Roaring Fork Transportation Authority
Carbondale, Colorado

Financial Statements
December 31, 2014

Roaring Fork Transportation Authority
Financial Report
December 31, 2014

Table of Contents

	Page
INDEPENDENT AUDITOR'S REPORT	A1 – A2
Management's Discussion and Analysis	B1 – B16
Government-wide Financial Statements:	
Balance Sheet/Statement of Net Position	C1
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	C2
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual:	
General Fund	C3
Service Contracts Special Revenue Fund	C4
Bus Shelter/PNR Special Revenue Fund	C5
Mid Valley Trails Special Revenue Fund	C6
Bus Rapid Transit Special Revenue Fund	C7
Notes to the Financial Statements	D1 – D27
Supplementary Information:	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual:	
Capital Projects Fund	E1
Debt Service Fund	E2
Statutory Information:	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards	F1 – F2
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance Required by OMB Circular A-133	F3 – F4
Schedule of Findings and Questioned Costs	F5
Schedule of Prior Audit Findings and Questioned Costs	F6
Schedule of Expenditures of Federal Awards	F7

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and budget and actual individual fund statements of the Roaring Fork Transportation Authority (the "Authority"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Paul J. Backes, CPA, CGMA
Michael N. Jenkins, CA, CPA, CGMA
Daniel R. Cudahy, CPA, CGMA

Avon: (970) 845-8800
Aspen: (970) 544-3996
Frisco: (970) 668-3481

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and budget and actual individual fund statements of the Roaring Fork Transportation Authority as of December 31, 2014, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's financial statements as a whole. The individual fund budgetary comparisons in section E are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards included in section F is presented for the purpose of additional analysis, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the Authority's basic financial statements. The supplementary information in section E, and the Schedule of Expenditures of Federal Awards are the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in section E and the Schedule of Expenditures of Federal Awards is fairly stated in all material aspects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards,* we have also issued our report June 24, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

McMahan and Associates, L.L.C.
June 24, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

Management's Discussion and Analysis
Roaring Fork Transportation Authority
December 31, 2014

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, 2014.

Financial Highlights

- When looking at a short term view, the General Fund had an increase in Fund balance of $8.1 million compared to $7.6 million reflected in the budget. This $474,000 improvement was attributable primarily to unexpended Capital Outlay budget of $397,000 and savings of $105,000 in fuel due to the Compressed Natural Gas Excise Tax Credit that was available to the Authority in the current year.

- When looking at a long-term view, the Authority had an increase in Net Position of $1.1 million resulting in a total Net Position amount of $68.3 million. This increase was a result of the construction related to the Aspen Maintenance Facility (AMF) and increased sales and use tax revenues +10% over the prior year reflecting a stronger economy.

- The Authority's total ridership in 2014 reached a record-high of 4.9 million which represents an 18.2% increase, or 754,000, from the previous year. Increased ridership is primarily attributable to the Authority's regional transit service due to the improving economy and the growing popularity of the Bus Rapid Transit (BRT) service, VelociRFTA. Annual ridership on regional transit service and percentage changes were as follows: Valley Service (Highway 82 Corridor) 2.7 million and +29% and Grand Hogback Service (I – 70 Corridor) 86,000 and +22.9%.

- Transit Operations' overtime for 2014 and 2013 was $592,000 and $367,000, respectively; an increase of 61% from the prior year. Historically, the Authority faces challenges to attract, retain and maintain adequate staffing levels during periods of economic growth. This was the case in the current year as the Authority experienced a staffing shortage for bus operators during the summer high season which created the increase in overtime to support the scheduled service.

- 2014 marked the first full year of VelociRFTA and, as expected, the Authority experienced a 24.7% increase of transit mileage, or 985,000 from the previous year; total transit fuel expenditures for 2014 and 2013 were $2.7 million and $2.5 million, respectively; an increase of approximately 9.4% due to the higher service levels.

Boarding a VelociRFTA bus in Aspen.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The 2014 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:

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

Overview of the Financial Statements (continued)

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 payment on the Series 2009 and 2012 bonds, the BRT Project and transit expenditures. With the BRT service implemented in September of 2013 as part of the Authority's Transit Program, the remaining fund balance of $6.4 million was transferred into the General Fund and all activity in this fund ended in 2014.

The Capital Projects Fund accounts for all expenditure activity related to the BRT Project for assets and infrastructure such as a construction, 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 (AMF) Re-commissioning Project.

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

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

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

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

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

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

Brush Creek is one of thirteen new VelociRFTA Bus Rapid Transit stations along Highway 82.

Financial Analysis of the Authority

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

	2014	2013	$ dif	% dif
Assets:				
Current assets	$ 26,516	$ 31,541	(5,025)	-15.9%
Inventory and prepaid expenditures	921	711	209	29.4%
Capital assets, net	93,886	96,961	(3,075)	-3.2%
Total Assets	121,323	129,214	(7,891)	-6.1%
Deferred Outflows of Resources:				
Deferred refunding charge, net of amortization	124	145	(21)	-14.5%
Total Deferred Outflows of Resources	124	145		
Liabilities:				
Current liabilities and LT Debt due within a year	7,287	13,783	(6,496)	-47.1%
Accrued compensated absences	1,525	1,421	104	7.3%
Non-current liabilities	44,381	47,037	(2,656)	-5.6%
Total Liabilities	53,193	62,241	(9,048)	-14.5%
Net Position:				
Net investment in capital assets	50,424	50,718	(294)	-0.6%
Restricted	3,703	3,587	116	3.2%
Unrestricted	14,127	12,813	1,314	10.3%
Total Net Position	$ 68,254	$ 67,118	1,136	1.7%

As of December 31, 2014 the following trends were noted:

- *Current assets compared to current liabilities* – $26.5 million and $31.5 million of current assets were available to meet $7.3 million and $13.8 million of current liabilities due within a year for 2014 and 2013, respectively. The $5.0 million net decrease in current assets was due to a combination of an increase in Cash and Investments and a decrease in Accounts Receivable, Due from Other Funds and Due from Other Governments; the $6.5 million decrease in current liabilities was due to a combination of lower amounts Due to Other Funds and Accounts Payable.

- *Inventory and prepaid expenditures* – $209,000 increase is attributable to the reservation deposit related to the potential investment in the Clean Energy Collective community solar array.

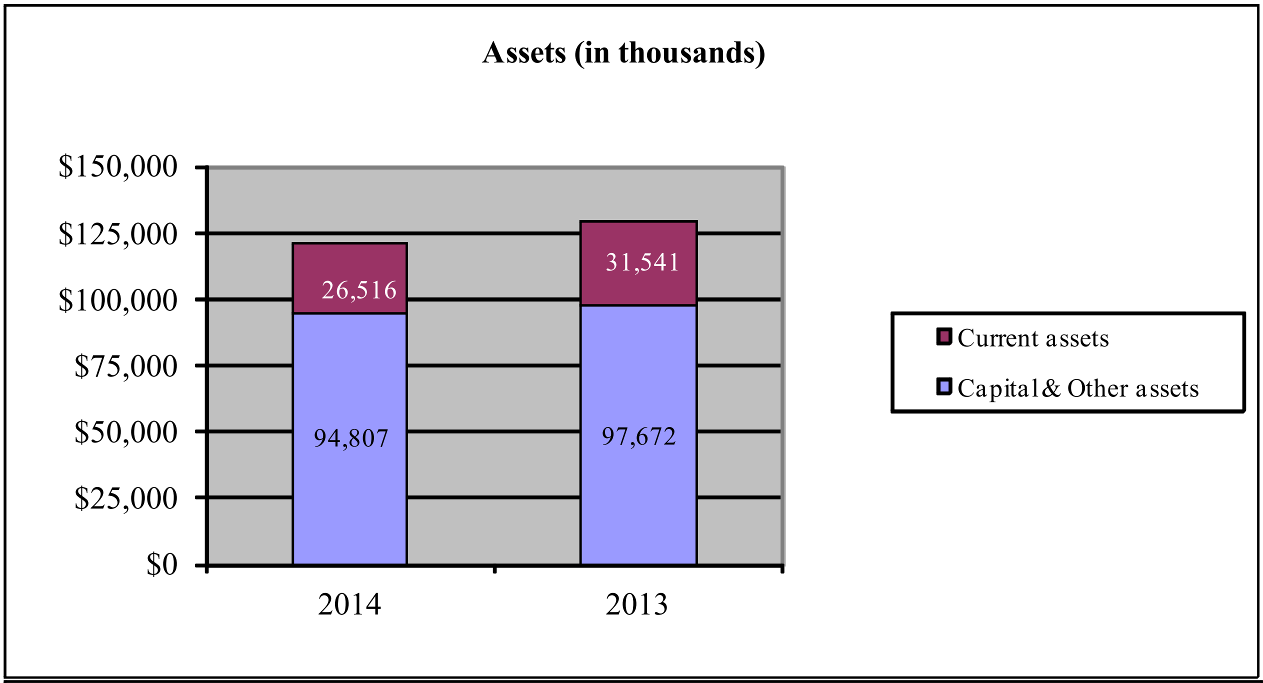
- *Capital assets, net* – $93.9 million of net capital assets were used to provide transit and trails services. The decrease was primarily due to annual depreciation.

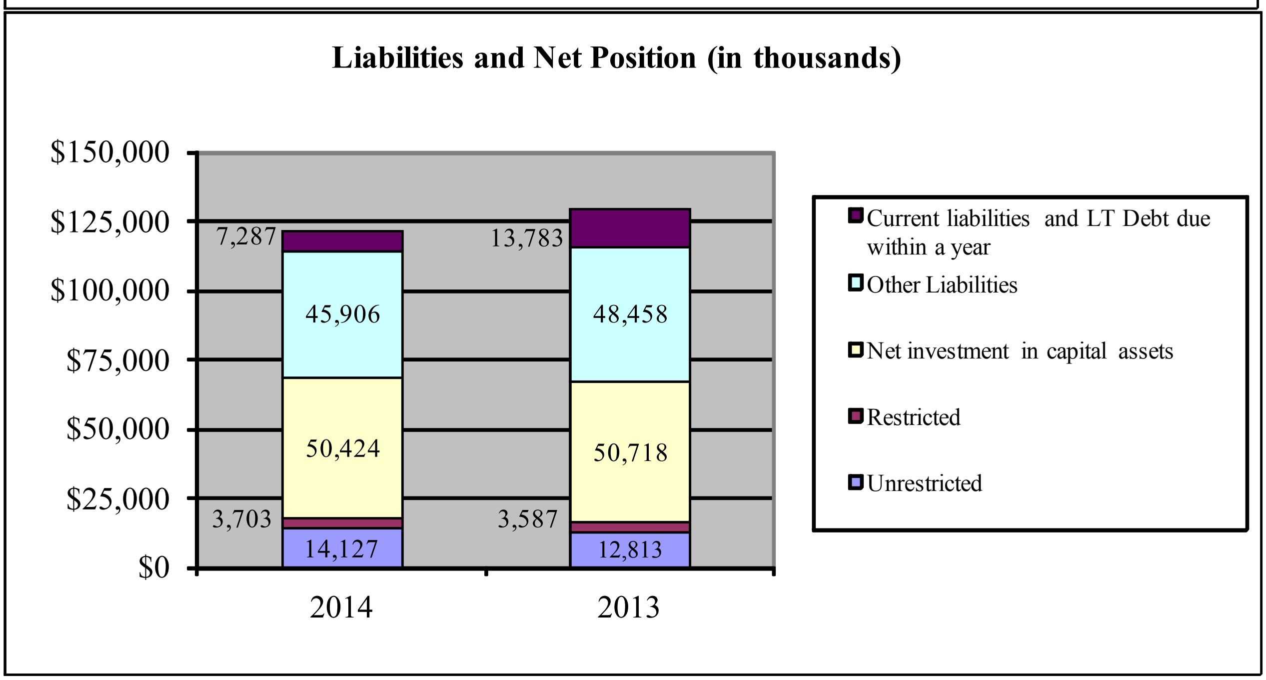
- *Non-current liabilities* – $2.7 million decrease reflects the scheduled principal payments on existing debt.

- *Total net position*– $1.1 million increase was due to the progress made on the Authority’s capital investment in the AMF and increased sales and use tax revenues.

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

Financial Analysis of the Authority (continued)





Financial Analysis of the Authority (continued)

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

	2014	2013	$ dif	% dif
Revenues:				
Sales and use tax	$ 18,786	$ 16,929	1,857	11.0%
Service contracts	8,872	8,444	428	5.1%
Operating revenue	4,622	4,157	465	11.2%
Grant revenue	4,506	19,680	(15,174)	-77.1%
Other	1,643	1,467	176	12.0%
Local government contributions	2,044	3,865	(1,821)	-47.1%
Total Revenue	$ 40,473	$ 54,541	(14,068)	-25.8%

For the Year Ended December 31, 2014 the following trends were noted:

- All member jurisdictions, including Pitkin County, the City of Aspen, the Town of Snowmass Village, Eagle County, the Town of Basalt, the Town of Carbondale, the City of Glenwood Springs, and the Town of New Castle, generated sales tax revenue increases.

- Service contract revenue (cost reimbursement contracts) increased as a result of higher operating costs compared to prior year.

- Operating revenue (transit fares) increased in response to a rise in ridership on the Highway 82 Corridor, including the VelociRFTA BRT service, and Grand Hogback I-70 Corridor services.

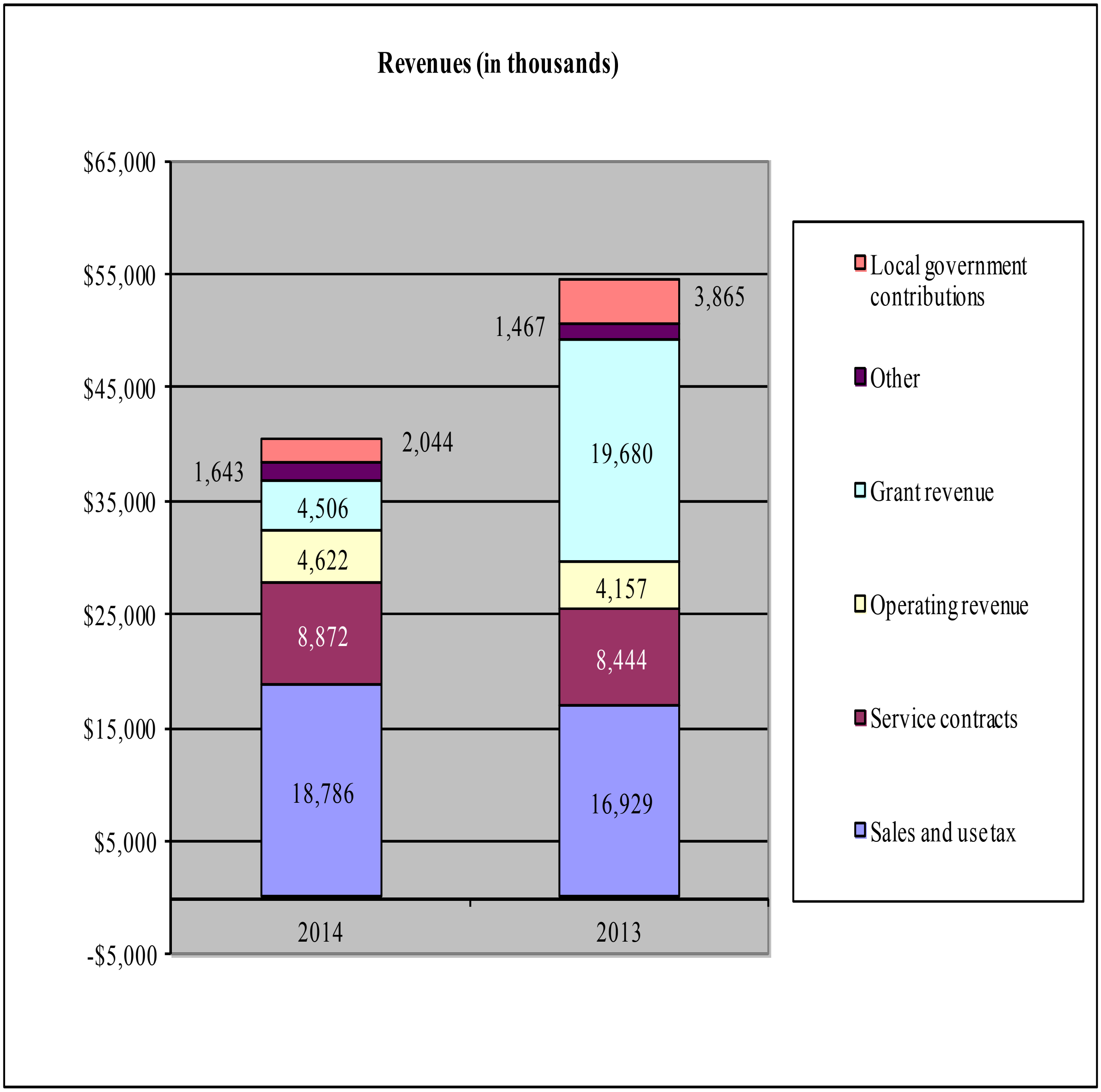
- Grant revenue included operating and capital grants. Operating grant revenues for 2014 and 2013 were $1,015,000 and $920,000, respectively. Capital grants can vary from year to year. In 2014, the Authority received $3.5 million of capital grants of which $441,000 related to funds drawn from the FTA's Very Small Starts Grant for the BRT Project, $2.3 million related to the FTA's State of Good Repair Grant for the AMF Project, and $216,000 related to the CDOT Faster Grant for Pitkin County's Aspen Airport Business Center (AABC) Pedestrian Underpass Project.

- Local government contributions included operating and capital contributions which vary from year to year. In 2014, $842,000 was reimbursed by Pitkin County for costs related to the AABC Pedestrian Underpass Project, which was completed in 2014. The Elected Officials Transportation Committee (EOTC) contributed of $552,000 to continue to subsidize the fare on regional bus service between the City of Aspen and Town of Snowmass Village while Garfield County contributed $650,000 for continued Grand Hogback I-70 Corridor bus service.

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

.

Financial Analysis of the Authority (continued)



Financial Analysis of the Authority (continued)

		2014		2013	$ dif	% dif
Expenditure:						
Transit operations	$	25,494	$	22,552	2,943	13.0%
Facilities		2,969		2,431	538	22.1%
Project management		162		1,207	(1,045)	-86.6%
Trails & corridor management		438		297	140	47.2%
Capital outlay		917		3,824	(2,907)	-76.0%
Depreciation and amortization		6,790		4,647	2,144	46.1%
Debt service		2,565		2,596	(31)	-1.2%
Total Expenditure		39,336		37,554	1,782	4.7%
Other Financing Sources (Uses):						
Transfer to other funds		(8,893)		(4,921)	(3,973)	80.7%
Transfer from other Funds		8,893		4,921	3,973	80.7%
Bond premium		7		8	(1)	-12.7%
Bond discount		(7)		(7)	-	0.0%
Sale of assets		-		13	(13)	-100.0%
Insurance recovery		-		(95)	95	-100.0%
Total Other Financing Sources (Uses)		(1)		(81)	81	-99.3%
Change in Net Position		1,136		16,906	(15,769)	-93.3%
Net Position - Beginning of Year		67,118		50,212	16,906	33.7%
Net Position - End of Year	$	68,254	$	67,118	1,136	1.7%

Financial Analysis of the Authority (continued)

For the Year Ended December 31, 2014 the following trends were noted:

- Transit Operations expenditure increase was primarily due to the first full year of the VelociRFTA BRT service which resulted in higher payroll and benefit costs for bus operators and mechanics, fuel and vehicle maintenance expenditures to support the increased transit service levels.

- Facilities expenditure increase was due to the first full year to operate and maintain the new BRT stations and park and ride facilities.

- Project management expenditure decrease was based on the BRT Project being substantially completed in 2013.

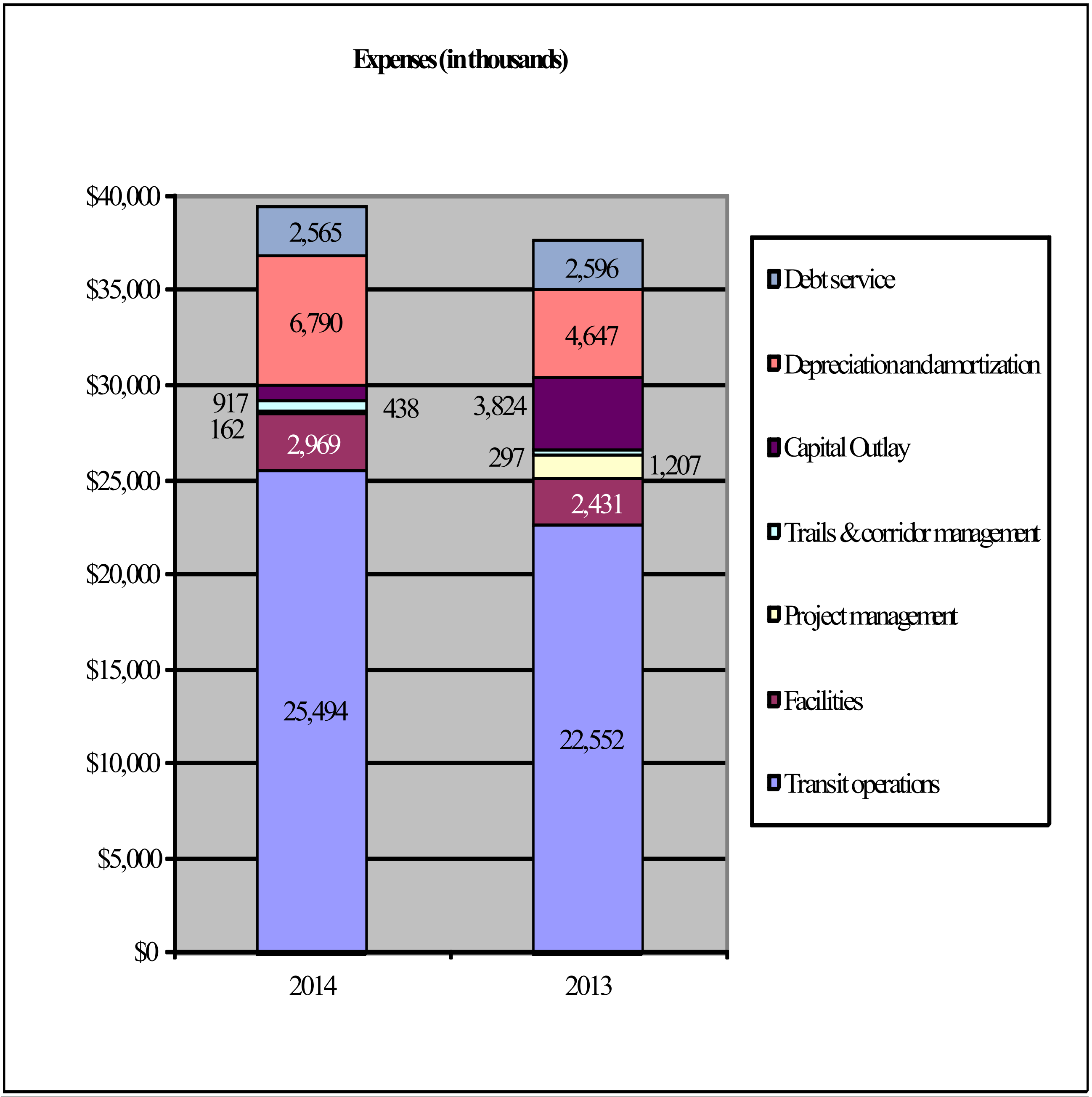
- Trails & Corridor Management expenditure increase was due to the timing of trail projects;

- Capital outlay decrease was attributable to the timing of Pitkin County's AABC Pedestrian Underpass Project where the Authority acted as the project manager. Because this investment is recorded as a capital asset by Pitkin County, the Authority did not capitalize this outlay in its financial statements. The project was completed in 2014.

- Depreciation expenditures increased due to first full year of depreciation on the assets and infrastructure associated with the VelociRFTA BRT Project.

- Debt service expenditure decrease was due to the final payment on the 2008 capital lease on administrative vehicles in 2013.

__Financial Analysis of the Authority (continued)__



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 B16 for a transit service area map. These services are identified as local circulator services. (see Notes to the Financial Statement, section V.D. Service Agreements);

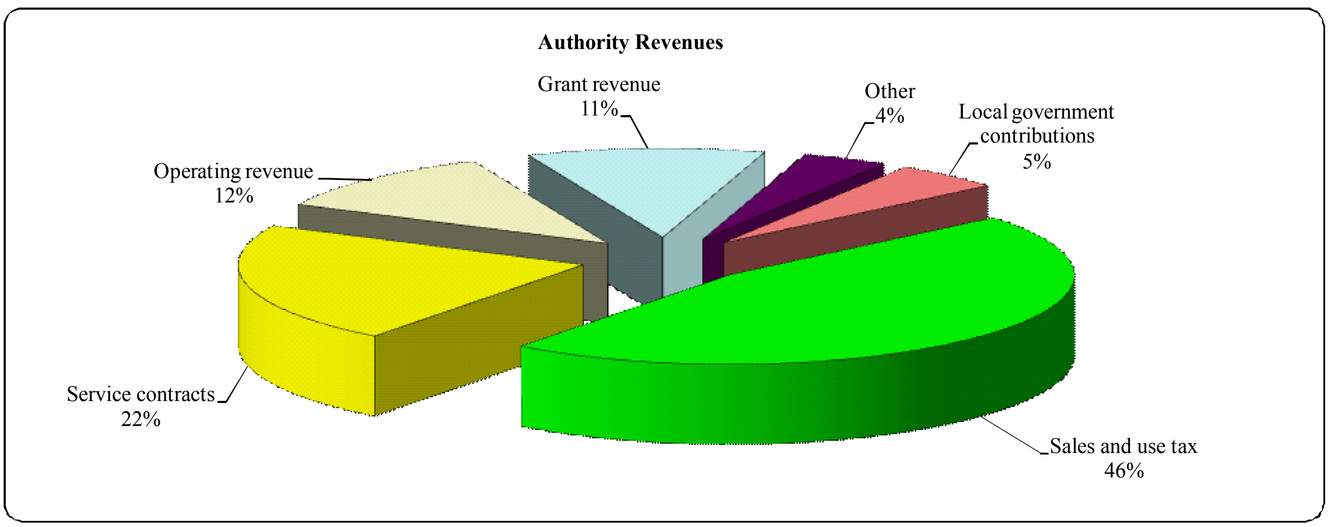
- Operating revenues consist of transit fares collected on regional service routes; these routes are on the I-70 highway corridor between Rifle and Glenwood Springs, Colorado and State Highway 82 between Glenwood Springs and Aspen, Colorado. See page B16 for a transit service area map;

- Grant revenues are provided at the Federal or State level and funded capital and operating expenditures; the Authority received $1 million in operating grants;

- Local Jurisdictions usually provide operating contributions and may provide capital contributions depending on the project or capital asset;

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

The following chart depicts the Authority's 2014 revenues by percentage:



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

.

Financial Analysis of the Authority (continued)

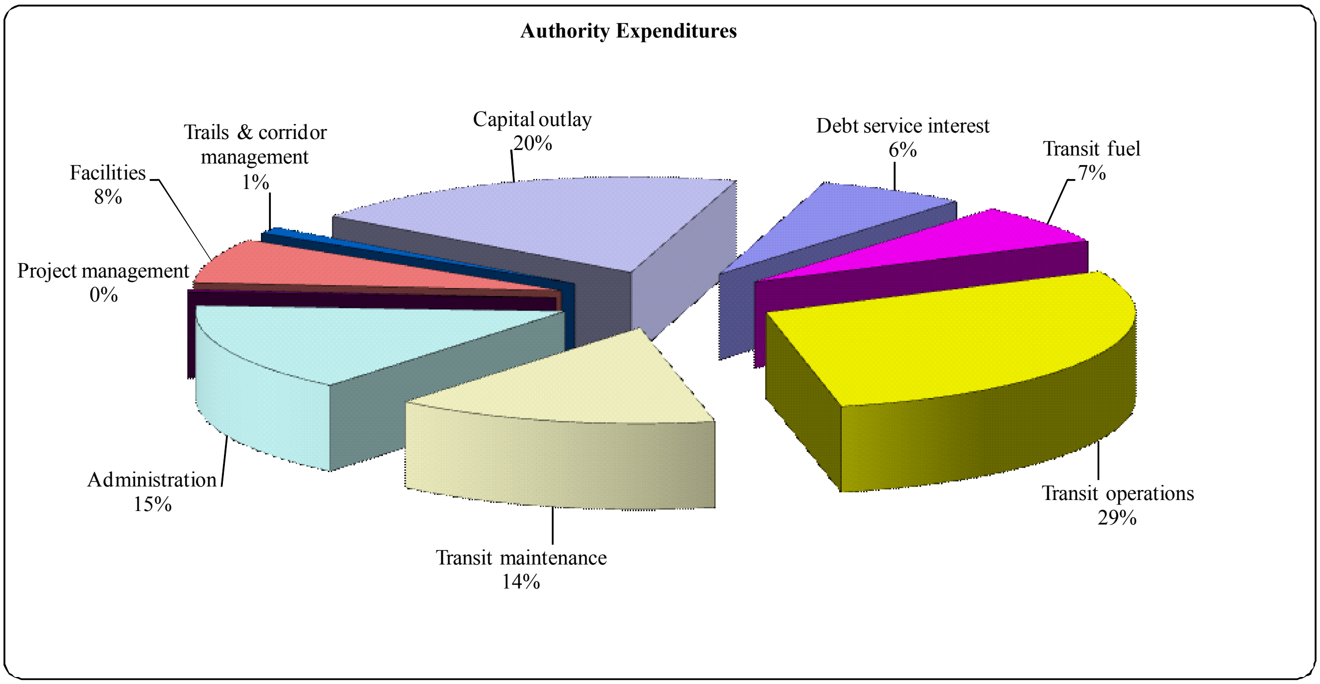
The Authority records the General Government activities as follows:

- The Administration line item includes the activities of the following Departments: Attorney, Board of Directors, CEO (including Procurement), Finance, Human Resources and Risk Management, Information Technology (including Marketing) 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 2014 expenditures:



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

As of December 31, 2014 the Authority's total fund balance was approximately $22.9 million.

- The 2014/2013 increase was due to higher sales tax revenues and unexpended capital budget.

- The 2013/2012 decrease continued to be the result of the capital investment in the BRT Project and the AMF Re-commissioning Project.

- The 2012/2011 decrease was due to the ongoing BRT Project expenditures.

- The 2011/2010 increase was primarily due to the timing of the VSS capital grant revenues.

- The 2010/2009 decrease was due to the ongoing BRT Project expenditures and GMF Repairs.

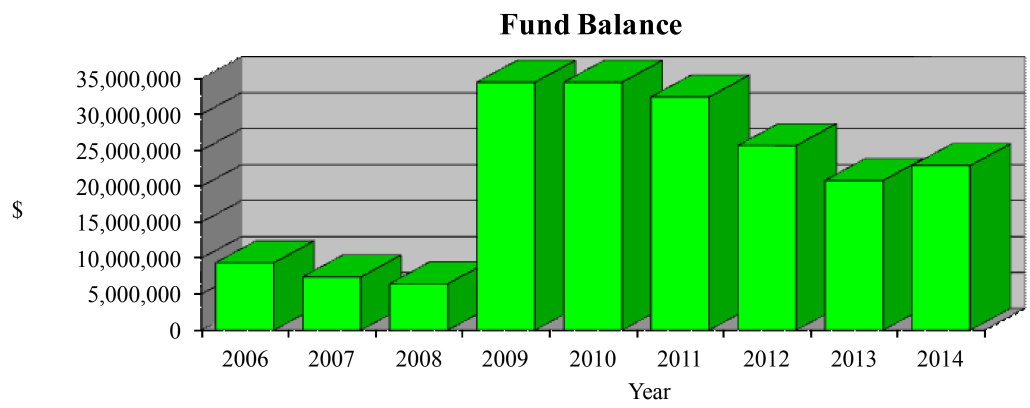
- The 2009/2008 significant increase was due to the $27.5 million in proceeds from the Sales and Use Tax Revenue Bonds, Series 2009A & B.

Financial Analysis of the Authority (continued)

- 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
Approximately $2.1 million was expended on the AMF Re-commissioning project where $1.7 million related to the completion of Phases I and II and the remainder related to Phase III, which continues in 2015.

The Authority purchased land adjacent to the Carbondale Park and Ride in order to expand parking capacity. Construction of additional parking is expected to begin in 2015.

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

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

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

Financial Analysis of the Authority (continued)

The General Fund had an unassigned fund balance of $7.6 million, while total fund balance reached $16.5 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 32.3% of total general fund expenditures, while total fund balance represents 70% of that same amount.

The fund balance increased by $8.1 million compared to $7.6 million reflected in the budget. This improvement was attributable primarily to fuel savings of $105,000 and unexpended Capital Outlay budget of $397,000.

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 $240,000, all of which is restricted by enabling legislation for bus shelter and park and ride expenditure activities.

The Mid Valley Trails Special Revenue Fund had a total fund balance of $138,000, all of which is restricted by enabling legislation to fund trail projects within the Roaring Fork Valley boundaries of Eagle County. The net increase in fund balance was $23,000.

The Bus Rapid Transit Special Revenue Fund had a total fund balance of zero. As the BRT service was implemented in September of 2013, as part of the Authority's Transit Program, the remaining fund balance of $6.4 million was transferred into the General Fund and all activity in this fund ended in 2014.

The Capital Projects Fund had a total fund balance of $3.6 million, of which $429,000 will fund certain and specific asset and infrastructure expenditures related to the BRT Project, $1.9 million will fund the asset and infrastructure expenditures related to the AMF Re-commissioning Project, and $1.2 million will fund the asset and infrastructure expenditures related to various capital projects, including the New Castle Park and Ride, Rubey Park Transit Center Renovations, and Carbondale Park and Ride Expansion Project. The net increase in fund balance was $339,000. The Authority had $162,000 of project management expenditures and $263,000 of capital expenditures related to the BRT Project. The Authority had $1.7 million of capital expenditures related to the AMF Re-commissioning Project and $501,000 of capital expenditures related to the Carbondale Park and Ride expansion project.

The Debt Service Fund had a total fund balance of $2.5 million representing the required reserves for the Series 2009 and 2012 bonds and 2013 loans and interest earned as required by resolution. The fund received a Build America Bonds credit of $464,000 on the Series 2009B Build America Bonds, received a Qualified Energy Conservation Bond credit of $164,000 on the Series 2012A QECBs, received a Qualified Energy Conservation Bond credit of $45,000 on the Series 2013B Sales Tax Revenue Loans, and a transfer from the General Fund for the remaining balance. Expenditures included $1.9 million of debt service interest expenditures related to these bonds.

General Fund Budgetary Highlights

The Authority's revenues came in slightly under budget by $91,000. Expenditures were $548,000 under budgeted. Significant budget variances were as follows:

Description	Final Budget	Actual	Variance Positive (Negative)	Reason
Revenues:				
Capital Grant Revenue	$ 621,154	$ 561,409	$ (59,745)	Lower than anticipated reimbursements
Local government operating contributions	$ 2,333,391	$ 2,265,685	$ (67,706)	Lower than anticipated reimbursement from the Town of Basalt and timing of local share for planning projects
Expenditures:				
Transit Fuel	$ 2,002,009	$ 1,896,928	$ (105,081)	CNG Excise Tax Credit was not budgeted due to timing of legislation
Transit operations	7,110,515	7,447,057	336,542	Increase in labor costs due to shortage during summer
Administration	4,162,723	3,861,924	(300,799)	Savings in operating costs, including insurance
Capital outlay	2,567,094	2,170,345	(396,749)	Savings from engine/transmission rebuilds and IT equipment, timing of Solar Array project

Subsequent Year's Budget

- The Authority ended the year with a combined ending fund balance of $22.9 million. The 2015 adopted budget anticipates a decrease of $793,000; the increase of $382,000 in the General Fund is offset by a $1.2 million decrease in the Capital Projects Fund.

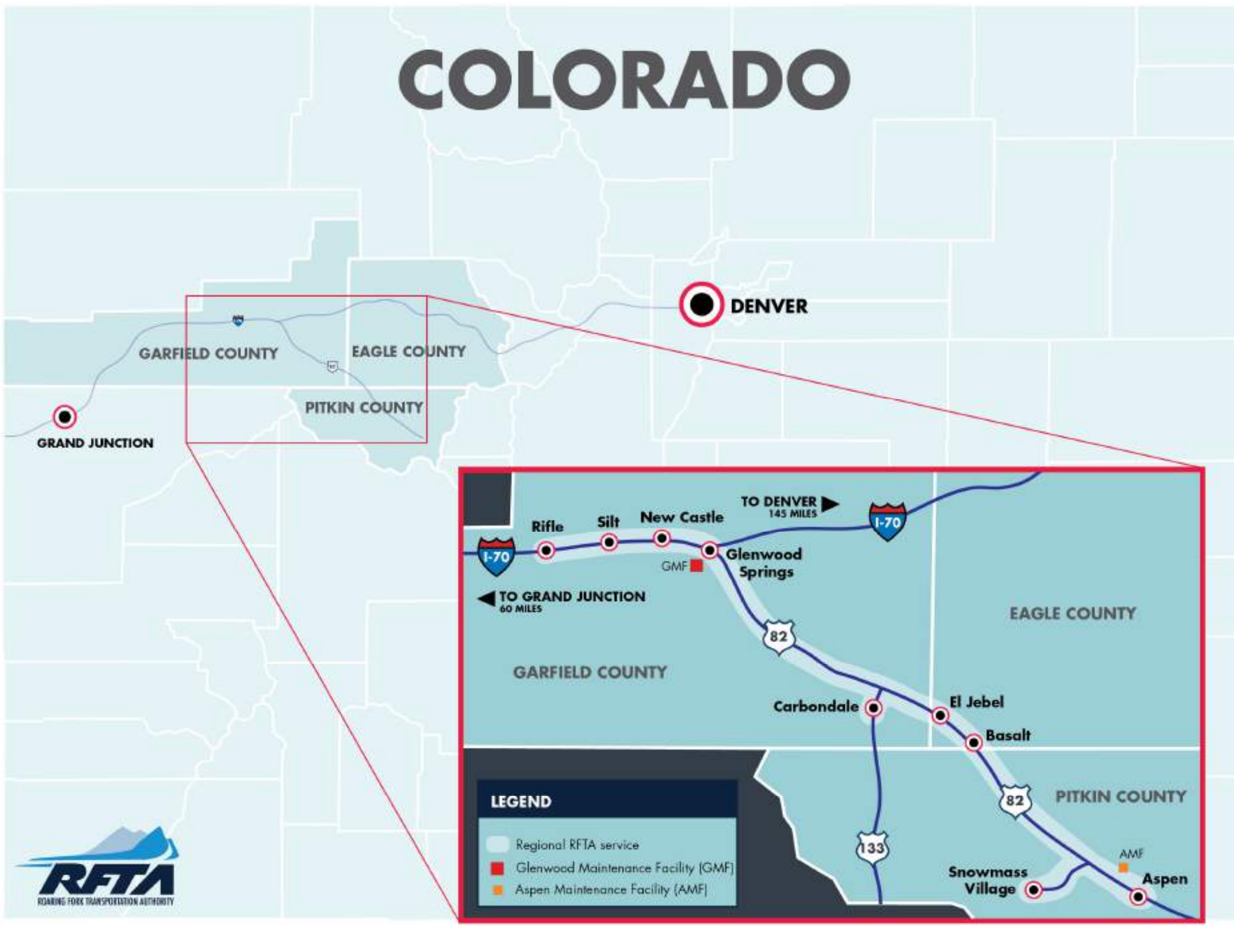
- With an improving local economy, the subsequent year's budget reflects a 4% increase in sales and use tax revenues and an estimated 4% increase in transit fare revenues primarily from an anticipated increase in regional ridership.

Request for Information

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

Built over 30 years ago, Aspen's Rubey Park Transit Center will be remodeled in 2015.

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



Roaring Fork Transportation Authority

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Roaring Fork Transportation Authority
Balance Sheet/Statement of Net Position
December 31, 2014

	Funds Financial Statements									
	General Fund	SRF Service Contracts	SRF Bus Shelter/ PNR	SRF Mid Valley Trails	SRF Bus Rapid Transit	Capital Projects Fund	Debt Service Fund	Total	Adjustments	Statement of Net Position
Assets:										
Cash and cash equivalents - unrestricted	$ 2,149,925	$ -	$ -	$ -	$ -	$ -	$ -	$ 2,149,925	$ -	$ 2,149,925
Cash and cash equivalents - restricted	539,235	-	-	-	-	-	-	539,235	54,622	593,857
Investments	8,735,163	-	201,459	137,609	-	3,252,756	2,499,347	14,826,334	-	14,826,334
Accounts receivable	338,754	574,612	-	-	-	-	-	913,366	-	913,366
Due from other funds	2,020,309	86,089	81,701	18,800	-	83,048	-	2,289,947	-	2,289,947
Due from other governments	3,470,109	1,249,804	40,263	-	-	763,114	-	5,523,290	219,699	5,742,989
Prepaid expenses	235,793	-	-	-	-	-	-	235,793	-	235,793
Inventory	684,961	-	-	-	-	-	-	684,961	-	684,961
Other assets, net of amortization	-	-	-	-	-	-	-	-	98,162	98,162
Capital assets	-	-	-	-	-	-	-	-	136,859,200	136,859,200
Accumulated depreciation	-	-	-	-	-	-	-	-	(43,071,540)	(43,071,540)
Total Assets	18,174,249	1,910,505	323,423	156,409	-	4,098,918	2,499,347	27,162,851	94,160,143	121,322,994
Deferred Outflows of Resources:										
Deferred refunding costs, net of amortization	-	-	-	-	-	-	-	-	124,238	124,238
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	124,238	124,238
Liabilities:										
Accounts payable	615,269	86,089	81,701	18,799	-	83,048	-	884,906	-	884,906
Due to other funds	269,638	1,820,309	-	-	-	200,000	-	2,289,947	-	2,289,947
Accrued expenses	818,927	4,107	1,882	-	-	264,864	-	1,089,780	56,010	1,145,790
Accrued compensated absences	-	-	-	-	-	-	-	-	1,524,810	1,524,810
Accrued interest	-	-	-	-	-	-	-	-	210,812	210,812
Non-current liabilities:										
Due within one year	-	-	-	-	-	-	-	-	2,755,993	2,755,993
Due longer than one year	-	-	-	-	-	-	-	-	44,381,029	44,381,029
Total Liabilities	1,703,834	1,910,505	83,583	18,799	-	547,912	-	4,264,633	48,928,654	53,193,287
Fund Balance/Net Position:										
Fund Balance:										
Non-spendable fund balance	920,754	-	-	-	-	-	-	920,754	(920,754)	
Restricted fund balance	826,040	-	239,840	137,610	-	-	2,499,347	3,702,837	(3,702,837)	
Committed fund balance	7,151,681	-	-	-	-	3,551,006	-	10,702,687	(10,702,687)	
Unassigned fund balance	7,571,940	-	-	-	-	-	-	7,571,940	(7,571,940)	
Total Fund Balance	$ 16,470,415	$ -	$ 239,840	$ 137,610	$ -	$ 3,551,006	$ 2,499,347	$ 22,898,218	(22,898,218)	
Net Position:										
Net investment in capital assets									50,424,044	50,424,044
Restricted									3,702,837	3,702,837
Unrestricted									14,127,064	14,127,064
Total Net Position									$ 68,253,945	$ 68,253,945

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

Roaring Fork Transportation Authority
Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities
For the Year Ended December 31, 2014

	Funds Financial Statements									
	General Fund	SRF Service Contracts	SRF Bus Shelter/ PNR	SRF Mid Valley Trails	SRF Bus Rapid Transit	Capital Projects Fund	Debt Service Fund	Total	Adjustments	Statement of Activities
Revenues:										
Sales and use tax revenue	$ 18,744,360	$ -	$ -	$ 41,605	$ -	$ -	$ -	$ 18,785,965	$ -	$ 18,785,965
Service contracts	-	8,872,066	-	-	-	-	-	8,872,066	-	8,872,066
Operating revenues	4,496,762	125,138	-	-	-	-	-	4,621,900	-	4,621,900
Capital grant revenue	561,409	-	-	-	-	2,929,500	-	3,490,909	-	3,490,909
Operating grant revenues	985,000	30,000	-	-	-	-	-	1,015,000	-	1,015,000
Local government contributions	2,265,685	-	-	-	-	-	-	2,265,685	(221,843)	2,043,842
Other income	466,194	-	467,592	-	-	-	673,294	1,607,080	13,383	1,620,463
Investment income	15,239	-	132	149	-	3,611	3,398	22,529	-	22,529
Total Revenues	27,534,649	9,027,204	467,724	41,754	-	2,933,111	676,692	40,681,134	(208,460)	40,472,674
Expenditures/Expenses:										
Transit fuel	1,896,928	785,263	-	-	-	-	-	2,682,191	-	2,682,191
Transit operations	7,447,057	3,785,970	-	-	-	-	-	11,233,027	103,860	11,336,887
Transit maintenance	3,753,521	1,823,023	-	-	-	-	-	5,576,544	-	5,576,544
Administration	3,861,924	2,017,856	-	18,800	-	-	-	5,898,580	-	5,898,580
Project management	-	-	-	-	-	162,040	-	162,040	-	162,040
Facilities	1,632,390	754,998	581,655	-	-	-	-	2,969,043	-	2,969,043
Trails & corridor management	437,860	-	-	-	-	-	-	437,860	-	437,860
Capital outlay	2,170,345	-	30,925	-	-	2,431,806	-	4,633,076	(3,715,885)	917,191
Depreciation and amortization	-	-	-	-	-	-	-	-	6,790,393	6,790,393
Debt service:										
Principal	1,660,531	-	-	-	-	-	940,000	2,600,531	(2,600,531)	-
Interest	615,549	-	-	-	-	-	1,938,409	2,553,958	11,229	2,565,187
Total Expenditures/Expenses	23,476,105	9,167,110	612,580	18,800	-	2,593,846	2,878,409	38,746,850	589,066	39,335,916
Excess of Revenues Over Expenditures/ Expenses	4,058,544	(139,906)	(144,856)	22,954	-	339,265	(2,201,717)	1,934,284	(797,526)	1,136,758
Other Financing Sources (Uses):										
Transfer to other funds	(2,486,479)	-	-	-	(6,406,526)	-	-	(8,893,005)	-	(8,893,005)
Transfer from other funds	6,406,526	139,906	144,856	-	-	-	2,201,717	8,893,005	-	8,893,005
Bond premium	-	-	-	-	-	-	-	-	6,637	6,637
Bond discount	-	-	-	-	-	-	-	-	(7,241)	(7,241)
Lease proceeds	137,201	-	-	-	-	-	-	137,201	(137,201)	-
Total Other Financing Sources (Uses)	4,057,248	139,906	144,856	-	(6,406,526)	-	2,201,717	137,201	(137,805)	(604)
Change in Fund Balance/Net Position	8,115,792	-	-	22,954	(6,406,526)	339,265	-	2,071,485	(935,331)	1,136,154
Fund Balance/Net Position:										
Beginning of Year	8,354,623	-	239,840	114,656	6,406,526	3,211,741	2,499,347	20,826,733		67,117,791
End of Year	$ 16,470,415	$ -	$ 239,840	$ 137,610	$ -	$ 3,551,006	$ 2,499,347	$ 22,898,218		$ 68,253,945

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

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Sales and use tax revenue	$ 17,344,000	$ 18,744,000	$ 18,744,360	$ 360
Operating revenues	4,170,000	4,486,000	4,496,762	10,762
Capital grant revenue	1,215,500	621,154	561,409	(59,745)
Operating grant revenues	985,000	985,000	985,000	-
Local government contributions	2,420,650	2,333,391	2,265,685	(67,706)
Other income	350,000	440,000	466,194	26,194
Investment income	16,000	16,000	15,239	(761)
Total Revenues	26,501,150	27,625,545	27,534,649	(90,896)
Expenditures:				
Transit fuel	1,602,009	2,002,009	1,896,928	105,081
Transit operations	6,709,115	7,110,515	7,447,057	(336,542)
Transit maintenance	3,687,738	3,787,738	3,753,521	34,217
Administration	4,087,903	4,162,723	3,861,924	300,799
Facilities	1,560,457	1,602,187	1,632,390	(30,203)
Trails & corridor management	507,994	507,994	437,860	70,134
Capital outlay	3,150,750	2,567,094	2,170,345	396,749
Debt service:				
Principal	1,661,214	1,661,214	1,660,531	683
Interest	622,539	622,539	615,549	6,990
Total Expenditures/Expenses	23,589,719	24,024,013	23,476,105	547,908
Excess of Revenues Over Expenditures	2,911,431	3,601,532	4,058,544	457,012
Other Financing Sources / (Uses)				
Transfer to other funds	(2,615,819)	(2,515,819)	(2,486,479)	29,340
Transfer from other funds	6,240,246	6,406,525	6,406,526	1
Capital lease proceeds	150,000	150,000	137,201	(12,799)
Total Other Financing Sources / (Uses)	3,774,427	4,040,706	4,057,248	16,542
Change in Fund Balance	$ 6,685,858	$ 7,642,238	8,115,792	$ 473,554
Fund Balance:				
Beginning of Year			8,354,623	
End of Year			$ 16,470,415	

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

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Service Contracts Fund
Special Revenue Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Service contracts	$ 8,936,424	$ 8,957,330	$ 8,872,066	$ (85,264)
Operating revenues	-	-	125,138	125,138
Operating grant revenue	30,000	30,000	30,000	-
Total Revenues	8,966,424	8,987,330	9,027,204	39,874
Expenditures:				
Transit fuel	773,797	773,797	785,263	(11,466)
Transit operations	8,254,533	8,275,439	3,785,970	4,489,469
Transit maintenance	38,000	38,000	1,823,023	(1,785,023)
Administration	40,000	40,000	2,017,856	(1,977,856)
Facilities	-	-	754,998	(754,998)
Total Expenditures	9,106,330	9,127,236	9,167,110	(39,874)
Excess of Revenues Over Expenditures	(139,906)	(139,906)	(139,906)	-
Other Financing Sources / (Uses)				
Transfers from other funds	139,906	139,906	139,906	-
Total Other Financing Sources / (Uses)	139,906	139,906	139,906	-
Change in Fund Balance	$ -	$ -	-	$ -
Fund Balance:				
Beginning of Year			-	
End of Year			$ -	

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

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bus Shelter/PNR Fund
Special Revenue Fund
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other income	$ 411,000	$ 467,592	$ 56,592
Investment income	500	132	(368)
Total Revenues	411,500	467,724	56,224
Expenditures:			
Facilities	680,291	581,655	98,636
Capital outlay	-	30,925	(30,925)
Total Expenditures	680,291	612,580	67,711
Excess of Revenues Over Expenditures	(268,791)	(144,856)	123,935
Other Financing Sources / (Uses)			
Transfers from Other Funds	268,791	144,856	(123,935)
Total Other Financing Sources / (Uses)	268,791	144,856	(123,935)
Change in Fund Balance	$ -	-	$ -
Fund Balance:			
Beginning of Year		239,840	
End of Year		$ 239,840	

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

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Mid Valley Trails Fund
Special Revenue Fund
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and use tax revenue	$ 33,000	$ 41,605	$ 8,605
Investment income	200	149	(51)
Total Revenues	33,200	41,754	8,554
Expenditures:			
Administration	22,000	18,800	3,200
Trails & corridor management	51,500	-	51,500
Total Expenditures	73,500	18,800	54,700
Change in Fund Balance	$ (40,300)	22,954	$ 63,254
Fund Balance:			
Beginning of Year		114,656	
End of Year		$ 137,610	

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

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bus Rapid Transit Fund
Special Revenue Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Other Financing Sources / (Uses)				
Transfers to other funds	$ (6,240,246)	$ (6,406,526)	$ (6,406,526)	$ -
Total Other Financing Sources / (Uses)	(6,240,246)	(6,406,526)	(6,406,526)	-
Change in Fund Balance	$ (6,240,246)	$ (6,406,526)	(6,406,526)	$ -
Fund Balance:				
Beginning of Year			6,406,526	
End of Year			$ -	

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

Roaring Fork Transportation Authority

NOTES TO THE FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements

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

2. Fund Financial Statements

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

The Authority reports 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 committed for the planning of the Bus Rapid Transit project by the November 2008 voter approved 0.4% increase in sales tax. At December 31, 2014, the fund was closed to the General Fund

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

- **Capital Projects Fund** – reports all expenditures related to the BRT Project for assets and infrastructure using proceeds from Series 2012A bonds and grants from the Federal Transit Administration's Very Small Starts Program. Also reports all expenditures related to the Compressed Natural Gas project using proceeds from the 2012A bonds; the Aspen Maintenance Facility Recommissioning Project for assets and infrastructure using proceeds from Series 2010A bonds and 2013B loan; and 2013A loan to acquire, construct and equip facilities, to acquire buses and vehicles, and providing road improvements related to the regional transportation system.

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

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

I. Summary of Significant Accounting Policies (continued)

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

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

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** – All investments will be made in accordance with the Colorado Revised Statutes as follows: C.R.S. 11-10.5-101, et seq. Public Deposit Protection Act; C.R.S. 24-75-601, et. seq. Funds - Legal Investments; C.R.S. 24-75-603, Depositories; and C.R.S. 24-75-702, Local governments – authority to pool surplus funds.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Deposits and Investments (continued)

- **Diversification** – The investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as local government surplus funds trust funds, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.

- **Maturity** – Investment maturities shall be based on the anticipated cash flow requirements of the Authority. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than five (5) years. The Authority adopts weighted average maturity limitations (which often range from 90 days to 3 years). Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide with the expected use of funds.

2. Receivables

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

3. Inventory

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

4. Prepaid Items

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

5. Compensated Absences

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

5. Compensated Absences (continued)

Accrued compensated absences may be carried over to the following year, with a maximum accrual of 300 hours for vacation time, 240 hours for compensatory time, and no maximum accrual for sick time. Upon an employee's separation from service from the Authority, the Authority pays the full amount of accrued vacation time and accrued compensatory time. Accrued sick time is also paid out, up to a maximum of 33% of 400 accrued hours.

At year end, the estimated value of accumulated compensated absence leave, including the Authority's portion of employment costs, is $1,524,810.

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:

Assets	Years
Buildings and improvments	20 - 40
Machinery and equipment	3 - 10
Vehicles	7 - 12

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

7. Deferred Outflows of Resources

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

8. Categories and Classification of Fund Balance

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

The Authority classifies governmental fund balances as follows:

1. **Non-spendable –** includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.

   - **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Categories and Classification of Fund Balance (continued)

2. Spendable Fund Balance:

- **Committed -** includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Authority's Board of Directors. For details on the Authority's budget process, refer to Note III.A.

- **Assigned -** includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Categories and Classification of Fund Balance (continued)

The following are fund definitions:

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

- **Special Revenue Funds –** Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term "proceeds of specific revenue sources" establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.

- **Capital Projects Funds –**Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.

- **Debt Service Funds –** Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

E. Significant Accounting Policies

1. Use of Estimates

The preparation of financial statements is in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. Restricted and Unrestricted Resources

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

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between Fund balance – Governmental funds and Net Position – Governmental activities as reported in the government-wide Statement of Net Position. The Authority adds capital assets net of depreciation of $93,787,660. Another element of this reconciliation adds long-term debt relating to Pitkin County, Colorado's Series 2010A & B sales tax revenue bonds. The Authority has agreed to the repayment of this debt through its Pitkin County dedicated sales tax. Additional long-term debt includes 2005 Certificates of Participation, Series 2009A & B bonds, Series 2012A bonds, Series 2013A & B loans and various capital leases. The Authority also has deferred refunding costs of $124,238 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 position – Governmental activities as reported in the government-wide Statement of Activities. The Authority reduces capital outlay in the amount of $3,715,885 for assets which have been capitalized, and debt principal payments of $2,600,531 applied to long-term debt liabilities. The Authority also adds depreciation and amortization expense of $6,790,393.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the Authority's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds is adopted on a basis consistent with U.S. GAAP. The Authority followed the required timetable noted below in preparing, approving, and enacting its budget for 2014.

(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.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

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

All appropriations lapse at year end. During the year, seven supplemental appropriation resolutions were adopted by the Authority. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made. As a result of the supplementary budget appropriations, the 2014 appropriations were increased as follows:

Resolution	General Fund	SRF Service Contracts	SRF Bus Rapid Transit Fund	Capital Projects Fund	Total
Original Appropriation					$ 49,532,566
Changes to annual appropriations:					
Resolution No. 2014-01	$ 229,200	$ -	$ -	$ -	229,200
Resolution No. 2014-07	(167,343)	-	-	2,600,000	2,432,657
Resolution No. 2014-10	72,500	20,906	-	-	93,406
Resolution No. 2014-11	-	-	166,280	8,980	175,260
Resolution No. 2014-18	869,600	-	-	-	869,600
Resolution No. 2014-23	(507,547)	-	-	(1,153,000)	(1,660,547)
Resolution No. 2015-07	(162,116)	-	-	(3,087,000)	(3,249,116)
Total changes to annual appropriations	$ 334,294	$ 20,906	$ 166,280	$ (1,631,020)	(1,109,540)
Final Appropriation					$ 48,423,026

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.

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue. As required by TABOR, the Authority has restricted $826,040 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2014.

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

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

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 Authority 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.

The Authority's Service Contract Special Revenue Fund had expenditures in excess of appropriations of $39,874. Expenditures are budgeted based upon estimated levels of contracted transit service and are funded entirely by revenues from service contract customers. In the current year, actual transit service levels were higher than anticipated resulting in expenditures in excess of appropriations.

IV. Detailed Notes on All Funds

A. Deposits and Investments

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

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At year end, 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	$ 42,678	42,678	-
Checking	Not Rated	1,059,189	1,059,189	-
Short Term Investment Accounts	Not Rated	1,048,058	1,048,058	-
Short Term Investment Accounts	AAAm	14,826,334	14,826,334	-
Deposits held by Trustee	AAAm	539,235	539,235	-
Deposits held by Pitkin County Treasurer	Not Rated	54,622	54,622	-
Total		$ 17,570,116	17,570,116	-

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, 2014, the government's Deposits held by Trustee was invested in The First American Treasury Obligations Fund and was rated Aaa-mf by Moody's Investor Service, AAAm by Standard and Poor's and AAAmmf by Fitch Ratings. As of December 31, 2014, a significant portion of the government's short-term investments were held by ColoTrust and was rated AAAm by Standard and Poor's.

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 pass sales and other governmental contributions in 2014. Due from other Governments consists of amounts due from the Federal and State Government and other local entities, including sales and use tax. The Authority has recorded no allowance for doubtful accounts at December 31, 2014 and anticipates the collection of all receivables.

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2014 was as follows:

	12/31/13	Increases	Decreases	12/31/14
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 6,973,051	$ 627,146	$ (6,973,051)	$ 627,146
Land and improvements	19,541,621	416,569	-	19,958,190
Total Capital Assets, Not Being Depreciated	26,514,672	1,043,715	(6,973,051)	20,585,336
Capital assets, being depreciated:				
Buildings	5,916,422	-	-	5,916,422
Improvements other than buildings	37,605,170	8,432,878	-	46,038,048
Equipment	63,107,051	1,212,342	-	64,319,393
Total Capital Assets Being Depreciated	106,628,643	9,645,220	-	116,273,863
Less accumulated depreciation for:				
Buildings	(4,252,928)	(109,567)	-	(4,362,495)
Improvements other than buildings	(3,915,890)	(1,685,616)	-	(5,601,506)
Equipment	(28,113,207)	(4,994,331)	-	(33,107,538)
Total Accumulated Depreciation	(36,282,025)	(6,789,514)	-	(43,071,539)
Total Capital Assets, Being Depreciated, Net	70,346,618	2,855,706	-	73,202,324
Governmental Activities Capital Assets, Net	$ 96,861,290	$ 3,899,421	$ (6,973,051)	$ 93,787,660

D. Interfund Transfers

Interfund balances as of December 31, 2014 are comprised of the following interfund transfers:

	Transfer In:				
Transfer Out:	**General Fund**	**SRF Service Contracts**	**SRF Bus Shelter/ PNR**	**Debt Service Fund**	**Total**
General Fund	$ -	$ 139,906	$ 144,856	$ 2,201,717	$ 2,486,479
Bus Rapid Transit Special Revenue Fund	6,406,526	-	-	-	6,406,526
Total	$ 6,406,526	$ 139,906	$ 144,856	$ 2,201,717	$ 8,893,005

The General Fund transfers to the Service Contract Special Revenue Fund represent its contribution on behalf of its members participating in the Traveler program. The General Fund transfer to the Bus Shelter/PNR Special Revenue Fund was to cover a shortfall. The General Fund transfers to the Debt Service Fund were to cover debt service requirements. The Bus Rapid Transit Special Revenue Fund transfer was due to the fund closing to the General Fund.

.

IV. Detailed Notes on All Funds (continued)

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

At December 31, 2014, the fund balance of the Authority's General Fund was restricted and committed for the following:

Non-spendable for inventory & prepaids	$	920,754
Restricted		826,040
Committed for Transit		335,000
Committed for Trails		525,000
Committed for Facilities		575,000
Committed for Operating Reserves		5,716,681
Total	$	8,898,475

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

At December 31, 2014, the fund balance of the Capital Projects Fund was committed for the following:

Committed for the BRT Project	$	428,801
Committed for AMF recommissioning project		1,873,863
Committed for capital related to 2013A loan		1,248,342
Total	$	3,551,006

Funds committed by the Authority are for the BRT Project, AMF recommissioning project, and capital purchases and projects from Loan 2013A loan proceeds.

IV. Detailed Notes on All Funds (continued)

E. Non-spendable, Restriction and Commitment of Fund Balances (continued)

At December 31, 2014, the fund balance of the Debt Service Fund was restricted for the following:

Restricted for debt	$	2,499,347
Total	$	2,499,347

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

F. Other Liabilities

1. Sales Tax Revenue Bonds

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

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

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

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

1. Sales Tax Revenue Bonds (continued)

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

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

2. Sales Tax Revenue Loans

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

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

3. 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 2016. The proceeds from the Certificates were used for acquisition of additional buses.

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

4. Capital Leases

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

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

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

In 2012, the Authority signed a lease for two Ford F250s totaling $71,925. The lease carries an interest rate of 6.1% with a final maturity of 2015.

In 2012, the Authority signed a lease for a Bobcat totaling $37,500. The lease carries an interest rate of 5.78% with a final maturity of 2015.

In 2012, the Authority signed a lease for a Manlift totaling $47,690. The lease carries an interest rate of 4.57% with a final maturity of 2016.

In 2012, the Authority signed a lease for a Ford Explorer totaling $30,225. The lease carries an interest rate of 6.45% with a final maturity of 2015.

In 2013, the Authority signed a lease for five administrative vehicles totaling $151,451. The lease carries an interest rate of 5.7% with a final maturity of 2016.

In 2013, the Authority signed a lease for equipment totaling $61,938. The lease carries an interest rate of 7.58% with a final maturity of 2016.

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

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

5. Authorized Unissued Debt

The Authority had $7,105,000 of authorized unissued debt as of December 31, 2014.

6. Changes in Debt

The Authority had the following changes in its outstanding debt:

	12/31/13	Increases	Decreases	12/31/14	Due within one year
Bonds payable:					
Sales tax revenue bonds:					
Series 2009A	$ 4,175,000	$ -	$ (540,000)	$ 3,635,000	$ 555,000
Series 2009B	21,310,000	-	-	21,310,000	-
Series 2010A	2,530,000	-	-	2,530,000	-
Series 2010B	4,925,000	-	(320,000)	4,605,000	325,000
Series 2012A	6,650,000	-	(340,000)	6,310,000	340,000
Certificates of participation:					
Series 2005	1,135,000	-	(360,000)	775,000	380,000
Less deferred amounts:					
On refunding	(145,318)	-	21,080	(124,238)	-
Loans payable:					
Sales tax revenue loans, series 2013A	2,000,000	-	(35,000)	1,965,000	90,000
Taxable sales tax revenue loans, Series 2013B	1,300,000	-	(25,000)	1,275,000	50,000
Capital leases:					
2007	2,154,072	-	(568,350)	1,585,722	593,158
2008 Parker House	1,845,338	-	(93,838)	1,751,500	98,043
2008 Buses	381,490	-	(148,995)	232,495	153,771
1340 Main Street, Carbondale	928,198	-	(34,746)	893,452	36,375
2012 Ford F250s (2)	35,900	-	(17,419)	18,481	18,481
2012 Bobcat	18,721	-	(9,097)	9,624	9,624
2012 Manlift	28,576	-	(9,103)	19,473	9,519
2012 Ford Explorer	15,083	-	(7,306)	7,777	7,777
2013 Admin Vehicles	110,694	-	(34,873)	75,821	36,860
2013 Equipment	57,280	-	(19,475)	37,805	20,993
2014 Admin Vehicles	-	137,201	(37,329)	99,872	31,392
Total bonds payable	49,455,034	137,201	(2,579,451)	47,012,784	2,755,993
Compensated absences	1,420,950	103,860	-	1,524,810	-
Long-term liabilities	$ 50,875,984	$ 241,061	$ (2,579,451)	$ 48,537,594	$ 2,755,993

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

7. Future Debt Payments

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

	2005 Certificates of Participation		2007 Capital Lease-Bus		2008 Capital Lease-Bus	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2015	$ 380,000	$ 34,875	$ 593,158	$ 56,323	$ 153,771	$ 6,181
2016	395,000	17,775	619,049	30,432	78,724	1,252
2017	-	-	373,515	5,348	-	-
Total	$ 775,000	$ 52,650	$ 1,585,722	$ 92,103	$ 232,495	$ 7,433

	2008 Capital Lease-Parker House		2009A Sales/Use Tax Rev. Bonds		2009B Sales/Use Tax Rev. Bonds	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2015	$ 98,043	$ 74,934	$ 555,000	$ 135,525	$ -	$ 1,429,186
2016	102,435	70,542	570,000	118,875	-	1,429,186
2017	107,023	65,954	590,000	98,925	-	1,429,186
2018	111,817	61,160	615,000	76,800	-	1,429,186
2019	116,826	56,151	640,000	52,200	-	1,429,186
2020-2024	667,476	197,408	665,000	26,600	3,585,000	6,802,994
2025-2029	547,880	43,114	-	-	5,415,000	5,274,168
2030-2034	-	-	-	-	5,305,000	3,450,318
2035-2039	-	-	-	-	7,005,000	1,702,841
Total	$ 1,751,500	$ 569,263	$ 3,635,000	$ 508,925	$ 21,310,000	$ 24,376,251

	2010A Sales/Use Tax Rev. Bonds		2010B Sales/Use Tax Rev. Bonds		1340 Main Street, Carbondale	
Year	**Principal**	**Interest**	**Principal**	**Interest**	**Principal**	**Interest**
2015	$ -	$ 173,032	$ 325,000	$ 157,431	$ 36,375	$ 40,001
2016	-	173,032	330,000	150,931	38,070	38,306
2017	-	173,032	340,000	142,194	39,844	36,532
2018	-	173,032	350,000	133,269	41,700	34,676
2019	-	173,032	360,000	122,769	43,643	32,733
2020-2024	-	865,160	1,990,000	423,557	250,677	131,204
2025-2029	420,000	837,732	910,000	57,881	314,774	67,106
2030-2034	835,000	616,098	-	-	128,369	5,427
2035-2039	1,040,000	303,690	-	-	-	-
2040	235,000	16,307	-	-	-	-
Total	$ 2,530,000	$ 3,504,147	$ 4,605,000	$ 1,188,032	$ 893,452	$ 385,986

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

7. Future Debt Payments (continued)

	2012A Sales/Use Tax Rev. Bonds		2012 Capital Lease - Ford F250		2012 Capital Lease - Bobcat	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 340,000	$ 217,008	$ 18,481	$ 1,127	$ 9,624	$ 556
2016	340,000	213,030	-	-	-	-
2017	340,000	207,046	-	-	-	-
2018	340,000	200,552	-	-	-	-
2019	340,000	192,664	-	-	-	-
2020-2024	1,705,000	814,502	-	-	-	-
2025-2029	1,780,000	484,650	-	-	-	-
2030-2034	1,125,000	101,700	-	-	-	-
Total	$ 6,310,000	$ 2,431,152	$ 18,481	$ 1,127	$ 9,624	$ 556

	2012 Capital Lease - Manlift		2012 Capital Lease - Ford Explorer		2013A Sales/Use Tax Rev. Loan	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 9,519	$ 890	$ 7,777	$ 502	$ 90,000	$ 68,382
2016	9,954	455	-	-	100,000	65,250
2017	-	-	-	-	110,000	61,770
2018	-	-	-	-	115,000	57,942
2019	-	-	-	-	110,000	53,940
2020-2024	-	-	-	-	700,000	205,320
2025-2029	-	-	-	-	740,000	66,120
Total	$ 19,473	$ 1,345	$ 7,777	$ 502	$ 1,965,000	$ 578,724

	2013B Taxable Sales/Use Tax Rev. Loan		2013 Capital Lease - Vehicles		2013 Capital Lease - Equipment	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2015	$ 50,000	$ 63,240	$ 36,860	$ 4,322	$ 20,993	$ 2,278
2016	50,000	60,760	38,961	2,221	16,812	641
2017	60,000	58,280	-	-	-	-
2018	60,000	55,304	-	-	-	-
2019	60,000	52,328	-	-	-	-
2020-2024	370,000	211,296	-	-	-	-
2025-2029	505,000	108,872	-	-	-	-
2030-2034	120,000	5,952	-	-	-	-
Total	$ 1,275,000	$ 616,032	$ 75,821	$ 6,543	$ 37,805	$ 2,919

IV. Detailed Notes on All Funds (continued)

G. Other Liabilities (continued)

7. Future Debt Payments (continued)

	2014 Capital Lease - Vehicles		Totals	
Year	**Principal**	**Interest**	**Principal**	**Interest**
2015	$ 31,392	$ 5,942	$ 2,755,993	$ 2,471,735
2016	33,248	4,075	2,722,253	2,376,763
2017	35,232	2,096	1,995,614	2,280,364
2018	-	-	1,633,517	2,221,921
2019	-	-	1,670,469	2,165,003
2020-2024	-	-	9,933,153	9,678,041
2025-2029	-	-	10,632,654	6,939,643
2030-2034	-	-	7,513,369	4,179,495
2035-2039	-	-	8,045,000	2,006,531
2040	-	-	235,000	16,307
Total	$ 99,872	$ 12,114	$ 47,137,022	$ 34,335,803

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, 2014.

B. Intergovernmental Agreement

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

V. Other Information (continued)

B. Intergovernmental Agreement (continued)

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

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

C. Intergovernmental Agreement - Town of Basalt

In April 2012, the Authority entered into an agreement with the Town of Basalt ("Town"), and subsequently entered into a memorandum of understanding (the "MOU") with the Town and Willits Town Center, LLC ("WTC") to construct Willits Highway 82 Crossing (the "Project").

Subject to the agreement, the Authority agrees to loan the Town up to, but not to exceed, $1,200,000, at no interest, for the construction and completion of the project. The Town will reimburse the Authority based on the terms of the MOU.

In October 2013, the IGA and MOU were amended to reduce the loan amount to $405,500 with an anticipated repayment period of within 6 years. There will also be a cash contribution by the Authority of $59,500. The actual loan amount to the Town was $275,196 and is anticipated to be paid back within four years.

V. Other Information (continued)

C. Intergovernmental Agreement - Town of Basalt (continued)

As of December 31, 2014, the loan balance was $219,700. In 2015, this loan balance will be relieved in full as the Town and the Authority agreed that the debt relief will be used to offset the Authority's contribution to the Town in 2015 for its Basalt Avenue Underpass project.

D. 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.

- **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 0.5% City of Aspen Visitor Benefit tax indicated above are applied towards the cost of this service contract.

- **The Travelers** – The Authority operates Senior 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 contract revenue on the Authority's financial statements.

E. Contingent Liabilities

As of December 31, 2014, the Authority maintained an unused line 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.

V. Other Information (continued)

F. Employee Benefits

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

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

G. Retirement Plans

1. Deferred Compensation Plan – Section 457

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

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of the plan participants and their beneficiaries.

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

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

V. Other Information (continued)

G. Retirement Plans

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

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

The Plan sponsor is the only contributor to the Plan. All Authority employees receive a 12.55% contribution to the Plan. Only full-time employees who have been with the Authority for six consecutive months are eligible. The Authority's total and covered payroll for 2014 is $14,015,000 and approximately $12,340,000 respectively. Contributions were approximately $1,549,000.

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

H. Risk Management

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

I. Subsequent Event

In March 2015, the Authority renewed the $1 million line of credit with Alpine Bank, with $100,000 to be restricted for a letter of credit for the benefit of Petroleum Traders Corporation.

Roaring Fork Transportation Authority

SUPPLEMENTARY INFORMATION

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Capital Projects Fund
For the Year Ended December 31, 2014

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Capital grant revenue	$ 1,846,000	$ 2,929,500	$ 2,929,500	$ -
Investment income	-	-	3,611	3,611
Total Revenues	1,846,000	2,929,500	2,933,111	3,611
Expenditures:				
Project management	-	141,100	162,040	(20,940)
Capital outlay	4,347,000	2,574,880	2,431,806	143,074
Total Expenditures	4,347,000	2,715,980	2,593,846	122,134
Change in Net Position	$ (2,501,000)	$ 213,520	339,265	$ 125,745
Fund Balance/Net Position:				
Beginning of Year			3,211,741	
End of Year			$ 3,551,006	

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

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2014

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Other income	$ 672,539	$ 673,294	$ 755
Investment income	-	3,398	3,398
Total Revenues	672,539	676,692	4,153
Expenditures:			
Debt service:			
Principal	940,000	940,000	-
Interest	1,939,661	1,938,409	1,252
Total Expenditures	2,879,661	2,878,409	1,252
Excess of Revenues Over Expenditures	(2,207,122)	(2,201,717)	5,405
Other Financing Sources / (Uses)			
Transfers from other funds	2,207,122	2,201,717	(5,405)
Total Other Financing Sources / (Uses)	2,207,122	2,201,717	(5,405)
Change in Fund Balance	$ -	-	$ -
Fund Balance:			
Beginning of Year		2,499,347	
End of Year		$ 2,499,347	

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

Roaring Fork Transportation Authority

STATUTORY INFORMATION

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 24, 2015.

Internal Control Over Financial Reporting

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

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

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

Paul J. Backes, CPA, CGMA
Michael N. Jenkins, CA, CPA, CGMA
Daniel R. Cudahy, CPA, CGMA

Avon: (970) 845-8800
Aspen: (970) 544-3996
Frisco: (970) 668-3481

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

McMahan and Associates, L.L.C.
June 24, 2015

McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

INDEPENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

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

Report on Compliance for Each Major Program

We have audited the Roaring Fork Transportation Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2014. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above, We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2014.

Member: American Institute of Certified Public Accountants

Paul J. Backes, CPA, CGMA
Michael N. Jenkins, CA, CPA, CGMA
Daniel R. Cudahy, CPA, CGMA

Avon: (970) 845-8800
Aspen: (970) 544-3996
Frisco: (970) 668-3481

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

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do no express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program or on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charges with governance.

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

The purpose of this report in internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.
June 24, 2015

Roaring Fork Transportation Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2014

Part I: Summary of Auditor's Results

Financial Statements	
Type of auditor's report issued	Unmodified
Internal control over financial reporting:	
Material weakness identified	None noted
Significant deficiency indentified	None noted
Noncompliance material to financial statements noted	None noted
Federal Awards	
Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency indentified	None noted
Type of auditor's report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major program:	
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
For the Year Ended December 31, 2014

Note: There were no findings for the fiscal year ended December 31, 2013.

Roaring Fork Transportation Authority
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2014

Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2014.

Program Title	Federal CFDA Number	Major Program	Expenditures
U.S. Department of Transportation:			
Federal Transit Capital Investment Grants	20.500	Yes	$ 2,833,245
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research	20.505	No	100,000
Formula Grant for Rural Areas	20.509	No	1,290,170
Total Federal Financial Awards			$ 4,223,415

Note 1. Basis of Presentation:
The Schedule of Expenditures of Federal Awards includes the federal grant activity of the Roaring Fork Transportation 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.

Note 2. Pass-Through Sub-Recipients:
The Authority had no sub-recipients as of December 31, 2014.