Roaring Fork Transportation Authority
Aspen, Colorado

Financial Statements
December 31, 2006

RFTA
ROARING FORK TRANSPORTATION AUTHORITY
Connecting our region with transit and trails

Roaring Fork Transportation Authority

Financial Report

December 31, 2006

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Roaring Fork Transportation Authority

We have audited the accompanying basic financial statements of the governmental activities and the budget and actual individual fund statements of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2006, as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the budget and actual individual fund statements of Roaring Fork Transportation Authority as of December 31, 2006 and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards,* we have also issued our report dated May 16, 2005, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of and audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis in Section B is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards on page E6 is presented for purposes of additional analysis and as required by the U.S. Office of Management Budget Circular A-133, *Audits of States and Local Governments, and Non-Profit Organizations,* and is not a required part of the basic financial statements of the Authority. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McMahan and Associates, LLC

McMahan and Associates, L.L.C.
June 21, 2007

MANAGEMENT'S DISCUSSION AND ANALYSIS

ROARING FORK TRANSPORTATION AUTHORITY

Management's Discussion and Analysis
December 31, 2006

As Management of the Roaring Fork Transportation Authority, (the "Authority"), we offer readers of the Authority's financial statements this narrative summary of the financial activities of the Authority for the fiscal year ended December 31, 2006.

Financial Highlights

- When looking at a short term view, the Authority had an increase in total fund balance of $ 1,817,977 in the General Fund and Mid Valley Trails Fund. The Authority had $ 9,376,422 of consolidated Fund Balance.

- When looking at a long-term view, the Authority had an increase in net assets of $9,232,752. The Authority had $5,829,260 of net assets. The increase in net assets is generally attributable to receiving grants for the purchase of fixed assets.

- The Authority has experienced an increase in all areas of Ridership. Year to date Ridership and percentage increases by area are as follows (rounded to the thousands); total Ridership of 4,086,000 and 10.2%; Year Round City Service 891,000, and 7.9%; Seasonal City Service 176,000 and 3.5%; Valley Service 1,795,000 and 7.1%; Grand Hogback Service (Silt, New Castle and Rifle) 67,000 and 18.4%; Other Services 1,157,000 and 18%.

- The Authority signed a lease totaling $2,450,000 for the purchase of several new environmentally friendly buses.

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.

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

The Balance Sheet/Statement of Net Assets presents information on all the Authority's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net assets. The General Fund column presents the financial position focusing on short-term available resources and is reported on a modified accrual basis of accounting. This column shows the reserved and unreserved portions of fund balance. The unreserved fund balance may be easily spent. The Statement of Net Assets column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. This column adds capital assets net of both depreciation and debt into the long-term equation. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the government's fund balance and net assets changed during the most recent fiscal year. The General Fund column focuses on short-term available resources and is reported on a modified accrual basis. It shows the increase or decrease in fund balance. Fund balance consists of equity and inventories. The Adjustments column represents the changes to the value of long-term assets. For example, depreciation or changes in debt service may increase or decrease the value of an asset. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis. Though the focus is on long-term, it should not be associated with the future but rather with the changes in net assets from January through December. This column records the Authority's net worth.

The Authority's financial statements can be found on pages C1 through C3 of this report.

Notes to the Financial Statements: The notes 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.

Financial Analysis of the Authority

Roaring Fork Transportation Authority's Net Assets

	2006	2005
Assets:		
Current and other assets	11,233,720	9,867,330
Capital assets, net	34,835,203	29,182,377
Total Assets	46,068,923	39,049,707
Liabilities:		
Other liabilities	2,691,063	2,808,172
Non-current liabilities	12,807,068	11,500,000
Total Liabilities	15,498,131	14,308,172
Net Assets:		
Invested in Capital Assets, net of debt	22,028,134	17,682,377
Restricted	497,741	497,741
Unrestricted	8,044,919	6,561,416
Total Net Assets	$ 30,570,794	$ 24,741,534

The Authority has 72% of its net assets invested in capital assets, net of related debt. Another $497,741 is restricted for emergencies. That leaves unrestricted net assets totaling $8,044,919 or 39% of expenses.

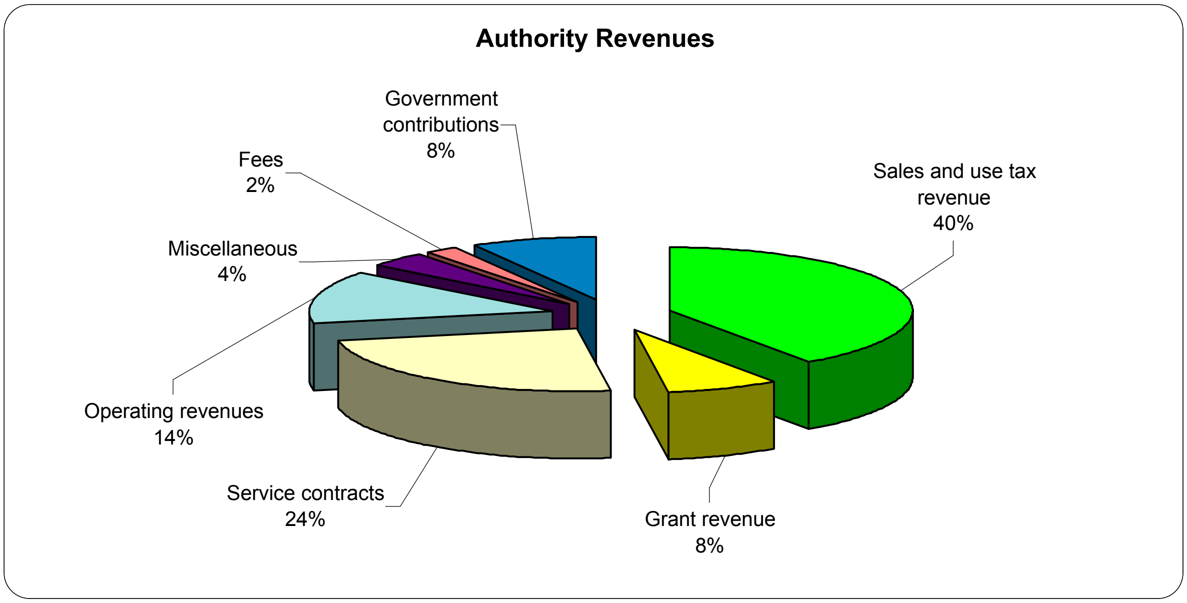
For the year ended December 31, 2006, the Authority's General Fund had an increase in net assets of $1,901,827. This increase is primarily a result of capital grants and contributions awarded for the purchase of buses and park and ride facilities.

Roaring Fork Transportation Authority's Change in Net Assets

	2006	2005
Revenues:		
Sales and use tax	$ 10,545,846	$ 9,469,920
Sale of assets	-	1,061,000
Operating & other revenue	15,852,831	13,684,062
Total Revenue	26,398,677	24,214,982
Expenditure:		
Operations	17,726,555	15,094,576
Depreciation	2,014,123	1,998,934
Interest expense	539,721	505,334
Other capital expense	289,018	165,550
Total Expenditure	20,569,417	17,764,394
Change in Net Assets	5,829,260	6,450,588
Net Assets - Beginning of Year	24,741,535	18,290,946
Net Assets - End of Year	30,570,795	24,741,534

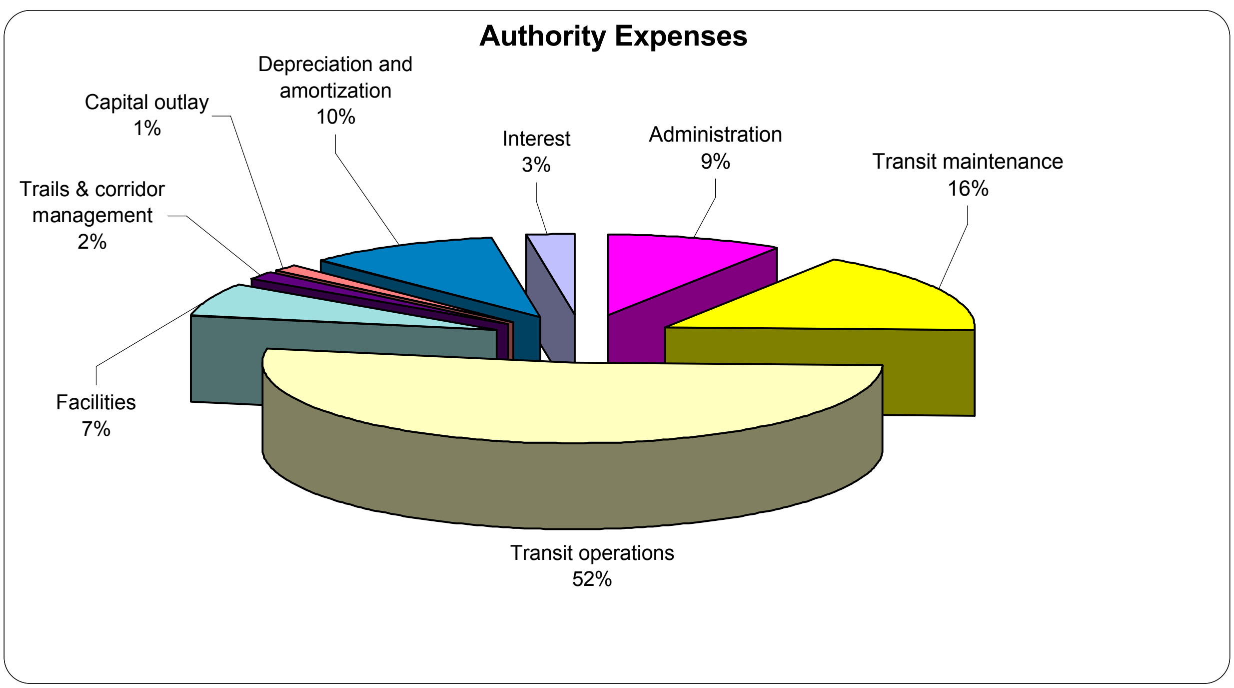
Financial Analysis of the Authority (continued)

The Authority receives revenues from various sources. Details regarding the Authority's revenue sources can be found on Page C2. The following chart depicts the Authority's revenues:



Miscellaneous income includes the following: Other income, rental revenues, and investment income.

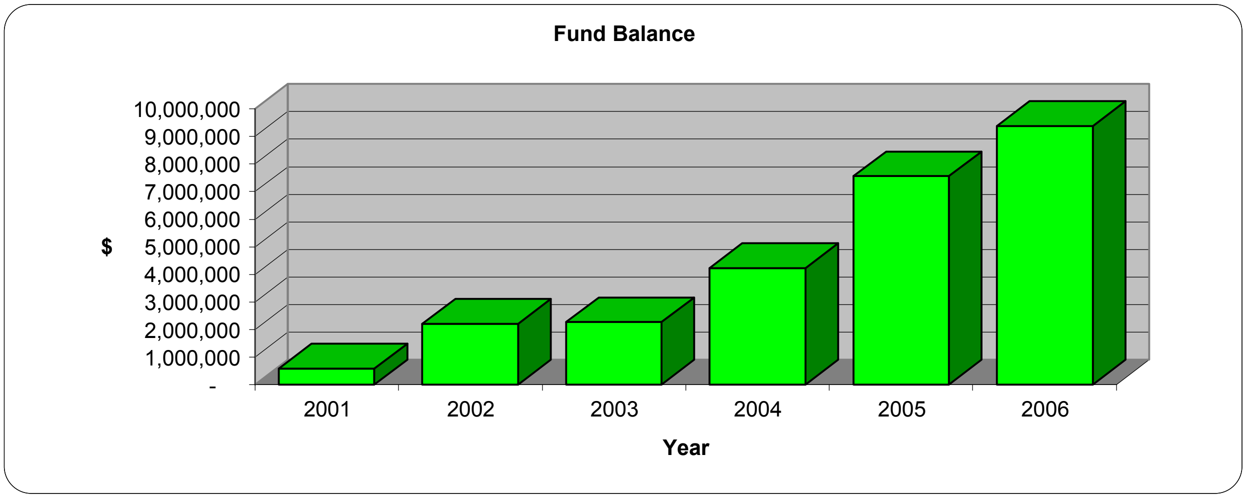
The Authority has expenses consisting of transit operations, trails, facilities, and corridor management. The Authority is responsible for a railroad right-of-way that runs adjacent to Highway 82. Expenses relating to maintaining this right-of-way are referred to as corridor management. The Authority incurs other expenses which generally consist of service contract payments to the Town of Snowmass Village and legislative assistance expenditures. Interest expense reflects the borrowing costs payable to Pitkin County, Colorado, associated with the 1998 and 2001 transit debt, 2005 Certificates of Participation, and 2006 capital lease. The following chart depicts the Authority's expenses:



Administrative expenses include the following: Attorney, Board of Directors, CEO, Finance, Human Resources and Risk Management, Information Technology and Planning.

Financial Analysis of the Authority (continued)

The following chart shows fund balances for the last several years.



Budget Variances in the General Fund:

The Authority's revenues were $1,528,475 more than budgeted. Expenditures were $ 6,490 less than the budget. Significant budget variances were as follows:

	Final Budget	Actual	Variance Positive Negative	Reason
Revenues:				
Grant revenue	2,497,341	1,964,310	(533,031)	Timing differences
Government contributions	2,623,288	2,172,986	(450,302)	Glenwood Springs purchased bus directly
Expenditures:				
Transit operations	11,015,576	10,722,859	292,717	Understaffed on Bus Drivers
Capital outlay	6,771,922	7,652,763	(880,841)	Bus Lease

The Authority's long-term plan has indicated a need to build reserves.

Fixed Assets

RFTA purchased several new buses, rehabilitated others, facilities upgrades and repairs and capital outlay expenditures relating to park and ride lots. Additional fixed asset information is available in the footnotes.

Subsequent Year's Budget

The Authority ended the year with an ending fund balance of $9,376,422. The 2007 budget anticipates a decrease of $588,000.

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, 0051 Service Center Road, Aspen, Colorado 81611.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

Roaring Fork Transportation Authority
Balance Sheet/Statement of Net Assets
December 31, 2006

	Funds Financial Statements				
	General Fund	Mid Valley Trails	Total	Adjustments	Statement of Net Assets
Assets:					
Cash and cash equivalents - Unrestricted	5,018,288	143,670	5,161,958	-	5,161,958
Cash and cash equivalents - Restricted	432,596	-	432,596	195,850	628,446
Accounts receivable	2,853,841	-	2,853,841	-	2,853,841
Due from other governments	1,805,195	-	1,805,195	-	1,805,195
Prepaid expenses	120,880	-	120,880	-	120,880
Inventory	555,894	-	555,894	-	555,894
Other assets, net of amortization	-	-	-	107,507	107,507
Capital assets	-	-	-	49,707,211	49,707,211
Accumulated depreciation	-	-	-	(14,872,009)	(14,872,009)
Total Assets	10,786,694	143,670	10,930,364	35,138,559	46,068,923
Liabilities:					
Accounts payable	828,034	-	828,034	-	828,034
Accrued expenses	535,585	-	535,585	264,011	799,596
Accrued compensated absences	-	-	-	818,769	818,769
Construction retainage payable	116,328	-	116,328	-	116,328
Deposits	11,995	-	11,995	-	11,995
Deferred grant revenue	62,000	-	62,000	-	62,000
Accrued interest	-	-	-	54,339	54,339
Non-current liabilities:					
Due within one year	-	-	-	1,358,371	1,358,371
Due longer than one year	-	-	-	11,448,697	11,448,697
Total Liabilities	1,553,942	-	1,553,942	13,944,187	15,498,129
Fund Balance/Net Assets:					
Fund Balance:					
Reserved for emergencies	497,741	-	497,741	(497,741)	
Reserved for inventory	555,894	-	555,894	(555,894)	
Unreserved:					
Designated	1,044,338	-	1,044,338	(1,044,338)	
Undesignated	7,134,779	143,670	7,278,449	(7,278,449)	
Total Fund Balance	9,232,752	143,670	9,376,422		
Total Liabilities and Fund Balance	10,786,694	143,670	10,930,364		
Net Assets:					
Invested in capital assets, net of related debt				22,028,134	22,028,134
Reserved				497,741	497,741
Unrestricted				8,044,919	8,044,919
Total Net Assets				30,570,794	30,570,794

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, 2006

	Funds Financial Statements				
	General Fund	Mid Valley Trails	Total	Adjustments	Statement of Activities
Revenues:					
Sales and use tax revenue	10,581,765	-	10,581,765	(35,919)	10,545,846
Grant revenue	1,964,310	36,000	2,000,310	-	2,000,310
Service contracts	6,372,972	-	6,372,972	-	6,372,972
Operating revenues	3,588,433	-	3,588,433	-	3,588,433
Other income	465,760	9,512	475,272	113,866	589,138
Fees	529,937	-	529,937	-	529,937
Government contributions	2,172,986	36,095	2,209,081	-	2,209,081
Rental revenues	131,806	-	131,806	-	131,806
Investment income	276,247	-	276,247	23,813	300,060
Total Revenues	26,084,216	81,607	26,165,823	101,760	26,267,583
Expenditures/Expenses:					
Administration	1,604,453	-	1,604,453	264,010	1,868,463
Transit maintenance	3,382,827	-	3,382,827	-	3,382,827
Transit operations	10,722,859	-	10,722,859	24,439	10,747,298
Facilities	1,389,979	-	1,389,979	(6,899)	1,383,080
Trails & corridor management	343,307	1,580	344,887	-	344,887
Capital outlay	7,652,763	163,878	7,816,641	(7,527,623)	289,018
Depreciation and amortization	-	-	-	2,014,123	2,014,123
Debt service:					
Principal	1,142,932	-	1,142,932	(1,142,932)	-
Interest	524,362	-	524,362	15,359	539,721
Cost of issuance	-	-	-	-	-
Total Expenditures/Expenses	26,763,482	165,458	26,928,940	(6,359,523)	20,569,417
Excess of Revenues Over Expenditures/Expenses	(679,266)	(83,851)	(763,117)	6,461,283	5,698,166
Other financing sources (uses):					
Lease proceeds	2,450,000	-	2,450,000	(2,450,000)	-
Sale of assets	131,094	-	131,094	-	131,094
Total other financing sources (uses)	2,581,094	-	2,581,094	(2,450,000)	131,094
Change in Net Assets	1,901,828	(83,851)	1,817,977	4,011,283	5,829,260
Fund Balance/Net Assets:					
Beginning of Year	7,330,924	227,521	7,558,445		24,741,534
End of Year	9,232,752	143,670	9,376,422		30,570,794

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Sales and use tax revenue	9,716,833	10,388,764	10,581,765	193,001
Grant revenue	824,392	2,497,341	1,964,310	(533,031)
Service Contracts	6,408,411	6,468,839	6,372,972	(95,867)
Operating revenues	3,278,985	3,783,313	3,588,433	(194,880)
Other income	82,735	371,064	465,760	94,696
Fees	374,750	473,457	529,937	56,480
Governmental contributions	378,000	2,623,288	2,172,986	(450,302)
Rental revenues	116,469	126,469	131,806	5,337
Investment income	26,250	270,000	276,247	6,247
Lease proceeds	-	-	2,450,000	2,450,000
Sale of fixed assets	-	134,300	131,094	(3,206)
Total Revenues	21,206,825	27,136,835	28,665,310	1,528,475
Expenditures:				
Administration	1,552,190	1,782,555	1,604,453	178,102
Transit maintenance	3,214,847	3,404,409	3,382,827	21,582
Transit operations	10,380,231	11,015,576	10,722,859	292,717
Facilities	1,404,348	1,516,716	1,389,979	126,737
Trails & corridor management	470,058	364,708	343,307	21,401
Capital outlay	2,347,202	6,771,922	7,652,763	(880,841)
Debt service:				
Principal	885,000	1,337,480	1,142,932	194,548
Interest	513,287	576,608	524,362	52,246
Total Expenditures/Expenses	20,767,163	26,769,974	26,763,482	6,492
Excess of Revenues Over Expenditures/Expenses	439,662	366,861	1,901,828	1,534,967
Fund Balance/Net Assets:				
Beginning of Year			7,330,924	
End of Year			9,232,752	

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

Roaring Fork Transportation Authority
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Mid Valley Trails Fund
For the Year Ended December 31, 2006

	Original Budget	Final Budget	Actual	Final Budget Variance Positive (Negative)
Revenues:				
Grant revenue	-	-	36,000	36,000
Other income	-	-	9,512	9,512
Other contributions	43,068	31,137	36,095	4,958
Total Revenues	43,068	31,137	81,607	50,470
Expenditures:				
Trails and Corridor Management:				
Trail management	43,068	-	-	-
Other	-	-	1,580	(1,580)
Capital Outlay:				
Hooks Land project	-	123,068	163,878	(40,810)
Total Expenditures	43,068	123,068	165,458	(42,390)
Excess (Deficiency) of Revenues Over Expenditures	-	(91,931)	(83,851)	8,080
Fund Balance - Beginning of Year			227,521	
Fund Balance - End of Year			143,670	

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

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 Glenwood Springs, Town of Carbondale, Town of Basalt, Town of Snowmass Village, Town of New Castle, City of Aspen, Pitkin County and Eagle County. The Authority is supported by dedicated sales tax collections by governments within the service area, contributions, and fares.

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

A. Reporting Entity

The Authority is governed by a Board of Directors consisting of eight member 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. 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.

1. Government-wide Financial Statements

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

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements

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

The fund focus is on current available resources and budget compliance.

The Authority reports two funds - the General Fund and the Mid Valley Trails Fund. The Mid Valley Trails Fund accounts for transactions relating to a specific section of trails in the Authority's service area. The General Fund accounts for all activities of the general government except those accounted for in the Mid Valley Trails Fund.

C. Measurement Focus and Basis of Accounting

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

D. Financial Statement Accounts

1. Cash and Cash Equivalents

Cash and cash equivalents 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.

2. Inventory

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

3. Receivables

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

4. Fund Equity

In both government-wide and fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

5. Use of Estimates

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

6. Capital Assets

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

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

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

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

Asset	Years
Buildings and improvements	20-40
Machinery and equipment	3-10
Vehicles	7-12

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between *Fund balance – Governmental funds* and *Net assets – Governmental activities* as reported in the government-wide Statement of Net Assets. The Authority adds capital assets net of depreciation of $34,835,202. Another element of this reconciliation subtracts long-term debt relating to Pitkin County, Colorado's 1998 and 2001 transit sales tax revenue bonds. The Authority has agreed to the repayment of this debt through its Pitkin County dedicated sales tax. The debt recorded is net of a $195,850 reserve which is held by Pitkin County, Colorado. The Authority also has accrued interest of $54,339 relating to the aforementioned debt.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between *Net change in fund balance – Governmental funds* and *Changes in net assets – Governmental activities* as reported in the government-wide Statement of Activities. The Authority has recorded a decrease in sales and use tax revenue and an increase in interest income relating to the debt service reserve currently being held by Pitkin County, Colorado. The Authority also reduces capital outlay in the amount of $7,527,623 for assets which have been capitalized and depreciated. The remaining capital outlay represents capital expenditures which do not meet the Authority's capitalization policy.

III. Stewardship, Compliance, and Accountability

A. Budgets and Budgetary Accounting

In the fall of each year, the Authority's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental funds are adopted on a basis consistent with U.S. generally accepted accounting principles.

(1) On or before October 15, 2005, 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, 2005.

(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.

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

All appropriations lapse at year end. During the year, two supplemental appropriation resolutions were adopted by the Authority. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made. As a result of the supplementary budget appropriation, the 2006 appropriations were increased as follows:

	Appropriation
Original Appropriation	$ 20,767,163
Changes to Annual Appropriations:	
Resolution 2006-05	103,795
Resolution 2006-06	1,989,000
Resolution 2006-07	1,454,033
Resolution 2006-09	1,310,160
Resolution 2006-14	446,593
Resolution 2006-15	699,230
Total supplemental appropriations	6,002,811
Final Appropriation	$ 26,769,974

B. TABOR Amendment

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

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

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, or salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue. As required by TABOR, the Authority has reserved $497,741 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2006.

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

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

IV. Detailed Notes on All Funds

A. Deposits and Investments

The Authority' 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 $100,000 of the Authority's deposits at each financial institution. Deposit balances over $100,000 are collateralized as required by PDPA. The carrying amount of the Authority's demand deposits was $5,790,403 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	$ 4,050	4,050	-
Checking	Not Rated	5,157,908	5,157,908	-
Deposits held by Trustee	Not Rated	432,596	432,596	-
Deposits held by County Treasurer	Not Rated	195,850	195,850	-
Total		$ 5,790,404	5,790,404	-

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.

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.

IV. Detailed Notes on All Funds (continued)

B. Receivables

Accounts receivable is due primarily from entities participating in "the Authority" for Sales and Use Tax and Other Governmental Contributions. Due from other Governments consists of amounts due from the Federal and State Government. The Authority has recorded no allowance for doubtful accounts at December 31, 2006 and anticipates the collection of all receivables.

C. Reservation and Designation of Fund Balances

At December 31, 2006, the fund balance of the Authority's General Fund was designated and reserved for the following:

Reserved for emergencies	$ 497,741
Reserved for inventory	555,894
Designated for Transit	225,000
Designated for Trails	150,000
Designated for Facilities	225,000
Designated for Operating Reserves	444,338
Total	$ 2,097,973

Funds restricted for emergencies are required by Colorado's TABOR amendment. Funds are restricted for inventories as they are not readily spendable and therefore are not included in unrestricted fund balance. Additional amounts have been designated for specific purposes by RFTA as indicated.

IV. Detailed Notes on All Funds (continued)

D. Capital Assets

Capital asset activity for the year ended December 31, 2006 was as follows:

	1/1/06	Increases	Decreases	12/31/06
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	$ 562,841	747,792	(460,341)	850,292
Land and improvements	9,402,259	-	-	9,402,259
Total Capital Assets, Not Being Depreciated	9,965,100	747,792	(460,341)	10,252,551
Capital assets, being depreciated:				
Buildings	5,008,132	338,828	-	5,346,960
Improvements other than buildings	1,276,768	1,978,155	-	3,254,923
Equipment	29,055,061	5,043,955	(3,246,238)	30,852,778
Total Capital Assets Being Depreciated	35,339,961	7,360,938	(3,246,238)	39,454,661
Less accumulated depreciation for:				
Buildings	(467,663)	(145,845)	-	(613,508)
Improvements other than buildings	(76,206)	(37,270)	-	(113,476)
Equipment	(15,578,815)	(1,812,449)	3,246,238	(14,145,026)
Total Accumulated Depreciation	(16,122,684)	(1,995,564)	3,246,238	(14,872,010)
Total Capital Assets, Being Depreciated, Net	19,217,277	5,365,374	-	24,582,651
Governmental Activities Capital Assets, Net	$ 29,182,377	6,113,166	(460,341)	34,835,202

The Authority's depreciation expense at December 31, 2006 totaled $1,995,564.

E. 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 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. There is currently two Sales Tax Revenue Bonds outstanding. The Series 1998 Bonds carry an interest rate of 3.5% to 5% with final maturity date of 2014. The Series 2001 Sales Tax Revenue Bonds carry an interest rate of 3.25% to 4% and mature in 2021. The Bonds are subject to an optional maturity under certain conditions.

2. Certificates of Participation

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2006
(Continued)

IV. Detailed Notes on All Funds (continued)

E. Other Liabilities (continued)

3. Capital Leases

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

4. Changes in Debt

The Authority had the following changes in its outstanding debt:

	1/1/06	Increases	Decreases	12/31/06	Due within one year
Sales Tax Revenue Bonds:					
1998 issue	$ 1,260,000	-	(115,000)	1,145,000	120,000
2001 issue	6,645,000	-	(495,000)	6,150,000	505,000
Certificates of Participation:					
2005	3,595,000	-	(275,000)	3,320,000	280,000
Capital Leases:					
2006	-	2,192,068	-	2,192,068	453,371
Compensated Absences	794,330	24,439	-	818,769	-
Total	$ 12,294,330	2,216,507	(885,000)	13,625,837	1,358,371

3. Future Debt Payments

The following schedule shows the future payments required to be made to the County through a reduction of their apportioned sales tax:

	98 Sales Tax Rev. Bonds		01 Sales Tax Rev. Bonds	
Year	Principal	Interest	Principal	Interest
2007	120,000	54,017	505,000	297,188
2008	125,000	48,797	225,000	279,512
2009	135,000	43,235	230,000	271,075
2010	140,000	37,093	240,000	261,875
2011	145,000	30,583	250,000	252,275
2011-2015	480,000	48,615	1,790,000	1,066,625
2016-2020	-	-	2,910,000	474,077
Total	$ 1,145,000	262,340	6,150,000	2,902,627

	2005 COP		2006 Capital Lease		Total	
Year	Principal	Interest	Principal	Interest	Principal	Interest
2007	280,000	131,563	453,371	84,651	1,358,371	567,419
2008	290,000	122,463	472,011	66,011	1,112,011	516,783
2009	300,000	112,313	491,418	46,604	1,156,418	473,227
2010	310,000	101,513	511,622	26,400	1,201,622	426,881
2011	320,000	320,000	263,646	5,365	978,646	608,223
2011-2015	1,820,000	1,820,000	-	-	4,090,000	2,935,240
2016-2020	-	-	-	-	2,910,000	474,077
Total	$ 3,320,000	2,607,852	2,192,068	229,030	12,807,068	6,001,849

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, 2006.

B. Intergovernmental Agreement

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

Included in the intergovernmental agreement is a requirement to provide funding through an allocation of sales tax received in the participating entities. Effective January 1, 2005 the sales tax sharing agreements have been amended and approved by the Authority's electorate to the following:

- City of Glenwood Springs – .6% sales tax.
- Town of Carbondale – a RTA tax of .6% and a projects tax of .1% for a total .7% sales tax. The projects tax, or 14.28% of the total collected, is returned to the Town and used to fund projects within Carbondale.
- Town of Basalt – .4% sales tax.
- Eagle County – .5% sales tax on the portion of sales tax collected within the Town of Basalt and .7% within the unincorporated area of Eagle County within precincts 7,8,24 and 25. A minimum of 10% of the first .5% sales tax proceeds of this tax shall be used for trails construction and maintenance within the aforementioned precincts.
- Pitkin County – .8104% of a .5% sales tax and .48131% of a 1% sales tax for an equivalent total of a .8865% sales tax.
- New Castle – .40% sales and use tax.

C. Service Agreements

The Authority has the following extended local service contracts:

- 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.

V. Other Information (continued)

C. Service Agreements (continued)

- 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. The proceeds of the .5% Visitor Benefits tax indicated above are applied towards the cost of this service contract.

D. Employee Benefits

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

All Authority employees may continue their health insurance 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.

E. 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 the Stanton Group, Inc.

V. Other Information (continued)

E. Retirement Plans (continued)

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

All Authority employees receive a 12.6% 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 2006 is $8,525,845 and, $7,020,554 respectively. Contributions were $884,590.

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

F. Risk Management

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

SUPPLEMENTARY INFORMATION

RFTA

ROARING FORK TRANSPORTATION AUTHORITY

Connecting our region with transit and trails

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Certified Public Accountants and Consultants

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

Board of Directors
Roaring Fork Transportation Authority

We have audited the financial statements of the governmental activities and each major fund of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2006, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 21, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects an entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with general accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

Compliance and Other Matters

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

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

McMahan and Associates, LLC

McMahan and Associates, L.L.C.
June 21, 2007

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

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

Board of Directors
Roaring Fork Transportation Authority

Compliance

We have audited the compliance of Roaring Fork Transportation Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2006. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments*, *and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2006.

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement on a federal program on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is a more than remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

McMahan and Associates, LLC.

McMahan and Associates, L.L.C.
June 21, 2007

Roaring Fork Transportation Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2006

Part I – Summary of Auditor's Results

Financial Statements		
Type of auditor's report issued		Unqualified
Internal control over financial reporting:		
Material weakness identified		None noted
Reportable conditions identified that are not considered to be material weaknesses		None reported
Noncompliance material to financial statements noted		None noted
Federal Awards		
Internal control over major programs:		
Material weakness identified		None noted
Reportable conditions identified that are not considered to be material weaknesses		None reported
Type of auditor's report issued on compliance for major programs		Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133		None noted
Major programs:		
Federal Transit Capital Investment Grants	CFDA#	20.500
Formula Grant for Other than Urbanized Areas	CFDA#	20.509
Dollar threshold used to identify Type A from Type B programs		$300,000
Identified as low-risk auditee		No

Part II – Findings Related to Financial Statements

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

Part III – Findings Related to Federal Awards

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

Roaring Fork Transportation Authority
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2006

2005-1: Finding fully resolved for the year ended December 31, 2006.

Roaring Fork Transportation Authority
Schedule of Expenditures of Federal Awards
For the Year Ended December 31, 2006

Program Title	Federal CFDA Number	Major Program		Expenditures
U.S. Department of Transportation:				
Federal Transit Capital Investment Grants	20.500	Yes	$	1,233,913
Passed through Colorado Department of Transportation:				
Federal Transit Formula Grant	20.507	No		13,923
Formula Grant Other Than Urbanized Areas	20.509	Yes		516,474
Total Federal Financial Awards			$	1,764,310

Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2006

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

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