



**Roaring Fork Transportation Authority**

**Roaring Fork Transportation Authority  
Carbondale, Colorado**

**Financial Statements  
December 31, 2017**

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**Office of the State Auditor**

**July 13, 2018**

**Roaring Fork Transportation Authority  
Financial Report  
December 31, 2017**

**Table of Contents**

	<b>Page</b>
<b>INDEPENDENT AUDITOR'S REPORT</b>	A1 – A2
<b>Management's Discussion and Analysis</b>	B1 – B15
<b>Government-wide Financial Statements:</b>	
Balance Sheet/Statement of Net Position	C1
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	C2
<b>Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:</b>	
General Fund	C3
Service Contracts Special Revenue Fund	C4
Bus Shelter/PNR Special Revenue Fund	C5
Mid Valley Trails Special Revenue Fund	C6
<b>Notes to the Financial Statements</b>	D1 – D24
<b>Supplementary Information:</b>	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Capital Projects Fund	E1
Debt Service Fund	E2
<b>Statutory Information:</b>	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Governmental Auditing Standards</i>	F1 – F2
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance Required by Uniform Guidance	F3 – F4
Schedule of Findings and Questioned Costs	F5
Schedule of Prior Audit Findings and Questioned Costs	F6
Schedule of Expenditures of Federal Awards	F7



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## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Roaring Fork Transportation Authority  
Carbondale, Colorado**

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

We have audited the accompanying financial statements of the governmental activities and each major fund of Roaring Fork Transportation Authority (the "Authority"), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority'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 Authority'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.

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**INDEPENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Roaring Fork Transportation Authority**  
**Carbondale, Colorado**

***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of Roaring Fork Transportation Authority as of December 31, 2017, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund, service contract fund, bus shelter and park and ride fund, and the mid valley trails fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Other Matters***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis in section B 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 Management's Discussion and Analysis in Section B 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.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The individual fund budgetary comparisons in section E are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards included in section F is presented for the purpose of additional analysis, as required by *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the Authority's basic financial statements. The supplementary information in section E, and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the 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 of America. In our opinion, the information in section E and the Schedule of Expenditures of Federal Awards is fairly stated in all material aspects in relation to the financial statements as a whole.

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

In accordance with *Government Auditing Standards*, we have also issued our report July 5, 2018 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with 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* in considering the Authority's internal control over financial reporting and compliance.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**July 5, 2018**



**MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Management's Discussion and Analysis  
Roaring Fork Transportation Authority  
December 31, 2017***

As Management of the Roaring Fork Transportation Authority (the "Authority"), we offer readers of the Authority's financial report this narrative summary for the fiscal year ended December 31, 2017.

**Financial Highlights**

- When looking at a short term view, the General Fund had an increase in Fund balance of \$1.4 million compared to the \$482,000 deficit reflected in the budget. This \$1.9 million improvement was attributable to sales and use tax revenues exceeding budget by 2% and savings throughout the organization, including transit fuel, insurance & other employee benefits, transit operating and maintenance, and facilities expenditures due to a mild winter in late 2017.
- When looking at a long term view, the Authority had a decrease in Net Position of \$558,000 resulting in a total Net Position amount of \$74.8 million. This decrease was primarily the result of the first year of depreciation expense on replacement buses and the Aspen Maintenance Facility's improvements placed in service in the prior year, increased transit operations expenditures due to the transit mitigation plan related to the Grand Avenue Bridge (GAB) Project in Glenwood Springs, CO, and continuation of the Integrated Transportation System Plan.
- The Authority's total ridership increased approximately 8% from 5.1 million in 2016 to 5.5 million in 2017. The growth in ridership was primarily due to the increase in service levels in order to support the transit mitigation plan during the 95-day bridge closure related to the GAB Project. The old bridge over the Colorado River was considered "functionally obsolete" and completely removed and replaced with a new Grand Avenue Bridge and Pedestrian Bridge which serve as an important connection between downtown Glenwood Springs, the Historic Hot Springs District, and Interstate 70. Annual ridership on regional transit service and percentage changes were as follows: Valley Service (Highway 82 Corridor) 2.5 million and +3% and Grand Hogback Service (I – 70 Corridor) 107,000 and +7%. Annual ridership on non-regional transit service and percentage changes was as follows: 2.9 million and +15% (includes 287,000 rides on the GAB-related services).
- Transit Operations' overtime for 2017 and 2016 was \$723,000 and \$457,000, respectively, an increase of 58% from the prior year. Most of the increase in overtime was attributable during the transit mitigation plan during the 95-day GAB closure. Historically, the Authority faces challenges to attract, retain and maintain adequate staffing levels due to the seasonal nature of the region and high cost of living.
- In 2017, the Authority experienced a 6% increase in transit mileage, or 304,000 from the previous year, most of which was attributable to the additional services provided to support the GAB transit mitigation plan; total transit fuel expenditures for 2017 and 2016 were \$2.08 million and \$2.1 million, respectively; a net decrease of approximately 4% due to lower fixed-forward fuel pricing.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

***The Financial Statements*** are designed to provide readers with an overview of the Authority's finances, from both a short-term fund perspective and a long-term economic perspective.

***The Balance Sheet/ Statement of Net Position*** presents information on all the Authority's assets, deferred outflows of resources, and liabilities (both short-term and long-term for assets and liabilities), with the difference of assets and deferred outflows of resources less liabilities as fund balance or net position.

## **Overview of the Financial Statements (continued)**

*Government Funds, the General, Special Revenue, Capital Projects, and Debt Service Fund columns*, present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. These columns show the various components (non-spendable, restricted, committed, assigned and unassigned) of fund balance. The unassigned, assigned, and committed fund balance may be spent for Board approved activities.

*The Adjustments column* represents the changes to the value of long-term assets and liabilities.

*The Statement of Net Position column* presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. This column adds capital assets net of both depreciation and debt into the long-term equation. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

*The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities* shows how the government's fund balance and net position changed during the most recent fiscal year.

*Government Funds, the General, Special Revenue, Capital Projects, and Debt Service Fund columns*, focus on short-term available resources and are reported on a modified accrual basis. It shows the increase or decrease in fund balance.

*The Adjustments column* represents the changes to the value of long-term assets and liabilities. For example, depreciation or changes in debt service may increase or decrease the value of an asset.

*The Statement of Activities column* focuses on long-term economic resources and is reported on a full accrual basis. Though the focus is on long-term, it should not be associated with the future but rather with the changes in net position from January through December. This column records the Authority's net worth.

***The 2017 Authority financial statements*** report six individual government funds in four types: the general fund, three special revenue funds, a capital projects fund, and a debt service fund:

*The General Fund* accounts for the Administration, Transit, and Trails Program activities of the general Government. The general Government provides administrative support services (the Administrative Program), public commuter transit services (the Transit Program), and maintains the Authority-owned railroad right-of way for pedestrian, equestrian and other recreational uses (the Trails and Corridor Management Program).

*The Service Contract Special Revenue Fund* accounts for revenue and operating activity for additional services based on contractual agreement. These services are provided in certain areas within the overall Authority service area. In the current year, the Authority had contractual agreements for Aspen Skiing Company Skier Shuttles, Ride Glenwood Springs, City of Aspen local bus service, and the Garfield County Traveler Program. The local government operating contributions and expenditures for the additional transit services related to the transit mitigation plan during the 95-day bridge closure for the GAB Project are also reflected in this fund.

*The Bus Shelter and Park and Ride Special Revenue Fund* accounts for vehicle fee revenue and bus shelter and park and ride expenditure activity as required by State rural transit authority enabling legislation. Additionally, by resolution, Garfield County has dedicated certain development fees to construct bus shelter and park and ride improvements in unincorporated Garfield County.

**Overview of the Financial Statements (continued)**

*The Mid Valley Trails Special Revenue Fund* accounts for Eagle County sales tax funded capital trails projects within the Roaring Fork Valley boundaries of Eagle County. Through intergovernmental agreement, in return for membership, Eagle County dedicated a half cent sales tax collected in the Roaring Fork Valley to the Authority. 10% of the tax collected must be used to fund trail projects. Resolution 2002-14 adopted the Mid Valley Trails Committee as an Authority committee.

*The Capital Projects Fund* accounts for all expenditure activity for a variety of Capital Projects related to transit assets and infrastructure, such as the Aspen Maintenance Facility (AMF) Re-commissioning Project. Projects funded through bond proceeds contain expenditures that are certain and specific in accordance with State and Federal tax law as identified by Bond Counsel.

*The Debt Service Fund* accounts for all principal and interest expenditures for the Series 2009A&B bonds, Series 2012A bonds, Series 2013A&B loans and interest earned as required by resolution. The 2009A bonds and 2013A loan are tax-exempt. The 2009B bonds are Build America Bonds. The 2012A bonds and 2013B loan are Qualified Energy Conservation Bonds. This fund also accounts for all activity related to the required reserves for the bonds and interest earned as required by resolution.

The Authority's financial statements can be found on Section C of this report.

*The Notes to the Financial Statements* provide a background of the entity, certain required statutes, and accounting policies utilized by the Authority. They also provide additional information that will aid in the interpretation of the financial statements.

The Notes to the Financial Statements can be found in Section D of this report.

*Supplementary Information* concerning the Authority is also presented in addition to the basic financial statements and notes. This information can be found at section E of this report.

*Statutory Information* concerning the Authority is also presented in addition to the basic financial statements, notes, and supplementary information. This information can be found at section F of this report.



*Fall Colors in the Roaring Fork Valley*

Financial Analysis of the Authority

**Roaring Fork Transportation Authority's Net Position**  
(in thousands)

	<u>2017</u>	<u>2016</u>	<u>\$ dif</u>	<u>% dif</u>
<b>Assets:</b>				
Current assets	\$ 25,376	\$ 26,766	(1,390)	-5.2%
Inventory and prepaid expenditures	903	799	104	13.0%
Capital assets, net	<u>98,829</u>	<u>102,830</u>	(4,001)	-3.9%
<b>Total Assets</b>	<u>125,108</u>	<u>130,395</u>	(5,287)	-4.1%
<b>Deferred Outflows of Resources:</b>				
Deferred refunding charge, net of amortization	<u>70</u>	<u>87</u>	(17)	-19.5%
<b>Total Deferred Outflows of Resources</b>	<u>70</u>	<u>87</u>		
<b>Liabilities:</b>				
Current liabilities and LT Debt due within a year	5,368	8,280	(2,912)	-35.2%
Accrued compensated absences	1,878	1,675	203	12.1%
Non-current liabilities	<u>43,124</u>	<u>45,161</u>	(2,037)	-4.5%
<b>Total Liabilities</b>	<u>50,370</u>	<u>55,116</u>	(4,746)	-8.6%
<b>Net Position:</b>				
Net investment in capital assets	53,720	55,681	(1,961)	-3.5%
Restricted	4,575	4,727	(152)	-3.2%
Unrestricted	<u>16,513</u>	<u>14,958</u>	1,555	10.4%
<b>Total Net Position</b>	<u>\$ 74,808</u>	<u>\$ 75,366</u>	(558)	-0.7%

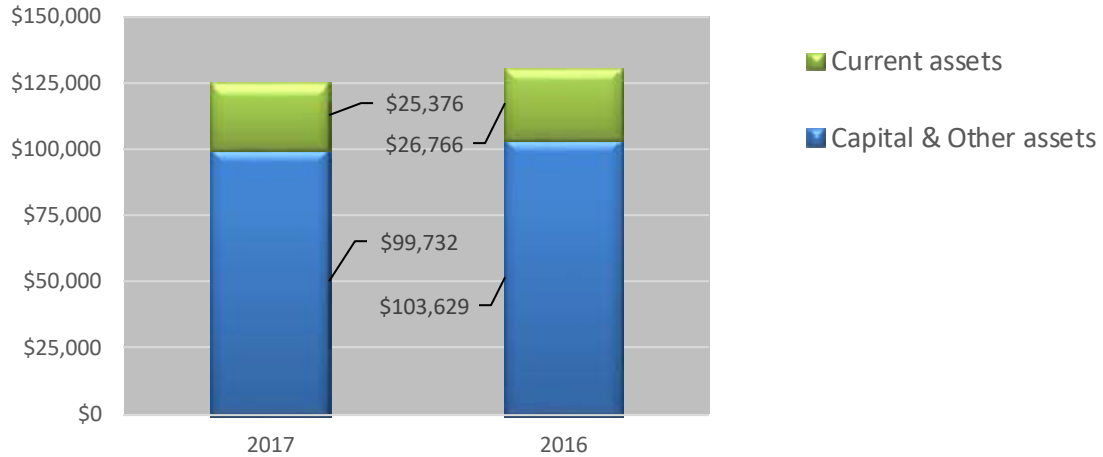
As of December 31, 2017, the following trends were noted:

- *Current assets compared to current liabilities* – \$25.4 million and \$26.8 million of current assets were available to meet \$5.4 million and \$8.2 million of current liabilities due within a year for 2017 and 2016, respectively. The \$1.4 million net decrease in current assets was primarily due to the decrease in accounts receivable, due from other funds and due from other governments; the \$2.9 million decrease in current liabilities was primarily due to a decrease in amounts due to other funds.
- *Inventory and prepaid expenditures* – The \$104,000 net increase is attributable to an increase in both inventory and prepaid expenditures.
- *Capital assets, net* – \$98.8 million of net capital assets were used to provide transit and trails services. The decrease was primarily due to an increase in annual depreciation for assets placed in service in 2016, including bus replacements and improvements related to the Aspen Maintenance Facility Recommissioning Project.
- *Non-current liabilities* – \$2.0 million decrease reflects the continued principal payments on existing debt.
- *Total net position*– \$558,000 decrease was primarily due to the first year of depreciation expense on replacement buses and the Aspen Maintenance Facility improvements placed in service in the prior year, increased transit operations expenditures due to the GAB transit mitigation plan and the continuation of the Integrated Transportation System Plan.

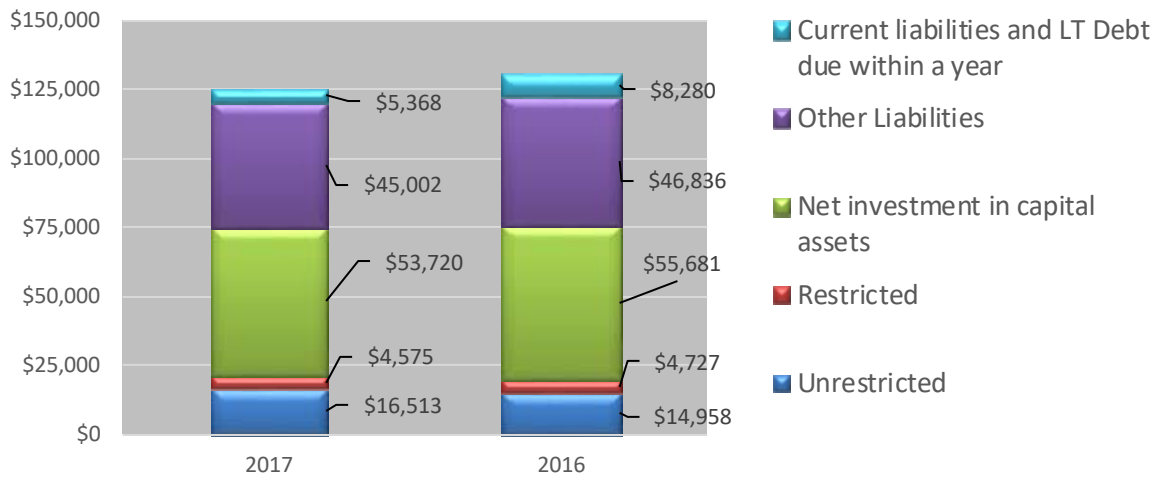
Details regarding the Authority's assets and liabilities can be found on Page C1.

**Financial Analysis of the Authority (continued)**

**Assets (in thousands)**



**Liabilities and Net Position (in thousands)**



Financial Analysis of the Authority (continued)

**Roaring Fork Transportation Authority's Change in Net Position  
(in thousands)**

	<u>2017</u>	<u>2016</u>	<u>\$ dif</u>	<u>% dif</u>
<b>Revenues:</b>				
Sales and use tax	\$ 22,153	\$ 21,123	1,030	4.9%
Service contracts	10,171	9,941	230	2.3%
Operating revenue	4,939	4,925	14	0.3%
Capital grant revenue	1,433	8,774	(7,341)	-83.7%
Operating grant revenue	1,244	1,245	(1)	-0.1%
Local government contributions	2,210	2,070	140	6.8%
Other	1,873	1,786	87	4.9%
<b>Total Revenue</b>	<u>\$ 44,023</u>	<u>\$ 49,864</u>	(5,841)	-11.7%

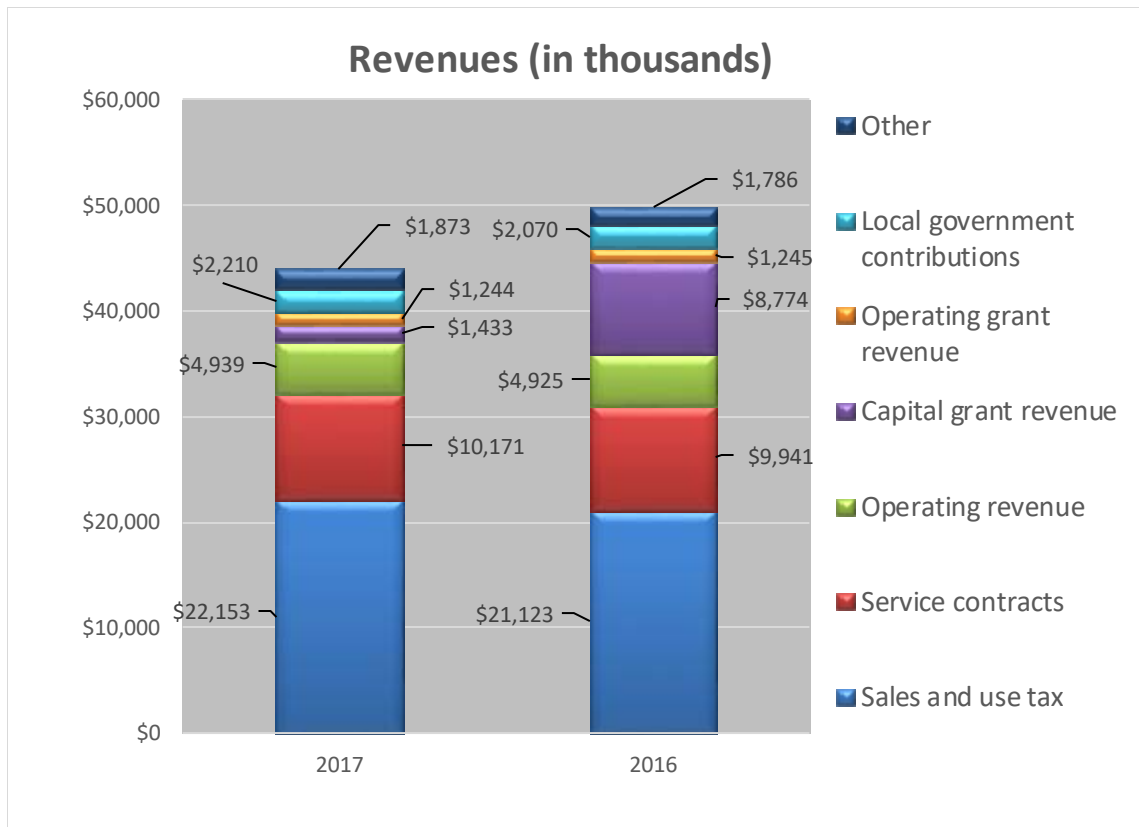
For the Year Ended December 31, 2017, the following trends were noted:

- Most of the member jurisdictions, including Pitkin County, the City of Aspen, the Town of Snowmass Village, Eagle County, the Town of Basalt, the Town of Carbondale, and the Town of New Castle, generated sales tax revenue increases. Due to the GAB project, the City of Glenwood Springs experienced a 2% reduction in sales tax revenue.
- Service contract revenue (cost reimbursement contracts) increased as a result of higher service levels and operating costs compared with the prior year.
- Operating revenue (transit fares and advertising revenue) increased primarily due to advertising revenue. Contrary to the increase in ridership, transit fares remained unchanged primarily due to the temporary suspension of fares on the Grand Hogback services as part of the GAB transit mitigation plan during the 95-day bridge closure.
- Operating grant revenues for 2017 and 2016 remain unchanged at \$1.2 million. Capital grants can vary from year to year. In 2017, the Authority received \$1.4 million of capital grants:
  - \$600,000 from a Colorado Department of Transportation (CDOT) FASTER Grant for the GMF Expansion and West Glenwood Park and Ride
  - \$500,000 from a CDOT Section 5311 Grant for the acquisition of one (1) replacement bus
  - \$100,000 from a CDOT Section 5304 Grant for the Integrated Transportation System Plan
  - \$177,000 from the Colorado Department of Natural Resources Federal Recreational Trails Program Grant for the Rio Grande Trail Soft Surface project
  - \$56,000 from a CDOT Section 5311 Grant for Phase IV of the AMF Recommissioning Project

**Financial Analysis of the Authority (continued)**

- Local government contributions included operating and capital contributions which vary from year to year. In 2017, the Authority received \$2.2 million of local government contributions:
  - \$615,726 from the Elected Officials Transportation Committee (EOT) for “fare-free” regional bus service between the City of Aspen and Town of Snowmass Village,
  - \$703,000 from Garfield County and \$20,000 from the City of Rifle for continued Grand Hogback I-70 Corridor bus service,
  - \$335,000 from the EOTC and \$25,000 from Garfield County to operate the additional services to support the GAB transit mitigation plan, and
  - \$472,000 from various local governments for transit-related studies and projects.

Details regarding the Authority’s revenues and expenditures can be found on Page C2.



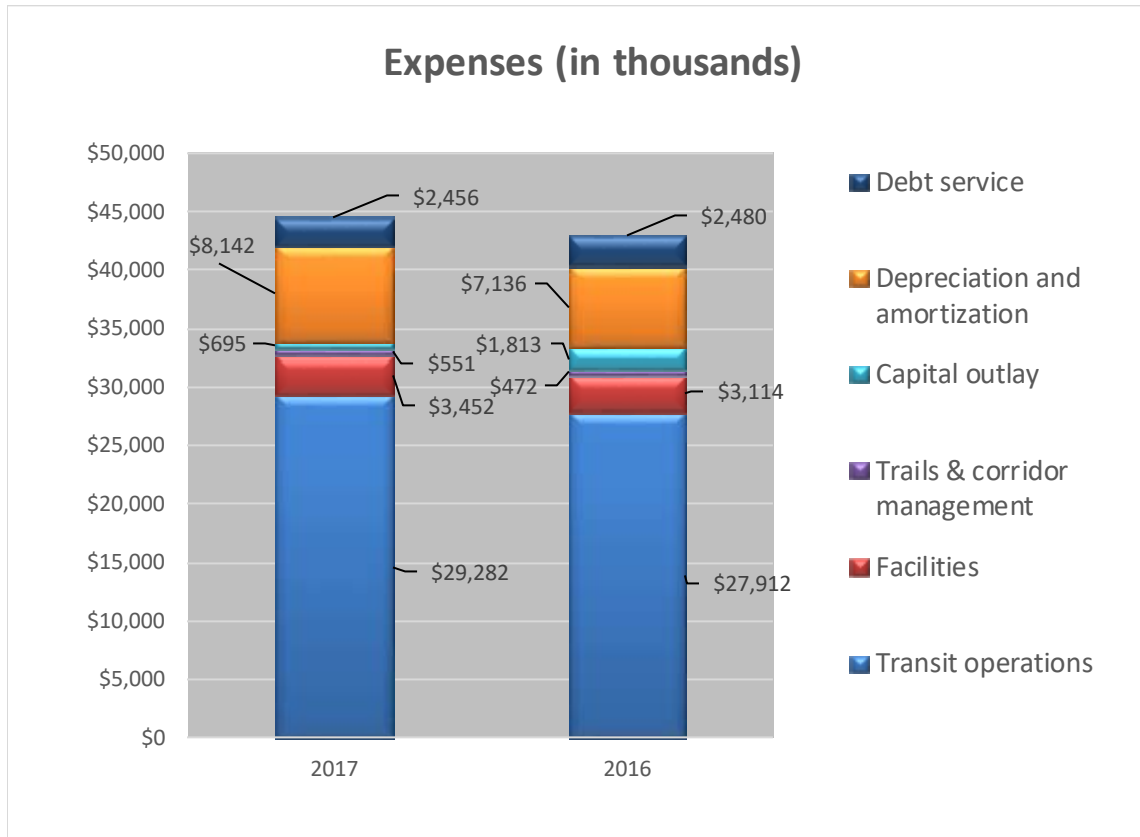
**Financial Analysis of the Authority (continued)**

	<u>2017</u>	<u>2016</u>	<u>\$ dif</u>	<u>% dif</u>
<b>Expenditure:</b>				
Transit operations	\$ 29,282	\$ 27,912	1,370	4.9%
Facilities	3,452	3,114	338	10.9%
Trails & corridor management	551	472	79	16.7%
Capital outlay	695	1,813	(1,118)	-61.7%
Depreciation and amortization	8,142	7,136	1,006	14.1%
Debt service	2,456	2,480	(24)	-1.0%
<b>Total Expenditure</b>	<u>44,578</u>	<u>42,927</u>	1,651	3.8%
<b>Other Financing Sources (Uses):</b>				
Transfer to other funds	(3,164)	(2,610)	(554)	21.2%
Transfer from other Funds	3,164	2,610	554	21.2%
Bond premium	4	5	(1)	-20.0%
Bond discount	(7)	(7)	-	0.0%
Sale of assets	-	8	(8)	-100.0%
<b>Total Other Financing Sources (Uses)</b>	<u>(3)</u>	<u>6</u>	(9)	-150.0%
<b>Change in Net Position</b>	<u>(558)</u>	<u>6,943</u>	<u>(7,501)</u>	<u>-108.0%</u>
<b>Net Position - Beginning of Year</b>	<u>75,366</u>	<u>68,423</u>	6,943	10.1%
<b>Net Position - End of Year</b>	<u>\$ 74,808</u>	<u>\$ 75,366</u>	(558)	-0.7%

For the Year Ended December 31, 2017, the following trends were noted:

- Transit Operations expenditure increase was primarily due to increased labor costs for bus operators and mechanics, as well as increased service levels to support the transit mitigation plan related to the GAB Project.
- Facilities expenditure increase was due to increased labor, overtime costs, and operating and maintenance expenditures related to facilities, bus stops and park and rides.
- Trails & Corridor Management expenditures increased due to the process in updating the Access Control Plan.
- Capital outlay decrease was attributable to the completion of the AMF Recommissioning Project in 2016 and the Town of Basalt's Underpass Project, where the Authority acted as the project manager. Because this investment is recorded as a capital asset by the Town of Basalt, the Authority did not capitalize this outlay in its financial statements. The Basalt Underpass was substantially completed and opened to the public in 2017.
- Depreciation expenditures increased due to depreciation on the assets and infrastructure associated with the AMF Recommissioning Project and Transit Rolling Stock.
- Debt service expenditure decrease was due to the net impact of the final payments made on the 2007 Capital Bus Lease and the 2014 Administrative Vehicle lease, plus one new lease entered into during 2017.

**Financial Analysis of the Authority (continued)**



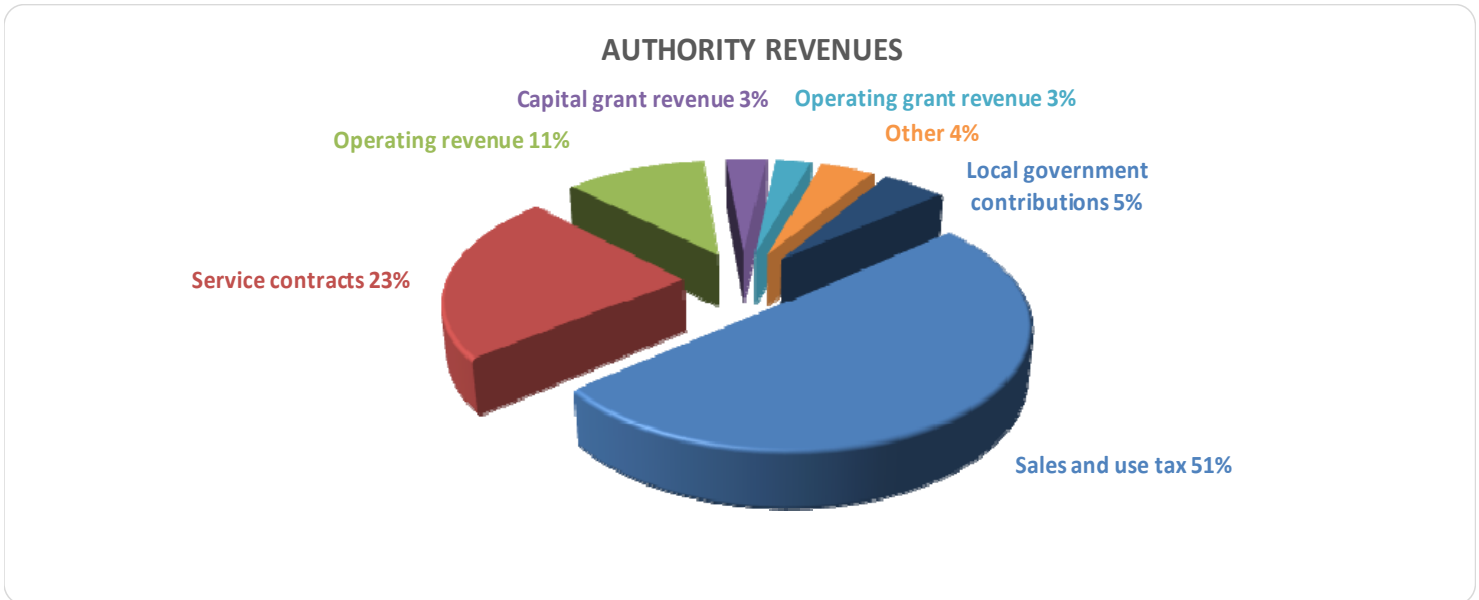
The Authority receives revenues from various sources to fund the Administration, Transit and Trails Programs.

- Regional transit services are primarily funded through Sales and Use Tax and Operating revenues. Sales and Use Tax and Fees have been dedicated in various amounts by all member jurisdictions to fund regional services (see Notes to the Financial Statements, section V.B. Intergovernmental Agreement);
- Service contract revenue (cost allocation contracts) provides reimbursement of operating expenditures and a capital contribution for the services provided. The services provided under contract are typically within a limited area. See page B15 for a transit service area map. These services are identified as local circulator services. (see Notes to the Financial Statement, section V.D. Service Agreements);
- Operating revenues consist of transit fares collected on regional service routes; these routes are on the I-70 highway corridor between Rifle and Glenwood Springs, Colorado and State Highway 82 between Glenwood Springs and Aspen, Colorado. See page B15 for a transit service area map;
- Grant revenues are provided at the Federal or State level and fund capital and operating expenditures; the Authority received \$1.2 million in operating grants;
- Local Jurisdictions usually provide operating contributions and may provide capital contributions depending on the project or capital asset;

**Financial Analysis of the Authority (continued)**

- Other income includes the following: Fees, Investment income, Miscellaneous, Other capital contributions, Rental, Build America Bonds credit for interest expenditures paid on the related Series 2009B and Series 2010A bonds, and Qualified Energy Conservation Bonds credit for interest expenditures paid on the related Series 2012A bonds and Series 2013A Loan;

The following chart depicts the Authority’s 2017 revenues by percentage:



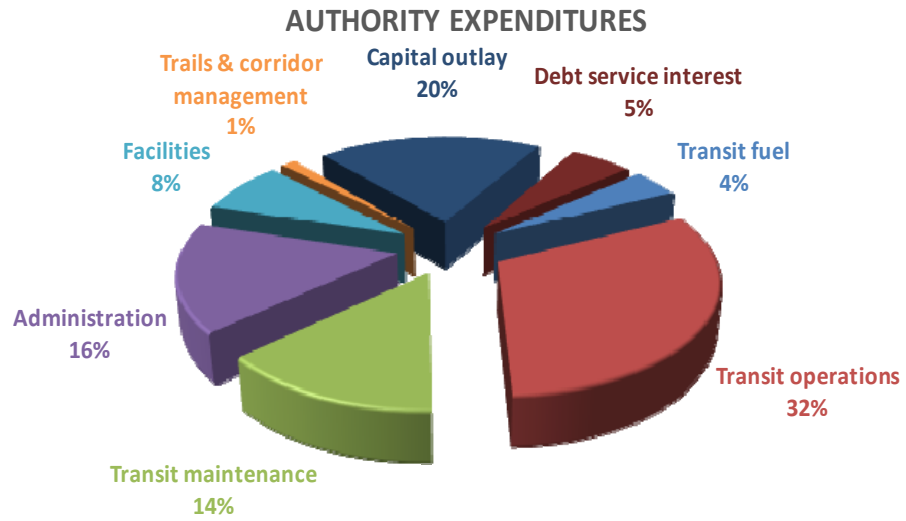
Details regarding the Authority’s revenue sources can be found on Pages C2.

The Authority records the General Government activities as follows:

- The Administration line item includes the activities of the following Departments: Attorney, Board of Directors, CEO (including Procurement), Finance, Human Resources and Risk Management, Information Technology and Planning (including Marketing);
- The Trails and corridor management line item includes the activities of The Trails and Corridor Management Program and Department;
- The Transit Program is reported on four line items: Transit operations, maintenance, fuel, and facilities. Each line item, except for fuel, includes the activities of the respective Department.

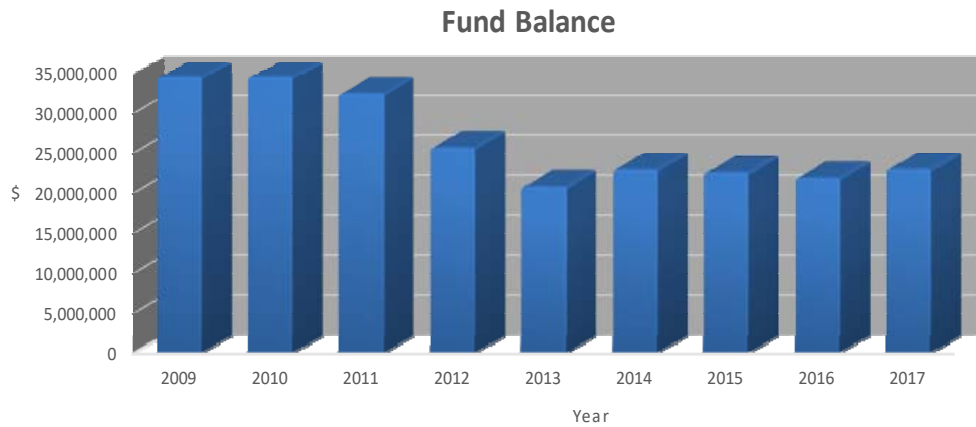
**Financial Analysis of the Authority (continued)**

The following chart depicts the Authority's 2017 expenditures:



Details regarding the Authority's expenditures can be found on Page C2.

The following chart shows fund balances for the past several years:



### *Financial Analysis of the Authority (continued)*

As of December 31, 2017, the Authority's total fund balance was approximately \$22.9 million.

- The 2017/2016 increase was due to sales and use tax revenues exceeding estimates, and savings throughout the organization, including transit fuel, insurance & other employee benefits, transit operating and maintenance, and facilities.
- The 2016/2015 decrease was primarily due to the completion of Phases III and Phases IV of the AMF Recommissioning Project in 2016.
- The 2015/2014 decrease was primarily due to the timing of the capital investment in the AMF Recommissioning Project.
- The 2014/2013 increase was due to higher sales tax revenues and unexpended capital budget.
- The 2013/2012 decrease continued to be the result of the capital investment in the BRT Project and the AMF Re-commissioning Project.
- The 2012/2011 decrease was due to the ongoing BRT Project expenditures.
- The 2011/2010 increase was primarily due to the timing of the VSS capital grant revenues.
- The 2010/2009 decrease was due to the ongoing BRT Project expenditures and GMF Repairs.
- The 2009/2008 significant increase was due to the \$27.5 million in proceeds from the Sales and Use Tax Revenue Bonds, Series 2009A & B.
- The 2008/ 2007 decrease was primarily due to the timing of a bus purchase; the capital purchase was reimbursed with grant revenue in 2009.

### *Major Capital Asset events*

Approximately \$297,000 was expended on the Preliminary Design and Planning for the multi-phased GMF Expansion Project and \$749,000 was expended on Phase I of the GMF Expansion, which was completed in 2017.

Approximately \$714,000 was expended on one (1) new over-the-road coach transit bus and \$1.1 million was expended on bus refurbishments.

Approximately \$233,000 was expended on the Soft Surface Trail portion of the Rio Grande Trail.

### *Major Debt events*

The Authority did not have any major debt events. Additional debt information is available in the Notes to the Financial Statements, section IV.F. Other Liabilities.

### *Long term Financial Plan*

The Authority's long-term goal is to be financially sustainable by maintaining operating and capital reserves in accordance with Management's policies and to maintain a long-range financial forecast to communicate and plan for future opportunities and issues.

The Authority uses fund accounting to ensure and demonstrate compliance with accounting and related legal requirements.

**Financial Analysis of the Authority (continued)**

The General Fund had an unassigned fund balance of \$2.3 million, while total fund balance reached \$20.2 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 8.4% of total general fund expenditures, while total fund balance represents 72.5% of that same amount.

The fund balance increased by \$1.4 million compared to a deficit of \$482,000 reflected in the budget. This \$1.9 million improvement was attributable to sales and use tax revenues exceeding budget by 2%, and savings throughout the organization, including transit fuel, insurance & other employee benefits, transit operating and maintenance, and facilities expenditures due to a mild winter in late 2017.

The Service Contract Special Revenue Fund had a total fund balance of zero as the fund accounts for contractual services where revenue covers operating activity.

The Bus Shelter and Park and Ride Special Revenue Fund had a total fund balance of \$97,000, all of which is restricted by enabling legislation for bus shelter and park and ride expenditure activities.

The Mid Valley Trails Special Revenue Fund had a total fund balance of \$127,000, all of which is restricted by enabling legislation to fund trail projects within the Roaring Fork Valley boundaries of Eagle County. The net decrease in fund balance was \$25,000.

The Capital Projects Fund had a total fund balance of \$6,000. The net decrease in fund balance was \$323,000. The Authority had \$223,000 of final capital expenditures related to the AMF Re-commissioning Project.

The Debt Service Fund had a total fund balance of \$2.5 million representing the required reserves for the Series 2009 and 2012 bonds and 2013 loans and interest earned as required by resolution. The fund received a Build America Bonds credit of \$466,000 on the Series 2009B Build America Bonds, received a Qualified Energy Conservation Bond credit of \$153,000 on the Series 2012A QECCBs, received a Qualified Energy Conservation Bond credit of \$40,000 on the Series 2013B Sales Tax Revenue Loans, and a transfer from the General Fund for the remaining balance. Expenditures included \$1.9 million of debt service interest expenditures related to these bonds.

**General Fund Budgetary Highlights**

The Authority’s revenues came in over budget by \$587,000. Expenditures were \$1.1 million under budget. Significant budget variances were as follows

<b>Description</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Reason</b>
<b>Revenues:</b>				
Sales and use tax revenue	\$ 21,628,000	\$ 22,100,373	\$ 472,373	Better than anticipated/budgeted revenues
<b>Expenditures:</b>				
Transit Fuel	\$ 1,408,112	\$ 1,188,599	\$ (219,513)	More savings than normal due to mild winter in late 2017
Transit operations	8,875,915	8,702,855	(173,060)	Savings due to a mild winter in late 2017; not as many backup runs were needed
Transit maintenance	4,422,854	4,232,582	(190,272)	Savings in bus parts & repairs and accidents
Administration	5,107,524	4,780,807	(326,717)	Savings in insurance & employee benefits and IT
Facilities	2,081,444	1,960,552	(120,892)	Savings due to lower operating and maintenance expenditures
Capital outlay	4,747,467	4,615,633	(131,834)	Savings in improvements, IT, and trails
<b>Other Financing Sources / (Uses)</b>				
Transfer to other funds	\$ 3,187,285	\$ 3,006,234	\$ (181,051)	Reduced transfer from GF to Bus Stops and Park & Rides SRF due to savings in operating and maintenance

**Subsequent Year’s Budget**

- The Authority ended the year with a combined ending fund balance of \$22.9 million. The 2018 adopted budget anticipates a net decrease of \$500,000 in the General Fund with no other changes to Fund Balance in the Special Revenue Funds and Debt Service Fund.
- With an improving local economy, the subsequent year’s budget reflects a 2.1% increase in sales and use tax revenues and an estimated 3.1% increase in transit fare revenues primarily from an anticipated increase in regional ridership.

**Request for Information**

This financial report is designed to provide a general overview of the Authority’s finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to: Roaring Fork Transportation Authority, Attention: Finance, 0766 Industry Way Carbondale, Colorado 81623.

Below is a map of the Authority's commuter transit service area which includes the I-70 Corridor between Rifle and Glenwood Springs and the Highway 82 Corridor between the Glenwood Springs and Aspen. Additionally, the Authority-owned railroad right-of-way runs adjacent to Highway 82 and connects with the Pitkin County trail near Aspen.





**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Roaring Fork Transportation Authority**  
**Balance Sheet/Statement of Net Position**  
**December 31, 2017**

	Funds Financial Statements						Total	Adjustments	Statement of Net Position
	General Fund	SRF Service Contracts	SRF Bus Shelter/ PNR	SRF Mid Valley Trails	Capital Projects Fund	Debt Service Fund			
<b>Assets:</b>									
Cash and cash equivalents - unrestricted	\$ 2,465,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,465,521	\$ -	\$ 2,465,521
Cash and cash equivalents - restricted	-	-	-	-	-	-	-	54,692	54,692
Investments	12,404,134	-	60,698	122,910	5,730	2,499,347	15,092,819	-	15,092,819
Accounts receivable	165,868	-	-	-	-	-	165,868	-	165,868
Due from other funds	1,483,903	166,592	40,933	-	-	-	1,691,428	-	1,691,428
Due from other governments	4,140,940	1,491,539	41,249	3,821	-	-	5,677,549	228,372	5,905,921
Prepaid expenses	113,552	-	-	-	-	-	113,552	-	113,552
Inventory	789,185	-	-	-	-	-	789,185	-	789,185
Other assets, net of amortization	-	-	-	-	-	-	-	89,817	89,817
Capital assets	-	-	-	-	-	-	-	163,704,661	163,704,661
Accumulated depreciation	-	-	-	-	-	-	-	(64,965,934)	(64,965,934)
<b>Total Assets</b>	<b>21,563,103</b>	<b>1,658,131</b>	<b>142,880</b>	<b>126,731</b>	<b>5,730</b>	<b>2,499,347</b>	<b>25,995,922</b>	<b>99,111,608</b>	<b>125,107,530</b>
<b>Deferred Outflows of Resources:</b>									
Deferred refunding costs, net of amortization	-	-	-	-	-	-	-	70,038	70,038
<b>Total Deferred Outflows of Resources</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>70,038</b>	<b>70,038</b>
<b>Liabilities:</b>									
Accounts payable	491,138	166,592	40,933	-	-	-	698,663	-	698,663
Due to other funds	207,525	1,483,903	-	-	-	-	1,691,428	-	1,691,428
Accrued expenses	651,080	7,636	4,743	-	-	-	663,459	59,405	722,864
Accrued compensated absences	-	-	-	-	-	-	-	1,877,744	1,877,744
Accrued interest	-	-	-	-	-	-	-	195,219	195,219
Non-current liabilities:									
Due within one year	-	-	-	-	-	-	-	2,059,930	2,059,930
Due longer than one year	-	-	-	-	-	-	-	43,124,052	43,124,052
<b>Total Liabilities</b>	<b>1,349,743</b>	<b>1,658,131</b>	<b>45,676</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,053,550</b>	<b>47,316,350</b>	<b>50,369,900</b>
<b>Fund Balance/Net Position:</b>									
<b>Fund Balance:</b>									
Non-spendable fund balance	902,737	-	-	-	-	-	902,737	(902,737)	
Restricted fund balance	1,851,205	-	97,204	126,731	-	2,499,347	4,574,487	(4,574,487)	
Committed fund balance	15,126,359	-	-	-	5,730	-	15,132,089	(15,132,089)	
Unassigned fund balance	2,333,059	-	-	-	-	-	2,333,059	(2,333,059)	
<b>Total Fund Balance</b>	<b>\$ 20,213,360</b>	<b>\$ -</b>	<b>\$ 97,204</b>	<b>\$ 126,731</b>	<b>\$ 5,730</b>	<b>\$ 2,499,347</b>	<b>\$ 22,942,372</b>	<b>(22,942,372)</b>	
<b>Net Position:</b>									
Net investment in capital assets								53,720,330	53,720,330
Restricted								4,574,487	4,574,487
Unrestricted								16,512,851	16,512,851
<b>Total Net Position</b>								<b>\$ 74,807,668</b>	<b>\$ 74,807,668</b>

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

**Roaring Fork Transportation Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities**  
**For the Year Ended December 31, 2017**

	Funds Financial Statements						Total	Adjustments	Statement of Activities
	General Fund	SRF Service Contracts	SRF Bus Shelter/ PNR	SRF Mid Valley Trails	Capital Projects Fund	Debt Service Fund			
<b>Revenues:</b>									
Sales and use tax revenue	\$ 22,100,373	\$ -	\$ -	\$ 52,229	\$ -	\$ -	\$ 22,152,602	\$ -	\$ 22,152,602
Service contracts	-	10,170,691	-	-	-	-	10,170,691	-	10,170,691
Operating revenues	4,853,175	85,715	-	-	-	-	4,938,890	-	4,938,890
Capital grant revenue	1,377,429	-	-	-	55,823	-	1,433,252	-	1,433,252
Operating grant revenues	1,214,550	30,000	-	-	-	-	1,244,550	-	1,244,550
Local government capital contributions	211,342	-	-	-	-	-	211,342	-	211,342
Local government operating contributions	1,638,915	360,000	-	-	-	-	1,998,915	-	1,998,915
Other income	586,779	-	484,568	-	-	659,610	1,730,957	(25,310)	1,705,647
Investment income	128,447	-	633	1,513	1,684	-	166,985	-	166,985
<b>Total Revenues</b>	<b>32,111,010</b>	<b>10,646,406</b>	<b>485,201</b>	<b>53,742</b>	<b>57,507</b>	<b>694,318</b>	<b>44,048,184</b>	<b>(25,310)</b>	<b>44,022,874</b>
<b>Expenditures/Expenses:</b>									
Transit fuel	1,188,599	889,183	-	-	-	-	2,077,782	(228,372)	1,849,410
Transit operations	8,702,855	5,159,249	-	-	-	-	13,862,104	202,558	14,064,662
Transit maintenance	4,232,582	1,957,152	-	-	-	-	6,189,734	-	6,189,734
Administration	4,780,807	2,379,893	-	17,010	-	-	7,177,710	-	7,177,710
Facilities	1,960,552	867,622	623,853	-	-	-	3,452,027	-	3,452,027
Trails & corridor management	489,121	-	-	61,885	-	-	551,006	-	551,006
Capital outlay	4,615,633	-	-	-	222,954	-	4,838,587	(4,143,982)	694,605
Depreciation and amortization	-	-	-	-	-	-	-	8,142,024	8,142,024
Debt service:									
Principal	1,312,722	-	-	-	-	1,100,000	2,412,722	(2,412,722)	-
Interest	587,367	-	-	-	-	1,855,207	2,442,574	13,871	2,456,445
<b>Total Expenditures/Expenses</b>	<b>27,870,238</b>	<b>11,253,099</b>	<b>623,853</b>	<b>78,895</b>	<b>222,954</b>	<b>2,955,207</b>	<b>43,004,246</b>	<b>1,573,377</b>	<b>44,577,623</b>
<b>Excess of Revenues Over Expenditures/ Expenses</b>	<b>4,240,772</b>	<b>(606,693)</b>	<b>(138,652)</b>	<b>(25,153)</b>	<b>(165,447)</b>	<b>(2,260,889)</b>	<b>1,043,938</b>	<b>(1,598,687)</b>	<b>(554,749)</b>
<b>Other Financing Sources (Uses):</b>									
Transfer to other funds	(3,006,234)	-	-	-	(157,933)	-	(3,164,167)	-	(3,164,167)
Transfer from other funds	157,933	606,693	138,652	-	-	2,260,889	3,164,167	-	3,164,167
Bond premium	-	-	-	-	-	-	-	3,563	3,563
Bond discount	-	-	-	-	-	-	-	(7,241)	(7,241)
Lease proceeds	31,861	-	-	-	-	-	31,861	(31,861)	-
<b>Total Other Financing Sources (Uses)</b>	<b>(2,816,440)</b>	<b>606,693</b>	<b>138,652</b>	<b>-</b>	<b>(157,933)</b>	<b>2,260,889</b>	<b>31,861</b>	<b>(35,539)</b>	<b>(3,678)</b>
<b>Change in Fund Balance/Net Position</b>	<b>1,424,332</b>	<b>-</b>	<b>-</b>	<b>(25,153)</b>	<b>(323,380)</b>	<b>-</b>	<b>1,075,799</b>	<b>(1,634,226)</b>	<b>(558,427)</b>
<b>Fund Balance/Net Position:</b>									
<b>Beginning of Year</b>	<b>18,789,028</b>	<b>-</b>	<b>97,204</b>	<b>151,884</b>	<b>329,110</b>	<b>2,499,347</b>	<b>21,866,573</b>		<b>75,366,095</b>
<b>End of Year</b>	<b>\$ 20,213,360</b>	<b>\$ -</b>	<b>\$ 97,204</b>	<b>\$ 126,731</b>	<b>\$ 5,730</b>	<b>\$ 2,499,347</b>	<b>\$ 22,942,372</b>		<b>\$ 74,807,668</b>

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

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
<b>Revenues:</b>				
Sales and use tax revenue	\$ 21,288,000	\$ 21,628,000	\$ 22,100,373	\$ 472,373
Operating revenues	4,869,000	4,869,000	4,853,175	(15,825)
Capital grant revenue	1,030,500	1,377,429	1,377,429	-
Operating grant revenues	1,214,550	1,214,550	1,214,550	-
Local government capital contributions	100,000	149,674	211,342	61,668
Local government operating contributions	1,375,961	1,630,843	1,638,915	8,072
Other income	481,140	556,940	586,779	29,839
Investment income	18,000	98,000	128,447	30,447
<b>Total Revenues</b>	<u>30,377,151</u>	<u>31,524,436</u>	<u>32,111,010</u>	<u>586,574</u>
<b>Expenditures:</b>				
Transit fuel	1,408,112	1,408,112	1,188,599	219,513
Transit operations	8,875,914	8,875,915	8,702,855	173,060
Transit maintenance	4,470,856	4,422,854	4,232,582	190,272
Administration	5,227,523	5,107,524	4,780,807	326,717
Facilities	1,938,344	2,081,444	1,960,552	120,892
Trails & corridor management	471,720	471,720	489,121	(17,401)
Capital outlay	3,257,500	4,747,467	4,615,633	131,834
Debt service:				
Principal	1,314,877	1,314,877	1,312,722	2,155
Interest	587,367	587,367	587,367	-
<b>Total Expenditures</b>	<u>27,552,213</u>	<u>29,017,280</u>	<u>27,870,238</u>	<u>1,147,042</u>
<b>Excess of Revenues Over Expenditures</b>	<u>2,824,938</u>	<u>2,507,156</u>	<u>4,240,772</u>	<u>1,733,616</u>
<b>Other Financing Sources / (Uses)</b>				
Transfer to other funds	(3,382,485)	(3,187,285)	(3,006,234)	181,051
Transfer from other funds	1,290,900	157,933	157,933	-
Lease proceeds	40,000	40,000	31,861	(8,139)
<b>Total Other Financing Sources / (Uses)</b>	<u>(2,051,585)</u>	<u>(2,989,352)</u>	<u>(2,816,440)</u>	<u>172,912</u>
<b>Change in Fund Balance</b>	<u>\$ 773,353</u>	<u>\$ (482,196)</u>	1,424,332	<u>\$ 1,906,528</u>
<b>Fund Balance:</b>				
Beginning of Year			18,789,028	
End of Year			<u>\$ 20,213,360</u>	

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

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Service Contracts Fund**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Final Budget Variance Positive (Negative)</b>
<b>Revenues:</b>				
Service contracts	\$ 10,367,576	\$ 10,367,576	\$ 10,170,691	\$ (196,885)
Operating revenues	-	-	85,715	85,715
Operating grant revenue	30,000	30,000	30,000	-
Local government operating contributions	335,000	360,000	360,000	-
<b>Total Revenues</b>	<u>10,732,576</u>	<u>10,757,576</u>	<u>10,646,406</u>	<u>(111,170)</u>
<b>Expenditures:</b>				
Transit fuel	784,188	814,539	889,183	(74,644)
Transit operations	10,168,388	5,345,370	5,159,249	186,121
Transit maintenance	37,000	1,957,152	1,957,152	-
Administration	40,000	2,379,893	2,379,893	-
Facilities	-	867,622	867,622	-
<b>Total Expenditures</b>	<u>11,029,576</u>	<u>11,364,576</u>	<u>11,253,099</u>	<u>111,477</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(297,000)</u>	<u>(607,000)</u>	<u>(606,693)</u>	<u>307</u>
<b>Other Financing Sources / (Uses)</b>				
Transfers from other funds	297,000	607,000	606,693	(307)
<b>Total Other Financing Sources / (Uses)</b>	<u>297,000</u>	<u>607,000</u>	<u>606,693</u>	<u>(307)</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of Year			-	
End of Year			<u>\$ -</u>	

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

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Bus Shelter/PNR Fund**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
<b>Revenues:</b>				
Other income	\$ 480,000	\$ 480,000	\$ 484,568	\$ 4,568
Investment income	-	-	633	633
<b>Total Revenues</b>	<u>480,000</u>	<u>480,000</u>	<u>485,201</u>	<u>5,201</u>
<b>Expenditures:</b>				
Facilities	768,939	783,739	623,853	159,886
<b>Total Expenditures</b>	<u>768,939</u>	<u>783,739</u>	<u>623,853</u>	<u>159,886</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(288,939)</u>	<u>(303,739)</u>	<u>(138,652)</u>	<u>165,087</u>
<b>Other Financing Sources / (Uses)</b>				
Transfers from Other Funds	288,939	303,739	138,652	(165,087)
<b>Total Other Financing Sources / (Uses)</b>	<u>288,939</u>	<u>303,739</u>	<u>138,652</u>	<u>(165,087)</u>
<b>Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of Year			97,204	
End of Year			<u>\$ 97,204</u>	

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

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Mid Valley Trails Fund**  
**Special Revenue Fund**  
**For the Year Ended December 31, 2017**

	<b>Original and Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Sales and use tax revenue	\$ 50,000	\$ 52,229	\$ 2,229
Investment income	-	1,513	1,513
<b>Total Revenues</b>	<u>50,000</u>	<u>53,742</u>	<u>3,742</u>
<b>Expenditures:</b>			
Administration	21,500	17,010	4,490
Trails & corridor management	117,500	61,885	55,615
<b>Total Expenditures</b>	<u>139,000</u>	<u>78,895</u>	<u>60,105</u>
<b>Change in Fund Balance</b>	<u>\$ (89,000)</u>	<u>(25,153)</u>	<u>\$ 63,847</u>
<b>Fund Balance:</b>			
Beginning of Year		151,884	
End of Year		<u>\$ 126,731</u>	

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



**NOTES TO THE FINANCIAL STATEMENTS**

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**

**I. Summary of Significant Accounting Policies**

The Roaring Fork Transit Agency was formed by an intergovernmental agreement between the City of Aspen and Pitkin County in 1983. In November of 2000, the electorate of the Roaring Fork Valley, subject to an intergovernmental agreement authorized by participating entities, approved the establishment of the Roaring Fork Transportation Authority (the "Authority"). The function of the Authority is to create, operate, and maintain a public transportation system and a multi-purpose non-motorized trail network that serves the residents and visitors of the Roaring Fork and Colorado River Valley with environmentally friendly, convenient, safe, efficient and economical transportation. The Authority's service area encompasses six towns and two counties that include the City of Aspen, Town of Basalt, Town of Carbondale, Eagle County, City of Glenwood Springs, Town of New Castle, Pitkin County and Town of Snowmass Village. The Authority's regional transit services are supported by dedicated sales tax collections by governments within the service area, contributions, and fares.

The Authority's financial statements are prepared in accordance with U.S. Generally Accepted Accounting Principles ("GAAP"), as applied to government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Authority are discussed below.

**A. Reporting Entity**

The Authority is governed by a Board of Directors which is comprised of eight members and eight alternates who consist of two elected officials from each participating governmental entity. The Board is responsible for setting policy, appointing administrative personnel, and adopting an annual budget in accordance with state statutes. As required by GAAP, the financial statements of the reporting entity include those of the Authority. Additionally, a second Authority Board, the Mid Valley Trails Board administers 20% (0.10%) of the Eagle County sales tax dedicated to the Authority. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the Authority since none were discovered to fall within the oversight responsibility based on the application of the following criteria: financial accountability, 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.

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

The Authority's basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental (i.e., normally supported by taxes and intergovernmental revenues) or business (i.e., relying to a significant extent on fees and charges for support) type activities. Currently, the Authority performs only governmental activities. Neither fiduciary nor component units that are fiduciary in nature are included.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**1. Government-wide Financial Statements**

In the government-wide Statement of Net Position, the governmental activities columns are reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net position is reported as unrestricted net position. The government-wide focus is on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures. The fund focus is on current available resources and budget compliance.

The Authority reports six funds:

- **General Fund** – accounts for all activities of the general government except those accounted for in the special revenue, capital projects, debt service, and reserve funds.
- **Service Contract Special Revenue Fund** – reports revenue and operating activity for additional services based on contractual agreement.
- **Bus Shelter and Park and Ride Special Revenue Fund** – reports vehicle fee revenue and bus shelter and park and ride expenditure activity as required by State rural transit authority enabling legislation.
- **Mid Valley Trails Special Revenue Fund** – reports transactions restricted to trail activities in accordance with the June 2002 resolution where the Authority adopted the Eagle County Mid Valley Trails Committee which administers all aspects of appropriating the funds and the Authority provides accounting of the funds and other services as requested by the Committee.
- **Capital Projects Fund** – reports all expenditures related to the Aspen Maintenance Facility Recommissioning Project for assets and infrastructure using proceeds from Series 2010A bonds and 2013B loan.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**2. Fund Financial Statements (continued)**

- **Debt Service Fund** – reports all principal and interest expenditures for the Series 2009A \$6.5 million bond issuance, Series 2009B \$21 million Build America Bonds issuance, 2012A \$6.65 million Qualified Energy Conservation Bond issuance, Series 2013A sales tax revenue loan, Series 2013B taxable sales tax revenue loan, interest earned, and the required reserves for these bonds

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

**1. Long-term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt is recognized when due.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities to the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded 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.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)**

**2. Current Financial Focus and Modified Accrual Basis (continued)**

Sales tax, fees, and licenses associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**D. Financial Statement Accounts**

**1. Cash, Cash Equivalents, and Investments**

Cash and cash equivalents – unrestricted are defined as amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Authority.

Cash and cash equivalents – restricted are defined as certain proceeds from debt issuance with limited use by applicable debt covenants.

The Authority has adopted a formal investment policy to manage its safety of principal, liquidity to meet all operating requirements, and yield. The following is a summary of relevant guidelines from the policy:

- **Investment Types** – All investments will be made in accordance with the Colorado Revised Statutes as follows: C.R.S. 11-10.5-101, et seq. Public Deposit Protection Act; C.R.S. 24-75-601, et. seq. Funds - Legal Investments; C.R.S. 24-75-603, Depositories; and C.R.S. 24-75-702, Local governments – authority to pool surplus funds.
- **Diversification** – The investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as local government surplus funds trust funds, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.
- **Maturity** – Investment maturities shall be based on the anticipated cash flow requirements of the Authority. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than five (5) years. The Authority adopts weighted average maturity limitations (which often range from 90 days to 3 years). Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide with the expected use of funds.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the Authority considers all accounts to be collectible.

**3. Inventory**

Inventory consists of fuel and bus equipment parts and is recorded at the lower of cost or market.

**4. Prepaid Items**

Payments to vendors that reflect costs applicable to future accounting periods are recorded as prepaid items in both government-wide and fund financial statements.

**5. Compensated Absences**

The Authority allows its employees to accumulate sick and vacation leave, based on the employee's length and hours of service, and compensates overtime in the form of overtime pay or compensatory time off.

Accrued compensated absences may be carried over to the following year, with a maximum accrual of 300 hours for vacation time, 160 hours for compensatory time, and no maximum accrual for sick time. Upon an employee's separation from service from the Authority, the Authority pays the full amount of accrued vacation time and accrued compensatory time. Accrued sick time is also paid out, up to a maximum of 480 accrued hours, of 33% of sick leave balance, less 80 hours.

At year end, the estimated value of accumulated compensated absence leave, including the Authority's portion of employment costs, is \$1,877,744.

**6. Capital Assets**

Capital assets, which include land, buildings, building improvements, equipment, and vehicles, are reported in the applicable governmental columns in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of three years for all assets other than equipment. Such assets are recorded at historical cost. Donated capital assets are recorded at estimated fair value at the date of donation.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**6. Capital Assets (continued)**

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Capital outlay for projects is capitalized as projects are constructed. Interest, if any, incurred during the construction phase is capitalized as part of the value of the assets constructed in the business-type activities.

Buildings and equipment are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	20 - 40
Machinery and equipment	3 - 10
Vehicles	7 - 12

Depreciation is not taken on assets in the first year of service.

**7. Deferred Outflows of Resources**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority has one item which qualifies for reporting in this category: deferred charges on refunding. A deferred charge on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the refunded or refunding debt.

**8. Categories and Classification of Fund Balance**

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**8. Categories and Classification of Fund Balance (continued)**

The Authority classifies governmental fund balances as follows:

- 1. Non-spendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
  - **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.
- 2. Spendable Fund Balance:**
  - **Committed** – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Authority's Board of Directors. For details on the Authority's budget process, refer to Note III.A.
  - **Assigned** – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.
  - **Unassigned** – includes residual positive fund balance within the General Fund which has not been classified within the other categories mentioned above. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Authority uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Authority does not have a formal minimum fund balance policy. However, the Authority's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**8. Categories and Classification of Fund Balance (continued)**

The following are fund definitions:

- **General Fund** – The general fund is used to account for and report all financial resources not accounted for and reported in another fund.
- **Special Revenue Funds** – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.
- **Capital Projects Funds** – Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- **Debt Service Funds** – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

**E. Significant Accounting Policies**

**1. Use of Estimates**

The preparation of financial statements is in conformity with U.S. GAAP 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 amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**2. Restricted and Unrestricted Resources**

When both restricted and unrestricted resources are available for use, it is the Authority’s policy to use restricted resources first, then unrestricted resources as needed.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of certain differences between the governmental fund Balance Sheet and the government-wide Statement of Net Position**

The governmental fund Balance Sheet includes reconciliation between Fund balance – Governmental funds and Net Position – Governmental activities as reported in the government-wide Statement of Net Position. The Authority adds capital assets net of depreciation of \$98,738,727. \$228,372 due from other entities is not available to pay for current period expenditures, and, therefore, is not reported on the fund level. Another element of this reconciliation adds long-term debt relating to Pitkin County, Colorado's Series 2010A & B sales tax revenue bonds. The Authority has agreed to the repayment of this debt through its Pitkin County dedicated sales tax. Additional long-term debt includes 2005 Certificates of Participation, Series 2009A & B bonds, Series 2012A bonds, Series 2013A & B loans and various capital leases. The Authority also has deferred refunding costs of \$70,038 relating to all the aforementioned debt. Finally, the Authority recognizes a long-term accrued compensated absences liability of \$1,877,744.

**B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures and changes in Fund Balance and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between Net change in fund balance – Governmental funds and Changes in net position – Governmental activities as reported in the government-wide Statement of Activities. The Authority reduces capital outlay in the amount of \$4,143,982 for assets which have been capitalized, and debt principal payments of \$2,412,722 applied to long-term debt liabilities. The Authority also adds depreciation and amortization expense of \$8,142,024. Finally, \$228,372 in revenue in the statement of activities does not provide current financial resources and is not reported as revenue on the fund level.

**III. Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

In the fall of each year, the Authority's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds is adopted on a basis consistent with U.S. GAAP. The Authority followed the required timetable noted below in preparing, approving, and enacting its budget for 2017.

- (1) On or before October 15th, the Authority submitted to the Board a recommended budget that details the revenues necessary to meet the Authority's operating requirements.
- (2) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 15th.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgets and Budgetary Accounting (continued)**

- (3) After adoption of the initial budget resolution, the Authority may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

All appropriations lapse at year end. During the year, six supplemental appropriation resolutions were adopted by the Authority. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made. As a result of the supplementary budget appropriations, the 2017 appropriations were increased (decreased) as follows:

<b>Resolution</b>	<b>General Fund</b>	<b>SRF Service Contracts</b>	<b>SRF Shelter/ PNR</b>	<b>Capital Projects Fund</b>	<b>Debt Service Fund</b>	<b>Total</b>
<b>Original Appropriation</b>						\$ 53,452,416
<i>Changes to annual appropriations:</i>						
Resolution No. 2017-02	\$ 1,217,301	\$ -	\$ -	\$ -	\$ -	1,217,301
Resolution No. 2017-05	2,141,550	-	-	307,000	-	2,448,550
Resolution No. 2017-06	157,900	-	14,800	-	-	172,700
Resolution No. 2017-11	238,000	-	-	(7,027,067)	(520,000)	(7,309,067)
Resolution No. 2018-01	(1,902,500)	335,000	-	-	-	(1,567,500)
Resolution No. 2018-07	(582,384)	-	-	-	-	(582,384)
<i>Total changes to annual appropriations</i>	<u>\$ 1,269,867</u>	<u>\$ 335,000</u>	<u>\$ 14,800</u>	<u>\$ (6,720,067)</u>	<u>\$ (520,000)</u>	<u>(5,620,400)</u>
<b>Final Appropriation</b>						<u>\$ 47,832,016</u>

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, 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 local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**B. TABOR Amendment (continued)**

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue. As required by TABOR, the Authority has restricted \$963,330 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2017.

The ballot question authorizing the creation of the Authority in 2000 allows the Authority to treat all amounts received from taxes, contributions and otherwise and earnings thereon as a voter approved revenue change.

The Authority's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions will require judicial interpretation.

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The Colorado Public Deposit Protection Act ("PDPA") requires that all units of local government deposit cash in eligible public depositories; eligibility is determined by State regulators. Amounts in deposit in excess of Federal insurance levels must be collateralized. The eligible collateral is determined by PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of collateral must be at least equal to the aggregate uninsured deposits.

At year end, the Authority had the following investments and maturities:

	<b>Standard &amp; Poors Rating</b>	<b>Carrying Amounts</b>	<b>Less than one year</b>	<b>Less than five years</b>
<b>Deposits:</b>				
Cash on Hand	Not Rated	\$ 47,110	\$ 47,110	\$ -
Checking	Not Rated	267,000	267,000	-
Short Term Investment Accounts	Not Rated	2,151,411	2,151,411	-
Deposits held by Pitkin County Treasurer	Not Rated	54,692	54,692	-
Local Government Investment Pools	AAAm	15,092,819	15,092,819	-
Total		<u>\$ 17,613,032</u>	<u>\$ 17,613,032</u>	<u>\$ -</u>

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**A. Deposits and Investments (continued)**

The local government investment pool represents investments in COLOTRUST. The fair value of the pool is determined by the pool's share price. The pool is measured at the net asset value. The Authority has no regulatory oversight for the pool. As of December 31, 2017, a significant portion of the government's short-term investments were in COLOTRUST and was rated AAAM by Standard and Poor's.

*Interest Rate Risk:* As a means of limiting its exposure to interest rate risk, the Authority diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Authority coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date.

*Credit Risk:* State law and Authority policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

*Concentration of Credit Risk:* The Authority diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured or issued by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed. Financial institutions holding Authority funds must provide the Authority a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository.

*Custodial Credit Risk - Deposits:* In the case of deposits, this is the risk that in the event of bank failure, the Authority's deposits may be returned to it. The Authority's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under PDPA. The FDIC insures the first \$250,000 of the Authority's deposits at each financial institution. Deposit balances over \$250,000 are collateralized as required by PDPA.

*Custodial Credit Risk – Investments:* For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are made in the name of the Authority. Marketable securities are held by either (1) a third-party custodian as evidenced by safekeeping receipts or (2) a broker-dealer in a customer account that is insured by the Securities Investor Protection Corporation and supplemental insurance for the maximum held in such account.

**B. Receivables**

Accounts receivable is due primarily from pass sales and other governmental contributions in 2017. Due from other Governments consists of amounts due from the Federal and State Government and other local entities, including sales and use tax. The Authority has recorded no allowance for doubtful accounts at December 31, 2017 and anticipates the collection of all receivables.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

Capital asset activity for the year ended December 31, 2017 was as follows:

	<u>12/31/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/17</u>
<b>Governmental Activities:</b>				
Capital assets, not being depreciated:				
Construction in progress	\$ 599,270	\$ 559,512	\$ -	\$ 1,158,782
Land and improvements	19,958,190	-	-	19,958,190
<b>Total Capital Assets, Not Being Depreciated</b>	<u>20,557,460</u>	<u>559,512</u>	<u>-</u>	<u>21,116,972</u>
Capital assets, being depreciated:				
Buildings	5,916,422	-	-	5,916,422
Improvements other than buildings	61,492,878	1,149,304	(13,220)	62,628,962
Equipment	71,640,731	2,435,167	(33,593)	74,042,305
<b>Total Capital Assets Being Depreciated</b>	<u>139,050,031</u>	<u>3,584,471</u>	<u>(46,813)</u>	<u>142,587,689</u>
Less accumulated depreciation for:				
Buildings	(4,578,413)	(106,349)	-	(4,684,762)
Improvements other than buildings	(9,782,966)	(2,593,473)	13,220	(12,363,219)
Equipment	(42,509,345)	(5,442,201)	33,593	(47,917,953)
<b>Total Accumulated Depreciation</b>	<u>(56,870,724)</u>	<u>(8,142,023)</u>	<u>46,813</u>	<u>(64,965,934)</u>
<b>Total Capital Assets, Being Depreciated, Net</b>	<u>82,179,307</u>	<u>(4,557,552)</u>	<u>-</u>	<u>77,621,755</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 102,736,767</u>	<u>\$ (3,998,040)</u>	<u>\$ -</u>	<u>\$ 98,738,727</u>

**D. Interfund Transfers**

Interfund balances as of December 31, 2017 are comprised of the following interfund transfers:

	<u>Transfer In:</u>				<u>Total</u>
	<u>General Fund</u>	<u>SRF Service Contracts</u>	<u>SRF Bus Shelter/ PNR</u>	<u>Debt Service Fund</u>	
<b>Transfer Out:</b>					
General Fund	\$ -	\$ 606,693	\$ 138,652	\$ 2,260,889	\$ 3,006,234
Capital Projects Fund	157,933	-	-	-	157,933
<b>Total</b>	<u>\$ 157,933</u>	<u>\$ 606,693</u>	<u>\$ 138,652</u>	<u>\$ 2,260,889</u>	<u>\$ 3,164,167</u>

The General Fund transfers to the Service Contract Special Revenue Fund represent its \$150,999 contribution on behalf of its members participating in the Traveler Program and its \$455,694 contribution to fund the transit mitigation services during the bridge closure for the Grand Avenue Bridge project. The General Fund transfer to the Bus Shelter/PNR Special Revenue Fund was to cover a shortfall, and the General Fund transfers to the Debt Service Fund were to cover debt service requirements. The transfer from the Capital Projects Fund to the General Fund was to return savings from the AMF Re-Commissioning Project.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**E. Non-spendable, Restriction and Commitment of Fund Balances**

At December 31, 2017, the fund balance of the Authority's General Fund was restricted and committed for the following:

Non-spendable for inventory & prepaids	\$ 902,737
Restricted for TABOR reserve	963,330
Restricted for Grant Reserves	887,875
Committed for Transit	5,584,365
Committed for Trails	874,958
Committed for Facilities	1,974,831
Committed for Operating Reserves	6,692,205
<b>Total</b>	<b><u>\$ 17,880,301</u></b>

Funds restricted for emergencies are required by Colorado's TABOR amendment. Funds are non-spendable for inventories and prepaid expenses as they are not readily spendable and, therefore, are not included in unassigned fund balance. Additional amounts have been committed for specific purposes by the Authority as indicated.

Funds restricted for grant reserves represent a restriction of funds due to Department of Local Affairs grant funds received for 6 CNG MCI Commuter Coach Buses, which were purchased using a lease purchase financial agreement. Over a 10-year period, the restriction shall be removed on one-tenth of the grant amount, making those funds an unrestricted resource.

At December 31, 2017, the fund balance of the Capital Projects Fund was committed for the following:

Committed for AMF recommissioning project	\$ 5,730
<b>Total</b>	<b><u>\$ 5,730</u></b>

Funds committed by the Authority are for the AMF recommissioning project.

At December 31, 2017, the fund balance of the Debt Service Fund was restricted for the following:

Restricted for debt	\$ 2,499,347
<b>Total</b>	<b><u>\$ 2,499,347</u></b>

Funds restricted for debt are reserve requirements by the Series 2009A&B, 2012A bonds, and 2013A&B loans.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities**

**1. Sales Tax Revenue Bonds**

The original intergovernmental agreement forming the Authority allows Pitkin County, Colorado (the "County") to reduce the sales tax paid to the Authority by the principal and interest payments on the County's outstanding transit debt, the Series 1998 and 2001 Sales Tax Revenue Bonds. The transit debt was originally issued in order to provide capital for the Roaring Fork Transit Agency. Upon formation of the Authority, the obligation for payment of transit debt, along with specific Agency assets were transferred to the Authority. On December 22, 2010, the County issued additional transit debt on behalf of the Authority: \$2,530,000 of Taxable Sales Tax Revenue Build America Bonds, Series 2010A and \$5,830,000 of Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B.

Series 2010A bonds carry an interest rate of 6.689% to 6.939% with final maturity date of 2040. Series 2010B tax-exempt bonds carry an interest rate of 2.0% to 4.25% with final maturity date of 2026. These bonds are currently the two Sales Tax Revenue Bonds outstanding and held by Pitkin County.

In July 2009, the Authority issued Tax-Exempt Sales and Use Tax Revenue Bonds, Series 2009A to finance asset and infrastructure expenditures for the BRT Project. The Series 2009A bonds carry an interest rate of 2.0% to 4.0% with final maturity date of 2020.

In July 2009, the Authority issued Taxable Sales and Use Tax Revenue Bonds (Build America Bonds – Direct Payment to Issuer), Series 2009B to finance the asset and infrastructure expenditures for the BRT Project. The Series 2009B bonds carry an interest rate of 6.6% to 6.8% with final maturity date of 2039.

In August 2012, the Authority issued Taxable Sales and Use Tax Revenue Bonds (Qualified Energy Conservation Bonds – Direct Payment to Issuer), Series 2012A to finance the Roaring Fork Transportation Authority Green Community Program, including the Compressed Natural Gas infrastructure and safety modifications. The Series 2012A bonds carry an interest rate of 0.79% to 4.50% with final maturity date of 2032.

**2. Sales Tax Revenue Loans**

In November 2013, the Authority entered into a \$2,000,000 sales tax revenue loan agreement and promissory note with Banc of America Public Capital Corp, Series 2013A loan, to finance the acquisition, construction, and equipping vehicle maintenance and other facilities; the acquisition of buses and transit vehicles; and providing road improvements related to the regional transportation system and intelligent transportation system and intelligent transportation system components for the BRT system. The loan carries a fixed interest rate of 3.48% with a final maturity date of 2028.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**2. Sales Tax Revenue Loans (continued)**

In November 2013, the Authority entered into a \$1,300,000 taxable sales tax revenue (Qualified Energy Conservation Bonds – Direct Payment to Issuer) loan agreement and promissory note with Banc of America Leasing & Capital, LLC, Series 2013B loan, to finance the Roaring Fork Transportation Green Community Program including energy efficient upgrades, improvements and renovations at the Aspen Maintenance Facility. The loan carries a fixed interest rate of 4.96% with a final maturity date of 2030.

**3. Capital Leases**

In 2007, the Authority signed a lease for buses totaling \$5,418,092. The lease carries an interest rate of 4.28% with a final maturity of 2017.

In 2008, the Authority signed a lease for an employee housing complex totaling \$2,300,000. The lease carries an interest rate of 4.39% with final maturity of 2028. The employee housing financing was a private placement and subject to the following covenants. The Authority is required each year to have revenues not less than 110% of the amount required to pay all annual payments in the year; additionally, revenues for the immediately preceding year are equal to at least 125% of the maximum annual payments required to be paid in any succeeding year.

In 2011, the Authority signed a lease with Alpine Bank for the acquisition of commercial real estate, located at 1340 Main Street in Carbondale, CO. The lease carries an interest rate of 4.5% and has an original principal amount, at inception of the lease, of \$1,000,000 with a final maturity of 2031.

In 2014, the Authority signed a lease for four administrative vehicles totaling \$137,201. The lease carries an interest rate of 5.95% with a final maturity of 2017.

In 2015, the Authority signed a lease for a solar panel array totaling \$1,453,285. The lease carries an initial interest rate of 5.5% with final maturity of 2035. In 2020, the interest rate is subject to change if the interest rate is determined to be excluded from gross income for federal income tax purposes to the lender, then the interest rate shall be reduced 4.25%, if not then the interest rate will increase to 6.75%. The Authority has the option to purchase the leased solar panel array on or after 5 years of service at a price as outlined in the agreement.

In 2016, the Authority signed a lease for an operations vehicle totaling \$30,581. The lease carries an interest rate of 5.95% with a final maturity of 2019.

In 2016, the Authority signed a lease for two facilities vehicles totaling \$73,425. The lease carries an interest rate of 5.95% with a final maturity of 2019.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**3. Capital Leases (continued)**

In 2016, the Authority signed a lease for an operations vehicle totaling \$32,855. The lease carries an interest rate of 5.95% with a final maturity of 2019.

In 2016, the Authority signed leases for six buses totaling \$4,440,264. The lease carries an interest rate of 1.87% with a final maturity of 2028.

In 2017, the Authority signed a lease for an operations vehicle totaling \$31,861. The lease carries an interest rate of 5.75% with a final maturity of 2020.

**4. Authorized Unissued Debt**

In November 2008, qualified electors of the Authority approved the issuance of up to \$44,555,000 in bonds to finance the costs of the Authority's Regional Transportation Improvement Plan. After the issuances of the Series 2009A, Series 2009B, and Series 2012A sales tax bonds and the Series 2013A and 2013B sales tax loans, the Authority has \$7,105,000 of authorized unissued debt as of December 31, 2017.

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**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**5. Changes in Debt**

The Authority had the following changes in its outstanding debt:

	<u>12/31/16</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/17</u>	<u>Due within one year</u>
Bonds payable:					
Sales tax revenue bonds:					
Series 2009A	\$ 2,510,000	\$ -	\$ (590,000)	\$ 1,920,000	\$ 615,000
Series 2009B	21,310,000	-	-	21,310,000	-
Series 2010A	2,530,000	-	-	2,530,000	-
Series 2010B	3,950,000	-	(340,000)	3,610,000	350,000
Series 2012A	5,630,000	-	(340,000)	5,290,000	340,000
Less deferred amounts:					
On refunding	(86,563)	-	16,525	(70,038)	-
Loans payable:					
Sales tax revenue loans,					
Series 2013A	1,775,000	-	(110,000)	1,665,000	115,000
Taxable sales tax revenue loans,					
Series 2013B	1,175,000	-	(60,000)	1,115,000	60,000
Capital leases:					
2007 Bus	373,515	-	(373,515)	-	-
2008 Parker House	1,551,023	-	(107,023)	1,444,000	111,817
1340 Main Street, Carbondale	819,009	-	(39,844)	779,165	41,700
2014 Admin Vehicles	35,232	-	(35,232)	-	-
2015 Solar Array	1,393,705	-	(43,444)	1,350,261	45,929
2016 Ford Explorer	22,261	-	(6,996)	15,265	7,412
2016 Ford F150 and F250	53,448	-	(16,797)	36,651	17,796
2017 Ford Explorer	23,916	-	(7,516)	16,400	7,963
2016 CNG Buses	4,412,735	-	(333,709)	4,079,026	340,003
2017 Ford Explorer	-	31,861	(8,645)	23,216	7,310
Total bonds payable	47,478,281	31,861	(2,396,196)	45,113,946	2,059,930
Compensated absences	1,675,186	202,558	-	1,877,744	-
<b>Long-term liabilities</b>	<b>\$ 49,153,467</b>	<b>\$ 234,419</b>	<b>\$ (2,396,196)</b>	<b>\$ 46,991,690</b>	<b>\$ 2,059,930</b>

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**6. Future Debt Payments**

The following schedule shows the future debt payments of the Authority for all outstanding debt at year end:

Year	2008 Capital Lease-Parker House		2009A Sales/Use Tax Rev. Bonds		2009B Sales/Use Tax Rev. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 111,817	\$ 61,160	\$ 615,000	\$ 76,800	\$ -	\$ 1,429,186
2019	116,826	56,151	640,000	52,200	-	1,429,186
2020	122,059	50,918	665,000	26,600	-	1,429,186
2021	127,527	45,450	-	-	840,000	1,429,186
2022	133,239	39,738	-	-	875,000	1,373,628
2023-2027	761,252	103,633	-	-	4,980,000	5,947,143
2028-2032	71,279	784	-	-	5,520,000	4,190,445
2033-2037	-	-	-	-	5,095,000	2,390,162
2038-2042	-	-	-	-	4,000,000	470,571
<b>Total</b>	<b>\$ 1,443,999</b>	<b>\$ 357,834</b>	<b>\$ 1,920,000</b>	<b>\$ 155,600</b>	<b>\$ 21,310,000</b>	<b>\$ 20,088,693</b>

Year	2010A Sales/Use Tax Rev. Bonds		2010B Sales/Use Tax Rev. Bonds		1340 Main Street, Carbondale	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ -	\$ 173,032	\$ 350,000	\$ 133,269	\$ 41,700	\$ 34,676
2019	-	173,032	360,000	122,769	43,643	32,733
2020	-	173,032	370,000	111,519	45,676	30,700
2021	-	173,032	385,000	99,494	47,804	28,572
2022	-	173,032	395,000	86,019	50,031	26,345
2023-2027	135,000	865,159	1,750,000	184,406	287,372	94,508
2028-2032	765,000	721,812	-	-	262,937	23,613
2033-2037	955,000	437,856	-	-	-	-
2037-2041	675,000	95,064	-	-	-	-
<b>Total</b>	<b>\$ 2,530,000</b>	<b>\$ 2,985,051</b>	<b>\$ 3,610,000</b>	<b>\$ 737,476</b>	<b>\$ 779,163</b>	<b>\$ 271,147</b>

Year	2012A Sales/Use Tax Rev. Bonds		2013A Sales/Use Tax Rev. Loan		2013B Taxable Sales/Use Tax Rev. Loan	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 340,000	\$ 200,552	\$ 115,000	\$ 57,942	\$ 60,000	\$ 55,304
2019	340,000	192,664	110,000	53,940	60,000	52,328
2020	340,000	184,266	120,000	50,112	70,000	49,352
2021	340,000	174,304	130,000	45,936	70,000	45,880
2022	340,000	163,832	140,000	41,412	75,000	42,408
2023-2027	1,740,000	626,450	850,000	127,020	435,000	153,760
2028-2032	1,850,000	252,000	200,000	6,960	345,000	34,720
<b>Total</b>	<b>\$ 5,290,000</b>	<b>\$ 1,794,068</b>	<b>\$ 1,665,000</b>	<b>\$ 383,322</b>	<b>\$ 1,115,000</b>	<b>\$ 433,752</b>

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**IV. Detailed Notes on All Funds (continued)**

**F. Other Liabilities (continued)**

**6. Future Debt Payments (continued)**

Year	2015 Capital Lease - Solar Array		2016 Capital Lease - Vehicle		2016 Capital Lease - Vehicles	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 45,929	\$ 74,130	\$ 7,412	\$ 908	\$ 17,796	\$ 2,181
2019	48,557	71,502	7,853	467	18,855	1,122
2020	51,007	69,983	-	-	-	-
2021	50,349	80,886	-	-	-	-
2022	53,905	77,330	-	-	-	-
2023-2027	332,300	323,876	-	-	-	-
2028-2032	467,432	188,744	-	-	-	-
2033-2037	300,783	27,306	-	-	-	-
<b>Total</b>	<b>\$ 1,350,262</b>	<b>\$ 913,757</b>	<b>\$ 15,265</b>	<b>\$ 1,375</b>	<b>\$ 36,651</b>	<b>\$ 3,303</b>

Year	2017 Capital Lease - Vehicle		2016 Capital Lease - Buses		2017 Capital Lease - Vehicle	
	Principal	Interest	Principal	Interest	Principal	Interest
2018	\$ 7,963	\$ 976	\$ 340,003	\$ 73,374	\$ 7,310	\$ 1,335
2019	8,437	502	346,416	66,961	7,731	915
2020	-	-	352,950	60,427	8,175	470
2021	-	-	359,607	53,770	-	-
2022	-	-	366,390	46,987	-	-
2023-2027	-	-	1,938,250	128,635	-	-
2028-2032	-	-	375,410	3,519	-	-
<b>Total</b>	<b>\$ 16,400</b>	<b>\$ 1,478</b>	<b>\$ 4,079,026</b>	<b>\$ 433,673</b>	<b>\$ 23,216</b>	<b>\$ 2,720</b>

Year	Totals	
	Principal	Interest
2018	\$ 2,059,930	\$ 2,374,825
2019	2,108,318	2,306,472
2020	2,144,867	2,236,565
2021	2,350,287	2,176,510
2022	2,428,565	2,070,731
2023-2027	13,209,174	8,554,590
2028-2032	9,857,058	5,422,597
2033-2037	6,350,783	2,855,324
2038-2042	4,675,000	565,635
<b>Total</b>	<b>\$ 45,183,982</b>	<b>\$ 28,563,249</b>

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information**

**A. Legal Claims**

During the normal course of business, the Authority incurs claims and other assertions against it from various agencies and individuals. Management of the Authority and their legal counsel feel none of these claims or assertions, after coverage applying appropriate insurance coverage are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2017.

**B. Intergovernmental Agreement**

The creation of the Authority was formed by an intergovernmental agreement, dated September 12, 2000 which authorized ballot questions which were ultimately approved by the appropriate electorate of the City of Aspen, Town of Basalt, Town of Carbondale, Eagle County, the City of Glenwood Springs, Pitkin County, and the Town of Snowmass Village (the "Participating Entities"). The Authority was created pursuant to Colorado Revised Statutes [Title 43, Article 4, Part 6] known as the Colorado Rural Transportation Authority Law. The Town of New Castle became a member pursuant to an intergovernmental agreement and election held on November 2, 2004 approved by the electorate.

Included in the intergovernmental agreement is a requirement to provide funding through an allocation of sales tax received in the Participating Entities. Effective January 1, 2009 the sales tax sharing agreements have been amended and approved by the Authority's electorate to the following:

- **New Castle** – 0.8% sales and use tax.
- **City of Glenwood Springs** – 1.0% sales and use tax.
- **Town of Carbondale** – 1.0% sales and use tax.
- **Town of Basalt** – 0.8% sales and use tax.
- **Eagle County** – 0.5% sales and use tax on the portion of sales and use tax collected within the Town of Basalt and 0.6% within the Unincorporated Eagle County within precincts 7,8,24 and 25. A minimum of 20% (0.1%) of the first 0.5% sales and use tax proceeds of this tax shall be used for trails construction and maintenance within the aforementioned precincts. The 0.1% sales tax dedicated to trails construction and maintenance is recorded in the Mid Valley Trails special revenue fund.
- **Pitkin County** (including the **City of Aspen** and the **Town of Snowmass Village**) – 0.8104% of a 0.5% sales tax and 0.4813% of a 1% sales tax for an equivalent total of a 0.8865% sales tax and 0.4% sales and use tax within Unincorporated Pitkin County.
- **City of Aspen** – 0.4% sales and use tax.
- **Town of Snowmass Village** – 0.4% sales and use tax.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information (continued)**

**C. Service Agreements**

The Authority has the following extended local service contracts reported in a separate special revenue fund:

- **Aspen Skiing Company Skier Shuttles** – The Authority operates skier shuttles on behalf of Aspen Skiing Company. Shuttles are free and open to the public. The agreement provides for reimbursement of operational expenses and a capital cost recovery component.
- **Ride Glenwood Springs** – The Authority operates local service on behalf of the City of Glenwood Springs, Colorado. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service revenue on the Authority’s financial statements.
- **City of Aspen** –The Authority operates local service for the City of Aspen shuttles. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service revenue on the Authority’s financial statements. A portion of the proceeds of the Pitkin County mass transit sales tax, parking revenues and the 0.5% City of Aspen Visitor Benefit tax indicated above are applied towards the cost of this service contract.
- **The Travelers** – The Authority operates Senior Services in Garfield County and Americans with Disabilities Act services in Glenwood Springs and Carbondale. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service contract revenue on the Authority’s financial statements.

**D. Union Agreement**

The Authority executed an agreement with Amalgamated Transit Union Local 1774, AFL-CIO (the “Union”), effective January 1, 2016 through December 31, 2018. Under the agreement, the Union is the exclusive collective bargaining representative for all full-time year-round bus operators who are covered by the agreement.

**E. Contingent Liabilities**

In December 2016, the Authority renewed an unused line of credit of \$1 million from Alpine Bank, with \$100,000 to be restricted for a letter of credit for the benefit of Petroleum Traders Corporation. In December 2017, the Authority renewed the unused line of credit of \$1 million from Alpine Bank until December 2018. No draws were made on either line of credit, nor on the letter of credit; therefore, no obligation exists at the end of the year.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information (continued)**

**F. Employee Benefits**

The Authority carried a traditional medical insurance through Anthem. Vision Service is carried through Vision Service Plan, Inc. The Authority also provides dental, short-term and long-term disability to its full-time employees.

In compliance with the provisions of COBRA, all Authority employees may continue their health insurance for a period of 18 months due to a reduction in work hours or termination of employment. Employees who elect continued coverage must pay the insurance carrier for premiums from the termination date of coverage and monthly thereafter. No cost to the Authority is recognized as employees reimburse 100% of their premium cost.

**G. Retirement Plans**

**1. Deferred Compensation Plan – Section 457**

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits employees to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency.

A participant is allowed to contribute up to the lesser of \$18,000 or the participant's includible compensation. Participants over age 50 are eligible to contribute up to an additional \$6,000, due to a catch-up provision by the plan. The Authority makes no contributions to the plan. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

The accrual basis of accounting is used for the plan. Revenues are recognized when earned and expenditures are recognized when incurred. Investments are recorded at market value.

Plan investment purchases are determined by the plan participant and, therefore, the plan's investment concentration varies between participants. The Authority has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor. The Authority is neither the trustee nor the administrator for the plan. The plan is administered by the Colorado County Officers and Employees Retirement Association.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2017**  
**(Continued)**

**V. Other Information (continued)**

**G. Retirement Plans (continued)**

**2. Retirement Plan - Section 401(a)**

In 2005, the Authority established a defined contribution money purchase plan under Code Section 401 of the Internal Revenue code. The plan is administered by Empower Retirement.

The Plan is governed by a plan document and amendment requires approval by the Retirement Plan Board. The Retirement Plan Board is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor; however, has no liability for losses under the plan.

The Plan sponsor is the only contributor to the Plan. All Authority employees receive a 12.55% contribution to the Plan. Only full-time employees who have been with the Authority for six consecutive months are eligible. The Authority's total and covered payroll for 2017 was \$17,227,000 and approximately \$15,831,000 respectively. The Authority's expenses to the plan were approximately \$1,987,000 for 2017.

The Authority's contributions start vesting at 50% and increase by 10% for each year of service. After 5 years of services, employees become fully vested in the Plan.

The Authority shall first use forfeited amounts to pay expenses of administering the plan, and then shall be used to reduce the Authority's contributions for the plan year in which the forfeitures arose. In 2017, the Authority used \$20,084 in forfeitures to pay plan expenses. There was no liability outstanding as of December 31, 2017.

**H. Risk Management**

The Authority is exposed to various risks of loss related to workers' compensation, general liability, and worker unemployment. The Authority purchases commercial insurance to mitigate these risks.



**Roaring Fork Transportation Authority**

**SUPPLEMENTARY INFORMATION**

**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Capital Projects Fund**  
**For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Final Budget Variance Positive Positive (Negative)</b>
<b>Revenues:</b>				
Capital grant revenue	\$ -	\$ 55,823	\$ 55,823	\$ -
Investment income	-	-	1,684	1,684
<b>Total Revenues</b>	<u>-</u>	<u>55,823</u>	<u>57,507</u>	<u>1,684</u>
<b>Expenditures:</b>				
Capital outlay	5,390,100	227,000	222,954	4,046
Debt service:				
Cost of issuance	142,000	-	-	-
<b>Total Expenditures</b>	<u>5,532,100</u>	<u>227,000</u>	<u>222,954</u>	<u>4,046</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(5,532,100)</u>	<u>(171,177)</u>	<u>(165,447)</u>	<u>5,730</u>
<b>Other Financing Sources / (Uses)</b>				
Transfer to other funds	(1,572,900)	(157,933)	(157,933)	-
Bond issuance	7,105,000	-	-	-
<b>Total Other Financing Sources / (Uses)</b>	<u>5,532,100</u>	<u>(157,933)</u>	<u>(157,933)</u>	<u>-</u>
<b>Change in Net Position</b>	<u>\$ -</u>	<u>\$ (329,110)</u>	<u>(323,380)</u>	<u>\$ 5,730</u>
<b>Fund Balance/Net Position:</b>				
Beginning of Year			329,110	
End of Year			<u>\$ 5,730</u>	

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

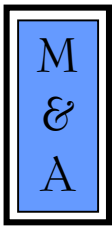
**Roaring Fork Transportation Authority**  
**Audited Schedule of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**Debt Service Fund**  
**For the Year Ended December 31, 2017**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Final Budget Variance Positive (Negative)</b>
<b>Revenues:</b>				
Other income	\$ 678,661	\$ 678,661	\$ 659,610	\$ (19,051)
Investment income	-	-	34,708	34,708
<b>Total Revenues</b>	<u>678,661</u>	<u>678,661</u>	<u>694,318</u>	<u>15,657</u>
<b>Expenditures:</b>				
Debt service:				
Principal	1,338,000	1,100,000	1,100,000	-
Interest	<u>2,137,207</u>	<u>1,855,207</u>	<u>1,855,207</u>	<u>-</u>
<b>Total Expenditures</b>	<u>3,475,207</u>	<u>2,955,207</u>	<u>2,955,207</u>	<u>-</u>
<b>Excess of Revenues Over Expenditures</b>	<u>(2,796,546)</u>	<u>(2,276,546)</u>	<u>(2,260,889)</u>	<u>15,657</u>
<b>Other Financing Sources / (Uses)</b>				
Transfers from other funds	<u>3,078,546</u>	<u>2,276,546</u>	<u>2,260,889</u>	<u>(15,657)</u>
<b>Total Other Financing Sources / (Uses)</b>	<u>3,078,546</u>	<u>2,276,546</u>	<u>2,260,889</u>	<u>(15,657)</u>
<b>Change in Fund Balance</b>	<u>\$ 282,000</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
<b>Fund Balance:</b>				
Beginning of Year			<u>2,499,347</u>	
End of Year			<u>\$ 2,499,347</u>	

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



**STATUTORY INFORMATION**



# MCMAHAN AND ASSOCIATES, L.L.C.

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## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENTAL AUDITING STANDARDS**

**To the Board of Directors  
Roaring Fork Transportation Authority  
Carbondale, Colorado**

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the budget and actual individual fund statements of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 5, 2018.

### ***Internal Control Over Financial Reporting***

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

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

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

*Member: American Institute of Certified Public Accountants*

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**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Roaring Fork Transportation Authority**  
**Carbondale, Colorado**

***Compliance and Other Matters***

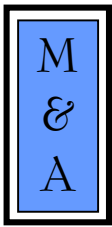
As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material 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 Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**July 5, 2018**



# MCMAHAN AND ASSOCIATES, L.L.C.

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## **INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

**To the Board of Directors  
Roaring Fork Transportation Authority  
Carbondale, Colorado**

### ***Report on Compliance for Each Major Program***

We have audited the Roaring Fork Transportation Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2017. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

### ***Management's Responsibility***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and the Audit Guide. Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority'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 on the Authority's compliance with those requirements.

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

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

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**INDEPENDENT AUDITOR'S REPORT  
To the Board of Directors  
Roaring Fork Transportation Authority  
Carbondale, Colorado**

***Report on Internal Control Over Compliance***

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 or on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a 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 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 was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report in 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
July 5, 2018**

**Roaring Fork Transportation Authority  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2017**

**Part I: Summary of Auditor's Results**

*Financial Statements*

Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

*Federal Awards*

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	None noted
Major programs:	
Formula Grant for Rural Areas	CFDA #20.509
Dollar threshold used to identify Type A from Type B programs	\$750,000
Identified as low-risk auditee	Yes

**Part II: Findings Related to Financial Statements**

Findings related to financial statements as required by Government Auditing Standards	None noted
Auditor-assigned reference number	Not applicable

**Part III: Findings Related to Federal Awards**

Internal control findings	None noted
Compliance findings	None noted
Questioned costs	None noted
Auditor-assigned reference number	Not applicable

**Roaring Fork Transportation Authority  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
For the Year Ended December 31, 2017**

**Note:** There were no findings for the fiscal year ended December 31, 2016.

**Roaring Fork Transportation Authority  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 2017**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Grant/ Project Code</u>	<u>Expenditures</u>
<b>U.S. Department of Transportation:</b>			
<b>Passed through Colorado Department of Transportation:</b>			
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	16-HTR-ZL-00177	\$ 100,000
Formula Grant for Rural Areas	20.509	Multiple	1,570,373
<b>Passed through Colorado Department of Natural Resources:</b>			
Recreational Trails Program	20.219	17-TRLG-92201	177,429
<b>Total Federal Financial Awards</b>			<u>\$ 1,847,802</u>

**Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2017.**

**Note 1. Basis of Presentation:**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Roaring Fork Transportation Authority (the "Authority") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Therefore some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the general purpose financial statements.

**Note 2. Pass Through Sub recipients:**

The Authority had no sub recipients as of December 31, 2017.

**Note 3. Indirect Facilities and Administration Costs**

The Authority does not use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F & A) costs. Instead, the Authority prepares an annual cost allocation plan to allocate indirect costs.