

EAGLE VALLEY TRANSPORTATION AUTHORITY
Eagle County, Colorado

FINANCIAL STATEMENTS

with Independent Auditors' Report


December 31, 2023


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INDEPENDENT AUDITORS' REPORT

Board of Directors and Management
Eagle Valley Transportation Authority

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of Eagle Valley Transportation Authority ("the Authority") as of and for the year ended December 31, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

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 the Authority as of December 31, 2023, and the respective changes in financial position and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

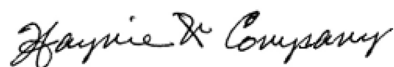
Required Supplementary Information

Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing 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. Our opinions on the basic financial statements are not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedules of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Housing Service Fund and Transit Capital Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Revenues, Expenditures and Change in Fund Balance – Budget and Actual for the Housing Service Fund and Transit Capital Fund are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Sincerely,



Littleton, Colorado

May 15, 2024

BASIC FINANCIAL STATEMENTS

EAGLE VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
December 31, 2023

	Governmental Activities
ASSETS	
Cash and investments	\$ 10,417,937
Interest receivable	41,544
Sales taxes receivable	738,938
Prepaid expenses	3,170
Total assets	11,201,589
 LIABILITIES	
Accounts payable	132,667
Payroll and related liabilities	19,242
Total liabilities	151,909
 NET POSITION	
Restricted for:	
Emergency reserves	15,900
Unrestricted	11,033,780
Total net position	\$ 11,049,680

These financial statements should be read only in connection with
the accompanying notes to financial statements.

EAGLE VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
Year Ended December 31, 2023

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contribution</u>	<u>Capital Grants and Contribution</u>	<u>Net (Expense) Revenue and Changes in Net Position</u>
Primary government:					
Governmental activities:					
General government	\$ 528,931	\$ -	\$ -	\$ -	\$ (528,931)
	<u>\$ 528,931</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>(528,931)</u>
General revenues:					
Sales taxes				11,354,157	
Interest				224,454	
Total general revenues				<u>11,578,611</u>	
Change in net position				11,049,680	
Net position - beginning				-	
Net position - ending				<u>\$ 11,049,680</u>	

These financial statements should be read only in connection with the accompanying notes to financial statements.

**EAGLE VALLEY TRANSPORTATION AUTHORITY
BALANCE SHEET
GOVERNMENTAL FUNDS
December 31, 2023**

	<u>General</u>	<u>Housing Service</u>	<u>Transit Capital</u>	<u>Total</u>
ASSETS				
Cash and investments	\$ 7,417,937	\$ 1,000,000	\$ 2,000,000	\$ 10,417,937
Interest receivable	41,544	-	-	41,544
Sales taxes receivable	738,938	-	-	738,938
Prepaid expenditures	3,170	-	-	3,170
TOTAL ASSETS	<u>\$ 8,201,589</u>	<u>\$ 1,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 11,201,589</u>
LIABILITIES AND FUND BALANCES				
LIABILITIES				
Accounts payable	\$ 132,667	\$ -	\$ -	\$ 132,667
Payroll and related liabilities	19,242	-	-	19,242
Total liabilities	<u>151,909</u>	<u>-</u>	<u>-</u>	<u>151,909</u>
FUND BALANCES				
Nonspendable:				
Prepaid expenditures	3,170	-	-	3,170
Restricted:				
Emergency reserves	15,900	-	-	15,900
Assigned:				
Housing Service	-	1,000,000	-	1,000,000
Transit Capital	-	-	2,000,000	2,000,000
Unassigned	8,030,610	-	-	8,030,610
Total fund balances	<u>8,049,680</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>11,049,680</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 8,201,589</u>	<u>\$ 1,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 11,201,589</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements.

EAGLE VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended December 31, 2023

	<u>General</u>	<u>Housing Service</u>	<u>Transit Capital</u>	<u>Total</u>
REVENUES				
Sales taxes	\$ 11,354,157	\$ -	\$ -	\$ 11,354,157
Interest	224,454	-	-	224,454
Total revenues	<u>11,578,611</u>	<u>-</u>	<u>-</u>	<u>11,578,611</u>
EXPENDITURES				
<u>Personnel expenses</u>				
Salaries	99,346	-	-	99,346
Benefits	16,360	-	-	16,360
Bonuses	20,000	-	-	20,000
Taxes	10,761	-	-	10,761
<u>Operating expenses</u>				
Business trips and meetings	2,808	-	-	2,808
Meeting broadcast and recording	8,973	-	-	8,973
Computer and related equipment	10,876	-	-	10,876
Office supplies	615	-	-	615
<u>Professional services</u>				
Accounting services	34,259	-	-	34,259
Insurance	2,264	-	-	2,264
Public relations	61,759	-	-	61,759
Computer services	3,500	-	-	3,500
Legal	67,248	-	-	67,248
Purchased transportation services	172,047	-	-	172,047
Recruiting	170	-	-	170
Strategic planning retreat facilitation	1,000	-	-	1,000
Transit planning consultant assistance	14,503	-	-	14,503
Website and software licensing	2,442	-	-	2,442
Total expenditures	<u>528,931</u>	<u>-</u>	<u>-</u>	<u>528,931</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>11,049,680</u>	<u>-</u>	<u>-</u>	<u>11,049,680</u>
OTHER FINANCING SOURCES (USES)				
Transfer (to) from Housing Service Fund	(1,000,000)	1,000,000	-	-
Transfer (to) from Transit Capital Fund	(2,000,000)	-	2,000,000	-
Total other financing sources (uses)	<u>(3,000,000)</u>	<u>1,000,000</u>	<u>2,000,000</u>	<u>-</u>
NET CHANGES IN FUND BALANCES	8,049,680	1,000,000	2,000,000	11,049,680
FUND BALANCES - BEGINNING OF YEAR	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,049,680</u>	<u>\$ 1,000,000</u>	<u>\$ 2,000,000</u>	<u>\$ 11,049,680</u>

These financial statements should be read only in connection with
the accompanying notes to financial statements

EAGLE VALLEY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
GENERAL FUND
Year Ended December 31, 2023

	Budget Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive
				(Negative)
REVENUES				
Sales taxes	\$ 12,750,955	\$ 12,750,955	\$ 11,354,157	\$ (1,396,798)
ECO transit sales taxes	10,280,303	10,280,303	-	(10,280,303)
SIPA grant	-	6,500	-	(6,500)
Interest	-	145,760	224,454	78,694
Total revenues	<u>23,031,258</u>	<u>23,183,518</u>	<u>11,578,611</u>	<u>(11,604,907)</u>
EXPENDITURES				
<u>Personnel expenses</u>				
Salaries	-	457,800	99,346	358,454
Benefits	-	116,160	16,360	99,800
Bonuses	-	20,000	20,000	-
Taxes	-	59,396	10,761	48,635
Total personnel expenses	<u>-</u>	<u>653,356</u>	<u>146,467</u>	<u>506,889</u>
<u>Operating expenses</u>				
Business trips and meetings	-	4,500	2,808	1,692
Meeting broadcast and recording	7,800	9,300	8,973	327
Computer and related equipment	-	50,000	10,876	39,124
Office supplies	-	750	615	135
Other operating expenses	15,000	15,000	-	15,000
Interim office space	-	11,250	-	11,250
Telephone	-	600	-	600
Utilities	-	940	-	940
Total operating expenses	<u>22,800</u>	<u>92,340</u>	<u>23,272</u>	<u>69,068</u>
<u>Professional services</u>				
Accounting services	30,000	30,000	34,259	(4,259)
Audit	7,500	-	-	-
Branding and marketing	50,000	100,000	-	100,000
Insurance	50,000	50,000	2,264	47,736
Public relations	30,000	54,000	61,759	(7,759)
Computer services	-	50,000	3,500	46,500
Legal	50,000	100,000	67,248	32,752
Purchased transportation services	-	-	172,047	(172,047)
Recruiting	30,000	30,000	170	29,830
Strategic planning retreat facilitation	5,000	5,000	1,000	4,000
Transit planning consultant assistance	100,000	300,000	14,503	285,497
Website and software licensing	5,000	5,000	2,442	2,558
Website planning	-	6,500	-	6,500
Reserve	45,600	45,600	-	45,600
Total professional services	<u>403,100</u>	<u>776,100</u>	<u>359,192</u>	<u>416,908</u>
<u>Other expenditures</u>				
Intergovernmental agreements	10,280,303	10,280,303	-	10,280,303
Minimum revenue guarantees - air service	1,200,000	1,200,000	-	1,200,000
Housing and real estate	-	1,000,000	-	1,000,000
Enhanced winter service	-	700,000	-	700,000
Total other expenditures	<u>11,480,303</u>	<u>13,180,303</u>	<u>-</u>	<u>13,180,303</u>
Total expenditures	<u>11,906,203</u>	<u>14,702,099</u>	<u>528,931</u>	<u>14,173,168</u>
EXCESS OF REVENUES OVER EXPENDITURES				
	<u>11,125,055</u>	<u>8,481,419</u>	<u>11,049,680</u>	<u>2,568,261</u>
OTHER FINANCING USES				
Transfer to Housing Service Fund	-	-	(1,000,000)	(1,000,000)
Transfer to Transit Capital Fund	-	-	(2,000,000)	(2,000,000)
Total other financing uses	<u>-</u>	<u>-</u>	<u>(3,000,000)</u>	<u>(3,000,000)</u>
NET CHANGE IN FUND BALANCE				
	<u>11,125,055</u>	<u>8,481,419</u>	<u>8,049,680</u>	<u>(431,739)</u>
FUND BALANCE - BEGINNING OF YEAR				
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCE - END OF YEAR				
	<u>\$ 11,125,055</u>	<u>\$ 8,481,419</u>	<u>\$ 8,049,680</u>	<u>\$ (431,739)</u>

These financial statements should be read only in connection with the accompanying notes to financial statements.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 1 - DEFINITION OF REPORTING ENTITY

The Eagle Valley Transportation Authority (Authority) was formed by an intergovernmental agreement between the Beaver Creek Metropolitan District, the Town of Avon, the Town of Eagle, the County of Eagle (Eagle County), the Town of Gypsum, the Town of Minturn, the Town of Red Cliff and the Town of Vail (collectively the Members). The Authority was created as a regional transportation authority pursuant to Title 43, Article 4, Part 6 of the Colorado Revised Statutes, as amended (Act). In November of 2022, the electorate of the Authority, subject to authorization of the intergovernmental agreement by the Members, approved the formation of the Authority and approved an initial sales tax to be imposed in all areas within the Authority's boundaries for general operating purposes. On December 9, 2022, the Authority was organized and authorized to exercise the functions conferred to it pursuant to the provisions within the intergovernmental agreement and state statutes.

The Authority is governed by a board of directors which is composed of one director and one alternate appointed by each Member. The board of directors is responsible for setting policy, appointing administrative personnel, adopting an annual budget in accordance with state statutes and performing all duties vested in or imposed on the Authority.

The purpose of the Authority is to plan, finance, implement and operate an efficient, sustainable and regional public multimodal transportation system at any location or locations within or without the boundaries of the Authority in accordance with the provisions of the intergovernmental agreement (see Note 6).

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

The Authority is not financially accountable for any other organization nor is the Authority a component unit of any other primary governmental entity.

As of December 31, 2023, the Authority had two employees and most operations and administrative functions were contracted.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The more significant accounting policies of the Authority are described as follows:

Government-wide and Fund Financial Statements

The government-wide financial statements include the statement of net position and the statement of activities. These financial statements include all of the activities of the Authority. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities are normally supported by taxes and operating revenues. The statement of net position reports all financial and capital resources of the Authority. The statement of activities demonstrates the degree to which the direct and indirect 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 customers or applicants 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 and other items not properly included among program revenues are reported instead as general revenues.

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

Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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 of 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. The major sources of revenue susceptible to accrual are sales taxes and operations revenues. Expenditures, other than interest on long-term obligations are recorded when the liability is incurred or the long-term obligation paid. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental funds:

The General Fund is the Authority's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in other funds.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Housing Service Fund account for all financial resources to be used for housing-related revenue and expenses.

The Transit Capital Fund accounts for financial resources to be used for the acquisition or construction of major capital assets.

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

Budgets

In accordance with the Local Government Budget Law of Colorado, the Authority's board of directors holds public hearings in the fall each year to approve the budget and appropriate the funds for the ensuing year. The appropriation is at the total fund expenditures level and lapses at year end. The Authority's 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. The budget includes each fund on its basis of accounting unless otherwise indicated. For the year ended December 31, 2023, supplementary appropriations approved by the Authority's board of directors modified the appropriation for expenditures in its General Fund.

Pooled Cash and Investments

The Authority follows the practice of pooling cash and investments of all funds to maximize investment earnings. Except when required by trust or other agreements, all cash is deposited to and disbursed from a single account. Cash in excess of immediate operating requirements is pooled for deposit and investment flexibility. Investment earnings are allocated periodically to the participating funds based upon each fund's average equity balance in the total cash.

Estimates

The preparation of these financial statements in conformity with generally accepted accounting principles requires the Authority management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fund Balances – Governmental Funds

The Authority's governmental fund balances may consist of five classifications based on the relative strength of the spending constraints:

Nonspendable fund balance - the amount of fund balance that is not in spendable form (such as inventory or prepaids) or is legally or contractually required to be maintained intact.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Restricted fund balance - the amounts constrained to specific purposes by their providers (such as grantors, bondholders and higher levels of government), through constitutional provisions or by enabling legislation.

Committed fund balance - amounts constrained to specific purposes by the Authority itself, using its highest level of decision-making authority (i.e., board of directors). To be reported as committed, amounts cannot be used for any other purpose unless the Authority takes the same highest level action to remove or change the constraint.

Assigned fund balance - amounts the Authority intends to use for a specific purpose. Intent can be expressed by the Authority board of directors or by an official or body to which the Authority board of directors delegates the authority.

Unassigned fund balance - amounts that are available for any purpose. Positive amounts are reported only in the General Fund, all funds can report negative numbers.

When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, the Authority considers restricted funds to have been spent first. When an expenditure is incurred for which committed, assigned or unassigned fund balances are available, the Authority considers amounts to have been spent first out of committed funds, then assigned funds and finally unassigned funds, as needed, unless the Authority board of directors has provided otherwise in its commitment or assignment actions.

Net Position

Net Position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The Authority can report three categories of net position as follows:

Net investment in capital assets – consists of net capital assets, reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position – Net position is considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws. Restricted net position is reduced by liabilities and deferred inflows or resources related to the restricted assets.

Unrestricted net position – consists of all other net position that does not meet the definition of the above two components and is available for general use by the Authority.

When an expense is incurred for the purposes for which both restricted and unrestricted net position are available, the Authority will use the most restrictive net position first.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS

Cash and investments as of December 31, 2023 are classified in the accompanying statement of net position as follows:

Cash and investments	<u>\$ 10,417,937</u>
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Cash and investments as of December 31, 2023 consist of the following:

Deposits with financial institutions	\$ 527,267
Certificates of deposit	3,568,363
Investments	<u>6,322,307</u>
Total cash and investments	<u>\$ 10,417,937</u>

Cash Deposits

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 on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA. PDPA allows the institution to create a single collateral pool for all public funds. The pool for all the uninsured public deposits as a group is to be maintained by another institution or held in trust. The market value of the collateral must be at least equal to 102% of the aggregate uninsured deposits. The state commissioners for banks and financial services are required by statute to monitor the naming of eligible depositories and reporting of the uninsured deposits and assets maintained in the collateral pools.

As of December 31, 2023, the Authority's deposits had a bank and carrying balance of \$4,095,630.

Investments

Credit Risk

The Authority has not adopted a formal investment policy; however, the Authority follows state statutes regarding investments.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

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

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

The Authority generally limits its concentration of investments to those noted with an asterisk (*) above, which are believed to have minimal credit risk, minimal interest rate risk and no foreign currency risk. Additionally, the Authority is not subject to concentration risk disclosure requirements or subject to investment custodial risk for investments that are in the possession of another party.

Colorado revised statutes limit investment maturities to five years or less unless formally approved by the board of directors. Such actions are generally associated with a debt service reserve or sinking fund requirements.

As of December 31, 2023, the Authority had the following investments:

<u>Investments</u>	<u>Maturity</u>	<u>Fair Value</u>
Colorado Local Government Liquid Asset Trust	Weighted average under 60 days	<u>\$ 6,322,307</u>

Colostrust

During 2023, the Authority invested in COLOTRUST PLUS+, one of the three portfolios offered by the Colorado Local Government Liquid Asset Trust (Colostrust). Colostrust is an investment vehicle established for local government entities in Colorado to pool surplus funds. The State Securities Commissioner administers and enforces all State statutes governing Colostrust. COLOTRUST PLUS+ operates similarly to a money market fund and each share is equal in value to \$1.00. COLOTRUST PLUS+ may invest in U.S. Treasury securities and repurchase agreements collateralized by such securities, certain securities of U.S. government agencies or repurchase agreements collateralized by such securities, collateralized bank deposits, AAAM rated government money market funds, corporate bonds and highest rated commercial paper.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 3 - CASH AND INVESTMENTS (CONTINUED)

A designated custodial bank serves as custodian for Colotrust's portfolios pursuant to a custodian agreement. The custodian acts as safekeeping agent for Colotrust's investment portfolios and provides services as the depository in connection with direct investments and withdrawals. The custodian's internal records segregate investments owned by Colotrust. Colotrust PLUS+ is rated AAAM by S&P Global Ratings.

Investment Valuation

Certain investments measured at fair value on a recurring basis are categorized within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The Authority's investments are not required to be categorized within the fair value hierarchy. These investments are measured at amortized cost or in certain circumstances the value is calculated using the net asset value (NAV) per share, or its equivalent of the investment. These investments include 2a7-like external investment pools and money market investments. The Authority held investments in Colotrust and Federated U.S. Treasury Cash Reserves at year end for which the investment valuations were determined as follows.

Colotrust determines the NAV of the shares of COLOTRUST PLUS+ as of the close of business on each day. The NAV per share is computed by dividing the total value of the securities and other assets of the portfolios, less any liabilities, by the total outstanding shares of the portfolios. Liabilities, which include all expenses and fees of the portfolio, are accrued daily. The NAV is calculated at fair value using various inputs to determine value in accordance with FASB guidance. It is the goal of COLOTRUST PLUS+ to maintain a NAV of \$1.00 per share, however changes in interest rates may affect the fair value of the securities held and there can be no assurance that the NAV will not vary from \$1.00 per share. There are no unfunded commitments, the redemption period frequency is daily and there is no redemption notice period.

NOTE 4 – FUND EQUITY

At December 31, 2023, the Authority reported the following classification of fund equity.

Nonspendable Fund Balance

The nonspendable fund balance in the General Fund in the amount of \$3,170 represents prepaid expenditures for the ensuing fiscal year and is therefore not in spendable form.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 4 – FUND EQUITY (CONTINUED)

Restricted Fund Balance

The restricted fund balance in the General Fund in the amount of \$15,900 is comprised of the Emergency Reserves that have been provided for as required by Article X, Section 20 of the Constitution of the State of Colorado.

Assigned Fund Balance

The assigned fund balance in the amount of \$1,000,000 is to be used exclusively for housing-related expenses.

The assigned fund balance in the amount of \$2,000,000 is to be used exclusively for the acquisition or construction of major capital assets.

NOTE 5 – NET POSITION

The Authority's net position consists of three components – net investment in capital assets, restricted and unrestricted.

The net investment in capital assets consists of capital assets owned by the Authority, net of accumulated depreciation, if applicable, and reduced by the outstanding balances of bonds mortgages, notes or other borrowings that are attributable to the acquisition, construction or improvements of those assets.

The restricted portion of the net position includes amounts that are restricted for use either externally by creditors, grantors, contributors, or laws and regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The Authority's restricted net position as of December 31, 2023 consists of the TABOR emergency reserve in the amount of \$15,900 (Note 7).

In the government-wide financial statements, the Authority's unrestricted net position as of December 31, 2023 totaled \$11,033,780.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 – INTERGOVERNMENTAL AGREEMENT

On September 1, 2022, the Members entered into an intergovernmental agreement (IGA) for the formation of the Authority and on November 8, 2022, the electors authorized establishment of the Authority and approved an initial sales tax of 0.50% to be imposed in all areas within the Authority's boundaries for general operating purposes. The IGA also provides that Eagle County will pay to the Authority a proportion of the proceeds of the existing Eagle County Regional Transit Authority (ECRTA) 0.5% transportation sales tax (ECO Transit Tax) to be used for the financing, construction, operation and maintenance of mass transportation systems within Eagle County. The proportion of the ECO Transit Tax to be paid to the Authority is to be no less than 85% and no more than 90% of the total sum collected in Eagle County in order to allow Eagle County to continue to meet its obligations to its trails program.

The Authority and Eagle County have agreed to use their best efforts to transfer all assets and liabilities of ECRTA that are to be transferred to the Authority under the IGA within a 24-month period from December 9, 2022, the date of the election authorizing the establishment of the Authority (ECRTA Transition Period) and to implement a transition plan (Transition Plan) consistent with the framework included in the IGA. The Transition Plan will specify how merger issues, including those related to human resources, employee benefits, insurance, transfer of ECRTA assets, contractual relationships and matters concerning the allocation of operating and capital costs and resources will be resolved. The Transition Plan is to be approved, and may subsequently be amended, by mutual agreement of the Authority and Eagle County. As of December 31, 2023 and the date of this audit, the Transition Plan has not yet been approved. Eagle County's pledge of the ECO Transit Tax and the transfer of associated assets is contingent upon approval of the Transition Plan.

Once the Transition Plan has been approved, the Authority will assume responsibility for the services provided by ECRTA and will receive their share of the ECO Transit Taxes from Eagle County and transfers of the operating revenues from ECRTA. The Authority will assist Eagle County to cause all relevant Eagle County assets, liabilities, personnel, contracts and operations to be formally transferred and assigned to the Authority, and to enter into any required intergovernmental agreements, leases, or other contractual arrangements to enable such transfers or assignments, prior to the conclusion of the ECRTA Transition Period.

The IGA also states that a Member may, at its sole discretion, offer to make cash contributions or provide in-kind services to the Authority or pay costs that otherwise would have been paid by the Authority (Discretionary Member Contribution). If a Member offers to make a Discretionary Member Contribution, the Authority may, subject to board approval on a case-by-case basis in its discretion, provide additional transportation services within the boundaries of such Member with a value, or grant such Member a credit against other contributions or contract service payments to the Authority by or on behalf of such Member, in an amount equivalent to the Discretionary Member Contribution.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 6 – INTERGOVERNMENTAL AGREEMENT (CONTINUED)

The IGA requires the Authority to actively pursue grants to support its activities for both operating and capital costs and to cooperate and assist Members in their pursuit of grants for transportation projects. In addition, the Authority may fund capital projects through: (a) issuance of bonds pursuant to Section 609 of the Act if voter approval is obtained for the issuance of such bonds as required by Section 612(2) of the Act, (b) lease-purchase or other permitted agreements, or (3) one or more agreements with one or more Members.

The IGA provides service goals for the Authority and requires that the Authority use reasonable efforts to achieve increased capacity and/or service frequency, new transit routes and additional transit services, development of zero-emission plans for buses and facilities, expanded year-round air service and a five-year transit development plan. In addition, the Authority is to allocate a portion of available revenues to upgrade existing facilities, support fleet replacement and provide for construction of transit-related and transit-supportive facilities in order to support planned expansion, service, additional operations and/or dedicated staff housing.

The Authority has (subject to limitations as set forth in the IGA), all of the powers granted to regional transportation authorities by the Act and all powers that may be exercised by a separate legal entity created by a contract among the Members pursuant to the Intergovernmental Relations Statute. The IGA includes specific responsibilities of the Authority related to the planning, funding, capital projects and improvements, operations, management and coordination of and communication with regional, state and federal entities related to all aspects of the regional transportation systems. The Authority is authorized to enter into contracts with any Member or other persons or entity for the provision of transit services.

The term of the IGA shall terminate when all the then-current Members agree in writing to terminate the IGA, so long as the Authority has no outstanding bonds. Upon termination of the IGA, the net assets of the Authority will be distributed to the parties who are Members at such time in proportion to the sum of: the amount of cash and the value of property and services contributed by each such Member minus the amount of cash and the value of property previously distributed to them by the Authority; and, the total amount of Authority taxes or other charges (other than fares) paid by such Member's residents, during the period of time such party was a Member, with taxes or other charges paid by residents of areas of counties that are also located within a municipality or special district allocated 100% to the municipality or special district for such purposes.

NOTE 7 – TAX, SPENDING AND DEBT LIMITATIONS

Article X, Section 20 of the Colorado Constitution, commonly known as the Taxpayer's Bill of Rights (TABOR), contains tax, spending, revenue and debt limitations which apply to the State of Colorado and all local governments, except Enterprise.

EAGLE VALLEY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
December 31, 2023

NOTE 7 – TAX, SPENDING AND DEBT LIMITATIONS (CONTINUED)

Spending and revenue limits are determined based on the prior year's Fiscal Year Spending adjusted for allowable increases based upon inflation and local growth. Fiscal Year Spending is generally defined as expenditures plus reserve increases with certain exceptions. Revenue in excess of the Fiscal Year Spending limit must be refunded unless the voters approve retention of such revenue. TABOR requires local governments to establish emergency reserves. These reserves must be at least 3% of Fiscal Year Spending (excluding bonded debt service). Local governments are not allowed to use the emergency reserves to compensate for economic conditions, revenue shortfalls, or salary or benefit increases.

The ballot question approved by voters on November 8, 2022 authorized the Authority to collect and spend the proceeds of taxes, contributions, investment income and all other revenues, without regard to the limitations imposed by TABOR, effective January 1, 2023.

The Authority's management believes it is in compliance with the provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of the provisions, including the interpretation of how to calculate Fiscal Year Spending limits will require judicial interpretation.

NOTE 8 – SUBSEQUENT EVENT

On April 2, 2024, the Authority, State of Colorado and Eagle County entered into an intergovernmental agreement for the purchase of five 40-foot hybrid Gillig buses that the County previously budgeted and appropriated. Pursuant to the IGA and Transition Plan as discussed in Note 6, in order to ensure continuity of services and due to the expected 15-month lead time for production of the vehicles, the County agreed to transfer the amount of \$4,934,605 to the Authority to fund the purchase. The Authority agreed to hold, maintain, budget and appropriate such funds for the sole purpose of funding the bus order. In addition, the Authority will hold title to and assume all responsibilities associated with the vehicles.

This information is an integral part of the accompanying financial statements.

SUPPLEMENTARY INFORMATION

EAGLE VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
HOUSING SERVICE FUND
Year Ended December 31, 2023

	<u>Budget Amounts</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUE			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total expenditures	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES			
Transfer from General Fund	-	1,000,000	1,000,000
Total other financing sources	-	1,000,000	1,000,000
NET CHANGE IN FUND BALANCE	-	1,000,000	1,000,000
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>

EAGLE VALLEY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE
BUDGET AND ACTUAL
TRANSIT CAPITAL FUND
Year Ended December 31, 2023

	<u>Budget Amounts</u> <u>Original and</u> <u>Final</u>	<u>Actual</u>	<u>Variance with</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
REVENUES			
Total revenues	\$ -	\$ -	\$ -
EXPENDITURES			
Total expenditures	-	-	-
EXCESS OF REVENUES OVER EXPENDITURES	-	-	-
OTHER FINANCING SOURCES			
Transfer from General Fund	-	2,000,000	2,000,000
Total other financing sources	-	2,000,000	2,000,000
NET CHANGE IN FUND BALANCE	-	2,000,000	2,000,000
FUND BALANCE - BEGINNING OF YEAR	-	-	-
FUND BALANCE - END OF YEAR	<u>\$ -</u>	<u>\$ 2,000,000</u>	<u>\$ 2,000,000</u>