



North Front Range Transportation & Air Quality Planning Council

Financial Statements
December 31, 2016

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 March 10, 2017

Representative	Member Entity Represented
Kevin Ross - Chair	Town of Eaton
Tom Donnelly-Vice Chair	Larimer County
Gerry Horak – Past Chair	City of Fort Collins
Jennifer Baker	Town of Berthoud
John Morris	City of Evans
Rob Casseday	City of Greeley
Troy Mellon	Town of Johnstown
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
Sean Conway	Weld County
Kristie Melendez	Town of Windsor
Chris Colclasure	Air Quality Control Commission
Kathy Gilliland	Transportation Commission

Listing of Staff Members As of March 10, 2017

Name	Position
Terri Blackmore	Executive Director
Shane Armstrong	Vanpool Coordinator
Ryan Dusil	Regional Transportation Planner
Chase Fogus	Planning Intern
Alex Gordon	Regional Transportation Planner/Mobility Coordinator
Crystal Hedberg	Finance Manager/Operations Manager
Rebekah Karasko	Regional Transportation Planning Director
Medora Kealey	Regional Transportation Planner
Merideth Kimsey	Accounting Clerk/ NTD Reporter
Renae Steffen	Administrative Director
Valerie Vollman	Administrative Specialist



Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the North Front Range Transportation & Air Quality Planning Council (the Council) as of and for the year ended December 31, 2016, 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 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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the North Front Range Transportation & Air Quality Planning Council as of December 31, 2016, and the respective changes in financial position and, where, applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Restatement

As described in Notes 1 and 10 to the financial statements, the Council recorded adjustments that were applied to restate January 1, 2016 net position to correct errors in long-term receivables and capital assets in the Governmental Activities, Business-Type Activities and the VanGo fund. Our opinions are not modified with respect to this matter.

Other Matters*Required Supplementary Information*

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Council's basic financial statements. The listing of council members and staff members, and the proprietary fund budgetary comparison statement are presented for purposes of additional analysis and are not a required part of the financial statements.

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

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

The image shows a handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Fort Collins, CO
April 20, 2017

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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, 2016. The management's discussion and analysis is intended to be read in conjunction with the Council's financial statements beginning on page 11.

Financial Highlights

Our primary sources of transportation planning and program operating revenues were as follows for calendar year 2016:

Governmental Activities

Consolidated Planning Grant (CPG)	\$ 581,694
Surface Transportation Program (STP Metro)	48,089
Section 5310 Federal Funding	36,876
Colorado Department of Public Health and Environment Funding	45,364
Local Match - Member Entities	289,215

Business-type Activities

VanGo™ Operating Fares	\$ 614,139
Fort Collins Program Revenue	710,617

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 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 can be found beginning on page 11 of this report.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Fund Financial Statements

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

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

Governmental Funds

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

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

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

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 21 of this report.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Government-Wide Financial Analysis

Assets exceeded liabilities by \$4,032,221 at the close of the year. Of this figure, \$714,480 represents the net investment in capital assets. The Council uses these capital assets to provide services to the public; consequently, these assets are not available for future spending.

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

	Governmental Activities		Business-Type Activities		Total Government	
	2016	2015 Restated	2016	2015 Restated	2016	2015 Restated
Current and Other Assets	\$ 673,699	\$ 625,460	\$ 2,784,022	\$ 2,240,843	\$ 3,457,721	\$ 2,866,303
Capital Assets	53,506	29,079	660,974	758,256	714,480	787,335
Total Assets	<u>727,205</u>	<u>654,539</u>	<u>3,444,996</u>	<u>2,999,099</u>	<u>\$ 4,172,201</u>	<u>\$ 3,653,638</u>
Current and Other Liabilities	35,443	55,732	49,891	68,810	85,334	124,542
Unearned Revenues	-	-	10,494	-	10,494	-
Long-term Liabilities	39,144	31,444	5,008	16,364	44,152	47,808
Total Liabilities	<u>74,587</u>	<u>87,176</u>	<u>65,393</u>	<u>85,174</u>	<u>139,980</u>	<u>172,350</u>
Net Position						
Net Investment in Capital Assets	53,506	25,431	660,974	758,256	714,480	783,687
Restricted for Grants	-	-	25,247	-	25,247	-
Unrestricted	599,112	541,932	2,693,382	2,155,669	3,292,494	2,697,601
Total Net Position	<u>\$ 652,618</u>	<u>\$ 567,363</u>	<u>\$ 3,379,603</u>	<u>\$ 2,913,925</u>	<u>\$ 4,032,221</u>	<u>\$ 3,481,288</u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Changes in Net Position

The following table reflects a condensed summary of activities and changes in net position:

	<u>Government Activities</u>		<u>Business-Type Activities</u>		<u>Total Government</u>	
	<u>2015</u>		<u>2015</u>		<u>2015</u>	
	<u>2016</u>	<u>Restated</u>	<u>2016</u>	<u>Restated</u>	<u>2016</u>	<u>Restated</u>
Revenues:						
Grant Revenue - Federal	\$ 712,022	\$ 832,960	\$ -	\$ 37,500	\$ 712,022	\$ 870,460
Grant Revenue -						
Capital Contributions	-	-	108,656	-	108,656	-
Grant Revenue - Local Match	289,215	226,408	-	-	289,215	226,408
VanGo™ Vanpool Fares	-	-	614,139	765,555	614,139	765,555
Program Revenues	31,968	-	741,075	1,015,489	773,043	1,015,489
Earnings on Investments	1,958	762	10,920	1,495	12,878	2,257
Miscellaneous Revenues	2,160	2,525	-	3,276	2,160	5,801
Gain on Sale of Capital Assets	-	-	102,394	119,332	102,394	119,332
Total Revenues	<u>1,037,323</u>	<u>1,062,655</u>	<u>1,577,184</u>	<u>1,942,647</u>	<u>2,614,507</u>	<u>3,005,302</u>
Expenditures:						
Payroll Expense	698,724	744,909	177,887	241,033	876,611	985,942
Fleet Expense	3,041	6,828	456,422	534,364	459,463	541,192
Office Expense	107,923	64,002	89,473	117,191	197,396	181,193
Consultant & Professional	79,792	170,959	14,480	1,549	94,272	172,508
Other Program Expense	47,819	84,435	42,458	28,025	90,277	112,460
Travel/Conference/Training	14,769	5,204	7,361	2,518	22,130	7,722
Interest Expense	-	1,241	-	-	-	1,241
Depreciation	-	-	323,425	384,357	323,425	384,357
Total Expenditures	<u>952,068</u>	<u>1,077,578</u>	<u>1,111,506</u>	<u>1,309,037</u>	<u>2,063,574</u>	<u>2,386,615</u>
Change in Net Position	85,255	(14,923)	465,678	633,610	550,933	618,687
Net Position - Beginning of						
Year-Restated	<u>567,363</u>	<u>582,286</u>	<u>2,913,925</u>	<u>2,280,315</u>	<u>3,481,288</u>	<u>2,862,601</u>
Net Position - End of Year	<u>\$ 652,618</u>	<u>\$ 567,363</u>	<u>\$ 3,379,603</u>	<u>\$ 2,913,925</u>	<u>\$ 4,032,221</u>	<u>\$ 3,481,288</u>

The above condensed summary of the Council's governmental and business type activities for the period ended December 31, 2016 reflects net position increasing by \$550,933 (15.8%). The prior period is also included for comparative purposes.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Governmental activities. Governmental activities increased the Council's net position by \$85,255 accounting for 15.47% of the Council's \$550,933 overall increase in net position. Major variations are due to the following:

- Federal grant revenues decreased by \$120,938 in 2016 which was mostly due to reduced reimbursement for consulting services by bringing projects in-house. All federal grants are reimbursements requiring the expenditure to be incurred before payment from the grant is received. Local match revenue increased by \$62,807 based on budgeted requirements. Local match funds received not required for matching grant revenue is used to fund the governmental operating reserve.
- Beginning in 2016, mobility management grant funds for the TMA will be exchanged at a 65% rate for local funds accounting for the \$31,968 of program revenues.
- Governmental activities expenditures had a decrease of \$125,510 largely due to staff turnover, reduced equipment purchasing and a reduction in consulting costs due to projects being brought in-house to be performed by staff.

Business-type activities. Business-type activities (VanGo™ van pools program) increased the Council's net position by \$465,678 accounting for 84.53% of the Council's \$550,933 increase in net position. Major variations are due the following:

- Vanpool Fares decreased by \$151,416 due to a decrease in ridership. The program received \$108,656 of State grant funds for the purchase of five vans.

Business-type activities expenses totaled \$1,111,506, a decrease of \$197,531 compared to 2015. The majority of this decrease was due to turnover in staff with a reduction of one full time employee allocated to the program and reduced fleet costs including lower gas prices.

Budgetary Highlights

The Council's budget presented in the financial statements is for its calendar year (January-December). (January-September is from the 2016 UPWP budget and October-December is from the 2017 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 2016 included the disposition of fourteen vans. The Section 5317 funds pass-through funds were booked to consultant expenditures in 2015. There were no Section 5317 pass-through funds booked in 2016 and all §5317 contracts were closed. During 2016, the VanGo™ vanpool program added one new route and cancelled seven routes resulting in a decrease of six routes. The program increased the occupancy rate from 86% to 90% for the remaining routes. When compared with the prior year, operating revenue decreased by 26% during 2016. This decrease is due to a multiple factors including low fuel costs and increased alternatives such as Bustang and FLEX.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

Capital Asset and Debt Administration

Capital Assets

The Council's investment in capital assets at December 31, 2016 amounts to \$714,480 (net of accumulated depreciation). This investment in capital assets includes motor vehicles, office equipment and leasehold improvements

The capital assets purchased during the year were as follows:

• Purchase of vans (10)	\$198,825
• Accounting Software and Ecommerce update	31,504
• Leasehold Improvements- Remodel of office	41,938
	<u>\$272,267</u>

Capital assets are classified as follows (net of depreciation)

	Governmental Activities		Business-type Activities		Total Government	
	2016	2015	2016	2015 Restated	2016	2015 Restated
Motor Vehicles	\$ -	\$ -	\$ 638,291	\$ 758,256	\$ 638,291	\$ 758,256
Office Equipment & Software	15,762	27,666	22,683	-	38,445	27,666
Office Equipment under Lease	-	1,413	-	-	-	1,413
Leasehold Improvement	37,744	-	-	-	37,744	-
	<u>\$ 53,506</u>	<u>\$ 29,079</u>	<u>\$ 660,974</u>	<u>\$ 758,256</u>	<u>\$ 714,480</u>	<u>\$ 787,335</u>

Additional information on the Council's capital assets can be found in Note 1 on pages 21-26 and Notes 7 on page 29 of this report.

Long-term Debt

At December 31, 2016, the Council had \$44,152 of long term debt outstanding. The long-term liabilities of the Council represent accrued compensated absences as follows:

	Governmental Activities	Business-type Activities	Total Government
Accrued Compensated Absences	<u>\$ 39,144</u>	<u>\$ 5,008</u>	<u>\$ 44,152</u>

Economic Factors and Next Year's Tasks (Budget)

Over the past few years, funding for transportation in Colorado has been stagnant or 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 FY2017 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.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL
MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2016

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 service 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 FY2017 include:

- Ongoing implementation of Public Transit/Human Services Coordinated Transportation Plan and new updated plan
- Complete Transportation Profile
- Complete 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
- Maintain the VanGo™ vanpooling program
- Replaced 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
- Completion of Regional Transit Plan

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.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

STATEMENT OF NET POSITION

December 31, 2016

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<u>ASSETS</u>			
Cash and Cash Equivalents (Note 2)	\$ 93,445	\$ 462,165	\$ 555,610
Investments (Note 2)	369,176	1,516,353	1,885,529
Due from Other Governments	32,652	698,693	731,345
Grants Receivable	170,944	108,656	279,600
Prepaid Items	5,637	-	5,637
Internal Balances	1,845	(1,845)	-
Capital Assets, Net (Note 7)	53,506	660,974	714,480
 Total Assets	 <u>727,205</u>	 <u>3,444,996</u>	 <u>4,172,201</u>
 <u>LIABILITIES AND NET POSITION</u>			
LIABILITIES			
Accounts Payable and Accrued Liabilities	35,443	49,891	85,334
Unearned Revenues	-	10,494	10,494
Noncurrent Liability:			
Accumulated Leave - due in more than one year (Note 8)	<u>39,144</u>	<u>5,008</u>	<u>44,152</u>
 Total Liabilities	 <u>74,587</u>	 <u>65,393</u>	 <u>139,980</u>
 NET POSITION			
Net Investment in Capital Assets	53,506	660,974	714,480
Restricted for Grants	-	25,247	25,247
Unrestricted	<u>599,112</u>	<u>2,693,382</u>	<u>3,292,494</u>
 Total Net Position	 <u>\$ 652,618</u>	 <u>\$ 3,379,603</u>	 <u>\$ 4,032,221</u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

STATEMENT OF ACTIVITIES
Year Ended December 31, 2016

	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
					Primary Government		
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary Government							
Governmental Activities:							
General Government	\$ 952,068	\$ -	\$ 1,033,205	\$ -	\$ 81,137	\$ -	\$ 81,137
Total Governmental Activities	952,068	-	1,033,205	-	81,137	-	81,137
Business-type Activities:							
VanGo™	1,111,506	614,139	710,617	108,656	-	321,906	321,906
Total Business-type Activities	1,111,506	614,139	710,617	108,656	-	321,906	321,906
Total Primary Government	<u>\$ 2,063,574</u>	<u>\$ 614,139</u>	<u>\$ 1,743,822</u>	<u>\$ 108,656</u>	<u>81,137</u>	<u>321,906</u>	<u>403,043</u>
General Revenues:							
Unrestricted Investment Earnings					1,958	10,920	12,878
Miscellaneous Revenues					2,160	30,458	32,618
Gain on Sale of Property					-	102,394	102,394
Total General Revenues					<u>4,118</u>	<u>143,772</u>	<u>147,890</u>
Change in Net Position					85,255	465,678	550,933
Net Position -Beginning - Restated					<u>567,363</u>	<u>2,913,925</u>	<u>3,481,288</u>
Net Position -Ending					<u>\$ 652,618</u>	<u>\$ 3,379,603</u>	<u>\$ 4,032,221</u>

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

GOVERNMENTAL FUND BALANCE SHEET

December 31, 2016

	General Fund
<u>ASSETS</u>	
Cash and Cash Equivalents (Note 2)	\$ 93,445
Investments (Note 2)	369,176
Due from Other Governments	32,652
Grants Receivable	170,944
Prepaid Items	5,637
Due From Other Funds	<u>43,783</u>
Total Assets	<u><u>\$ 715,637</u></u>
<u>LIABILITIES AND FUND BALANCE</u>	
<u>LIABILITIES</u>	
Accounts Payable and Accrued Liabilities	\$ 35,443
Advances from Other Funds	<u>41,938</u>
Total Liabilities	<u>77,381</u>
<u>FUND BALANCE</u>	
Nonspendable Prepaids	5,637
Assigned for Operating Reserve	409,775
Assigned for Operations	<u>222,844</u>
Total Fund Balance	<u>638,256</u>
Total Liabilities and Fund Balance	<u><u>\$ 715,637</u></u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

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

December 31, 2016

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

Fund Balance per General Fund (see page 13)	\$ 638,256
Capital assets used in governmental activities are not financial resources and therefore are not reported in the fund balance sheet:	
Total Capital Assets, Net	53,506
Some Liabilities are not due and payable in the current period and therefore are not reported in the fund balance sheet:	
Accumulated Leave	<u>(39,144)</u>
Net Position (see page 11)	<u><u>\$ 652,618</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, 2016

	General Fund
REVENUE	
Operating Grants and Contributions	
Grant Revenue - Federal	\$ 712,022
Grant Revenue - Local Match	289,215
Other Intergovernmental Revenue	31,968
Earnings on investments	1,958
Miscellaneous	2,160
Total Revenues	1,037,323
EXPENDITURES/EXPENSES	
General Government	
Payroll Expense	687,122
Fleet Expense	3,041
Office Expense	90,030
Consultant and Professional Services	79,792
Other Program Expense	47,819
Travel / Conference / Training	14,769
Capital Outlay - Purchases	46,222
Total Expenditures/ Expenses	968,795
Change in Fund Balance	68,528
FUND BALANCE	
Beginning of the Year	569,728
End of the Year	\$ 638,256

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, 2016

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

Changes in Fund Balance - General Fund (see page 15)		\$	68,528
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	46,222		
Depreciation	<u>(21,794)</u>		
Total			24,428
Capital lease payment 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			3,648
Compensated absences are reported in the government-wide statement of activities, but do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			<u>(11,349)</u>
Change in Net Position (see page 12)		\$	<u>85,255</u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

GENERAL FUND BUDGETARY COMPARISON STATEMENT

Year Ended December 31, 2016

	Original Budget	Budget Amendments	Final Budget	Actual	Variance with Final Budget
REVENUES					
Grant Revenue - Federal	\$ 1,395,267	\$ (34,521)	\$ 1,360,746	\$ 712,022	\$ (648,724)
Grant Revenue - Local Match	287,413	(3,307)	284,106	289,215	5,109
Other Intergovernmental Revenue	-	-	-	31,968	31,968
Earnings on Investments	-	-	-	1,958	1,958
Miscellaneous	-	-	-	2,160	2,160
Total Revenues	1,682,680	(37,828)	1,644,852	1,037,323	(607,529)
EXPENDITURES					
Payroll Expense	1,375,972	(74,740)	1,301,232	687,122	614,110
Fleet Expense	4,500	(250)	4,250	3,041	1,209
Office Expense	143,745	(26,899)	116,846	90,030	26,816
Consultant and Professional Services	69,500	44,203	113,703	79,792	33,911
Other Program Expense	38,913	2,275	41,188	47,819	(6,631)
Travel/Conf/Training	16,050	4,765	20,815	14,769	6,046
Capital Outlay - Purchases	34,000	12,818	46,818	46,222	596
Total Expenditures	1,682,680	(37,828)	1,644,852	968,795	676,057
Excess (Deficiency) of Revenue over Expenditures				68,528	(1,283,586)
NET CHANGE IN FUND BALANCE	\$ -	\$ -	\$ -	\$ 68,528	\$ 68,528
FUND BALANCE / NET POSITION, Beginning of the Year			569,728	569,728	-
FUND BALANCE / NET POSITION, End of the Year			\$ 569,728	\$ 638,256	\$ 68,528

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

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

PROPRIETARY FUND STATEMENT OF NET POSITION

December 31, 2016

	<u>VanGo</u>
<u>ASSETS</u>	
Current Assets	
Cash and Cash Equivalents (Note 2)	\$ 462,165
Investments (Note 2)	1,516,353
Receivables	698,693
Grant Receivable	108,656
Advances to Other Funds	<u>41,938</u>
Total Current Assets	2,827,805
Capital Assets, Net (Note 7)	<u>660,974</u>
Total Assets	<u>3,488,779</u>
 <u>LIABILITIES AND NET POSITION</u>	
<u>LIABILITIES</u>	
Current Liabilities	
Accounts Payable and Accrued Liabilities	49,891
Unearned Revenue	10,494
Due to Other Funds	<u>43,783</u>
Total Current Liabilities	104,168
Noncurrent Liabilities	
Accumulated Leave - due in more than one year (Note 8)	<u>5,008</u>
Total Liabilities	<u>109,176</u>
 <u>NET POSITION</u>	
Net Investment in Capital Assets	660,974
Restricted for Grants	25,247
Unrestricted	<u>2,693,382</u>
Total Net Position	<u><u>\$ 3,379,603</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, 2016

	VanGo™
OPERATING REVENUES	
Charges for Services	\$ 614,139
Other Program Revenues	710,617
Total Operating Revenues	<u>1,324,756</u>
OPERATING EXPENSES	
Payroll Expense	177,887
Fleet Expense	456,422
Office Expense	89,473
Consultant and Professional Services	14,480
Other Program Expense	42,458
Travel / Conference / Training	7,361
Depreciation	323,425
Total Operating Expenses	<u>1,111,506</u>
Operating Income	<u>213,250</u>
NONOPERATING REVENUES	
Other Revenue	30,458
Earnings on Investments	10,920
Gain on Sale of Capital Assets	102,394
Total Nonoperating Revenues	<u>143,772</u>
Income Before Other Revenues	357,022
Capital Contributions (Grant)	108,656
Change in Net Position	465,678
Beginning of the Year-Restated (Note 10)	<u>2,913,925</u>
End of the Year	<u><u>\$ 3,379,603</u></u>

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

STATEMENT OF CASH FLOWS
PROPRIETARY FUND

Year Ended December 31, 2016

	VanGo™
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash Received From Customers	\$ 1,378,806
Cash Paid to Suppliers and Vendors	(629,213)
Cash paid to Employees	(189,243)
Net Cash from Operating Activities	<u>560,350</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Other Nonoperating Revenues	30,458
Change in Interfund Receivable/Payable	(27,725)
Net Cash Flows From Capital and Related Financing Activities	<u>2,733</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from Disposition of Capital Assets	102,394
Purchase of Capital Assets	(226,045)
Net Cash Flows From Capital and Related Financing Activities	<u>(123,651)</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Earnings on Investments	10,920
Purchase of Investments	(682,855)
Net Cash Flows from Investing Activities	<u>(671,935)</u>
Net Change in Cash and Cash Equivalents	(232,503)
Cash and Cash Equivalents - Beginning of Year	694,668
Cash and Cash Equivalents - End of year	<u><u>\$ 462,165</u></u>
RECONCILIATION OF OPERATING INCOME TO NET CASH FLOWS FROM OPERATING ACTIVITIES:	
Operating Income	\$ 213,250
Adjustment to Reconcile Operating Income to Net Cash Flows from Operating Activities:	
Depreciation	323,425
Changes in Assets and Liabilities	
Receivables	54,050
Accounts Payable and Accrued Liabilities	(19,019)
Accrued Compensated Absences	(11,356)
	<u><u>\$ 560,350</u></u>
SUPPLEMENTAL DISCLOSURE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES	
Capital Contributions (Grant)	<u><u>\$ 108,656</u></u>

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 designated by the Governor as this region's MPO. The MPO's Council representatives are appointed by municipal and county legislative bodies which form the metropolitan area. Member entities include Fort Collins, Greeley, Loveland, Evans, Eaton, Severance, Windsor, Garden City, LaSalle, Berthoud, Johnstown, Milliken, Timnath, Larimer County, and Weld County. The Colorado Transportation Commission's and the Colorado Department of Public Health and Environment's Air Pollution Control Division representatives are also voting members of the Council.

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

B. Government-wide and Fund Financial Statements

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

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

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

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. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

The Council presents the following major governmental fund:

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

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

The Council reports the following major proprietary fund:

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

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

D. Budget and Budgetary Accounting

Appropriated budgets are established for all funds of the Council

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

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

The Council's annual fiscal year budget is based on two fiscal year budgets. January-September is based on the 2016 UPWP budget and October-December is based on the 2017 UPWP budget.

E. Cash and Cash Equivalents

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

F. Investments

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

G. Receivables

Grants receivable are expressed net of any allowances for doubtful accounts which management determined was not necessary. Unbilled expenditure reimbursement revenues are accrued as of year-end and included with grants receivable. All receivables are expected to be collected within 60 days.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond year-end are recorded as prepaid items. The prepaid balances, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

Notes to the Financial Statements

I. Capital Assets

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

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

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

J. Interfund Receivables/Payables and Advances

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e. the current portion of interfund loans) or "advances to/from other funds: (i.e. the not-current portion of interfund loans). Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances". Advances from other funds, as reported in the fund financial statements are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

K. Accumulated Leave

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

L. Revenue Recognition

Generally, most of the expenditure activity incurred by the Council is on a cost reimbursement basis through federal grant and local match funding streams. Reimbursement invoices are submitted to Colorado Department of Transportation on a monthly basis for the prior month's net expenditures and recorded as revenue on the date invoiced. Local member entities are billed on an annual basis and the amounts are recorded as a liability when paid. Each month the required match amount is recorded as revenue with a reduction to the liability.

Operating revenues for the VanGO™ program are billed monthly to the participants.

M. Estimates

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

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

N. Fund Balance and Net Position

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

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

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

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

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

In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the MPO is bound to honor constraints on the specific purposes for which amounts in those funds can be spent. In accordance with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," fund balances of the governmental funds are classified as follows:

Nonspendable - amounts that cannot be spent either because they are not in spendable form or because they are legally or contractually required to be maintained intact. The Council reports nonspendable fund balance for prepaids.

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

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

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

Unassigned - all other spendable amounts

O. Restatements

During 2016, the Council identified misstatements within the 2015 financial statements related to grants receivable for long-term liabilities on a government-wide basis and capital assets in the proprietary fund and business type activities. Accordingly, net position as of January 1, 2016 was restated to correct these errors. See Note 10 for further information.

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

NOTE 2: CASH, CASH EQUIVALENTS AND INVESTMENTS

The Council's bank accounts at year-end were entirely covered by federal depository insurance or by collateral held by the Council's custodial banks under provisions of the Colorado Public Deposit Protection Act.

The Colorado Public Deposit Protection Act requires financial institutions to pledge collateral having a market value of at least 102% of the aggregate public deposits not insured by federal depository insurance. Eligible collateral includes municipal bonds, U.S. government securities, mortgages and deeds of trust. For the General Fund, the bank balances with the financial institutions were \$94,569 of which all was covered by federal depository insurance. The bank balances for the VanGo™ fund were \$456,534 of which all was covered by federal depository insurance.

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

At December 31, 2016 the balance in the Colorado Local Government Liquid Asset Trust ("COLOTRUST"), a Colorado local government investment pool trust was \$1,885,529. The investment pools are routinely monitored by the Colorado division of Securities with regard to operations and investments. As of December 31, 2016, 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.

A certificate of deposit with Guaranty Bank and Trust matured during 2016 and the proceeds were invested in the Colorado Local Government Liquid Asset Trust.

As of December 31, 2016, the Council had cash and cash equivalents and investment balances as follows:

	Governmental activities	Business-type activities	Total
Cash on hand	\$ 75	\$ -	\$ 75
Bank deposits	93,370	462,165	555,535
Local government investment pool	369,176	1,516,353	1,885,529
Total	<u>\$ 462,621</u>	<u>\$ 1,978,518</u>	<u>\$ 2,441,139</u>

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

NOTE 3: TABOR AMENDMENT

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

NOTE 4: RISK MANAGEMENT

Property, Liability, and Workers Compensation

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

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

Employee Health and Illness

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

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2015	2016	2015	2016	2015	2016
Employer	\$ 49,070	\$ 59,012	\$ 25,181	\$ 18,120	\$ 74,251	\$ 77,132
Employee	22,175	18,748	4,942	4,511	27,117	23,259

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

NOTE 5: RETIREMENT PLANS

Money Purchase Plan

The Council offers all its permanent, classified employees a defined contribution money purchase plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees are eligible to participate 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 during 2016 and 2015 were:

	<u>Government Activities</u>		<u>Business-type Activities</u>		<u>Total Government</u>	
	2015	2016	2015	2016	2015	2016
Employer	\$ 40,416	\$ 38,556	\$ 12,708	\$ 10,291	\$ 53,124	\$ 48,847
Employee	23,403	19,442	3,498	4,413	26,901	23,855

Deferred Compensation Plan

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

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 4% of the organization's total revenue is from the City of Fort Collins in exchange for FTA Section 5310 funds.

Approximately 42% pf the organization's total revenue of the VanGo™ fund is from charges for services. Approximately 51% of the organization's total revenue of the VanGo™ fund is from the City of Fort Collins in exchange for FTA Section 5307 funds.

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

NOTE 7: CAPITAL ASSETS

A summary of changes to capital assets for the year ended December 31, 2016 follows:

	Restated 1/1/2016 Balance	Additions	Deletions	12/31/2016 Balance
Governmental Activities				
<u>Capital Assets being Depreciated</u>				
Fleet Equipment	\$ 29,470	\$ -	\$ -	\$ 29,470
Office Equipment	153,219	4,284	75,266	82,237
Leasehold Improvements	-	41,938	-	41,938
Leased Assets	14,130	-	14,130	-
Government Activities Capital Assets being Depreciated	<u>196,819</u>	<u>46,222</u>	<u>89,396</u>	<u>153,645</u>
<u>Accumulated Depreciation</u>				
Fleet Equipment	29,471	-	-	29,471
Office Equipment	125,553	16,187	75,266	66,474
Leasehold Improvements	-	4,194	-	4,194
Leased Assets	12,717	1,413	14,130	-
Total Accumulated Depreciation	<u>167,741</u>	<u>21,794</u>	<u>89,396</u>	<u>100,139</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,078</u>	<u>\$ 24,428</u>	<u>\$ -</u>	<u>\$ 53,506</u>
Business-type Activities				
<u>Capital Assets being Depreciated</u>				
Fleet Equipment	\$ 2,068,966	\$ 198,825	\$ 305,968	\$ 1,961,823
Office Equipment	-	27,220	-	27,220
Business-type Activities Capital Assets being Depreciated	<u>2,068,966</u>	<u>226,045</u>	<u>305,968</u>	<u>1,989,043</u>
<u>Accumulated Depreciation</u>				
Fleet Equipment	1,310,612	318,888	305,968	1,323,532
Office Equipment	-	4,537	-	4,537
Total Accumulated Depreciation	<u>1,310,612</u>	<u>323,425</u>	<u>305,968</u>	<u>1,328,069</u>
Business-type Activities Capital Assets, Net	<u>\$ 758,354</u>	<u>\$ (97,380)</u>	<u>\$ -</u>	<u>\$ 660,974</u>

Depreciation expenses for governmental activities has been allocated to general government for \$21,794.

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

NOTE 8: LONG-TERM LIABILITIES

A summary of changes in long term liabilities for the year ended December 31, 2016 follows:

	<u>1/1/2016</u> <u>Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>12/31/2016</u> <u>Balance</u>	<u>Due Within</u> <u>One Year</u>
Governmental Activities					
Accumulated Leave	\$ 27,796	\$ 14,879	\$ 3,531	\$ 39,144	\$ -
Lease Liability	<u>3,648</u>	<u>-</u>	<u>3,648</u>	<u>-</u>	<u>-</u>
Governmental Activities Total Long-Term Liabilities	<u>\$ 31,444</u>	<u>\$ 14,879</u>	<u>\$ 7,179</u>	<u>\$ 39,144</u>	<u>\$ -</u>
Business-type Activities					
Accumulated Leave	<u>\$ 16,364</u>	<u>\$ -</u>	<u>\$ 11,356</u>	<u>\$ 5,008</u>	<u>\$ -</u>
Business-type Activities Total Long-Term Liabilities	<u>\$ 16,364</u>	<u>\$ -</u>	<u>\$ 11,356</u>	<u>\$ 5,008</u>	<u>\$ -</u>

NOTE 9: OPERATING LEASES

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

Total costs for the office space was \$116,367 for the year ended December 31, 2016. The business-type activities had no operating leases as of December 31, 2016.

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

<u>Year Ending December 31:</u>	<u>Office</u>
2017	\$ 147,514
2018	154,267
2019	157,109
2020	160,035
2021	163,049
Thereafter	<u>27,259</u>
	<u>\$ 809,233</u>

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

NOTE 10: RESTATEMENTS

The Council has determined that the grants receivable for long-term liabilities in the governmental activities does not meet the revenue recognition criteria which required a restatement of the governmental activities beginning net position. The Council has also determined that there was an error relating to capital assets in the proprietary fund which required a restatement of the proprietary fund beginning net position. The restatements as of January 1, 2016 are as follows:

<u>January 1, 2016</u>	<u>Governmental Activities</u>	<u>Business-type Activities and Proprietary Fund</u>
Net Position, as Previously Reported	\$ 595,159	\$ 2,920,812
Grants Receivable for Long-term Liabilities	(27,796)	-
Understatement - Fleet Equipment	-	20,746
Understatement - Fleet Equipment Accumulated Depreciation	<u>-</u>	<u>(27,633)</u>
Net Position, as Restated	<u><u>\$ 567,363</u></u>	<u><u>\$ 2,913,925</u></u>

The effect of the restatements on the change in net position reported for the year ended December 31, 2015 is to decrease the amount previously reported for the change in net position for governmental activities by \$14,119 and to decrease the amount previously reported for the change in net position of the business type activities / proprietary fund by \$6,887.



North Front Range Transportation & Air Quality Planning Council

Supplementary Information
December 31, 2016

NORTH FRONT RANGE TRANSPORTATION & AIR QUALITY PLANNING COUNCIL

PROPRIETY FUND BUDGET COMPARISON STATEMENT
Year Ended December 31, 2016

	Original Budget	Budget Amendments	Final Budget	Actual	Variance with Final Budget
Operating Revenues					
Charges for Service	\$ 840,978	\$ -	\$ 840,978	\$ 614,139	\$ (226,839)
Other Program Revenues	585,692	(20,483)	565,209	710,617	145,408
Total Operating Revenues	1,426,670	(20,483)	1,406,187	1,324,756	(81,431)
OPERATING EXPENSES					
Payroll Expense	291,600	(5,031)	286,569	177,887	108,682
Fleet Expense	696,707	(6,484)	690,223	456,422	233,801
Office Expense	82,818	30,383	113,201	89,473	23,728
Consultant and Professional Services	-	12,937	12,937	14,480	(1,543)
Other Program Expense	46,565	4,954	51,519	42,458	9,061
Travel/Conf/Training	2,800	1,419	4,219	7,361	(3,142)
Capital Purchases	600,000	(40,750)	559,250	-	559,250
Total Operating Expenses	1,720,490	(2,572)	1,717,918	788,081	929,837
Operating Income	(293,820)	(17,911)	(311,731)	536,675	(1,011,268)
NONOPERATING REVENUES					
Other Revenue	-	-	-	30,458	(30,458)
Earnings on Investment	-	-	-	10,920	(10,920)
Gain on Sale of Capital Assets	-	-	-	102,394	(102,394)
Total Nonoperating Revenues	-	-	-	143,772	(143,772)
Income Before Other Revenues	(293,820)	(17,911)	(311,731)	680,447	(1,155,040)
Capital Contribution (Grant)	240,000	-	240,000	108,656	131,344
Change in Net Position - Budgetary Basis	(53,820)	(17,911)	(71,731)	789,103	(1,023,696)
Reconciliation to GAAP Basis					
Depreciation	-	-	-	323,425	-
Change in net Position - GAAP Basis				465,678	
Net Position - Beginning of the Year - Restated				2,913,925	2,913,925
Net Position - End of the Year				<u>\$ 3,379,603</u>	<u>\$ 1,890,229</u>