Roaring Fork Transportation Authority

Financial Report

December 31, 2010

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Financial Report
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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Roaring Fork Transportation Authority

We have audited the accompanying basic financial statements of the governmental activities and the budget and actual individual fund statements of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the budget and actual individual fund statements of Roaring Fork Transportation Authority as of December 31, 2010 and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards,* we have also issued our report dated May 25, 2011, 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 grants. 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 on compliance. That report is an integral part of and audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

U.S. generally accepted accounting principles 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 required supplementary information in accordance with U.S. generally accepted auditing standards, 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 opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards on page E7 is presented for purposes of additional analysis and as required by the U.S. Office of Management Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
May 25, 2011

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2010.

Financial Highlights

- When looking at a short term view, the General Fund had an increase in Fund balance of $275,000; the increase was due to actual expenditures less than appropriated expenditure budget: (1) transit maintenance, particularly parts and repairs, (2) administration, particularly insurance and employee benefit costs, and (3) capital outlay for projects not completed;
- When looking at a long-term view, the Authority had a decrease in Net Assets of $5.5 million. The Authority had $39.6 million of net assets. While total revenues, with the exception of capital grants, remained consistent to the previous year, the decrease in Net Assets was due to the $2.8 million extraordinary loss for the impairment of the Glenwood Maintenance Facility and BRT project management expenditures recorded in the capital projects funds;
- The Authority has experienced a second year of decrease in all areas of Ridership primarily due to the continuing downturn in the local economy. Year to date Ridership and percentage decreases were as follows (rounded to the thousands): total Ridership of 3.9 million and 8.9%; Valley Service 1.7 million and 10.4% and Grand Hogback Service (I – 70 Corridor) 61,000 and 32.0%;
- Transit Operations overtime for 2010 and 2009 was $214,000 and $311,000, respectively; a decrease of 31.2% from prior year because the Authority was able to retain more drivers to reduce overtime;
- Total fuel expenditures for 2010 and 2009 were $1.8 million and $1.5 million, respectively; an increase of approximately 20.0% from prior year because of substantially higher fuel prices;
- Maintenance parts and oil actual expenditures were $140,000 under budget, in part, due to the temporary closing of the Glenwood Maintenance Facility for repair;
- On behalf of the Authority, Pitkin County issued $2.53 million of Taxable Sales Tax Revenue Build America Bonds, Series 2010A. The proceeds will finance asset and infrastructure expenditures for the Aspen Maintenance Facility Recommissioning Project. In addition, Pitkin County issued $5.83 million of Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B on behalf of the Authority. The Series 2010B bonds refunded the 1998 and 2001 Sales Tax Revenue Bonds resulting in a net present value savings of $237,000.

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.

Overview of the Financial Statements (continued)

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 Assets presents information on all the Authority's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net assets.

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 reserved and unreserved portions of fund balance. The unreserved 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 Assets 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 assets 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 assets 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. Fund balance consists of equity and inventories.

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 assets from January through December. This column records the Authority's net worth.

The 2010 Authority financial statements report seven individual government funds in four types: the general fund, four special revenue funds, a capital projects fund, and a debt service fund:

Overview of the Financial Statements (continued)

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

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 Bus Rapid Transit Special Revenue Fund accounts for operating activity for planning the BRT Project. Specifically, this includes all revenues from the November 2008, voter approved, 0.4% increase in sales and use tax for the BRT Project and for the expenditures that cannot be charged against the Series 2009A & B Capital Project Funds.

The Capital Projects Fund accounts for all expenditure activity related to the BRT Project for assets and infrastructure such as a portion of buses, intelligent transportation system components, and a portion of transit priority. These expenditures are certain and specific in accordance with State and Federal tax law as identified by Bond Counsel. In addition, this fund accounts for the assets and infrastructure expenditures related to the Aspen Maintenance Facility Re-commissioning Project.

The Debt Service Fund accounts for all principal and interest expenditures for the Series 2009A \$6.2 million bond issuance and Series 2009B \$21.3 million bond issuance and interest earned as required by resolution. The 2009A bonds are a tax-exempt issuance. The 2009B bonds are Build America Bonds which allowed the Authority to access taxable credit markets and save approximately \$4 million over the life of the bonds or \$2.9 million at present value compared to issuing all tax exempt bonds. This fund also accounts for all activity related to the required reserves for the bonds and interest earned as required by resolution.

Overview of the Financial Statements (continued)

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.

Required 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.

An Authority hybrid bus provides service to the Maroon Bells wilderness area.

An Authority bus provides service along the Highway 82 Corridor.

Financial Analysis of the Authority

Roaring Fork Transportation Authority's Net Assets
(in thousands)

	2010	2009	$ dif	% dif
Assets:				
Current assets	$ 34,525	$ 35,960	(1,435)	-4.0%
Inventory and prepaid expenditures	590	877	(287)	-32.8%
Capital assets, net	55,625	56,057	(433)	-0.8%
Total Assets	$ 90,739	$ 92,895	(2,156)	-2.3%
Liabilities:				
Current liabilities and LT Debt due within a year	$ 7,565	$ 5,155	2,409	46.7%
Accrued compensated absences	1,189	1,373	(184)	-13.4%
Non-current liabilities	42,384	41,293	1,091	2.6%
Total Liabilities	$ 51,138	$ 47,821	3,317	6.9%
Net Assets:				
Invested in Capital Assets, net of debt	$ 27,030	$ 35,838	(8,808)	-24.6%
Restricted	9,692	1,146	8,546	745.5%
Unrestricted	2,880	8,090	(5,210)	-64.4%
Total Net Assets	$ 39,602	$ 45,074	(5,472)	-12.1%

As of December 31, 2010 the following trends were noted:

- *Current assets compared to current liabilities* – $34.5 million and $36.0 million of current assets were available to meet $7.6 million and $5.1 million of current liabilities due within the next year for 2010 and 2009, respectively; the 2010 decrease of $1.4 million in current assets was primarily due to the payment of BRT Project expenditures with Bond proceeds; the increase in current liabilities was primarily due to the timing of BRT Project and Glenwood Maintenance Facility repair expenditures.

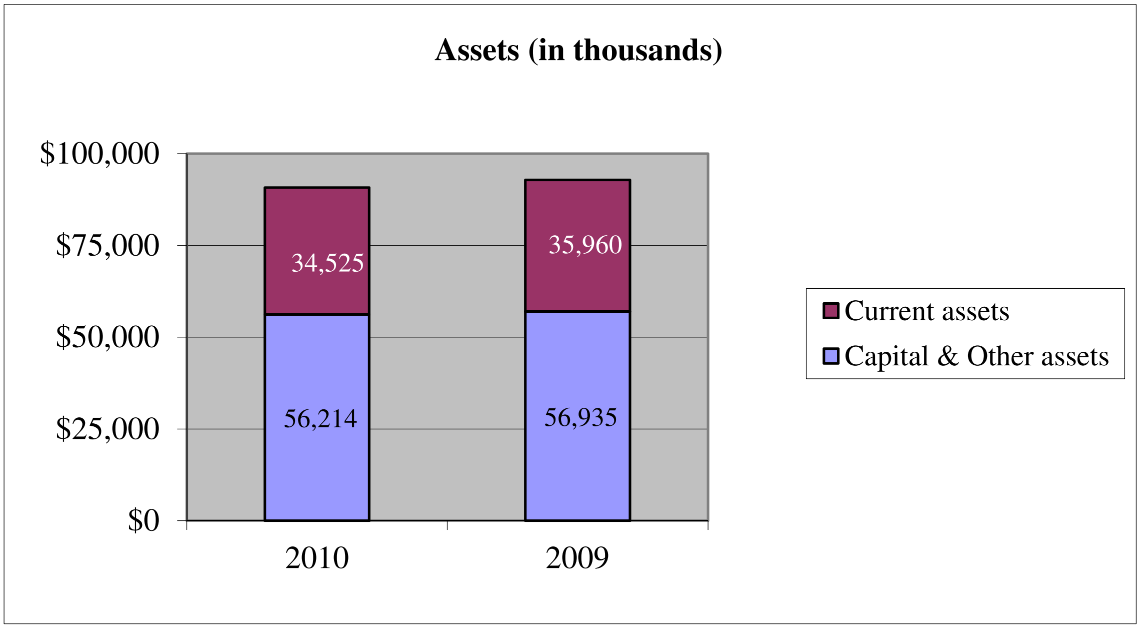
- *Capital assets, net* – $55.6 million of assets were used to provide transit services as well as maintaining the Authority owned rail corridor. The $400,000 decrease consisted of the following: Glenwood Maintenance Facility construction in progress, $4.7 million; other transit assets, $2.3 million; less $4.6 million in depreciation and $2.8 million net loss on the impairment of the Glenwood Maintenance Facility;

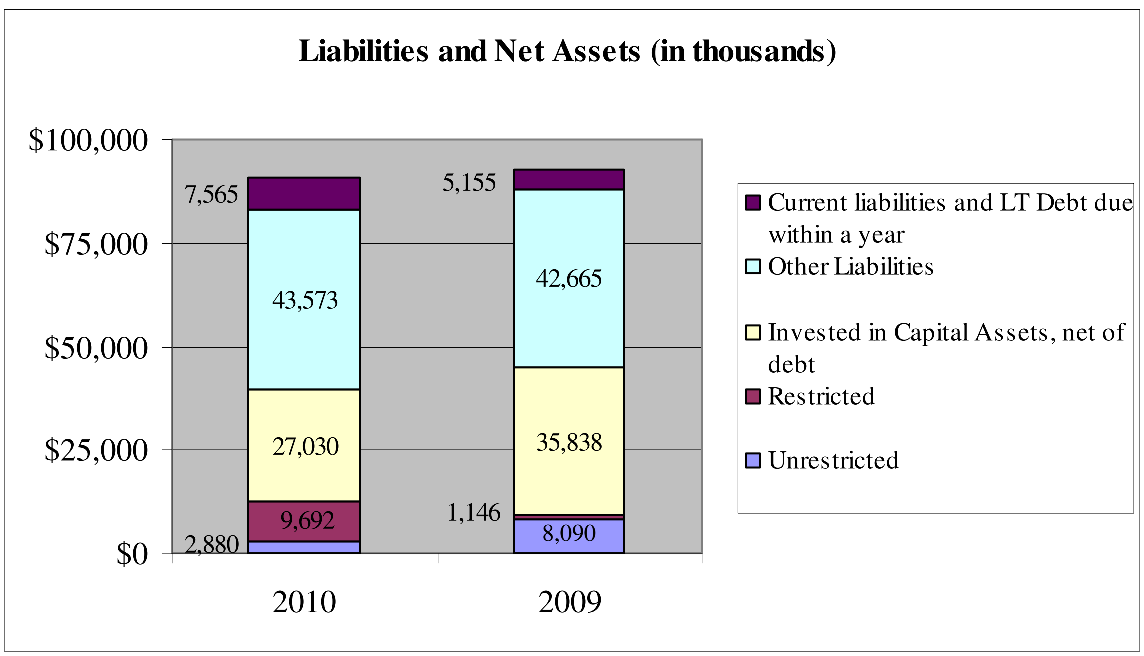
- *Non-current liabilities* – $1 million increase consisted of financing the following: Taxable Sales Tax Revenue Build America Bonds, Series 2010A, $2.5 million; Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B, $5.8 million; less debt retirement of $7.3 million.

Details regarding the Authority's assets and liabilities can be found on Page D10 and Notes to the Financial Statements.

Financial Analysis of the Authority (continued)

Roaring Fork Transportation Authority's Net Assets





Financial Analysis of the Authority (continued)

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

	2010	2009	$ dif	% dif
Revenues:				
Sales and use tax	$ 14,398	$ 13,708	690	5.0%
Service contracts	7,481	8,194	(713)	-8.7%
Operating revenue	3,643	3,602	41	1.1%
Grant revenue	1,320	6,187	(4,867)	-78.7%
Other	1,477	1,633	(155)	-9.5%
Local Government contributions	1,273	1,211	62	5.1%
Total Revenue	$ 29,591	$ 34,535	(4,944)	-14.3%

For the Year Ended December 31, 2010 the following trends were noted:

- Upper Roaring Fork Valley jurisdiction sales tax increases were partially offset by lower Roaring Fork Valley jurisdiction decreases;

- Service contract revenue (cost reimbursement contracts) decreased as a result of reduced Authority operating costs and less contract services provided compared to prior year;

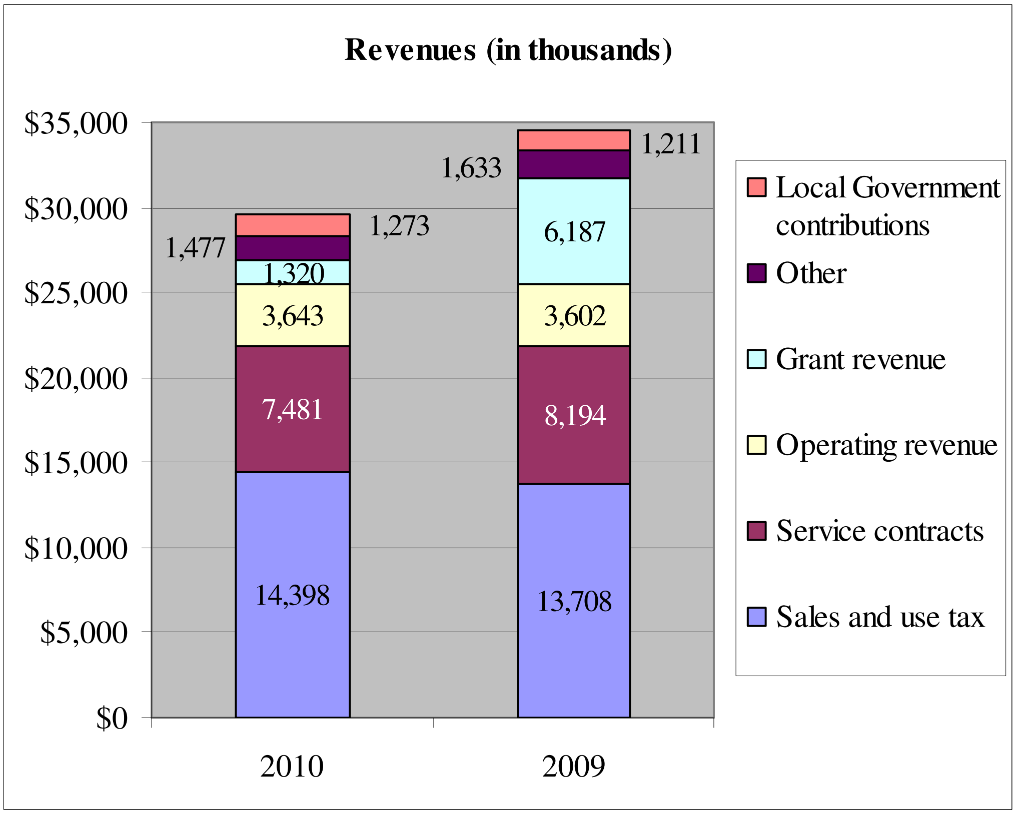
- Operating revenue (transit fares) stayed level contrary to the decline in Ridership due to a fare increase at the end of the previous fiscal year;

- Grant revenue included operating and capital grants ; operating grant revenues for 2010 and 2009 were $850,000 and $775,000, respectively; capital grants vary from year to year; in 2010 the Authority received $469,000 capital grants for buses and a fluid dispenser for the Aspen Maintenance Facility;

- Local government contributions included operating and capital contributions which vary from year to year; in 2010 the EOTC contributed of $551,000 for continued bus service between Aspen and Snowmass Village while Garfield County contributed $614,000 for continued Grand Hogback bus service.

Details regarding the Authority's revenues and expenditures can be found on Pages C3 and C4.

Financial Analysis of the Authority (continued)



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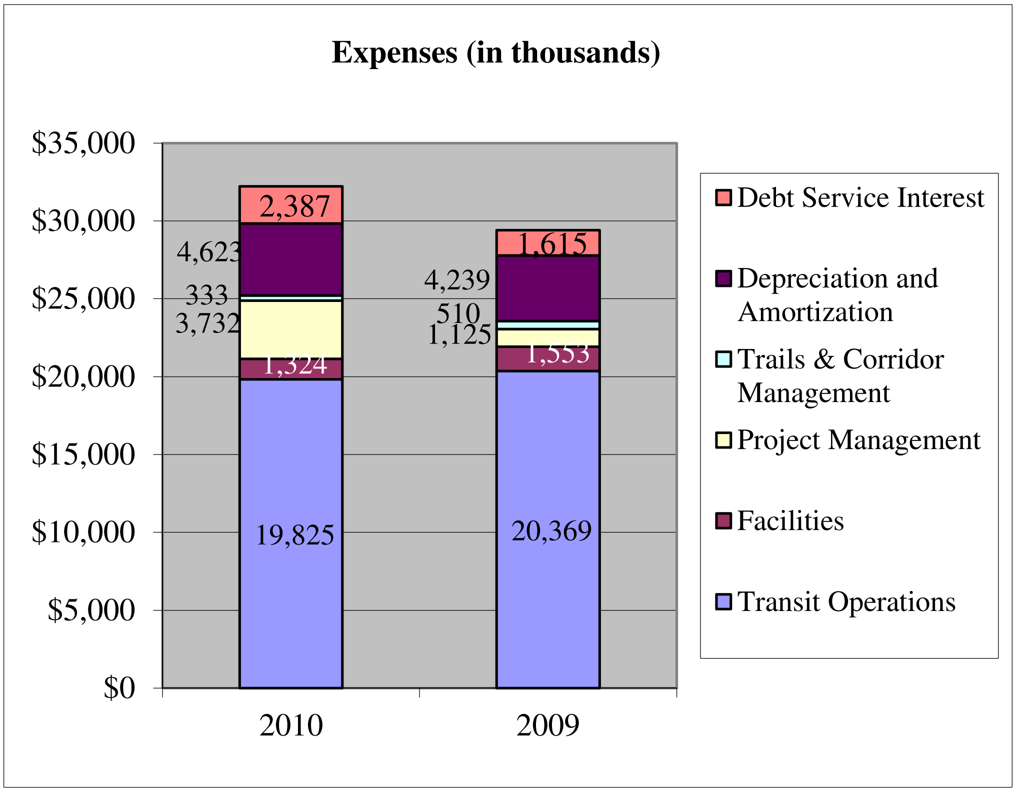
Financial Analysis of the Authority (continued)

Expenditure:	**2010**	**2009**	**$ dif**	**% dif**
Transit Operations	$ 19,825	$ 20,369	(545)	-2.7%
Facilities	1,324	1,553	(229)	-14.8%
Project Management	3,732	1,125	2,607	231.7%
Trails & Corridor Management	333	510	(177)	-34.8%
Depreciation and Amortization	4,623	4,239	385	9.1%
Debt Service Interest	2,387	1,615	772	47.8%
Total Expenditure	$ 32,222	$ 29,411	2,812	9.6%
Other Financing Sources (Uses):				
Transfer to Other Funds	$ (2,330)	$ (2,424)	94	-3.9%
Transfer from Other Funds	2,330	2,424	(94)	-3.9%
Bond Premium	10	11	(1)	-5.2%
Bond Discount	(7)	(7)	-	0.0%
Sale of Assets	-	25	(25)	-100.0%
Total Other Financing Sources (Uses)	$ 3	$ 29	(26)	-89.3%
Extraordinary Items:				
Impairment Loss	$ (2,844)	$ -	(2,844)	0.0%
Total Extraordinary Items	$ (2,844)	$ -	(2,844)	0.0%
Change in Net Assets	$ (5,472)	$ 5,153	(10,625)	-206.2%
Net Assets - Beginning of Year	45,074	39,921	5,153	12.9%
Net Assets - End of Year	$ 39,602	$ 45,074	(5,472)	-12.1%

For the Year Ended December 31, 2010 the following trends were noted:

- Transit operations expenditure decrease was primarily due to decreased Operations personnel expenditures and Maintenance parts and oil;
- Facilities expenditure decrease was due to the allocation of personnel expenditures between the Bus Shelter/ PNR Fund, the BRT Special Revenue Fund and reduced operating expenditures;
- Project management expenditures increase was due to progression of the BRT Project;
- Trails & Corridor Management expenditure decrease was due to lower operating expenditures and an accounting reclassification in personnel expenditures;
- Depreciation expenditure increase was related to an increase in assets;
- Debt service interest expenditure increase was due to the Series 2009A & B bonds to help finance the asset and infrastructure expenditures related to the BRT Project.
- Extraordinary loss was recognized on the impairment of the Glenwood Maintenance Facility.

Financial Analysis of the Authority (continued)



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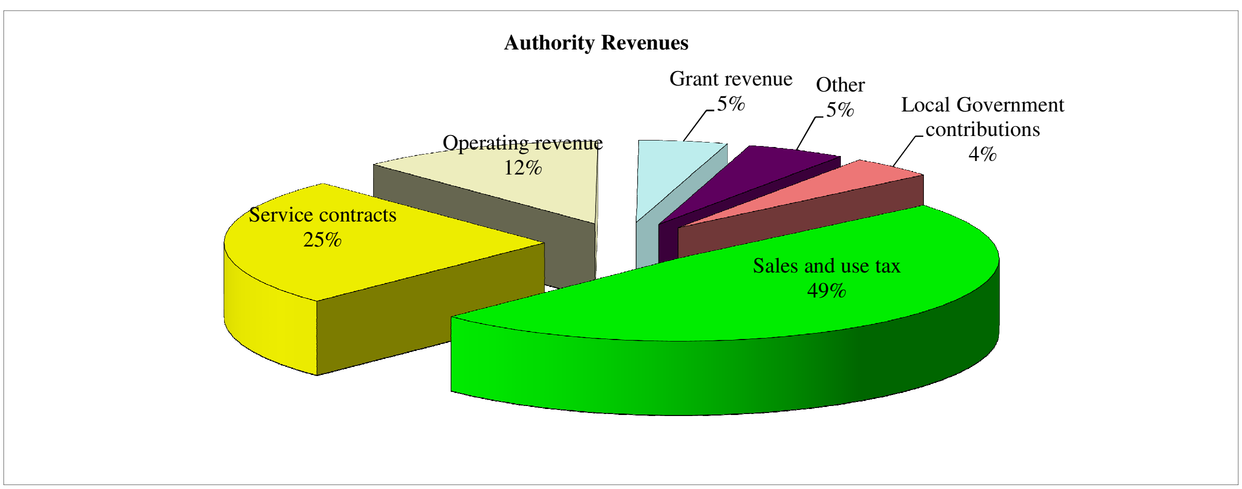
Financial Analysis of the Authority (continued)

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 B17 for a transit service area map, these services are identified as local circulator services. (see Notes to the Financial Statement, section V.C. 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, CO and State Highway 82 between Glenwood Springs and Aspen, CO. See page B17 for a transit service area map;
- Grant revenue was provided by Federal or the State and was for capital and operating expenditures; the Authority received $850,000 in operating grants;
- Local Jurisdictions provide operating contributions;
- Other income includes the following: Fees, Investment income, Miscellaneous, Other capital contributions, Rental, and Build America Bonds credit for interest expenditures paid on the related Series 2009B bonds.

The following chart depicts the Authority's 2010 revenues by percentage:



Details regarding the Authority's revenue sources can be found on Pages C3 and C4.

Financial Analysis of the Authority (continued)

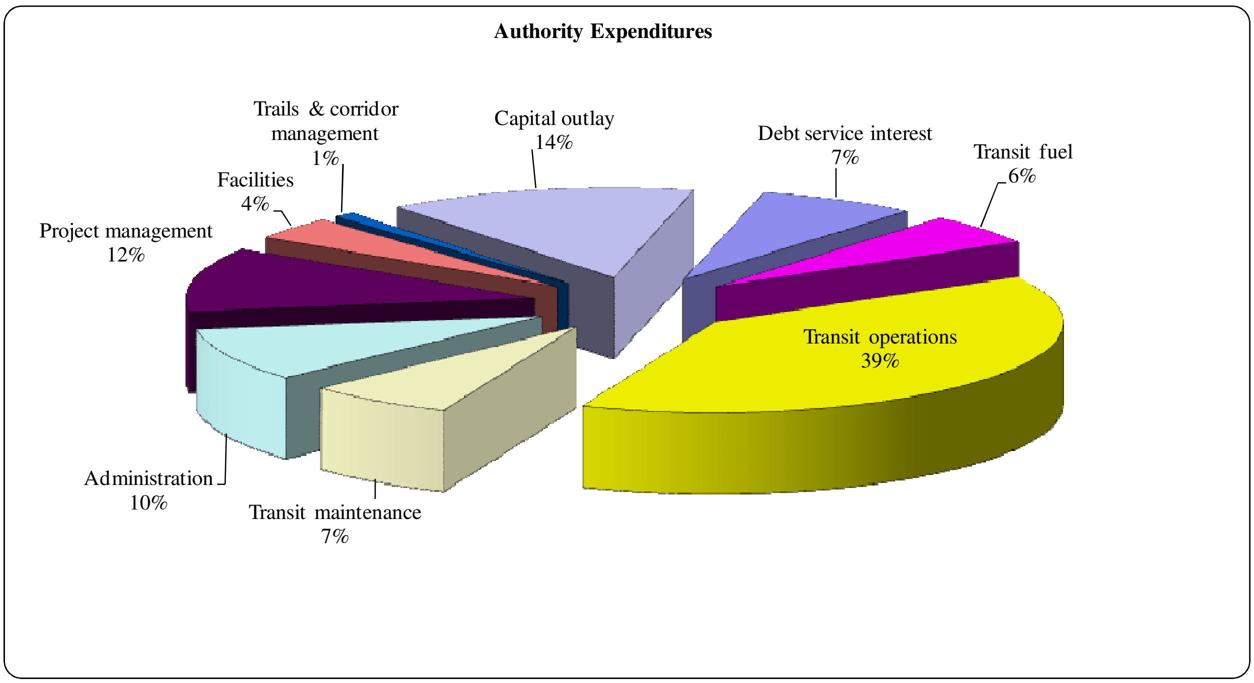
The Authority records the General Government activities as follows:

- The Administration line item includes the activities of the following Departments: Attorney, Board of Directors, CEO, Finance, Human Resources and Risk Management, Information Technology and Planning;

- 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, with the exception of fuel, includes the activities of the respective Department.

The following chart depicts the Authority's 2010 expenditures:



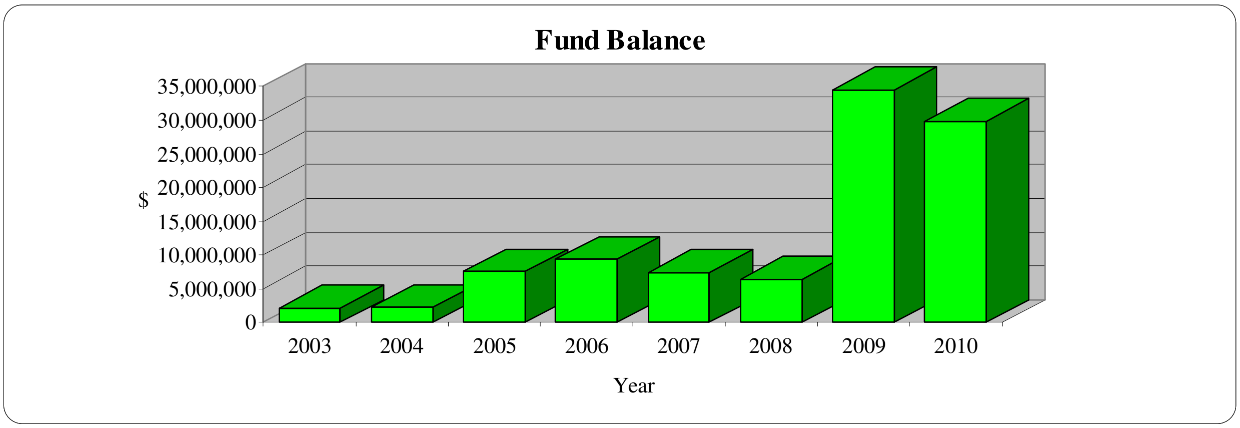
Details regarding the Authority's expenditures can be found on Pages C3 and C4.

Financial Analysis of the Authority (continued)

As of December 31, 2010 the Authority's total fund balance was approximately $29.8 million, and has fluctuated dramatically in the recent past.

- 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;
- The 2007/ 2006 decrease was due to the timing difference between purchasing and financing of an employee housing complex.

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



Major Capital Asset events

During 2010, the Authority learned that the Glenwood Maintenance Facility required extensive repairs. Approximately $4.7 million has been spent on facility repairs in 2010 and completion is expected in the subsequent year.

Major Debt events

On behalf of the Authority, Pitkin County issued $2.53 million of Taxable Sales Tax Revenue Build America Bonds, Series 2010A and $5.83 million of Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B. The Series 2010B bonds refunded the 1998 and 2001 Sales Tax Revenue Bonds resulting in a net present value savings of $237,000. Additional debt information is available in the Notes to the Financial Statements, section IV.G. Other Liabilities.

Long term Financial Plan

The Authority's long-term goal is to build reserves/ Fund balance; additionally, Management is planning for the implementation of the BRT Project. Please visit www.rftabrt.com for more information.

Financial Analysis of the Authority's Funds

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

The General Fund had an unassigned fund balance of $1 million, while total fund balance reached $6.6 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 5% of total general fund expenditures, while total fund balance represents 41% of that same amount.

The fund balance increased by $275,000 during the current fiscal year. While total revenues, with the exception of capital grants, remained consistent to the previous year, the increase in Fund balance was due to the decrease of three main expenditures: (1) transit maintenance, particularly parts and repairs, (2) administration, particularly insurance and employee benefit costs, and (3) capital outlay for projects not completed.

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 $30,000, all of which is restricted by enabling legislation for bus shelter and park and ride expenditure activities. The net decrease in fund balance was $82,000 as a result of $226,000 transferred to the General Fund for the reimbursement for prior years' bus shelter and park and ride expenditures.

The Mid Valley Trails Special Revenue Fund had a total fund balance of $99,000, 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 $27,000. The Authority Mid Valley Trails Board reimbursed the Town of Basalt $50,000 for prior years' trail expenditures causing the decrease in fund balance.

The Bus Rapid Transit Special Revenue Fund had a total fund balance of $5.4 million, all of which is restricted by enabling legislation to fund the BRT Project. The net increase in fund balance was $2 million. This sales and use tax produced revenues of $4.8 million in the current fiscal year. The fund recorded project planning expenditures of $914,000 and capital expenditures primarily related to the Highway 82 bus-only lanes of $296,000; additionally, the fund transferred out $1.6 million for annual debt service.

Financial Analysis of the Authority's Funds (continued)

The Capital Projects Fund had a total fund balance of $15.9 million, of which $13.4 million will fund certain and specific asset and infrastructure expenditures related to the BRT Project and $2.5 million will fund the asset and infrastructure expenditures related to the Aspen Maintenance Facility Project. The net decrease in fund balance was $6.8 million. The Authority had $3.7 million of project management expenditures related to the BRT Project, $5.6 million of capital expenditures (of which $4.7 million related to the Glenwood Maintenance Facility Settling Project), and $30,000 of debt service interest expenditures related to the new Series 2010A bonds. The BRT expenditures were funded by the remaining Series 2009A & B bond issuance from the prior year. The above mentioned decreases were partially offset by a $2.5 million increase for the issuance of the Series 2010A bond issuance.

The Debt Service Fund had a total fund balance of $1.8 million representing the required reserves for the Series 2009A & B bonds and interest earned as required by resolution. The fund received a Build America Bonds credit of $500,000 representing 35% of the actual interest paid during the current fiscal year on the Series 2009B Build America Bonds and a transfer from the BRT Special Revenue Fund for the remaining balance. Expenditures included $1.6 million of debt service interest expenditures related to both bonds.

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General Fund Budgetary Highlights

The Authority's revenues were $83,000 less than budgeted. Expenditures were $502,000 less than budgeted. Significant budget variances were as follows:

Description	Final Budget	Actual	Variance Positive (Negative)	Reason
Revenues:				
Other income	$ 350,240	$ 258,376	$ (91,864)	Unpredictable reimbursements
Net variances in other accounts			8,862	Various
Total Revenues			$ (83,000)	
Expenditures:				
Transit maintenance	$ 2,332,782	$ 2,161,357	$ 171,425	Savings from operating costs including parts, supplies, uniforms, oil/ lubricants/ antifreeze, repairs, towing & training
Administration	2,438,856	2,330,432	108,424	Savings from insurance and employee benefits costs
Facilities	944,259	890,220	54,039	Savings from housing and facilities expenditures
Capital outlay	604,500	453,898	150,602	Projects not completed
Net variances in other accounts			17,510	Various
Total Expenditures			$ 502,000	

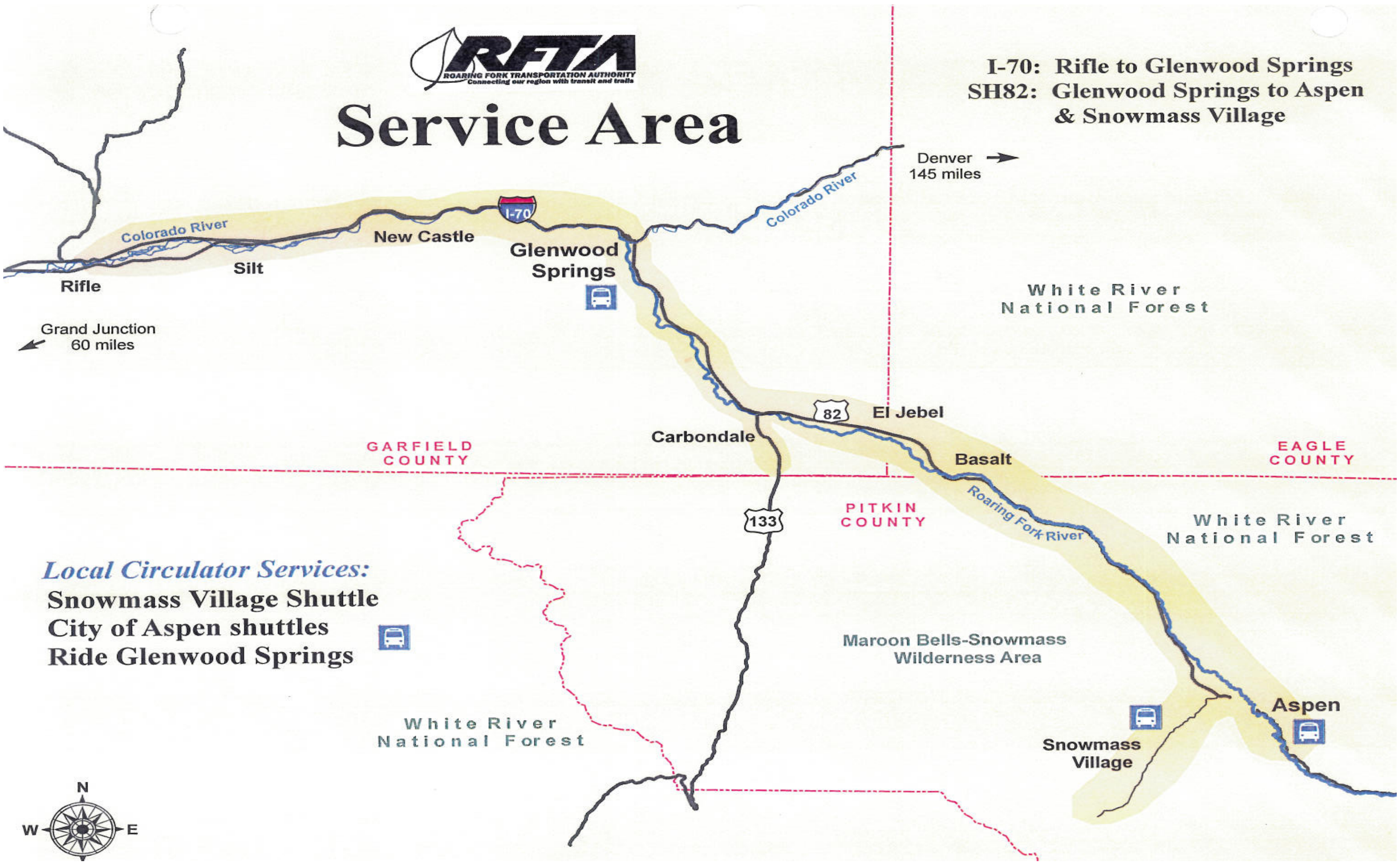
Subsequent Year's Budget

- The Authority ended the year with a combined ending fund balance of $29.8 million. The 2011 budget anticipates an increase of $732,000; an increase $264,000 in the General Fund and $1,586,000 in the Special Revenue BRT Fund offset by an $1,090 decrease in the Capital Projects Fund;
- Based on a general downturn in the economy, the subsequent year budget reflects a reduction in 2010 transit expenditures in relation to the reduction in sales tax revenues;
- The BRT Project is expected to move into the construction phase during 2011;

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, the I-70 Corridor between Rifle and Glenwood Springs, and the Highway 82 Corridor between Glenwood Springs and Aspen; additionally, the Authority owned rail road right of way runs adjacent to the Highway 82, between Glenwood and connects with the Pitkin County trail before Aspen.



Roaring Fork Transportation Authority

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Roaring Fork Transportation Authority
Balance Sheet/Statement of Net Assets
December 31, 2010

	Funds Financial			
	General Fund	SRF Service Contracts	SRF Bus Shelter/ PNR	SRF Mid Valley Trails
Assets:				
Cash and cash equivalents - unrestricted	$ 2,085,985	-	-	-
Cash and cash equivalents - restricted	538,142	-	-	-
Investments	2,460,699	-	$ 2,321	$ 91,508
Accounts receivable	1,171,219	$ 791,475	31,312	-
Due from Other Funds	791,475	188,954	18,749	-
Due from other governments	1,672,862	-	-	7,801
Prepaid expenses	1,698	-	-	-
Inventory	571,162	-	-	-
Other assets, net of amortization	-	-	-	-
Capital assets	-	-	-	-
Accumulated depreciation	-	-	-	-
Total Assets	$ 9,293,242	$ 980,429	$ 52,382	$ 99,309
Liabilities:				
Accounts payable	$ 421,464	$ 181,925	$ 18,749	-
Due to Other Funds	1,604,575	791,475	-	-
Accrued expenses	646,744	7,029	3,374	-
Accrued compensated absences	-	-	-	-
Accrued interest	-	-	-	-
Non-current liabilities:				
Due within one year	-	-	-	-
Due longer than one year	-	-	-	-
Total Liabilities	$ 2,672,783	$ 980,429	$ 22,123	$ -
Fund Balance/Net Assets:				
Fund Balance:				
Non-spendable fund balance	$ 572,860	-	-	-
Restricted fund balance	497,741	-	$ 30,259	$ 99,309
Committed fund balance	4,513,000	-	-	-
Unassigned fund balance	1,036,858	-	-	-
Total Fund Balance	$ 6,620,459	$ -	$ 30,259	$ 99,309
Total Liabilities and Fund Balance	$ 9,293,242	$ 980,429	$ 52,382	$ 99,309
Net Assets:				
Invested in capital assets, net of related debt				
Restricted				
Unrestricted				
Total Net Assets				

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

Roaring Fork Transportation Authority
Balance Sheet/Statement of Net Assets
December 31, 2010

Statements: SRF Bus Rapid Transit	Statements: Capital Projects Fund	Statements: Debt Service Fund	Statements: Total	Adjustments	Statement of Net Assets
-	-	-	$ 2,085,985	-	$ 2,085,985
-	-	$ 597,222	1,135,364	$ 49,879	1,185,243
$ 4,539,108	$ 15,781,152	1,188,813	24,063,601	-	24,063,601
16,801	232,220	-	2,243,027	28,000	2,271,027
12,723	1,384,147	-	2,396,048	-	2,396,048
842,456	-	-	2,523,119	-	2,523,119
16,835	-	-	18,533	-	18,533
-	-	-	571,162	-	571,162
-	-	-	-	756,169	756,169
-	-	-	-	81,655,041	81,655,041
-	-	-	-	(26,786,631)	(26,786,631)
$ 5,427,923	$ 17,397,519	$ 1,786,035	$ 35,036,839	$ 55,702,458	$ 90,739,297
$ 12,724	$ 1,484,295	-	$ 2,119,157	-	$ 2,119,157
-	-	-	2,396,050	-	2,396,050
20,380	-	-	677,527	$ 83,010	760,537
-	-	-	-	1,188,841	1,188,841
-	-	-	-	164,666	164,666
-	-	-	-	2,124,261	2,124,261
-	-	-	-	42,384,025	42,384,025
$ 33,104	$ 1,484,295	$ -	$ 5,192,734	$ 45,944,803	$ 51,137,537
$ 16,835	-	-	$ 589,695	$ (589,695)	
5,377,984	$ 2,500,000	$ 597,222	9,102,515	(9,102,515)	
-	13,413,224	1,188,813	19,115,037	(19,115,037)	
-	-	-	1,036,858	(1,036,858)	
$ 5,394,819	$ 15,913,224	$ 1,786,035	$ 29,844,105	$ (29,844,105)	
$ 5,427,923	$ 17,397,519	$ 1,786,035	$ 35,036,839		
				$ 27,029,517	$ 27,029,517
				9,692,210	9,692,210
				2,880,033	2,880,033
				$ 39,601,760	$ 39,601,760

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
December 31, 2010

	Funds Financial			
	General Fund	**SRF Service Contracts**	**SRF Bus Shelter/ PNR**	**SRF Mid Valley Trails**
Revenues:				
Sales and use tax revenue	$ 9,538,696	-	-	$ 31,302
Service contracts	-	$ 7,480,592	-	-
Operating revenues	3,642,865	-	-	-
Capital grant revenue	469,219	-	-	-
Operating grant revenues	830,550	20,000	-	-
Local government operating contributions	1,233,209	39,581	-	-
Other income	258,376	-	$ 428,380	-
Investment income	8,772	-	816	423
Total Revenues	$ 15,981,687	$ 7,540,173	$ 429,196	$ 31,725
Expenditures/Expenses:				
Transit fuel	$ 1,344,917	$ 448,778		
Transit operations	5,869,025	7,024,833	-	-
Transit maintenance	2,161,357	18,424	-	-
Administration	2,330,432	48,138	-	$ 7,628
Project management	-	-	-	-
Facilities	890,220	-	$ 274,077	-
Trails & corridor management	281,536	-	-	51,041
Capital outlay	453,898	-	11,171	-
Depreciation and amortization	-	-	-	-
Debt service:				
Principal	1,931,758	-	-	-
Interest	798,244	-	-	-
Total Expenditures/Expenses	$ 16,061,387	$ 7,540,173	$ 285,248	$ 58,669
Excess of Revenues Over Expenditures/ Expenses	$ (79,700)	$ -	$ 143,948	$ (26,944)
Other Financing Sources (Uses):				
Transfer to Other Funds	$ (225,000)	-	$ (225,500)	-
Transfer from Other Funds	565,631	-	-	-
Bond Issuance	5,830,000	-	-	-
Bond Refunding	(5,818,920)			
Bond Premium	2,616	-	-	-
Bond Discount	-	-	-	-
Total Other Financing Sources (Uses)	$ 354,327	$ -	$ (225,500)	$ -
Extraordinary Items:				
Impairment Loss	$ -	$ -	$ -	$ -
Total Extraordinary Items	$ -	$ -	$ -	$ -
Change in Net Assets	$ 274,627	$ -	$ (81,552)	$ (26,944)
Fund Balance/Net Assets:				
Beginning of Year	$ 6,345,832	$ -	$ 111,811	$ 126,253
End of Year	$ 6,620,459	$ -	$ 30,259	$ 99,309

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
December 31, 2010

Statements					
SRF Bus Rapid Transit	**Capital Projects Fund**	**Debt Service Fund**	**Total**	**Adjustments**	**Statement of Activities**
$ 4,827,794	-	-	$ 14,397,792	-	$ 14,397,792
-	-	-	7,480,592	-	7,480,592
-	-	-	3,642,865	-	3,642,865
-	-	-	469,219	-	469,219
-	-	-	850,550	-	850,550
-	-	-	1,272,790	-	1,272,790
-	-	$ 500,215	1,186,971	$ 178,520	1,365,491
16,907	-	84,991	111,909	-	111,909
$ 4,844,701	$ -	$ 585,206	$ 29,412,688	$ 178,520	$ 29,591,208
			$ 1,793,695		$ 1,793,695
$ 29,573	-	-	12,923,431	$ (183,729)	12,739,702
31,324	-	-	2,211,105	-	2,211,105
693,795	$ 20	-	3,080,013	-	3,080,013
-	3,731,714	-	3,731,714		3,731,714
159,407	-	-	1,323,704	-	1,323,704
-	-	-	332,577	-	332,577
295,910	5,563,411	-	6,324,390	(6,324,390)	-
-	-	-	-	4,623,258	4,623,258
-	-	$ 485,000	2,416,758	(2,416,758)	-
-	30,000	1,634,036	2,462,280	(75,651)	2,386,629
$ 1,210,009	$ 9,325,145	$ 2,119,036	$ 36,599,667	$ (4,377,270)	$ 32,222,397
$ 3,634,692	$ (9,325,145)	$ (1,533,830)	$ (7,186,979)	$ 4,555,790	$ (2,631,189)
$ (1,649,583)	$ (229,750)	-	$ (2,329,833)	-	$ (2,329,833)
-	225,000	$ 1,539,202	2,329,833	-	2,329,833
-	2,530,000	-	8,360,000	$ (8,360,000)	-
	-	-	(5,818,920)	5,818,920	-
-	-	-	2,616	7,732	10,348
-	-	-	-	(7,241)	(7,241)
$ (1,649,583)	$ 2,525,250	$ 1,539,202	$ 2,543,696	$ (2,540,589)	$ 3,107
$ -	$ -	$ -	$ -	$ (2,844,350)	$ (2,844,350)
$ -	$ -	$ -	$ -	$ (2,844,350)	$ (2,844,350)
$ 1,985,109	$ (6,799,895)	$ 5,372	$ (4,643,283)	$ (829,149)	$ (5,472,432)
$ 3,409,710	$ 22,713,119	$ 1,780,663	$ 34,487,388		$ 45,074,192
$ 5,394,819	$ 15,913,224	$ 1,786,035	$ 29,844,105		$ 39,601,760

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
General Fund
December 31, 2010

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Sales and use tax revenue	$ 8,975,002	$ 9,218,991	$ 9,538,696	$ 319,705
Operating revenues	4,081,778	3,881,778	3,642,865	(238,913)
Capital grant revenue	598,989	598,000	469,219	(128,781)
Operating grant revenues	830,000	830,000	830,550	550
Local government operating contributions	935,000	1,181,000	1,233,209	52,209
Other income	530,240	350,240	258,376	(91,864)
Investment income	40,000	5,000	8,772	3,772
Total Revenues	$ 15,991,009	$ 16,065,009	$ 15,981,687	$ (83,322)
Expenditures:				
Transit fuel	$ 1,828,798	$ 1,380,020	$ 1,344,917	$ 35,103
Transit operations	5,484,557	5,909,160	5,869,025	40,135
Transit maintenance	2,180,343	2,332,782	2,161,357	171,425
Administration	2,437,727	2,438,856	2,330,432	108,424
Facilities	930,098	944,259	890,220	54,039
Trails & corridor management	286,463	293,909	281,536	12,373
Capital outlay	512,000	604,500	453,898	150,602
Debt service:				
Principal	1,922,631	1,934,631	1,931,758	2,873
Interest	725,031	725,031	798,244	(73,213)
Total Expenditures/Expenses	$ 16,307,648	$ 16,563,148	$ 16,061,387	$ 501,761
Excess of Revenues Over Expenditures/Expenses	$ (316,639)	$ (498,139)	$ (79,700)	$ 418,439
Other Financing Sources / (Uses)				
Transfer to Other Funds	$ (225,000)	$ (225,000)	$ (225,000)	-
Transfer from Other Funds	269,250	455,250	565,631	$ 110,381
Bond Issuance	-	-	5,830,000	5,830,000
Bond Refunding	-	-	(5,818,920)	(5,818,920)
Bond Premium	-	-	2,616	2,616
Total Other Financing Sources / (Uses)	$ 44,250	$ 230,250	$ 354,327	$ 124,077
Change in Net Assets	$ (272,389)	$ (267,889)	$ 274,627	$ 542,516
Fund Balance/Net Assets:				
Beginning of Year			6,345,832	
End of Year			$ 6,620,459	

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Service Contracts
Special Revenue Fund
December 31, 2010

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Service contracts	$ 7,544,108	$ 7,544,108	$ 7,480,592	$ (63,516)
Operating grant revenue	-	-	20,000	20,000
Local government operating contributions	-	-	39,581	39,581
Total Revenues	$ 7,544,108	$ 7,544,108	$ 7,540,173	$ (3,935)
Expenditures:				
Transit fuel	-	$ 448,778	$ 448,778	$ -
Transit operations	$ 7,523,864	7,075,086	7,024,833	50,253
Transit maintenance	-	-	18,424	(18,424)
Administration	20,000	20,000	48,138	(28,138)
Total Expenditures/Expenses	$ 7,543,864	$ 7,543,864	$ 7,540,173	$ 3,691
Excess of Revenues Over Expenditures/Expenses	$ 244	$ 244	$ -	$ (244)
Other Financing Sources / (Uses)				
Total Other Financing Sources / (Uses)	$ -	$ -	$ -	$ -
Change in Net Assets	$ 244	$ 244	$ -	$ (244)
Fund Balance/Net Assets:				
Beginning of Year			-	
End of Year			$ -	

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Bus Shelter/ Park and Ride
Special Revenue Fund
December 31, 2010

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Other income	$ 400,000	$ 400,000	$ 428,380	$ 28,380
Investment income	-	-	816	816
Total Revenues	$ 400,000	$ 400,000	$ 429,196	$ 29,196
Expenditures:				
Facilities	$ 285,248	$ 285,248	$ 274,077	$ 11,171
Capital outlay	-	-	11,171	(11,171)
Total Expenditures/Expenses	$ 285,248	$ 285,248	$ 285,248	$ -
Excess of Revenues Over Expenditures/Expenses	$ 114,752	$ 114,752	$ 143,948	$ 29,196
Other Financing Sources / (Uses)				
Transfers to Other Funds	$ (114,500)	$ (225,500)	$ (225,500)	-
Total Other Financing Sources / (Uses)	$ (114,500)	$ (225,500)	$ (225,500)	$ -
Change in Net Assets	$ 252	$ (110,748)	$ (81,552)	$ 29,196
Fund Balance/Net Assets:				
Beginning of Year			111,811	
End of Year			$ 30,259	

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Mid Valley Trails
Special Revenue Fund
December 31, 2010

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Sales and use tax revenue	$ 27,195	$ 27,195	$ 31,302	$ 4,107
Investment income	-	-	423	423
Total Revenues	$ 27,195	$ 27,195	$ 31,725	$ 4,530
Expenditures:				
Administration	$ 1,000	$ 12,500	$ 7,628	$ 4,872
Trails & corridor management	-	51,100	51,041	59
Total Expenditures	$ 1,000	$ 63,600	$ 58,669	$ 4,931
Excess (Deficiency) of Revenues Over Expenditures	$ 26,195	$ (36,405)	$ (26,944)	$ 9,461
Other Financing Sources / (Uses)				
Total Other Financing Sources / (Uses)	$ -	$ -	$ -	$ -
Change in Net Assets	$ 26,195	$ (36,405)	$ (26,944)	$ 9,461
Fund Balance/Net Assets:				
Beginning of Year			126,253	
End of Year			$ 99,309	

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Bus Rapid Transit
Special Revenue Fund
December 31, 2010

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Sales and use tax revenue	$ 3,822,600	$ 4,258,600	$ 4,827,794	$ 569,194
Capital grant revenue	800,000	-	-	-
Investment income	30,000	30,000	16,907	(13,093)
Total Revenues	$ 4,652,600	$ 4,288,600	$ 4,844,701	$ 556,101
Expenditures:				
Transit operations	$ 24,507	$ 24,507	$ 29,573	$ (5,066)
Transit maintenance	31,284	31,284	31,324	(40)
Administration	563,340	732,020	693,795	38,225
Facilities	147,454	147,454	159,407	(11,953)
Capital outlay	-	285,000	295,910	(10,910)
Total Expenditures/Expenses	$ 766,585	$ 1,220,265	$ 1,210,009	$ 10,256
Excess of Revenues Over Expenditures/Expenses	$ 3,886,015	$ 3,068,335	$ 3,634,692	$ 566,357
Other Financing Sources / (Uses)				
Transfers to Other Funds	$(1,429,000)	$(1,429,000)	$ (1,649,583)	$ (220,583)
Total Other Financing Sources / (Uses)	$(1,429,000)	$(1,429,000)	$ (1,649,583)	$ (220,583)
Change in Net Assets	$ 2,457,015	$ 1,639,335	$ 1,985,109	$ 345,774
Fund Balance/Net Assets:				
Beginning of Year			3,409,710	
End of Year			$ 5,394,819	

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Capital Projects Fund
December 31, 2010

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Total Revenues	$ -	$ -	$ -	$ -
Expenditures:				
Administration	-	-	$ 20	$ (20)
Project management	$ 3,733,000	$ 3,898,000	3,731,714	166,286
Capital outlay	7,910,000	7,273,000	5,563,411	1,709,589
Debt service:				
Interest	-	-	30,000	(30,000)
Total Expenditures/Expenses	$ 11,643,000	$ 11,171,000	$ 9,325,145	$ 1,845,855
Excess of Revenues				
Over Expenditures/Expenses	$(11,643,000)	$ (11,171,000)	$ (9,325,145)	$ 1,845,855
Other Financing Sources / (Uses)				
Transfer to Other Funds	$ (154,750)	$ (229,750)	$ (229,750)	-
Transfer from Other Funds	225,000	225,000	225,000	-
Bond Issuance	-	-	2,530,000	$ 2,530,000
Total Other Financing Sources / (Uses)	$ 70,250	$ (4,750)	$ 2,525,250	$ 2,530,000
Change in Net Assets	$(11,572,750)	$ (11,175,750)	$ (6,799,895)	$ 4,375,855
Fund Balance/Net Assets:				
Beginning of Year			22,713,119	
End of Year			$ 15,913,224	

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual
Debt Service Fund
December 31, 2010

	Original and Final Budget	Actual	Budget Variance Positive (Negative)
Revenues:			
Other income	$ 500,215	$ 500,215	-
Investment income	200,000	84,991	$ (115,009)
Total Revenues	$ 700,215	$ 585,206	$ (115,009)
Expenditures:			
Debt service:			
Principal	$ 485,000	$ 485,000	-
Interest	1,634,036	1,634,036	-
Total Expenditures/Expenses	$ 2,119,036	$ 2,119,036	$ -
Excess of Revenues Over Expenditures/Expenses	$ (1,418,821)	$ (1,533,830)	$ (115,009)
Other Financing Sources / (Uses)			
Transfers from Other Funds	$ 1,428,821	$ 1,539,202	$ 110,381
Total Other Financing Sources / (Uses)	$ 1,428,821	$ 1,539,202	$ 110,381
Change in Net Assets	$ 10,000	$ 5,372	$ (4,628)
Fund Balance/Net Assets:			
Beginning of Year		1,780,663	
End of Year		$ 1,786,035	

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

Roaring Fork Transportation Authority

NOTES TO THE FINANCIAL STATEMENTS

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2010

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 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 consisting 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% (.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.

1. Government-wide Financial Statements

In the government-wide Statement of Net Assets, 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 assets are reported as unrestricted net assets. The government-wide focus is on the sustainability of the Authority as an entity and the change in the Authority's net assets resulting from the current year's activities.

I. Summary of Significant Accounting Policies (continued)

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

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 seven 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.
- **Bus Rapid Transit Special Revenue Fund** – reports operating activity restricted for the planning of the Bus Rapid Transit project by the November 2008 voter approved 0.4% increase in sales tax.
- **Capital Projects Fund** – reports all expenditures related to the BRT Project for assets and infrastructure using proceeds from Series 2009A and 2009B bonds and all expenditures related to the Aspen Maintenance Facility Recommissioning Project for assets and infrastructure using proceeds from Series 2010A bonds.
- **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, interest earned, and the required reserves for these bonds.

C. Measurement Focus and Basis of Accounting

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.

I. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

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

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.

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. Deposits and Investments

Cash and cash equivalents – unrestricted are defined as deposits that can be withdrawn at any time without notice or penalty, and investments with original maturities of three months or less.

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** – Consistent with the Government Finance Officers Association Policy Statement on State and Local Laws Concerning Investment Practices, the following investments are those defined by state and local law, C.R.S. Section 24-75-601.

- **Diversification** – With the exception of U.S. Treasury securities, investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector, 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 all operating requirements.

- **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.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

2. Inventory

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

3. 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.

4. 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. For further details of the various fund balance classifications refer to Note I.E.

5. 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.

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.

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:

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

6. Capital Assets (continued)

Asset	Years
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.

E. Fund Balance Disclosure

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.

2. **Spendable Fund Balance**:

   a. **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.

   b. **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.

   c. **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.

   d. **Unassigned** - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. 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.

F. Fund Definitions of Funds Reported

1. **General Fund**: The general fund is used to account for and report all financial resources not accounted for and reported in another fund.

I. Summary of Significant Accounting Policies (continued)

F. Fund Definitions of Funds Reported (continued)

2. **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.

3. **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.

4. **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.

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 Assets

The governmental fund Balance Sheet includes reconciliation between Fund balance – Governmental funds and Net assets – Governmental activities as reported in the government-wide Statement of Net Assets. The Authority adds capital assets net of depreciation of $57,713,000. 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, and various capital leases. The Authority also has accrued interest of $165,000 relating to all the aforementioned debt.

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 assets – Governmental activities as reported in the government-wide Statement of Activities. The Authority has recorded a decrease in sales and use tax revenue and an increase in interest income relating to the debt service reserve currently being held by Pitkin County, Colorado. The Authority also reduces capital outlay in the amount of $6,324,000 for assets which have been capitalized. The remaining capital outlay represents capital expenditures which do not meet the Authority's capitalization policy.

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.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

(1) On or before October 15, 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 15.

(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, four 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 appropriation, the 2010 appropriations were increased as follows:

	Appropriation
Original Appropriation	$ 40,592,000
Changes to Annual Appropriations:	
Resolution 2010-05	$ 4,630,600
Resolution 2010-06	1,632,000
Resolution 2010-10	43,500
Resolution 2010-13	(5,820,320)
Total supplemental appropriations	$ 485,780
Final Appropriation	$ 41,077,780

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.

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 reserved $498,000 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2010.

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.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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.

C. Excess of Expenditures over Appropriations

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year end. The appropriated budget is prepared by fund, by object. The government's department heads may make transfers of appropriations within a fund. Transfers of appropriations between funds require approval of the Board. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level.

For the year ended December 31, 2010, the Authority's expenditures did not exceed appropriations.

IV. Detailed Notes on All Funds

A. Deposits and Investments

As of December 31, 2010, the Authority had the following investments and maturities:

	Standard & Poors Rating	Carrying Amounts	Less than one year	Less than five years
Deposits:				
Cash on Hand	Not Rated	$ 6,225	$ 6,225	-
Checking	Not Rated	2,519,336	2,504,486	-
Short Term Investment Accounts	Not Rated	9,403,989	157,645	-
Deposits held by Trustee	AAAm	538,142	437,203	-
Deposits held by Pitkin County Treasurer	Not Rated	49,879	49,879	-
Corporate and Government Bonds	AAA/Aaa, A1+/P1, A1/P1	14,817,257	13,020,367	$ 1,796,890
Total		$ 27,334,828	$ 16,175,805	$ 1,796,890

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. As a result of the limited length of maturities the Authority has limited its interest rate risk.

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. As of December 31, 2010, the government's Deposits held by Trustee was invested in The First American Treasury Obligations Fund and was rated Aaa by Moody's Investor Service, AAAm by Standard and Poor's and AAA by Fitch Ratings.

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

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 Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first $250,000 of the Authority's interest-bearing deposits at each financial institution. Non-interest bearing deposits are fully insured by the FDIC. Interest-bearing 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 entities participating in "the Authority" for Sales and Use Tax and Other Governmental Contributions. Due from other Governments consists of amounts due from the Federal and State Government. The Authority has recorded no allowance for doubtful accounts at December 31, 2010 and anticipates the collection of all receivables.

C. Non-spendable, Restriction and Commitment of Fund Balances

At December 31, 2010, the fund balance of the Authority's General Fund was restricted and committed for the following:

Restricted for emergencies	$	497,741
Non-spendable for inventory & prepaids		572,860
Committed for Transit		425,000
Committed for Trails		300,000
Committed for Facilities		275,000
Committed for Operating Reserves		3,513,000
Total	$	5,583,601

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

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2010 was as follows:

	1/1/10	Adjustments	Increases	Decreases	12/31/10
Governmental Activities:					
Capital assets, not being depreciated:					
Construction in progress	$ 2,339,219	$ (882,573)	$ 5,579,790	$ (8,050)	$ 7,028,386
Land and improvements	12,383,782	-	-	-	12,383,782
Total Capital Assets, Not Being Depreciated	$ 14,723,001	$ (882,573)	$ 5,579,790	$ (8,050)	$ 19,412,168
Capital assets, being depreciated:					
Buildings	$ 5,472,534	-	$ 13,746	-	$ 5,486,280
Improvements other than buildings	7,941,235	66,519	244,434	-	8,252,188
Equipment	47,201,931	$ 816,054	486,421	$ -	48,504,406
Total Capital Assets Being Depreciated	$ 60,615,700	$ 882,573	$ 744,601	$ -	$ 62,242,874
Less accumulated depreciation for:					
Buildings	$ (922,258)	(2,844,350)	$ (179,126)	-	$ (3,945,734)
Improvements other than buildings	(1,440,361)	-	(520,059)	-	(1,960,420)
Equipment	(16,970,793)	-	(3,909,686)	-	(20,880,479)
Total Accumulated Depreciation	$ (19,333,412)	$ (2,844,350)	$ (4,608,870)	$ -	$ (26,786,632)
Total Capital Assets, Being Depreciated, Net	$ 41,282,288	$ (1,961,777)	$ (3,864,269)	$ -	$ 35,456,242
Governmental Activities Capital Assets, Net	$ 56,005,289	$ (2,844,350)	$ 1,715,521	$ (8,050)	$ 54,868,410

The Authority adjusted accumulated depreciation by $2,844,000 for the Glenwood Maintenance Facility due to its impairment. The Authority's depreciation expense at December 31, 2010 totaled $4,609,000.

E. Interfund Transfers

Interfund balances as of December 31, 2010 are comprised of interfund transfers:

	Transfer In:			
Transfer Out:	**General Fund**	**Capital Projects Fund**	**Debt Service Fund**	**Total**
General Fund	-	$ 225,000	-	$ 225,000
Bus Shelter/PNR Special Revenue Fund	$ 225,500	-	-	225,500
Bus Rapid Transit Special Revenue Fund	110,381	-	$ 1,539,202	1,649,583
Capital Projects Fund	229,750	-	-	229,750
Total	$ 565,631	$ 225,000	$ 1,539,202	$ 2,329,833

The General Fund transfer was used to move $225,000 to the capital projects fund for to pay for assets that will be used in providing the BRT bus service as well as local, non BRT service. The bus shelter/PNR special revenue fund transfer was to reimbursement the General Fund for prior year Bus Shelter/ PNR expenditures paid by the General Fund. Bus Rapid Transit Special Revenue Fund transfers were for debt service. The Capital Projects Fund transfers were used to move a portion of the tax-exempt bond issuance proceeds to the General Fund for the reimbursement of general administrative expenditures.

IV. Detailed Notes on All Funds (continued)

F. Extraordinary Loss

In 2010, the Authority learned that the Glenwood Maintenance Facility required extensive repairs to ensure its structural integrity due to evidence of physical damage. The impairment of the facility is considered unusual, infrequent and not within the control of management resulting in a net loss of $2,844,000. Restoration of the facility is expected to be completed in 2011.

G. 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. The County refunded the 1998 and 2001 Series bonds to reduce its annual debt service payments from 2011 to 2021 by approximately $200,000. The transaction resulted in an economic gain or net present value savings of $237,000.

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.

The Authority had $17 million of authorized unissued debt as of December 31, 2010.

2. Certificates of Participation

On April 6, 2005 the Authority issued Certificates of Participation totaling $3,910,000. The Certificates carry an interest rate of 3% to 4.25% with a final maturity of 2014. The proceeds from the Certificates were used for acquisition of additional buses.

3. Capital Leases

In 2006 the Authority signed a lease for buses totaling $2,450,000. The lease carries an interest rate of approximately 4% with a final maturity of 2011.

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.

IV. Detailed Notes on All Funds (continued)

G. Other Liabilities (continued)

3. Capital Leases (continued)

In 2008, the Authority signed leases for buses totaling $1,122,000. The lease carries an interest rate of 3.18% with a final maturity of 2016.

In 2008, the Authority signed leases for administrative automobiles totaling $163,507. The leases carry interest rate between 4.8-5.4% with a final maturity of 2013.

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 2009, the Authority signed a lease for an administrative automobile totaling $37,875. The lease carries an interest rate of 5.9% with a final maturity of 2013.

4. Changes in Debt

The Authority had the following changes in its outstanding debt:

	1/1/10	Increases	Decreases	12/31/10	Due within one year
Bonds payable:					
Sales tax revenue bonds:					
Series 1998	$ 765,000	-	$ (765,000)	-	-
Series 2001	5,190,000	-	(5,190,000)	-	-
Series 2009A	6,190,000	-	(485,000)	$ 5,705,000	$ 495,000
Series 2009B	21,310,000	-	-	21,310,000	-
Series 2010A	-	$ 2,530,000	-	2,530,000	-
Series 2010B	-	5,830,000	-	5,830,000	285,000
Certificates of participation:					
Series 2005	2,450,000	-	(310,000)	2,140,000	320,000
Less deferred amounts:					
Issuance premiums & discounts	(430,547)	(99,414)	28,743	(501,218)	-
On refunding	-	(243,920)	26,688	(217,233)	-
Capital leases:					
2006	775,268	-	(511,622)	263,646	263,646
2007	4,199,501	-	(479,068)	3,720,433	499,979
2008 Parker House	2,182,156	-	(78,752)	2,103,404	82,280
2008 Admin Vehicles	116,209	-	(31,859)	84,350	33,443
2008 Buses	932,612	-	(131,330)	801,282	135,540
2009 Admin Vehicle	29,299	-	(9,123)	20,176	9,379
Total bonds and leases payable	$ 43,709,498	$ 8,016,666	$ (7,936,323)	$ 43,789,840	$ 2,124,267
Compensated absences	$ 1,372,570	$ -	$ (183,729)	$ 1,188,841	$ -
Long-term liabilities	$ 45,082,068	$ 8,016,666	$ (8,120,052)	$ 44,978,681	$ 2,124,267

IV. Detailed Notes on All Funds (continued)

G. Other Liabilities (continued)

5. Future Debt Payments

The following schedule shows all of the future debt payments, including those related to the Pitkin County Taxable Sales Tax Revenue Build America Bonds, Series 2010A and Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B.

	2005 COP		2006 Capital Lease-Bus		2007 Capital Lease-Bus	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2011	$ 320,000	$ 90,508	$ 263,646	$ 5,365	$ 499,979	$ 149,502
2012	335,000	78,350	-	-	521,803	127,678
2013	350,000	64,613	-	-	544,579	104,902
2014	360,000	50,175	-	-	568,350	81,131
2015	380,000	34,875	-	-	593,158	56,323
2016-2020	395,000	17,775	-	-	992,565	35,780
Total	$ 2,140,000	$ 336,296	$ 263,646	$ 5,365	$ 3,720,434	$ 555,316

	2008 Capital Lease-Bus		2008 Capital Lease-Admin Veh.		2008 Capital Lease-Parker House	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2011	$ 135,540	$ 24,412	$ 33,443	$ 3,308	$ 82,280	$ 90,697
2012	139,884	20,067	35,106	1,644	85,966	87,011
2013	144,368	15,584	15,801	231	89,816	83,161
2014	148,995	10,956	-	-	93,840	79,137
2015	153,771	6,181	-	-	98,043	74,934
2016-2020	78,724	1,252	-	-	560,161	304,724
2021-2025	-	-	-	-	697,376	167,509
2026-2030	-	-	-	-	395,922	22,096
Total	$ 801,282	$ 78,452	$ 84,350	$ 5,183	$ 2,103,404	$ 909,269

	2009 Capital Lease-Admin Veh.		2009A Sales/Use Tax Rev. Bonds		2009B Sales/Use Tax Rev. Bonds	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2011	$ 9,379	$ 931	$ 495,000	$ 195,150	-	$ 1,429,186
2012	9,808	368	510,000	182,775	-	1,429,186
2013	989	5	525,000	167,475	-	1,429,186
2014	-	-	540,000	151,725	-	1,429,186
2015	-	-	555,000	135,525	-	1,429,186
2016-2020	-	-	3,080,000	373,400	-	7,145,930
2021-2025	-	-	-	-	$ 4,580,000	6,565,882
2026-2030	-	-	-	-	5,445,000	4,916,020
2031-2035	-	-	-	-	5,240,000	3,093,433
2036-2040	-	-	-	-	6,045,000	1,225,800
Total	$ 20,176	$ 1,304	$ 5,705,000	$ 1,206,050	$ 21,310,000	$ 30,092,995

	2010A Sales/Use Tax Rev. Bonds		2010B Sales/Use Tax Rev. Bonds		Total	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2011	-	$ 162,938	$ 285,000	$ 171,319	$ 2,124,267	$ 2,323,316
2012	-	173,032	305,000	176,231	1,942,567	2,276,342
2013	-	173,032	315,000	170,131	1,985,553	2,208,320
2014	-	173,032	320,000	163,831	2,031,185	2,139,173
2015	-	173,032	325,000	157,431	2,104,972	2,067,487
2016-2020	-	865,160	1,750,000	660,682	6,856,450	9,404,703
2021-2025	-	865,160	2,065,000	350,157	7,342,376	7,948,708
2026-2030	$ 575,000	809,638	465,000	19,762	6,880,922	5,767,516
2031-2035	870,000	559,395	-	-	6,110,000	3,652,828
2036-2040	1,085,000	231,762	-	-	7,130,000	1,457,562
Total	$ 2,530,000	$ 4,186,181	$ 5,830,000	$ 1,869,544	$ 44,508,292	$ 39,245,955

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, 2010.

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.

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, 2005 the sales tax sharing agreements have been amended and approved by the Authority's electorate to the following:

- **City of Glenwood Springs** – .6% sales tax.
- **Town of Carbondale –** a RTA tax of .6% and a projects tax of .1% for a total .7% sales tax. The projects tax, or 14.28% of the total collected, is returned to the Town and used to fund projects within Carbondale.
- **Town of Basalt –** .4% sales tax.
- **Eagle County** – .5% sales tax on the portion of sales tax collected within the Town of Basalt and .7% within the unincorporated area of Eagle County within precincts 7,8,24 and 25. A minimum of 20% (.1%) of the first .5% sales tax proceeds of this tax shall be used for trails construction and maintenance within the aforementioned precincts. The .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**) – .8104% of a .5% sales tax and .48131% of a 1% sales tax for an equivalent total of a .8865% sales tax.
- **New Castle** – .40% sales and use tax.

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. The agreement provides for reimbursement of operational expenses and a capital cost recovery component.

V. Other Information (continued)

C. Service Agreements (continued)

- **Ride Glenwood Springs**: The Authority operates mini shuttles 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 .5% City of Aspen Visitor Benefit tax indicated above are applied towards the cost of this service contract.

- **The Travelers**: The Authority operates Senior and Americans with Disabilities Act services in Garfield County. 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.

D. Contingent Liabilities

As of December 31, 2010, the Authority maintained an unused letter of credit of $1 million from Alpine Bank; therefore, no obligation exists at the end of the year. The Authority plans to renew this letter of credit in the subsequent year.

E. Employee Benefits

The Authority carried a traditional medical insurance through Aetna. Vision Service is carried through Vision Service Plan, Inc. The Authority also provides dental and short term disability to its 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.

F. 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.

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

V. Other Information (continued)

F. Retirement Plans (continued)

1. Deferred Compensation Plan – Section 457 (continued)

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 ("CCOERA").

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 Great West Retirement Services, Inc.

The Plan is governed by a plan document and amendment requires approval by the Authority Board.

The Plan sponsor is the only contributor to the Plan. All Authority employees receive a 12.45% 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 2010 is $10,961,000 and $10,016,000 respectively. Contributions were approximately $1,262,000.

The Authority is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plan.

G. 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.

SUPPLEMENTARY INFORMATION

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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*

Board of Directors
Roaring Fork Transportation Authority

We have audited the 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, 2010, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 25, 2011. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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*.

Member: American Institute of Certified Public Accountants

D. Jerry McMahan, C.P.A.
Paul J. Backes, C.P.A.

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This report is intended solely for the information and use of management, the Board of the Authority, others within the Authority, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
May 25, 2011

M & A

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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Board of Directors
Roaring Fork Transportation Authority

Compliance

We have audited the compliance of Roaring Fork Transportation Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010.

Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement on a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Authority Commissioners, others within the Authority, federal awarding agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
May 25, 2011

Roaring Fork Transportation Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

Part I – Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	None noted
Reportable conditions identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	None noted
Federal Awards	
Internal control over major programs:	
Material weakness identified	None noted
Reportable conditions identified that are not considered to be material weaknesses	None reported
Type of auditor's report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major programs:	
Federal Transit Capital Investment Grants	20.500
Dollar threshold used to identify Type A from Type B programs	$300,000
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
Year Ended December 31, 2009

There were no findings noted in the prior year.

Roaring Fork Transportation Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2010

Program Title	Federal CFDA Number	Major Program		Expenditures
U.S. Department of Transportation:				
Federal Transit Capital Investment Grants	20.500	Yes	$	344,219
Formula Grant other than Urbanized Areas - ARRA	20.509	No		125,000
Formula Grant other than Urbanized Areas	20.509	No		830,550
Total Federal Financial Awards			$	1,299,769

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2010.

Note 1. Basis of Presentation:
The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Roaring Fork Transit Authority and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations.* Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the general purpose financial statements.

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