 2015

- Rebuild Agency Website
- Transfer VanGo to a new website

**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 and Operations 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**

**STATEMENT OF NET POSITION**

**December 31, 2015**

	<b>Primary Government</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents (Note 2)	\$ 278,537	\$ 694,668	\$ 973,205
Investments (Note 2)	121,043	833,496	954,539
Receivables	844	742,249	743,093
Grants Receivable	195,466	-	195,466
Internal Balances	29,570	(29,570)	-
Capital Assets, Net (Note 8)	29,079	765,143	794,222
Grant Receivables for Long Term Liabilities	27,796	-	27,796
	682,335	3,005,986	3,688,321
<b>Total Assets</b>			
 <b><u>LIABILITIES AND NET POSITION</u></b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	55,732	68,810	124,542
Long-Term Liabilities (Notes 7 and 9)			
Capital Leases:			
Due Within One Year	3,648	-	3,648
Accumulated Leave	27,796	16,364	44,160
	87,176	85,174	172,350
<b>Total Liabilities</b>			
 <b>NET POSITION</b>			
Net Investment in Capital Assets	25,431	765,143	790,574
Unrestricted	569,728	2,155,669	2,725,397
<b>Total Net Position</b>	\$ 595,159	\$ 2,920,812	\$ 3,515,971

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

**STATEMENT OF ACTIVITIES**  
**Year Ended December 31, 2015**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>REVENUES</b>			
<b>Operating Grants and Contributions</b>			
Grant Revenue - Federal	\$ 832,960	\$ -	\$ 832,960
Grant Revenue - Local Match	226,408	-	226,408
<b>Capital Grants and Contributions</b>			
Grant Revenue - Federal	-	37,500	37,500
<b>Charges for Services</b>			
VanGo™ Vanpooling Fares	-	765,555	765,555
Other Program Revenues	-	1,015,489	1,015,489
<b>General Revenues</b>			
Earnings on Investments	762	3,276	4,038
Miscellaneous	2,525	1,495	4,020
Gain on Sale of Capital Assets	-	119,332	119,332
	<b>1,062,655</b>	<b>1,942,647</b>	<b>3,005,302</b>
<b>EXPENSES</b>			
Payroll Expense	717,113	241,033	958,146
Fleet Expense	6,828	534,364	541,192
Office Expense	64,002	117,191	181,193
Consultant and Professional Services	170,959	1,549	172,508
Other Program Expense	84,435	28,025	112,460
Travel / Conference / Training	5,204	2,518	7,722
Depreciation	-	377,470	377,470
Interest Expense	1,241	-	1,241
	<b>1,049,782</b>	<b>1,302,150</b>	<b>2,351,932</b>
Change in Net Position	12,873	640,497	653,370
<b>NET POSITION</b>			
Beginning of the Year	2,862,601	-	2,862,601
Restatement (Note 1, K)	(2,280,315)	2,280,315	-
End of the Year	<b>\$ 595,159</b>	<b>\$ 2,920,812</b>	<b>\$ 3,515,971</b>



NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

GOVERNMENTAL FUND BALANCE SHEET

December 31, 2015

	<b>General Fund</b>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents (Note 2)	\$ 278,537
Investments (Note 2)	121,043
Receivables	844
Grants Receivable	195,466
Due From Other Funds	29,570
Total Assets	<u>\$ 625,460</u>
<b><u>LIABILITIES AND NET POSITION</u></b>	
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	\$ 55,732
Total Liabilities	<u>55,732</u>
<b>FUND BALANCE</b>	
Assigned for Operating Reserve	258,042
Assigned for Operations and Lease Liabilities	311,686
Total Fund Balance	<u>569,728</u>
Total Liabilities and Fund Balance	<u>\$ 625,460</u>

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

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

**December 31, 2015**

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

Fund Balance per General Fund (see page 14)	\$ 569,728
Capital assets used in governmental activities are not financial resources, and therefore, are not reported in the governmental fund balance sheet:	
Total Capital Assets, Net	29,079
Some liabilities, including capital lease obligations, are not due and payable from current financial resources, and therefore, are not recorded as liabilities in the governmental fund balance sheet:	
Capital Lease	(3,648)
Some liabilities are not due and payable in the current period and therefore are not reported in the governmental fund balance sheet:	
Accumulated Leave	(27,796)
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 governmental fund balance sheet:	
Grants Receivable for Long Term Liabilities	<u>27,796</u>
Net Position (see page 12)	<u><u>\$ 595,159</u></u>

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

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

Year Ended December 31, 2015

	<u>General Fund</u>
<b>REVENUES</b>	
Grant Revenue - Federal	\$ 821,392
Grant Revenue - Local Match	223,857
Earnings on investments	762
Miscellaneous	<u>2,525</u>
Total Revenues	<u>1,048,536</u>
<b>EXPENDITURES</b>	
<b>General Government</b>	
Payroll Expense	702,287
Fleet Expense	3,405
Office Expense	46,978
Consultant and Professional Services	170,959
Other Program Expense	84,435
Travel / Conference / Training	5,204
Capital Outlay - Purchases	10,180
<b>Debt Service</b>	
Principal Repayment of Capital Lease Obligations	3,847
Interest Payments - Capital Lease	<u>1,241</u>
Total Expenditures	<u>1,028,536</u>
Change in Fund Balance	20,000
<b>FUND BALANCE</b>	
Beginning of the Year	<u>549,728</u>
End of the Year	<u><u>\$ 569,728</u></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, 2015**

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 - (see page 16)		\$	20,000
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			(14,826)
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			10,180
Depreciation			(20,447)
Total			<u>(10,267)</u>
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			14,119
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>3,847</u>
Change in Net Position (see page 13)		\$	<u>12,873</u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

**PROPRIETARY FUND STATEMENT OF NET POSITION**

December 31, 2015

	<u>VanGo™</u>
<b><u>ASSETS</u></b>	
Cash and Cash Equivalents (Note 2)	\$ 694,668
Investments (Note 2)	833,496
Receivables	742,249
Capital Assets, Net (Note 8)	<u>765,143</u>
Total Assets	<u><u>3,035,556</u></u>
<b><u>LIABILITIES AND NET POSITION</u></b>	
<b>LIABILITIES</b>	
Accounts Payable and Accrued Liabilities	68,810
Due to Other Funds	29,570
Accumulated Leave	<u>16,364</u>
Total Liabilities	<u>114,744</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	765,143
Unrestricted	<u>2,155,669</u>
Total Net Position	<u><u>\$ 2,920,812</u></u>

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

**STATEMENT OF PROPRIETARY FUND REVENUES, EXPENSES**  
**AND CHANGES IN NET POSITION**  
**Year Ended December 31, 2015**

	<b>VanGo™</b>
<b>OPERATING REVENUES</b>	
Charges for Services	\$ 765,555
Other Program Revenues	1,015,489
Total Operating Revenues	1,781,044
<b>OPERATING EXPENSES</b>	
Payroll Expense	241,033
Fleet Expense	534,364
Office Expense	117,191
Consultant and Professional Services	1,549
Other Program Expense	28,025
Travel / Conference / Training	2,518
Depreciation	377,470
Total Operating Expenses	1,302,150
Operating Income (Loss)	478,894
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Grant Revenue - Federal	37,500
Earnings on Investments	3,276
Other Nonoperating Revenues	1,495
Gain on sale of capital assets	119,332
Total Nonoperating Revenues (Expenses)	161,603
Change in Net Position	640,497
Net Position - Beginning of the year	-
Restatement (Note 1 K)	2,280,315
Net Position - End of the Year	\$ 2,920,812

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

**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUND**  
**Year Ended December 31, 2015**

	<b>VanGo™</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received From Customers	\$ 1,304,346
Cash Paid to Suppliers and Vendors	(641,469)
Cash Paid to Employees	(235,066)
Net Cash Flows From Operating Activities	427,811
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>	
Other Nonoperating Revenues	1,495
Grant Revenue - Federal	37,500
Change in Interfund Receivable/Payable	38,264
Net Cash Flows From Non-Capital Financing Activities	77,259
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from Disposition of Capital Assets	121,339
Net Cash Flows From Capital and Related Financing Activities	121,339
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on investments	3,276
Purchases of Investments	(571,102)
Operating Income (Loss)	(567,826)
Net Change in Cash and Cash Equivalents	58,583
Cash and Cash Equivalents - Beginning of Year	636,085
Cash and Cash Equivalents - End of the Year	\$ 694,668
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:</b>	
Operating Income	\$ 478,894
Adjustments to Reconcile Operating Income to Net Cash Flows from Operating Activities:	
Depreciation	377,470
Receivables	(476,698)
Accounts Payable and Accrued Liabilities	42,178
Accrued Compensated Absences	5,967
	\$ 427,811

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

**GENERAL FUND BUDGETARY COMPARISON STATEMENT**

**Year Ended December 31, 2015**

	<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	\$ 1,402,267	\$ (1,750)	\$ 1,400,517	\$ 821,392	\$ (579,125)
Grant Revenue - Local Match	281,404	1,502	282,906	223,857	(59,049)
Earnings on Investments	-	-	-	762	762
Miscellaneous	-	-	-	2,525	2,525
 Total Revenues	 <u>1,683,671</u>	 <u>(248)</u>	 <u>1,683,423</u>	 <u>1,048,536</u>	 <u>(634,887)</u>
<b>EXPENDITURES</b>					
Payroll Expense	1,125,800	64,390	1,190,190	702,287	487,903
Fleet Expense	12,500	(2,000)	10,500	3,405	7,095
Office Expense	126,529	2,456	128,985	46,978	82,007
Consultant and Professional Services	260,980	(47,870)	213,110	170,959	42,151
Other Program Expense	100,412	(15,374)	85,038	84,435	603
Travel/Conf/Training	18,450	(600)	17,850	5,204	12,646
Capital Outlay - Purchases	39,000	(1,250)	37,750	10,180	27,570
Debt Service	-	-	-	5,088	(5,088)
 Total Expenditures	 <u>1,683,671</u>	 <u>(248)</u>	 <u>1,683,423</u>	 <u>1,028,536</u>	 <u>654,887</u>
<b>Excess (Deficiency) of Revenue over Expenditures</b>				<u>20,000</u>	<u>20,000</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 <u>\$</u>	 <u>\$</u>	 -	 20,000	 20,000
 <b>FUND BALANCE, Beginning of the Year</b>			 <u>549,728</u>	 <u>549,728</u>	 <u>-</u>
 <b>FUND BALANCE, End of the Year</b>			 <u>\$ 549,728</u>	 <u>\$ 569,728</u>	 <u>\$ 20,000</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. Based on this criteria, there are no other organizations that would be considered a component unit of the Council.

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

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

The statement of activities demonstrates the degree to which the direct expenses of a give function or segment are offset by program revenues. Direct expenses are those that are clearly associated with a specific function or segment. Program revenues include; 1) charges to customers who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**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, as are the proprietary funds. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

Under the modified accrual basis of accounting, as used in governmental fund financial statements, acquisition costs of capital assets are recorded as expenditures at the time of purchase and depreciation is not recognized on these capital assets.

The Council presents the following major governmental fund:

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services in connection with a proprietary fund's principal ongoing operations. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

The Council reports the following major proprietary fund:

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

**D. Budget and Budgetary Accounting**

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, or "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 July or August meeting.

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

4. Expenditures may not exceed the UPWP budgeted totals. Any revisions that alter the total budgeted expenditures of any tasks must be approved by the Council or by means of an administrative amendment, and be formally incorporated into an amended UPWP.

The Council's annual fiscal year budget is based on two fiscal year budgets. January-September is based on the 2015 fiscal budget and October-December is based on the 2016 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 accrued compensated absence liability.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the Governmental Fund Balance Sheet and 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

**G. Accumulated Leave**

The Council allows employees to accumulate unused vacation pay and to defer overtime pay by accumulating compensatory leave up to maximum limits. A percentage, based on years of service, of accumulated sick pay is allowed to be paid into a retirement health savings plan. 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 is on a cost reimbursement basis through federal grant and local match funding streams. Reimbursement invoices are submitted to Colorado Department of Transportation 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.

**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.

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

**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 MPO 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:

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

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

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

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

Unassigned - all other spendable amounts.

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

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

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

During the current year, management of the Council deemed that the activity for the VanGo™ vanpooling program should be reported separately as an enterprise fund, instead of being reported as a special revenue fund. The beginning net position for the VanGo™ fund and the business-type activities has been restated with an increase of \$2,280,315 to reflect this change; the governmental fund activities has been restated with a decrease for the same amount.

**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, 2015, the Council had deposits with financial institutions with a carrying amount of \$973,130. The bank balances with the financial institutions was \$972,706 of which \$742,033 was covered by federal depository insurance. The remaining balance of \$230,673 was collateralized with securities held by the financial institutions' agents but not in the Council's name.

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

At December 31, 2015 the Council had \$704,290, invested in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"), 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. As of December 31, 2015, COLOTRUST was rated "AAAm" by Standard & Poor's, a nationally recognized statistical rating organization. The "AAAm" rating signifies excellent safety of invested principal value and limited exposure to loss.

In addition the Council had \$250,249 invested in a certificate of deposit with Guaranty Bank and Trust.

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**

As of December 31, 2015, the Council had cash and cash equivalents and investment balances as follows:

	<u>Governmental activities</u>	<u>Business-type activities</u>	<u>Total</u>
Cash on hand	\$ 75	\$ -	\$ 75
Bank deposits	278,462	694,668	973,130
Local government investment pool	121,043	583,247	704,290
Certificates of deposit	-	250,249	250,249
Total	<u>\$ 399,580</u>	<u>\$ 1,528,164</u>	<u>\$ 1,927,744</u>

**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.

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

**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 contributions to these plans were as follows:

	Government Activities		Business-type Activities		Total Government	
	2014	2015	2014	2015	2014	2015
Employer	\$ 53,468	\$ 49,070	\$ 20,694	\$ 25,181	\$ 74,162	\$ 74,251
Employee	13,687	22,175	5,157	4,942	18,844	27,117

**NOTE 5: RETIREMENT PLANS**

**Money Purchase Plan**

The Council offers all its permanent, classified employees a defined contribution money purchase plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate 30 days from the date of employment. 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 during 2015 and 2014 were:

	Government Activities		Business-type Activities		Total Government	
	2014	2015	2014	2015	2014	2015
Employer	\$ 38,798	\$ 40,416	\$ 13,077	\$ 12,708	\$ 51,875	\$ 53,124
Employee	21,015	23,403	5,777	3,498	26,792	26,901

**Deferred Compensation Plan**

The Council offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The assets under this plan are not considered property of the Council and are held by a second party administrator for the exclusive benefit of the plan participants and their beneficiaries. The Council has little administrative involvement and does



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

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 69% of the organization's total revenue of its general fund is from FHWA and FTA grants administered through Colorado Department of Transportation. Approximately 6% of the organization's total revenue of its general fund is from FTA grants administered through the MPO.

Approximately 39% of the organization's total revenue of the VanGo™ fund is from charges for services. Approximately 50% of the organization's total revenue of the VanGo™ fund is from the City of Fort Collins in exchange for FTA Section 5307 funds.

**NOTE 7: CAPITAL LEASES**

The organization currently has one copier under capital lease. This lease requires a monthly lease payment of \$424, with the last payment required in October 2016.

The carrying value of the assets under these leases is \$1,413 at December 31, 2015.

The following schedule reflects the future minimum lease payments under these capital leases, and the present value of the net minimum lease payments at December 31, 2015.

<u>Year Ending December 31</u>	<u>Amount</u>
2016	\$ 4,238
Total Minimum Lease Payments	4,238
Less: Amount representing Interest	(590)
Present Value of Future Minimum Lease Payments	<u>\$ 3,648</u>

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

**NOTE 8: CAPITAL ASSETS**

A summary of changes to capital assets for the year ended December 31, 2015 follows:

	<u>1/1/2015</u> <u>Balance</u> <u>(Restated)</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2015</u> <u>Balance</u>
<b>Governmental activities</b>				
<u>Capital Assets Being Depreciated</u>				
Fleet Equipment	\$ 29,470	\$ -	\$ -	\$ 29,470
Office Equipment	201,497	10,180	58,458	153,219
Leased Assets	14,130	-	-	14,130
Governmental activities Capital Assets, Being Depreciated	<u>245,097</u>	<u>10,180</u>	<u>58,458</u>	<u>196,819</u>
<u>Accumulated Depreciation</u>				
Fleet Equipment	26,047	3,423	-	29,470
Office Equipment	169,813	14,198	58,458	125,553
Leased Assets	9,891	2,826	-	12,717
Total Accumulated Depreciation	<u>205,751</u>	<u>20,447</u>	<u>58,458</u>	<u>167,740</u>
Governmental activities capital assets, net	<u>\$ 39,346</u>	<u>\$ (10,267)</u>	<u>\$ -</u>	<u>\$ 29,079</u>
<b>Business-type activities</b>				
<u>Capital Assets Being Depreciated</u>				
Fleet Equipment	\$ 2,383,732	\$ -	\$ 335,513	\$ 2,048,219
Business-type activities Capital Assets, Being Depreciated	<u>2,383,732</u>	<u>-</u>	<u>335,513</u>	<u>2,048,219</u>
<u>Accumulated Depreciation</u>				
Fleet Equipment	<u>1,239,112</u>	<u>377,470</u>	<u>333,506</u>	<u>1,283,076</u>
Total Accumulated Depreciation	<u>1,239,112</u>	<u>377,470</u>	<u>333,506</u>	<u>1,283,076</u>
Business-type activities capital assets, net	<u>\$ 1,144,620</u>	<u>\$ (377,470)</u>	<u>\$ 2,007</u>	<u>\$ 765,143</u>

Depreciation expense for governmental activities has been allocated to fleet expense for \$3,423 and office expense for \$17,024.

**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, 2015 follows:

	<u>1/1/2015</u> <u>Balance</u> <u>(Restated)</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2015</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
Accumulated Leave	\$ 12,970	\$ 15,684	\$ 858	\$ 27,796	\$ -
Lease Liability	7,495	-	3,847	3,648	3,648
Governmental activities Total Long-Term Liabilities	<u>\$ 20,465</u>	<u>\$ 15,684</u>	<u>\$ 4,705</u>	<u>\$ 31,444</u>	<u>\$ 3,648</u>
<b>Business-type Activities</b>					
Accumulated Leave	\$ 10,397	\$ 5,967	\$ -	\$ 16,364	\$ -
Business-type activities Total Long-Term Liabilities	<u>\$ 10,397</u>	<u>\$ 5,967</u>	<u>\$ -</u>	<u>\$ 16,364</u>	<u>\$ -</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 T Marple Leasing are made on a monthly basis. Total costs for the office space and van operating leases were \$107,125 and \$25,200, respectively for the year ended December 31, 2015.

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

	<u>Year Ending</u> <u>December 31:</u>	<u>Office</u>	<u>Vans</u>
<b>Governmental Activities</b>			
	2016	\$ 109,971	-
	2017	\$ 20,452	\$ -
<b>Business-type Activities</b>			
	2016	\$ -	\$ 16,800

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

**Note 11: Subsequent Events**

Management of the Council has evaluated subsequent events through June 2, 2016, the date that the financial statements were available to be issued. No 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

**PROPRIETY FUND BUDGETARY COMPARISON STATEMENT**

Year Ended December 31, 2015

	Budget			Actual	Variance with Final Budget
	Original Budget	Amendments	Final Budget		
<b>OPERATING REVENUES</b>					
Charges for services	\$ 909,283	\$ (3,621)	\$ 905,662	\$ 765,555	\$ (140,107)
Other Program Revenues	284,310	75,346	359,656	1,015,489	655,833
Total Operating Revenues	1,193,593	71,725	1,265,318	1,781,044	515,726
<b>OPERATING EXPENSES</b>					
Payroll Expense	249,000	10,650	259,650	241,033	18,617
Fleet Expense	684,143	3,141	687,284	534,364	152,920
Office Expense	108,767	2,888	111,655	117,191	(5,536)
Consultant and Professional Services	-	-	-	1,549	(1,549)
Other Program Expense	43,238	832	44,070	28,025	16,045
Travel / Conference / Training	4,500	(425)	4,075	2,518	1,557
Capital Purchases	205,445	98,639	304,084	-	304,084
Total Operating Expenses	1,295,093	115,725	1,410,818	924,680	486,138
Operating Income	(101,500)	(44,000)	(145,500)	856,364	1,001,864
<b>NONOPERATING REVENUES (EXPENSES)</b>					
Grant Revenue - Federal	101,500	44,000	145,500	37,500	(108,000)
Earnings on Investments	-	-	-	3,276	3,276
Miscellaneous Earnings	-	-	-	1,495	1,495
Gain on Sale of Capital Assets	-	-	-	119,332	119,332
Total Nonoperating Revenues (Expenses)	101,500	44,000	145,500	161,603	16,103
Change in Net Position - Budgetary Basis	-	-	-	1,017,967	1,017,967
Reconciliation to GAAP Basis					
Depreciation	-	-	-	377,470	-
Change in Net Position - GAAP Basis				640,497	
Net Position - Beginning of the Year				-	-
Restatement (Note 1 K)				2,280,315	2,280,315
Net Position - End of the Year				\$ 2,920,812	\$ 3,298,282

North Front Range Transportation & Air Quality Planning Council  
 Schedule of Expenditures of Federal Awards  
 Year Ended December 31, 2015

	CFDA #	GRANT #	Pass-through Entity	Start Date	End Date	Federal Award Amount	+/- Change Orders	Prior Years Expenditures	Current Year Federal Expenditures	Federal Balance Remaining	
<b>FEDERAL HIGHWAY ADMINISTRATION</b>											
<b>Passed through CDOT:</b>											
FY14 & FY 15 CPG	20.205	14-HTD-62424	Colorado Dept of Transp	11/29/13	12/31/15	\$ 776,227	\$ 833,572	\$ 729,641	\$ 612,235	\$ 267,923	(a)
FY 16&FY 17 CPG	20.205	16-HTD-ZL-00175	Colorado Dept of Transp	12/29/15	12/31/17	631,525				631,525	(a)
FY14 & FY 15 STP-Metro (matched)	20.205	15-HTD-55255	Colorado Dept of Transp	05/24/14	07/01/16	412,013	171,019	75,127	50,837	457,068	(a)
FY 16 & FY 17 STP-metro (matched)	20.205	16-HTD-ZL-00164	Colorado Dept of Transp	12/28/15	12/31/17	143,714	-	-	-	143,714	(a)
FY 15 STP-Metro (unmatched)	20.205	15-HTD-ZL-00174	Colorado Dept of Transp	02/26/15	06/30/16	37,500	-	-	37,500	-	
FY14 State Planning Funds	20.205	14-HTD-62219	Colorado Dept of Transp	11/29/13	06/30/15	100,000	-	89,236	8,296	2,468	(b)
<b>Sub-total Federal Highway Administration</b>						<b>2,100,979</b>	<b>1,004,591</b>	<b>894,004</b>	<b>708,868</b>	<b>1,502,698</b>	
<b>FEDERAL TRANSIT ADMINISTRATION</b>											
FY 14 5310	20.513	PO9147160	City of Fort Collins	11/18/14	12/31/15	32,174	-	6,291	24,340	1,543	(a)
FY 15 5310	20.513	15-HTR-SL-00153	Colorado Dept of Transp	02/19/15	12/31/16	49,980	-	-	20,883	29,097	(a)
FY 16 5310	20.513	16-HTR-ZL-00181	Colorado Dept of Transp	11/22/15	12/31/16	9,600	-	-	-	9,600	(a)
<b>Sub-total Federal Transit Administration</b>						<b>91,754</b>	<b>-</b>	<b>6,291</b>	<b>45,223</b>	<b>40,240</b>	
<b>FEDERAL TRANSIT ADMINISTRATION</b>											
FY 14 5311	20.509	PO 211018944	Colorado Dept of Transp	06/30/14	04/30/15	20,000	-	-	20,000	-	
<b>Sub-total Federal Transit Administration</b>						<b>20,000</b>	<b>-</b>	<b>-</b>	<b>20,000</b>	<b>-</b>	
<b>FUNDS PASSED THROUGH FROM FEDERAL TRANSIT ADMINISTRATION</b>											
Section 5317 (New Freedom)	20.521	CO-57-X0005-00	Federal Transit Administration			76,504	-	50,417	26,087	-	
Section 5317 (New Freedom)	20.521	CO-57-X0007-00	Federal Transit Administration			90,645	123,057	182,753	450	30,499	(b)
Section 5317 (New Freedom)	20.521	CO-57-X0015-00	Federal Transit Administration			45,660		9,660	36,000	-	
<b>Sub-total Passed through Federal Transit Administration</b>						<b>212,809</b>	<b>123,057</b>	<b>242,830</b>	<b>62,537</b>	<b>30,499</b>	
<b>TOTAL FEDERAL AWARDS</b>						<b>\$ 2,425,542</b>	<b>\$ 1,127,648</b>	<b>\$ 1,143,125</b>	<b>\$ 836,628</b>	<b>\$ 1,573,437</b>	

NOTES TO SCHEDULE OF FEDERAL EXPENDITURES:

- (a) Balance to be used in CY 2016 for 2016 UPWP Activities
- (b) Balance to be returned to CDOT/FTA

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 Title 2, U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts reported in, or used in the preparation of the basic financial statements.

See Independent Auditor's Report



## 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 & 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, the business-type activities, and each major fund of the North Front Range Transportation & Planning Council (the "Council"), as of and for the year ended December 31, 2015, and the related notes to the financial statements, which collectively comprise Council's basic financial statements, and have issued our report thereon dated June 2, 2016.

### 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 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  
June 2, 2016



## Independent Auditor's Report on Compliance For Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

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

### Report on Compliance for Each Major Federal Program

We have audited the North Front Range Transportation & Planning Council (the "Council") compliance with the types of compliance requirements described in the *OMB 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, 2015. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2015.



### ***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 each 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 the Uniform Guidance, 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Anton Collins Mitchell LLP*

Greeley, Colorado  
June 2, 2016

**North Front Range Transportation & Air Quality Planning Council**  
**Schedule of Findings and Questioned Costs**  
**December 31, 2015**

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**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 2 CFR 200.516(a)? \_\_\_\_\_ 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

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

Auditee qualified as low-risk auditee?   X   Yes    \_\_\_\_\_ No