



**SMART**

**SAN MIGUEL AUTHORITY for  
REGIONAL TRANSPORTATION**

FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

December 31, 2017

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Office of the State Auditor

June 19, 2018

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**INDEPENDENT AUDITOR'S REPORT**

June 6, 2018

To the Board of Directors  
San Miguel Authority for Regional Transportation  
Telluride, CO 81435

We have audited the accompanying financial statements of the governmental activities, and each major fund, of San Miguel Authority for Regional Transportation (SMART) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise SMART'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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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



To the Board of Directors  
San Miguel Authority for Regional Transportation  
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### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of San Miguel Authority for Regional Transportation, as of December 31, 2017, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### **Other Matters**

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 3-5 and 16-17 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

*Chadwick, Steinkirchner, Davis & Co., P.C.*

Chadwick, Steinkirchner, Davis & Co., P.C.



**SMART**

**SAN MIGUEL AUTHORITY for  
REGIONAL TRANSPORTATION**

**Management's Discussion and Analysis**

San Miguel Authority for Regional Transportation  
MANAGEMENT’S DISCUSSION AND ANALYSIS

December 31, 2017

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As Management of the San Miguel Authority for Regional Transportation (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 \$1,095,111 compared to \$623,721 anticipated in the 2017 budget. This \$471,390 improvement was attributable to significant underspending in contracts and personnel costs as the Authority was being set up in its first year of operations.
- When looking at a long term view, the Authority saw the same increase in Net Position of \$1,095,111. This increase was a result of the Authority beginning its collection of sales and property tax revenues in its first year of operations.

***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 three components: 1) government wide financial statements, 2) fund financial statements; and 3) notes to the financial statements. These components are discussed below.

The *government-wide financial statements* are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business

The statement of net position presents information on all assets, deferred outflows, liabilities, and deferred inflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether financial position is improving or deteriorating.

The statement of activities presents information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

The *Fund Financial Statements* are designed to provide readers with an overview of the Authority’s finances, from a short-term perspective. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the

San Miguel Authority for Regional Transportation  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

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end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements.

The 2017 Authority financial statements reports on one individual fund described as the General Fund.

The general fund accounts for the Administration and Transit Program activities of the Authority. The general fund provides administrative support services (the Administrative and public commuter transit services).

The Authority's financial statements can be found on pages 6-9 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 on page 10 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 page 16 of this report.

***Financial Analysis of the Authority***

Since 2017 was the first year of the Authority's operation, there is no previous financial information available to discern financial trends of the Authority.

Details regarding the Authority's assets and liabilities can be found on page 6

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

- Regional transit services are primarily funded through Sales and Property Tax and revenues.
- Grant revenues are provided at the Federal or State level and fund capital and operating expenditures; the Authority received \$6,500 in operating grants in 2017;

Details regarding the Authority's revenue sources can be found on page 9.

Details regarding the Authority's expenditures can be found on page 18.

San Miguel Authority for Regional Transportation  
MANAGEMENT'S DISCUSSION AND ANALYSIS

December 31, 2017

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***Major Capital Asset events***

The Authority experienced no major capital events in 2017.

***Major Debt events***

The Authority experienced no major debt events in 2017.

***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.

***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: San Miguel Authority for Regional Transportation, Attention: Executive Director, PO Box 3140, Telluride Colorado, 81435.



**SMART**

**SAN MIGUEL AUTHORITY for  
REGIONAL TRANSPORTATION**

**Financial Statements and Footnotes**

San Miguel Authority for Regional Transportation

STATEMENT OF NET POSITION

December 31, 2017

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Cash and investments	\$ 1,016,118
Receivables	
Property tax	569,997
Sales tax	101,152
Total assets	<u>1,687,267</u>
<b>LIABILITIES</b>	
Accounts payable	19,390
Compensated absences	2,769
Total liabilities	<u>22,159</u>
<b>DEFERRED INFLOWS</b>	
Property taxes	569,997
Total deferred inflows	<u>569,997</u>
<b>NET POSITION</b>	
Restricted for emergency reserves - TABOR	38,532
Unrestricted	1,056,579
Total net position	<u>\$ 1,095,111</u>

The accompanying notes are an integral part of this statement.

San Miguel Authority for Regional Transportation

STATEMENT OF ACTIVITIES

Year ended December 31, 2017

Function/Programs	Expenses	Program Revenues			Governmental Activities, Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 178,471	\$ -	\$ 75,000	\$ 6,500	\$ (96,971)
Transportation	10,830	-	-	-	(10,830)
Total governmental activities	<u>\$ 189,301</u>	<u>\$ -</u>	<u>\$ 75,000</u>	<u>\$ 6,500</u>	<u>(107,801)</u>
			General revenues:		
			Property taxes	583,621	
			Sales taxes	619,267	
			Unrestricted investment earnings	24	
			Total general revenues	<u>1,202,912</u>	
			Change in net position	1,095,111	
			Net position at beginning of year	-	
			Net position at end of year	<u>\$ 1,095,111</u>	

The accompanying notes are an integral part of this statement.

San Miguel Authority for Regional Transportation

BALANCE SHEET - GOVERNMENTAL FUND

December 31, 2017

ASSETS		
Cash and investments		\$ 1,016,118
Receivables		
Property tax		569,997
Sales tax		<u>101,152</u>
	Total assets	<u>1,687,267</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable		19,390
	Total liabilities	<u>19,390</u>
DEFERRED INFLOWS		
Property taxes		569,997
	Total deferred inflows	<u>569,997</u>
FUND BALANCES		
Restricted for emergencies - TABOR		38,532
Unassigned		<u>1,059,348</u>
	Total fund balance	<u>\$ 1,097,880</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balance - governmental funds		\$ 1,097,880
Accrued compensated absences payable are not due and payable in the current year and, therefore, are not reported in the fund		<u>(2,769)</u>
Net position of Governmental Activities		<u>\$ 1,095,111</u>

The accompanying notes are an integral part of this statement.

San Miguel Authority for Regional Transportation

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

Year ended December 31, 2017

Revenues	
Property tax revenues	\$ 583,621
Sales tax revenues	619,267
Intergovernmental contributions	75,000
Grants	6,500
Interest income	24
Total revenue	<u>1,284,412</u>
Expenditures	
Administrative and personnel	175,702
Transportation	10,830
Total expenditures	<u>186,532</u>
Change in fund balance	1,097,880
Fund balance, beginning	<u>-</u>
Fund balance, ending	<u><u>\$ 1,097,880</u></u>
Amounts reported for governmental activities in the Statement of Activities are different because:	
Net change in fund balance - governmental fund	\$ 1,097,880
Compensated absences are recognized as an expenditure in the fund when they are determined to be payable from current financial resources. This is the amounts by which compensated absences changed in the current year.	<u>(2,769)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 1,095,111</u></u>

The accompanying notes are an integral part of this statement.

San Miguel Authority for Regional Transportation

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

1. Organization

San Miguel Authority for Regional Transportation (SMART) was established in November 2016 through an intergovernmental agreement between the Town of Mountain Village, Colorado, the Town of Telluride, Colorado, and San Miguel County, Colorado. SMART was created to provide bus service, shuttles, trails, roads, and related transit infrastructure. SMART's services are supported by dedicated sales tax collections by governments within the service area, a voter approved property tax mill levy, grants, and contributions from the governments included in the intergovernmental agreement. SMART is governed by a Board of Directors comprised of six directors and three alternates appointed from each of its local government members.

The accompanying statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The financial statements include all activities and functions that comprise SMART. Component units are legally separate entities for which the governmental entity is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the government's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the governmental entity. Using these criteria, SMART has no component units.

2. Financial Statements

Measurement focus

SMART's financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting SMART's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental (normally supported by taxes and intergovernmental revenues) or business (relying to a significant extent on fees and charges for support) type activities. Currently, SMART performs only governmental activities.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

San Miguel Authority for Regional Transportation

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become available and measurable. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Intergovernmental revenues received as reimbursements for specific purposes or projects are recognized based upon the expenditures recorded. Expenditures are recorded when the liability is incurred.

Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of SMART.

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

Fund financial statements

The financial statements are reported in individual funds in the fund financial statements. Each fund is a separate set of self-balancing accounts that comprises its assets, liabilities, deferred inflows and outflows, fund balance, revenues, and expenditures. At December 31, 2017, SMART only has a general fund that accounts for all of the activities of the government.

3. Capital assets

Property and equipment are reported as governmental activities in the government-wide financial statements. Capitalized assets are defined by SMART as assets that have a useful life of one or more years, and for which the initial value equals or exceeds \$5,000. All purchased assets are valued at cost. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful life</u>
Vehicles	5-12 years

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

4. Receivables

Receivables are reported net of any allowance for doubtful accounts. No allowance for uncollectible accounts has been established, as SMART considers all accounts to be collectible at December 31, 2017.

5. Accrued liabilities for compensated absences

SMART allows employees to accumulate earned but unused vacation and sick pay benefits. A liability for accrued, unused vacation or sick leave is recorded in the government-wide statement of activities. In the governmental fund statements, vacation or sick leave is reported as an expenditure and liability to the fund when used.

6. Deferred inflows of resources

Deferred inflows of resources represent an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue from property taxes are reported in the government balance sheet and statement of net position as a deferred inflow of resources. Property taxes levied in one year and collected the next, are deferred and recognized as an inflow of resources in the period that the property taxes become available.

7. Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

8. Net position

Net position represents the difference between assets and liabilities. The net position category of net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by SMART or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED**

9. Fund Balance

Governmental fund balances are classified as follows:

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expense) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by SMART's highest level of decision making authority, the Board, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board or other individuals authorized to assign funds to be used for a specific purpose.
- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. SMART will only report a positive unassigned fund balance in the General Fund.

Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

10. Property Taxes

Property taxes are certified by the Board and collected by San Miguel County. Property taxes are remitted to the Authority by the 10th day of the month following collection. Property taxes receivable represents 2017 taxes that will be collected in 2018.

Property taxes attach as an enforceable lien on property as of January 1 of the year in which they are payable. Taxes are payable either in full on or before April 30 or one half on or before February 28 and the remaining half on or before June 15.

**NOTE B – BUDGETARY INFORMATION**

SMART conforms to the following procedures in compliance with Colorado Revised Statutes in establishing the budgetary data reflected in the financial statements:

In the fall of each year, the SMART Board of Directors prepares a proposed operating budget for the fiscal year commencing the following January 1. The operating budget for the funds includes proposed expenses and the means of financing them.

San Miguel Authority for Regional Transportation

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE B – BUDGETARY INFORMATION - CONTINUED**

A public hearing is held at a Board of Directors meeting to obtain taxpayer input. Prior to December 15, the budget is legally enacted through passage of a budget resolution. The Board of Directors can modify the budget by line item within the total appropriation without notification. The appropriation can only be modified upon completion of notification and publication requirements.

**NOTE C – CASH AND INVESTMENTS**

Deposits

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories with eligibility determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA, which 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 the collateral must be at least equal to 102% of the uninsured deposits. Deposits at December 31, 2017, consisted of the following:

Deposits	\$ 226,094
Money market funds	<u>750,024</u>
Cash and investments per statement of net position	<u>\$ 1,016,118</u>

Custodial credit risk

This is the risk that in the event of a bank failure, SMART’s deposits may be returned to it. At December 31, 2017, the bank balance of SMART’s deposits was \$1,014,342. Of this balance, \$250,000 was insured by FDIC and the remaining \$764,342 was covered by PDPA.

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest:

- Obligations of the United States and certain U.S. government agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers acceptances of certain banks
- Commercial paper
- Local government investment pools
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts

San Miguel Authority for Regional Transportation

NOTES TO FINANCIAL STATEMENTS

December 31, 2017

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**NOTE D – LONG-TERM LIABILITES**

Changes in long-term liabilities for the year ended December 31, 2017 were as follows:

	December 31, <u>2016</u>	<u>Increases</u>	<u>Decreases</u>	December 31, <u>2017</u>
Compensated absences	\$ -	\$ 2,769	\$ -	\$ 2,769

**NOTE E – INTERGOVERNMENTAL AGREEMENT**

SMART was formed by an intergovernmental agreement, dated November 9, 2016 after a ballot measure was approved by the voters in Town of Mountain Village, Town of Telluride, and San Miguel County. SMART was created pursuant to Colorado Revised Statutes, [Title 43, Article 4, Part 6] known as the Colorado Rural Transportation Authority Law. The voters approved a .25% sales tax and an additional .75 mills on all taxable property located within the territory of SMART. The new taxes commenced on January 1, 2017. The intergovernmental agreement also allows for contributions from each of its members to support operating and capital expenses of SMART.

**NOTE F – RISK MANAGEMENT**

SMART is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

SMART is a member of the Colorado Intergovernmental Risk Sharing Agency (“CIRSA”), CIRSA provides liability, worker’s compensation, and property insurance. The insurance is provided through joint self-insurance, insurance and reinsurance, or any combination of thereof. CIRSA’s rate setting policies are established by the board of Director’s in consultation with independent actuaries. SMART is subject to a supplemental assessment in the event of deficiencies and may receive credit on future contributions in the event of surplus.

**NOTE G – TAX, SPENDING AND DEBT LIMITATIONS**

In November 1992, Colorado voters passed an amendment to the State Constitution, Article X, 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 its local governments. In November 2016, the voters of San Miguel County, Town of Mountain Village, and Town of Telluride approved a ballot measure to allow SMART to retain all revenues in excess of TABOR revenue limits.

TABOR requires local governments to establish an emergency reserve to be used for declared emergencies. These reserves are required to be 3% of fiscal year spending. As required by TABOR, SMART has restricted \$38,532 of its fund balance.

TABOR is complex and subject to interpretation, however, SMART believes it is in compliance with the financial provisions of TABOR.



**SMART**

**SAN MIGUEL AUTHORITY for  
REGIONAL TRANSPORTATION**

**Required Supplementary Information**

San Miguel Authority for Regional Transportation

SCHEDULE OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND

Year ended December 31, 2017

	Original & Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)
<b>Revenues</b>			
Tax revenues			
Property tax	\$ 553,000	\$ 583,621	\$ 30,621
Sales tax	477,221	619,267	142,046
Local government contributions			
Town of Mountain Village	50,000	25,000	(25,000)
Town of Telluride	50,000	25,000	(25,000)
San Miguel County	50,000	25,000	(25,000)
Grant revenues	-	6,500	6,500
Interest income	-	24	24
Total revenues	<u>1,180,221</u>	<u>1,284,412</u>	<u>104,191</u>
<b>Expenditures</b>			
Personnel Expenses			
Salaries and wages	100,000	11,846	88,154
Retirement, benefits, and tax	30,000	2,281	27,719
Recruitment	-	31,036	(31,036)
Contract labor	-	54,777	(54,777)
Operating Expenses			
Rent	18,000	1,478	16,522
Other	5,000	6,481	(1,481)
Professional services			
Attorney	24,000	35,880	(11,880)
Accounting	8,000	5,312	2,688
Consulting	40,000	9,817	30,183
Treasurer's Fees	-	16,794	(16,794)
Transit & Transportation Services			
Southern Route	331,500	10,830	320,670
Total expenditures	<u>556,500</u>	<u>186,532</u>	<u>369,968</u>
Change in fund balance	623,721	1,097,880	474,159
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ 623,721</u>	<u>\$ 1,097,880</u>	<u>\$ 474,159</u>

San Miguel Authority for Regional Transportation

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2017

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**RSI NOTE A – BUDGETARY INFORMATION**

SMART's budget is adopted on the modified accrual basis where capital outlays are treated as expenditures and depreciation is not budgeted. The operating budget includes proposed expenditures and the means of financing them. The Board of Directors must approve transfers between funds, or increases to a fund's budget.

**RSI NOTE B – EXPENDITURES/EXPENSES IN EXCESS OF APPROPRIATION**

State Statute requires that expenditures and transfers for a fund cannot exceed the appropriations for that fund. Appropriations for a fund may be increased provided unanticipated resources offset them. The legal level of appropriation is within the fund. In 2017, SMART did not have any budget violations.