

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

**FINANCIAL STATEMENTS**

Year Ended December 31, 2012

# NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

## **Listing of Council Members** As of April 23, 2013

Mayor Lyle Achziger – Chair	City of Evans
Mayor Pro-Tem Jan Dowker – Vice Chair	Town of Berthoud
Commissioner Tom Donnelly – Past Chair	Larimer County
Kevin Ross	Town of Eaton
Wade Troxell	City of Fort Collins
Brian Seifried	Town of Garden City
Mayor Tom Norton	City of Greeley
Troy Mellon	Town of Johnstown
Ray Mondragon	Town of LaSalle
Joan Shaffer	City of Loveland
Mayor Pro-Tem Julie Cozad	Town of Milliken
Bruce Florquist	Town of Severance
Mayor Jill Grossman-Belisle	Town of Timnath
Commissioner Sean Conway	Weld County
Mayor John Vazquez	Town of Windsor
Mike Silverstein	Air Pollution Control Division
Kathy Gilliland	Transportation Commission

## **Listing of Staff Members** As of April 23, 2013

Terri Blackmore	Executive Director
Anne Blair	VanGo™ Vanpool Manager
Jessica Cole	Regional Transportation Planning Technician
Stan Elmquist	Transportation Planner
Catherine Fallin	Federal Compliance Officer
Mary Finn-Warring	Mobility Coordinator
Aaron Fodge	Regional Transportation Manager – TDM
Theresa Fox	Finance Director
Merry Anne Hood	Financial & Administrative Services Specialist
Arvilla Kirchoff	Regional Transportation Planner (GIS)
Suzette Mallette	Regional Transportation Planning Director
Liz Meyer	Staff Accountant
Jeff McVay	Customer & Business Relations Representative
Shawn Monk	Regional Transportation Planning Technician
Mary Rogers	Mobility Coordination Assistant
Renae Steffen	Administrative Director

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## Independent Auditors' Report

Planning Council  
North Front Range Metropolitan Planning Organization  
Fort Collins, Colorado

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the major fund of the North Front Range Metropolitan Planning Organization (the MPO), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the MPO's 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; this includes the design, implementation, and maintenance of the 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 an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States 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 evaluation of the overall presentation of the financial statements.

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

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the major fund of the North Front Range Metropolitan Planning Organization, as of December 31, 2012 and the changes in financial position and the budgetary comparison statement for the year then ended in conformity with accounting principles generally accepted in the United States.

### **Other Matter**

Accounting principles generally accepted in the United States require that management discussion and analysis be presented to supplement the basic financial statements. Such information, although not 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, and historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States, 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 Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 23, 2013 on our consideration of the MPO'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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*, and should be considered in assessing the results of our audit.

*Anderson & Whitney, P.C.*

April 23, 2013

**North Front Range Transportation & Air Quality Planning Council**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**December 31, 2012**

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, 2012. The management's discussion and analysis is intended to be read in conjunction with the Council's financial statements beginning on page 10.

**Financial Highlights**

Although the Council budgets on a federal fiscal year (October-September), by means of a Unified Planning Work Program (UPWP), our primary sources of transportation planning and program operating revenues were as follows for calendar year 2012:

▪ Consolidated Planning Grant (CPG)	\$ 737,308
▪ Surface Transportation Program (STP Metro)	-
▪ State Planning Funds	13,110
▪ Section 5310 Federal Funding	67,565
▪ Section 5316 Federal Funding	47,570
▪ Section 5317 Federal Funding	2,060
▪ Section 5307 Federal Funding	194,256
▪ Local Match - Member Entities	143,274
▪ VanGo™ Operating Fares	844,410
▪ RTD Program Revenue & Match	506,351

**Overview of the Financial Statements**

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

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

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

The statement of net position presents information on all of the Council's assets 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 position is primarily comprised of the total value in our capital assets and non-federal programs, as opposed to being reflective of whether the financial position of the Council is improving or deteriorating.

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

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

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Council, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The only fund of the Council is a governmental fund.

## **Governmental Funds**

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

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

The basic governmental fund financial statements are combined with the government-wide financial statements and can be found beginning on page 10 of this report.

## **Notes to the Financial Statements**

The notes to the financial statements are considered an integral part of the basic financial statements and provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 15 of this report.

## Government-Wide Financial Analysis

Council implemented the new financial reporting model required by GASB 34 in 2003.

Assets exceed liabilities by \$1,474,665 at the close of the year. Of this figure, \$520,471 represents our net investment in capital assets. The Council uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

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

	<b>2012</b>	<b>2011</b>
Current and Other Assets	\$ 1,174,412	\$ 1,164,364
Grant Receivables for Long-Term Liabilities	35,751	35,255
Capital Assets, net	538,310	643,675
Total Assets	<u>1,748,473</u>	<u>1,843,294</u>
Current and Other Liabilities	220,218	204,351
Long-term Liabilities	53,590	59,990
Total Liabilities	<u>273,808</u>	<u>264,341</u>
Net Position		
Invested in Capital Assets, net	520,471	618,940
Unrestricted	954,194	960,013
Total Net Position	<u>\$ 1,474,665</u>	<u>\$ 1,578,953</u>

### Governmental Activities

During 2012, the Council's net position decreased by \$104,288. Key elements contributing to this decrease are as follows:

	<u>2012</u>	<u>2011</u>
Revenues:		
Grant Revenue - Federal	\$ 1,061,458	\$ 1,736,397
Grant Revenue - Local Match	207,733	268,332
VanGo™ Vanpool Fares	844,410	795,331
Program Revenues	441,806	511,947
Miscellaneous Revenues	2,158	800
Total Revenues	<u>2,557,565</u>	<u>3,312,807</u>
Expenditures:		
Payroll Expense	1,000,058	1,097,218
Fleet Expense	747,294	862,590
Office Expense	185,995	196,583
Consultant & Professional Services	291,760	620,148
Other Program Expense	40,131	202,229
Travel/Conference/Training	8,465	12,359
Depreciation	372,570	384,360
Interest Expense	15,580	10,734
Total Expenditures	<u>2,661,853</u>	<u>3,386,221</u>
Increase (Decrease) in Net Position	(104,288)	(73,414)
Net Position - Beginning of Year	<u>1,578,953</u>	<u>1,652,367</u>
Net Position - End of Year	<u>\$ 1,474,665</u>	<u>\$ 1,578,953</u>

### General Fund Budgetary Highlights

As the Council's budget is on a federal fiscal year basis (Oct-Sep) as is federally required for its Unified Planning Work Program (UPWP), and is also adopted for its calendar year (Jan-Dec) budget, the budget to actual information presented should be considered with the two different fiscal years in mind. It should be noted, too, that the Council cannot expend more than is budgeted in the UPWP, without amendments to the UPWP and related funding contracts.

Budgetary highlights for 2012 included the disposition of eleven vans. The MPO has delayed several planned projects due to staffing shortages. Section 5316 and Section 5317 funds: These pass-through funds, along with the local match for the City of Loveland Transit (COLT), were booked to consultant expenditures in both 2011 and 2012. Consultant expenditures associated with these programs in 2012 were \$49,810 resulting in final distribution of a Section 5316 grant. During 2012, the VanGo™ vanpool program conducted one formation meeting resulting in one new route. The program maintained a 93% occupancy rate for the routes. When compared with the prior year, operating revenue increased by 6% during 2012.

In 2012, the organization's first Federal Transit Administration (FTA) Triennial Review was performed. Based on feedback from the Federal Review Team, the review was successfully completed. The NFRMPO staff demonstrated its ability to match and manage FTA grant funds and conduct and respond to applicable reviews.

## Capital Asset and Debt Administration

### Capital Assets

The Council's investment in capital assets at December 31, 2012 amounts to \$538,310 (net of accumulated depreciation). This investment in capital assets includes motor vehicles (owned and leased) and office equipment.

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

- Purchased (11) Vans for VanGo™ vanpooling program \$ 267,206

Capital assets are classified as follows (net of depreciation)

	<u>2012</u>	<u>2011</u>
Motor Vehicles	\$ 492,066	\$ 555,194
Motor Vehicles under Lease	7,678	15,670
Office Equipment & Software	28,674	60,496
Office Equipment under Lease	9,892	12,314
	<u>\$ 538,310</u>	<u>\$ 643,674</u>

Additional information on the Council's capital assets can be found in Note 1 on pages 15-17 and Notes 7 & 8 on pages 20-21 of this report.

### Long-term Liabilities

At December 31, 2012, the Council had \$53,590 of long term liabilities outstanding. The long-term liabilities of the Council represent accrued compensated absences of \$35,751, and capital lease liabilities of \$17,839.

### 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, especially along the Front Range, declining resources have led to a transportation funding crisis in many parts of the state, including the North Front Range. The Council continues to rely primarily on federal transportation-related grants and CDOT's FY2013 budget indicates that federal funding is being reduced, both for projects and for planning.

Many communities are having difficulty keeping up with road maintenance. Bridges and other transportation facilities are in a state of disrepair, and transit services are incapable of meeting current needs. Travel demand 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 the region's congested corridors contributing toward improving the region's air quality. As a result of the recent decision by the Federal Transit Administration (FTA) to rescind the Buy America waiver for minivans, the VanGo™ program cannot meet the FTA requirement for minimum passenger vanpool vehicles that efficiently move workers while maximizing the use of federal funds. The decision to rescind the Buy American waiver for minivans dramatically impacts the future of the VanGo™ Vanpool Program's ability to purchase minivans.

Accomplishments expected during FY2013 include:

- Ongoing implementation of Public Transit/Human Services Transportation Plan
- Maintain Transportation Improvement Plan database
- Maintain the VanGo™ vanpooling program
- Work on air quality issues, particularly ozone
- Perform data collection and analysis in support of planning functions
- Complete Regional Transit Element Update
- Finalize the US34 Access Control Plan
- Complete the Regional Bike Plan
- Complete the Annual Congestion Management Plan Performance Report
- Monitoring and implementation of MAP-21

### **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: Theresa Fox, Finance & Budget Director, North Front Range Transportation & Air Quality Planning Council, 419 Canyon Avenue, Suite 300, Fort Collins, Colorado 80521, or by phone at (970) 416-2638, or by e-mail at [tfox@nfrmpo.org](mailto:tfox@nfrmpo.org).

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

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

**December 31, 2012**

	<u>General Fund</u>	<u>Adjustments (see page 11)</u>	<u>Statement of Net Position</u>
<b><u>ASSETS</u></b>			
Cash and Cash Equivalents (Note 2)	\$ 169,995	\$	\$ 169,995
Investments (Note 2)	557,890		557,890
Receivables	351,934		351,934
Grants Receivable	94,593		94,593
Capital Assets, net (Note 8)		538,310	538,310
Grant Receivables for Long Term Liabilities		35,751	35,751
	<hr/>		<hr/>
Total Assets	<u>1,174,412</u>	<u>574,061</u>	<u>1,748,473</u>
 <b><u>LIABILITIES AND NET POSITION</u></b>			
<b>LIABILITIES</b>			
Accounts Payable and Accrued Liabilities	220,218		220,218
Long-Term Liabilities (Note 7)			
Capital Leases		17,839	17,839
Accumulated Leave		35,751	35,751
	<hr/>		<hr/>
Total Liabilities	<u>220,218</u>	<u>53,590</u>	<u>273,808</u>
 <b>FUND BALANCE</b>			
Unreserved:			
Assigned for Operations & Lease Liabilities	954,194	(954,194)	
	<hr/>	<hr/>	<hr/>
Total Fund Balance	<u>954,194</u>	<u>(954,194)</u>	
Total Liabilities and Fund Balance	<u>\$ 1,174,412</u>	<u>(900,604)</u>	<u>273,808</u>
 <b>NET POSITION</b>			
Invested in Capital Assets, net of debt		520,471	520,471
Unrestricted		954,194	954,194
		<hr/>	<hr/>
Total Net Position		<u>\$ 1,474,665</u>	<u>\$ 1,474,665</u>

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

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

December 31, 2012

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

Fund Balance per General Fund (see page 10)	\$ 954,194
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet:	
Total Capital Assets	538,310
The issuance of long-term debt (e.g., leases) provides current financial resources while the repayment of the principal consumes the current financial resources. Neither transaction, however, has any effect on net position:	
Capital Lease Financing	(17,839)
Some liabilities are not due and payable in the current period and therefore are not reported in the fund balance sheet:	
Accumulated Leave	(35,751)
Some receivables, including those which will pay off accumulated leave, are not measurable and available in the current period and therefore are not recorded in the fund statements	35,751
Net Position (see page 10)	<u>\$ 1,474,665</u>

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

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

Year Ended December 31, 2012

	<b>General Fund</b>	<b>Adjustments (see page 13)</b>	<b>Statement of Activities</b>
<b>REVENUE</b>			
Grant Revenue - Federal	\$ 1,061,869	\$ (411)	\$ 1,061,458
Grant Revenue - Local Match	207,818	(85)	207,733
VanGo™ Vanpooling Fares	844,410		844,410
Other Program Revenues, including RTD	441,806	-	441,806
Miscellaneous	2,158		2,158
Total Revenues	2,558,061	(496)	2,557,565
 <b>EXPENDITURES/EXPENSES</b>			
Payroll Expense	1,000,554	(496)	1,000,058
Fleet Expense	747,294		747,294
Office Expense	185,995		185,995
Consultant & Professional Services	291,760		291,760
Other Program Expense	40,131		40,131
Travel / Conference / Training	8,465		8,465
Capital Outlay - Purchases	267,206	(267,206)	
Depreciation Expense		372,570	372,570
Repayment of Capital Leases	22,476	(6,896)	15,580
Total Expenditures/ Expenses	2,563,881	97,972	2,661,853
Excess of Revenue over Expenditures	(5,820)	5,820	
Change in Net Position		(104,288)	(104,288)
 <b>FUND BALANCE/ NET POSITION</b>			
Beginning of the Year	960,014		1,578,953
End of the Year	\$ 954,194	\$	\$ 1,474,665

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

RECONCILIATION OF THE STATEMENT OF GOVERNMENTAL FUND REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE  
STATEMENT OF ACTIVITIES

Year Ended December 31, 2012

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

Revenues and other financing sources under expenditures - general fund (see page 12)		\$	(5,820)
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 Compensated Absences			(496)
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	267,206		
Depreciation	<u>(372,570)</u>		
Total			(105,364)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the governmental fund:			
Compensated Absences			496
Repayment of Capital Leases Principal			<u>6,896</u>
Change in Net Position (see page 12)		\$	<u>(104,288)</u>

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

**BUDGETARY COMPARISON STATEMENT**  
**GENERAL FUND**

**Year Ended December 31, 2012**

	<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	\$ 1,496,056	\$ 561,600	\$ 2,057,656	\$ 1,061,869	\$ (995,787)
Grant Revenue - Local Match	313,789	-	313,789	207,818	(105,971)
VanGo™ Vanpooling Fares	886,612	-	886,612	844,410	(42,202)
Other Program Revenues	437,000	-	437,000	441,806	4,806
Miscellaneous				2,158	2,158
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	3,133,457	561,600	3,695,057	2,558,061	(1,136,996)
<b>EXPENDITURES</b>					
Governmental Activities					
Payroll Expense	1,157,858	-	1,157,858	1,000,554	157,304
Fleet Expense	886,408	-	886,408	747,294	139,114
Office Expense	189,742	-	189,742	185,995	3,747
Consultant & Professional Services	951,533	-	951,533	291,760	659,773
Other Program Expense	90,271	-	90,271	40,131	50,140
Travel/Conf/Training	12,025	-	12,025	8,465	3,560
Capital Outlay - Purchases	407,220	-	407,220	267,206	140,014
Debt Service- Leases	54,000	-	54,000	22,476	31,524
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total Expenditures	3,749,057		3,749,057	2,563,881	1,185,176
<b>OTHER FINANCING SOURCES</b>					
Proceeds of Capital Leases	54,000		54,000		(54,000)
Total Other Financing Sources	54,000	-	54,000	-	(54,000)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET CHANGE IN FUND BALANCE</b>	(561,600)	561,600	-	(5,820)	(5,820)
<b>FUND BALANCE / NET POSITION, Beginning of the Year</b>			960,014	960,014	
			<hr/>	<hr/>	<hr/>
<b>FUND BALANCE / NET POSITION, End of the Year</b>			\$ 960,014	\$ 954,194	\$ (5,820)
			<hr/>	<hr/>	<hr/>

**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 by virtue of their position.

The Council follows the Governmental Accounting Standards Board (GASB) accounting pronouncements which provide guidance for determining which governmental activities, organizations and functions should be included within the financial reporting entity. GASB pronouncements set forth the financial accountability of a governmental organization's elected governing body as the basic criterion for including a possible component governmental organization in a primary government's legal entity. Financial accountability includes, but is not limited to, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

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

A related entity is North Front Range Mobility Alternatives (NFRMA). NFRMA, a non-profit corporation, was formed in 2003 and received its 501(c)(3) determination from the Internal Revenue Service on April 27, 2004. Its board of directors is made up of the same individuals who sit on the MPO Council. NFRMA was created to help position the MPO to compete for a wide variety of non-governmental grants. Its overarching objective is to increase transportation alternatives for all residents of Colorado's North Front Range in an effort to better address mobility, congestion, and air quality issues. During 2012, there were no financial transactions for NFRMA.

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

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

Since the Council does not operate any enterprise fund or internal service fund activities, there are no proprietary funds to include in this report. The general fund, because it is considered to be

a major governmental fund and is the Council's only fund, is reported in a separate column in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. 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 90 days of the current fiscal year. Expenditures are recognized when a liability is incurred, as under accrual accounting. However, long-term liability expenditures are recorded only when payment is due.

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

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

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.

### **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 Budget Sub-Committee, and MPO staff, along with input from Colorado Department of Transportation's Division of Transportation Development and Region 4 representatives. The budget includes task scopes of work, proposed expenditures and the means of financing them.
2. Notice of the budget agenda item is published in three regional newspapers designating the meetings in which the budget will be discussed and then adopted.
3. Prior to October 1, the UPWP is adopted by formal resolution. The UPWP is generally adopted by Council action at its August meeting.
4. Expenditures may not exceed the UPWP budgeted totals. Any increase that alters the total budget must be approved by Council resolution, CDOT and appropriate federal agency approval and by an administrative amendment, and be formally incorporated into an amended UPWP.

The Council also adopts the Unified Planning Work Program as its annual calendar year 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.

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

**F. Capital Assets**

Capital assets are reported at historical cost, net of accumulated depreciation, in the Governmental Funds Balance Sheet and 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.....	5 years
Motor Vehicles.....	5 years

**G. Compensated Absences**

It is the Council's policy to permit employees to accumulate earned but unused vacation up to 200 hours. All accumulated vacation balances are paid to employees upon separation of service. These liabilities are accrued when incurred in the government-wide financial statements. A liability of these amounts is reported in the General Fund only if they are payable as a result of employee separation of service.

Grant Receivables for Long Term Liabilities represents revenue that would be received as reimbursement for future payments of the accrued compensated absence liability.

**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.

**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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**J. Fund Equity**

In the fund financial statements, governmental funds report restrictions of fund balance for amounts that are legally restricted by law or outside parties for use for specific purpose.

Assigned fund balances, if any, are amounts the MPO intends to use for a specific purpose. Intent can be expressed by the Planning Council or by an official to which the Council delegates authority. Restricted funds are considered to be spent first, followed by assigned and unassigned, for an expenditure for which any could be used.

**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.

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, 2012 the Council had \$557,890 invested in the Colorado Local Government Liquid Asset Trust ("COLO Trust"), a Colorado local government investment pool trust. The investment pools are routinely monitored by the Colorado Division of Securities with regard to operations and investments. Total interest earned on the investments in CDT and COLO Trust during 2012 was \$1,524. As of December 31, 2012, COLO Trust was rated "AAAm" by Standard & Poor's, a nationally recognized statistical rating organization. The "AAAm" rating signifies excellent safety of invested principal value and limited exposure to loss.

**NOTE 3: TABOR AMENDMENT**

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

**NOTE 4: RISK MANAGEMENT**

**Property, Liability, and Workers Compensation**

The Council is a member of the Colorado Intergovernmental Risk Sharing Agency (CIRSA), a public entity risk pool operating as a common risk management and insurance program for member entities. As a member, an annual contribution is paid to CIRSA for property, casualty, and Workers' Compensation insurance coverage. The intergovernmental agreements for the formation of CIRSA provides that the pool will be self-sustaining through member contributions and additional assessments, if necessary, and the pool will purchase excess insurance through commercial companies for members' claims in excess of a specified self insurance retention, which is determined each policy year.

Coverage under this membership includes Property, Liability, Crime, Public Officials Errors and Omissions Liability, and Workers' Compensation. Settled claims resulting from these risks have not exceeded insurance coverage since inception.

## **Employee Health and Illness**

Under an Intergovernmental Services Agreement with the City of Fort Collins (City), the Council provides its permanent full-time employees with comprehensive major medical benefits under two health plan options, up to an aggregate lifetime benefit maximum of \$2 million per participant. Both options are Preferred Provider Options (PPO City Plans). The City's Benefits Fund is utilized to finance and account for medical risks of loss. Stop-loss coverage of \$120,000 per occurrence is retained by the City as excess risk coverage. To date, there have been no claims on behalf of Council employees that have exceeded the stop-loss limit. The Council and employee contributions to these plans were \$77,243 and \$14,295 respectively during 2012.

### **NOTE 5: RETIREMENT PLANS**

#### **Money Purchase Plan**

The Council offers all its permanent full-time employees a defined contribution money purchase plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate six months from the date of employment. The plan requires both employer and employees to contribute amounts ranging from 3% to 7.5% (depending on job classification) of base salary each pay period. Contributions made by the Council are not taxable to the employee until they are withdrawn. Employee contributions are made with pre-tax dollars, and the earnings on Council and employee contributions are not taxed until withdrawn. Employees are fully vested upon initial participation in the plan. Plan provisions and contribution requirements are established and may be amended by Council. The Plan is administered by ICMA Retirement Corporation. Council and employee contributions to the plan were \$48,467 and \$20,955 respectively during 2012.

#### **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 ICMA Retirement Corporation for the exclusive benefit of the plan participants and their beneficiaries. The Council has little administrative involvement and does not perform the investing function for this plan. Therefore, these assets are not included as part of the financial statements of the Council.

### **NOTE 6: CONCENTRATION**

Approximately 45% of the organization's total revenue of its general fund is from FHWA and FTA grants administered through Colorado Department of Transportation. Approximately 7% of the organization's total revenue of its general fund is from FTA grants administered through the MPO.

**NOTE 7: CAPITAL LEASES**

The organization currently has one van under a five-year capital lease. The lease acquired during 2010 requires a monthly payment of \$448.

The organization currently has one copier under capital lease. This lease requires a monthly lease payment of \$424.

The carrying value of the assets under these leases is \$16,943 at December 31, 2012.

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, 2012.

<u>Year Ending December 31</u>	<u>Amount</u>
2013	\$ 10,467
2014	5,985
2015	5,088
2016	4,238
Total Minimum Lease Payments	<u>25,778</u>
Less: Amount representing Interest	<u>(7,939)</u>
Present Value of Future Minimum Lease Payments	<u>\$ 17,839</u>

**NOTE 8: CAPITAL ASSETS**

A summary of changes to capital assets for the year ended December 31, 2012 follows:

	<u>1/1/2012</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/2012</u> <u>Balance</u>
<u>Capital Assets Being Depreciated</u>				
Fleet Equipment	\$ 1,834,029	\$ 267,206	\$ 220,529	\$1,880,706
Office Equipment	165,556	-	-	165,556
Leased Assets	59,093	-	21,457	37,636
Total Capital Assets, Being Depreciated	<u>\$ 2,058,678</u>	<u>\$ 267,206</u>	<u>\$ 241,986</u>	<u>\$2,083,898</u>
<u>Accumulated Depreciation</u>				
Fleet Equipment	\$ 1,278,835	\$ 330,334	\$ 220,529	\$1,388,640
Office Equipment	105,060	31,822	-	136,882
Leased Assets	31,109	10,414	21,457	20,066
Total Accumulated Depreciation	<u>\$ 1,415,004</u>	<u>\$ 372,570</u>	<u>\$ 241,986</u>	<u>\$1,545,588</u>
Total Capital Assets, Net	<u>\$ 643,674</u>	<u>\$ (105,364)</u>	<u>\$ -</u>	<u>\$ 538,310</u>

**NOTE 9: LONG-TERM LIABILITIES**

A summary of changes in long term liabilities for the year ended December 31, 2012 follows:

	<u>1/1/2012</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2012</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Accumulated Leave	\$35,255	\$ 496	\$ -	\$ 35,751	\$ -
Lease Liability	24,735	-	6,896	17,839	10,467
Total Long-Term Liabilities	<u>\$59,990</u>	<u>\$ 496</u>	<u>\$ 6,896</u>	<u>\$ 53,590</u>	<u>\$ 10,467</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, 2016.

The vans are leased for 3 year periods of time. Lease payments are made on a monthly basis. Total costs for the office space and van operating leases were \$101,555 and \$77,864, respectively for the year ended December 31, 2012.

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

<u>Year Ending December 31:</u>	<u>Office</u>	<u>Vans</u>
2013	\$94,734	\$20,853
2014	\$97,578	-
2015	\$110,870	-
2016	\$103,278	-

North Front Range Transportation & Air Quality Planning Council  
Schedule of Expenditures of Federal Awards  
Year Ended December 31, 2012

	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>										
FY12 & FY13 CPG	20.205	12HTD36344	Colorado Dept of Transp	10/21/11	09/30/13	\$ 456,738	\$ 1,226,568	\$ 171,099	\$ 726,996	\$ 785,211 (a)
FY12 & 13 STP-Metro (matched)	20.205	12HTD44470	Colorado Dept of Transp	06/01/12	06/30/15	365,185	76,036	-	-	441,221 (a)
FY10 & 11 STP-Metro (unmatched)	20.205	10HTD14114	Colorado Dept of Transp	05/14/10	05/13/12	390,316	393,622	545,714	-	238,224 (b)
FY10 State Planning Funds (SPR)	20.205	10HTD09294	Colorado Dept of Transp	12/22/10	10/31/13	139,842		94,480	40,450	4,912 (c)
<b>Sub-total Federal Highway Administration</b>						<b>1,352,081</b>	<b>1,696,226</b>	<b>811,293</b>	<b>767,446</b>	<b>1,469,568</b>
<b>FEDERAL TRANSIT ADMINISTRATION</b>										
<b>Passed through CDOT:</b>										
FY11 5310	20.513	11HTD27947	Colorado Dept of Transp	01/01/11	03/31/12	68,000		51,658	15,646	696 (c)
FY12 5310	20.513	12HTR41271	Colorado Dept of Transp	01/11/12	12/31/13	93,010			51,107	41,903 (a)
<b>Sub-total Federal Transit Administration</b>						<b>161,010</b>	<b>-</b>	<b>51,658</b>	<b>66,753</b>	<b>42,599</b>
<b>FEDERAL TRANSIT ADMINISTRATION</b>										
FY09 5307	20.507	CO-90-X180-00	Federal Transit Administration	09/20/10	09/30/12	219,614		174,892	44,722	-
FY10 5307	20.507	CO-90-X189-00	Federal Transit Administration	04/27/11	09/30/13	166,153			149,534	16,619 (d)
<b>Sub-total Federal Transit Administration</b>						<b>385,767</b>	<b>-</b>	<b>174,892</b>	<b>194,256</b>	<b>16,619</b>
<b>FUNDS PASSED THROUGH FROM FEDERAL TRANSIT ADMINISTRATION</b>										
Section 5316 (JARC)	20.516	CO-37-x0037-00	Federal Transit Administration			109,912		97,227		12,685 (e)
Section 5316 (JARC)	20.516	CO-37-x0042-00	Federal Transit Administration			97,078		49,508	47,570	-
Section 5317 (New Freedom)	20.521	CO-57-X0005-00	Federal Transit Administration			76,504		34,890	2,240	39,374 (e)
Section 5317 (New Freedom)	20.521	CO-57-X0007-00	Federal Transit Administration			90,645	62,230	8,099	-	144,776 (e)
<b>Sub-total Passed through Federal Transit Administration</b>						<b>374,139</b>	<b>62,230</b>	<b>189,724</b>	<b>49,810</b>	<b>196,835</b>
<b>TOTAL FEDERAL AWARDS</b>						<b>\$ 2,272,997</b>	<b>\$ 1,758,456</b>	<b>\$ 1,227,567</b>	<b>\$ 1,078,265</b>	<b>\$ 1,725,621</b>

NOTES TO SCHEDULE OF FEDERAL EXPENDITURES:

- (a) Balance to be used in CY 2013 for 2012-2013 UPWP Activities  
Balance to be reduced to \$180,000 for CY2012 available in CY2013  
and balance to be returned to the North Front Range STP metro pool
- (b) for allocation to local projects  
Balance to be returned to the North Front Range STP Metro pool for
- (c) allocation to local projects
- (d) Balance to be used in CY 2013 for capital purchases
- (e) Balance to be passed through in CY 2013

NOTE 1: **BASIS OF PRESENTATION**

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



Report on Compliance for Major Federal Program, Report on Internal Control Over  
Compliance, and Report on Schedule of Expenditures of Federal Awards Required by OMB  
Circular A-133

Planning Council  
North Front Range Metropolitan Planning Organization  
Fort Collins, Colorado

**Report on Compliance for Major Federal Program**

We have audited the compliance of the North Front Range Metropolitan Planning Organization (MPO) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2012. The North Front Range Metropolitan Planning Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

**Management's Responsibility**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on compliance for each of the MPO'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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about MPO'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 MPO's compliance.

## **Opinion on Major Federal Program**

In our opinion, the North Front Range Metropolitan Planning Organization complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2012.

## **Internal Control Over Compliance**

The management of the North Front Range Metropolitan Planning Organization is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the North Front Range Metropolitan Planning Organization's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the MPO'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 the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

**Report on Schedule of Expenditures of Federal Awards**

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations* and is not a required part of the financial statements of the MPO. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

*Anderson & Whitney, P.C.*

April 23, 2013



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 Metropolitan Planning Organization  
Fort Collins, Colorado

We have audited in accordance with auditing standards generally accepted in the United States 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 North Front Range Metropolitan Planning Organization (MPO) as of and for the year ended December 31, 2012, and have issued our report thereon dated April 23, 2013.

**Internal Control Over Financial Reporting**

Management of the MPO is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the MPO's internal control over financial reporting 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 MPO's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the MPO's internal control over financial reporting.

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 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 over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. 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 North Front Range Metropolitan Planning Organization's financial statements are free of 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.

*Anderson & Whitney, P.C.*

April 23, 2013

**NORTH FRONT RANGE METROPOLITAN PLANNING ORGANIZATION**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**Year Ended December 31, 2012**

SUMMARY OF AUDITORS' RESULTS			
Financial Statements:			
	*	Type of report issued on financial statements	Unqualified
	*	Internal control over financial reporting:	
		Material weaknesses identified?	No
		Significant deficiencies identified that are not considered to be material weaknesses?	No
	*	Noncompliance material to financial statements noted?	No
Federal Awards:			
	*	Internal control over major program:	
		Material weaknesses identified?	No
		Significant deficiencies identified that are not considered to be material weaknesses?	None Reported
	*	Type of auditor's report on compliance for major program	Unqualified
	*	Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No
	*	Major programs	20.205 Highway Planning and Construction
	*	Dollar threshold between Type A and Type B programs	\$300,000
	*	Low-risk auditee	Yes
FINDINGS RELATED TO FINANCIAL STATEMENTS			
* None			
FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS			
* None			

<b>PRIOR YEAR FINDINGS AND QUESTIONED COSTS RELATED TO FEDERAL AWARDS</b>
* <b>FINDING 2011-1:</b>
<b>20.205 HIGHWAY PLANNING AND CONSTRUCTION</b>
<b>Criteria:</b> <i>Suspension and debarment</i> – Nonfederal entities are prohibited from contracting with parties who are suspended or debarred from federal awards. For certain covered transactions over \$25,000, the MPO must verify that an entity is not suspended or debarred through the Excluded Parties List System (ELPS), alternative certification, or contract language.
<b>Condition:</b> Two out of four vendors tested were noted that were missing ELPS or requiring other verifications.
<b>Questioned Costs:</b> There are no questioned costs as there may be no debarred vendors.
<b>Context:</b> Consulting services paid to two vendors were each enough federal funds to require the program to verify that the provider is not suspended or debarred.
<b>Effect:</b> Amounts may be paid to parties not eligible to receive federal funding.
<b>Cause:</b> The MPO was not aware the two consulting vendors had not been checked against the EPLS.
<b>Recommendation:</b> We recommend checking the ELPS for service providers, obtain alternative certifications, or consider additional contract language.
<b>Management's Response:</b> Agree
<b>Corrective Action:</b> The MPO will ensure the checking of the ELPS.
<b>Contact Person:</b> Theresa Fox
<b>Status:</b> Resolved