**Roaring Fork Transportation Authority**
**Carbondale, Colorado**

**Financial Statements**
**December 31, 2020**

**Roaring Fork Transportation Authority**
**Financial Report**
**December 31, 2020**

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McMAHAN AND ASSOCIATES, L.L.C.
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# 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 and each major fund of Roaring Fork Transportation Authority (the "Authority"), as of and for the year ended December 31, 2020, 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 and the standards applicable to financial audits contained in *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 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 Authority'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 Authority'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.

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**INDEPENDENT AUDITOR'S REPORT**
**To the Board of Directors**
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### *Opinions*

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund of Roaring Fork Transportation Authority as of December 31, 2020, and the respective changes in financial position thereof and the respective budgetary comparison for the general fund, service contract fund, bus shelter and park and ride fund, and the mid valley trails fund 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 *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), 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 July 8, 2021 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.

**McMahan and Associates, L.L.C.**
**July 8, 2021**

MANAGEMENT'S DISCUSSION AND ANALYSIS

As Management of the Roaring Fork Transportation Authority (the "Authority"), we offer readers of the Authority's financial report this narrative summary for the fiscal year ended December 31, 2020.

***Financial Highlights***

- When looking at a short term view, the General Fund had an increase in Fund balance of $15.8 million compared to the $10.9 million in the budget. The increase in Fund balance is primarily attributable to the $8.7 million received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act operating grant to help offset revenue shortfalls and increased expenditures experienced by RFTA as part of its emergency response plan during the SARS-Co V-2 Pandemic and the disease it causes, COVID-19 ("The pandemic"). This $4.9 million improvement was attributable to total revenues exceeding the amended budget by almost 7% primarily due to better than anticipated sales and use tax revenue and operating revenue while total expenditures experienced savings of approximately 3% throughout the organization, including transit fuel, labor (due to position vacancies), general corporate insurance, vehicle maintenance expenditures (bus parts and third party repairs), and capital expenditures.

- When looking at a long term view, the Authority had an increase in Net Position of $14.7 million resulting in a total Net Position amount of $111.4 million. This increase was primarily from capital investments made related to transit assets and infrastructure, including acquisition of the City of Glenwood Springs Municipal Operations Center property located adjacent to the Glenwood Springs Maintenance Facility (GMF), upgrades to the fuel facilities at the Aspen Maintenance Facility (AMF), the SH82 Mid-Valley Stop Improvements Project, Rio Grande Trail Civil Improvements, and increase in both sales and use tax revenue and property tax revenue.

- The Authority's total ridership decreased approximately 51.0% from 5.4 million in 2019 to 2.6 million in 2020. The decrease in ridership was primarily attributed to the pandemic and impacts it had on the region's economy and the constrained capacity and modified transit services provided. In mid-March 2020, before the height of the expected spring break visitations, the Governor of the State of Colorado ordered all ski areas in the State closed in response to the spread of the pandemic. All short-term lodging with the service area was closed through the end of May 2020 and all businesses operating within the service area were required to cease operations unless they were providing "essential services", which greatly reduced economic activity and demand. RFTA was identified as an essential service provider by local health officials and implemented an emergency response plan, which included reduction of services three times during the month of March 2020, with the initial service provided a "bare-bones" level of service. Over the course of the 2020 calendar year, there were a total of seven (7) service level changes. One major component of the service plan was the reduced maximum capacity on buses to promote social distancing. In the initial phase of RFTA's plan, buses were limited to nine passengers (compared to a normal maximum capacity of 54 passengers for 45-foot buses and 35 passengers for 40-foot low-floor buses). Over the course of the year, the maximum capacities were subsequently increased to a maximum of 15 passengers per bus and then ultimately 24 passengers on 45-foot buses and 18 passengers on 40-foot buses. This resulted in the need for more back up buses on the service that were provided over the course of the year.

    - Annual ridership on regional transit service and percentage changes were as follows:
        - Valley Service (Highway 82 Corridor) 1.3 million and -52%
        - Grand Hogback Service (I-70 Corridor) 67,000 and -35%.

- Transit Operations' overtime for 2020 and 2019 was $886,000 and $1.1 million, respectively, resulting in $192,000 decrease. Historically, the Authority faces challenges to attract, retain and maintain adequate staffing levels due to the seasonal nature of the region and high cost of living.

***Financial Highlights (continued)***

- In 2020, the Authority experienced a 7.8% decrease in transit mileage, or 456,000 miles versus 2019. A majority of the decrease is attributed to regional service modifications implemented in 2020. Some of the service modifications included were: (1) providing a bare-bones level of service in the winter 2019/2020 season, due to the pandemic, when the ski areas were ordered to be closed, resulting in one month less of service during 2020; (2) the additional backup buses to handle capacity restrictions caused by the pandemic; and (3) the reduced level of service on the Grand Hogback route pursuant to discussions with Garfield County. Total transit fuel expenditures for 2020 and 2019 were $1.4 million and $2.4 million, respectively; a net decrease of approximately 42%. The decrease in fuel expenditures is primarily due to a decrease in transit mileage and the Congressional extension of the Alternative Fuel Tax Credit for the 2018, 2019, and 2020 calendar years. Due to the timing of the extension, the fuel tax credit for these three calendar years was recorded in 2020.

***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 of the Authority's assets, deferred outflows of resources, liabilities (both short-term and long-term for assets and liabilities), and deferred inflows of resources, with the difference of assets and deferred outflows of resources less liabilities and deferred inflows of resources 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 balances 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* illustrates 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 illustrates 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.

***Overview of the Financial Statements (continued)***

*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 represents the Authority's net worth.

***The 2020 Authority financial statements*** report six individual government funds in four types: the general fund, three 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).

*The Service Contracts Special Revenue Fund* accounts for revenue and operating activity for additional services based on contractual agreements. These services are provided in certain areas within the overall Authority service area. In the current year, the Authority had contractual agreements with the 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 Capital Projects Fund* accounts for all expenditure activity for a variety of Capital Projects related to transit assets and infrastructure such as the GMF Vehicle Maintenance Expansion Project, AMF Phase 9 Fuel Farm Replacement Project, and SH82 Mid-Valley Bus Stop Improvements Project. Projects funded through bond proceeds contain expenditures that are certain and specific in accordance with State and Federal tax law as identified by Bond Counsel.

*The Debt Service Fund* accounts for all principal and interest expenditures for the Series 2009A bonds, Series 2012A bonds, Series 2013A loans, the Series 2019 bonds, and interest earned as required by resolution. The 2009A bonds and 2013A loan are tax-exempt. The 2012A bonds 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 are included in 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 are included in Section D of this report.

***Overview of the Financial Statements (continued***

***Supplementary Information*** concerning the Authority is also presented in addition to the basic financial statements and notes. This information is included in 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 is included in section F of this report.

Aerial Photo Work of the Glenwood Maintenance Facility (GMF), which is part of a large expansion project that started in 2020 and will continue over the next several years. Additional information regarding the project can be found at: https://www.rfta.com/gmf3457/

***Financial Analysis of the Authority***

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

| | 2020 | 2019 | $ dif | % dif |
|---|---|---|---|---|
| **Assets:** | | | | |
| Current assets | $ 69,588 | $ 56,777 | 12,811 | 22.6% |
| Inventory and prepaid expenditures | 1,453 | 1,141 | 312 | 27.3% |
| Capital assets, net | 105,213 | 104,147 | 1,066 | 1.0% |
| **Total Assets** | 176,254 | 162,065 | 14,189 | 8.8% |
| **Deferred Outflows of Resources:** | | | | |
| Deferred refunding charge, net of amortization | 772 | 721 | 51 | 7.1% |
| **Total Deferred Outflows of Resources** | 772 | 721 | 51 | 7.1% |
| **Liabilities:** | | | | |
| Current liabilities and LT Debt due within a year | 8,886 | 6,908 | 1,978 | 28.6% |
| Accrued compensated absences | 2,310 | 2,041 | 269 | 13.2% |
| Non-current liabilities | 43,479 | 46,208 | (2,729) | -5.9% |
| **Total Liabilities** | 54,675 | 55,157 | (482) | -0.9% |
| **Deferred Inflows of Resources:** | | | | |
| Unavailable property tax revenue | 10,943 | 10,952 | (9) | -0.1% |
| **Total Deferred Inflows of Resources** | 10,943 | 10,952 | (9) | -0.1% |
| **Net Position:** | | | | |
| Net investment in capital assets | 62,469 | 62,792 | (323) | -0.5% |
| Restricted | 6,234 | 10,480 | (4,246) | -40.5% |
| Unrestricted | 42,705 | 23,406 | 19,299 | 82.5% |
| **Total Net Position** | $ 111,408 | $ 96,678 | 14,730 | 15.2% |

As of December 31, 2020, the following trends were noted:

- *Current assets compared to current liabilities* – $69.6 million and $56.8 million of current assets were available to meet $8.9 million and $6.9 million of current liabilities due within a year for 2020 and 2019, respectively. The $12.8 million net increase in current assets was primarily due to the increase in unrestricted cash and cash investments; the $2.0 million increase in current liabilities was primarily due to an increase in accrued expenses.

- *Inventory and prepaid expenditures* – The $312,000 net increase is primarily attributable to an increase in prepaid expenses.

- *Capital assets, net* – $105.2 million of net capital assets were used to provide transit and trails services. The $1.1 million increase was primarily due to various construction projects completed and placed into service in 2020, which was offset by annual depreciation and amortization

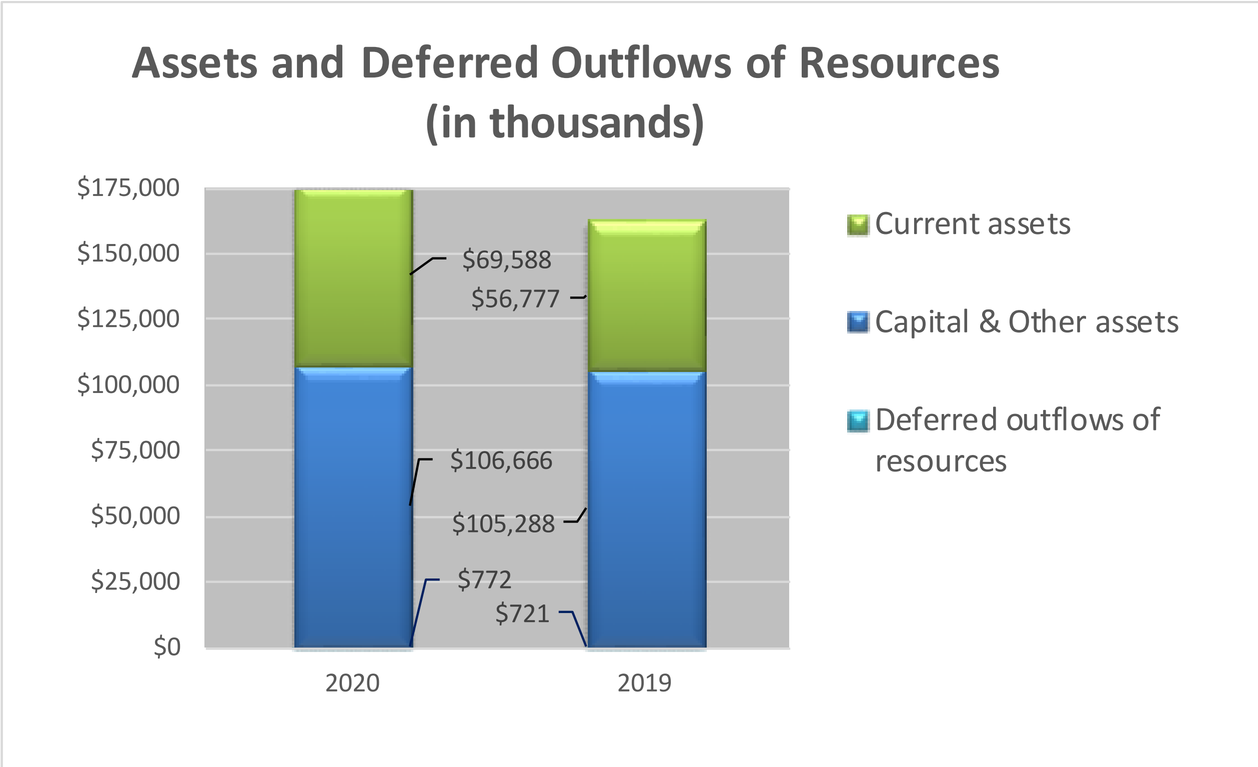
- *Non-current liabilities* – $2.7 million decrease was due to having refunded the Pitkin County Taxable Sales Tax Revenue Build America Bonds, Series 2010A, and the Pitkin County Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B, the issuance of the Pitkin County Sales Tax Refunding Bonds, Series 2020, and the payoff of RFTA"s Sales and Use Tax Revenue Bonds, Series 2009A

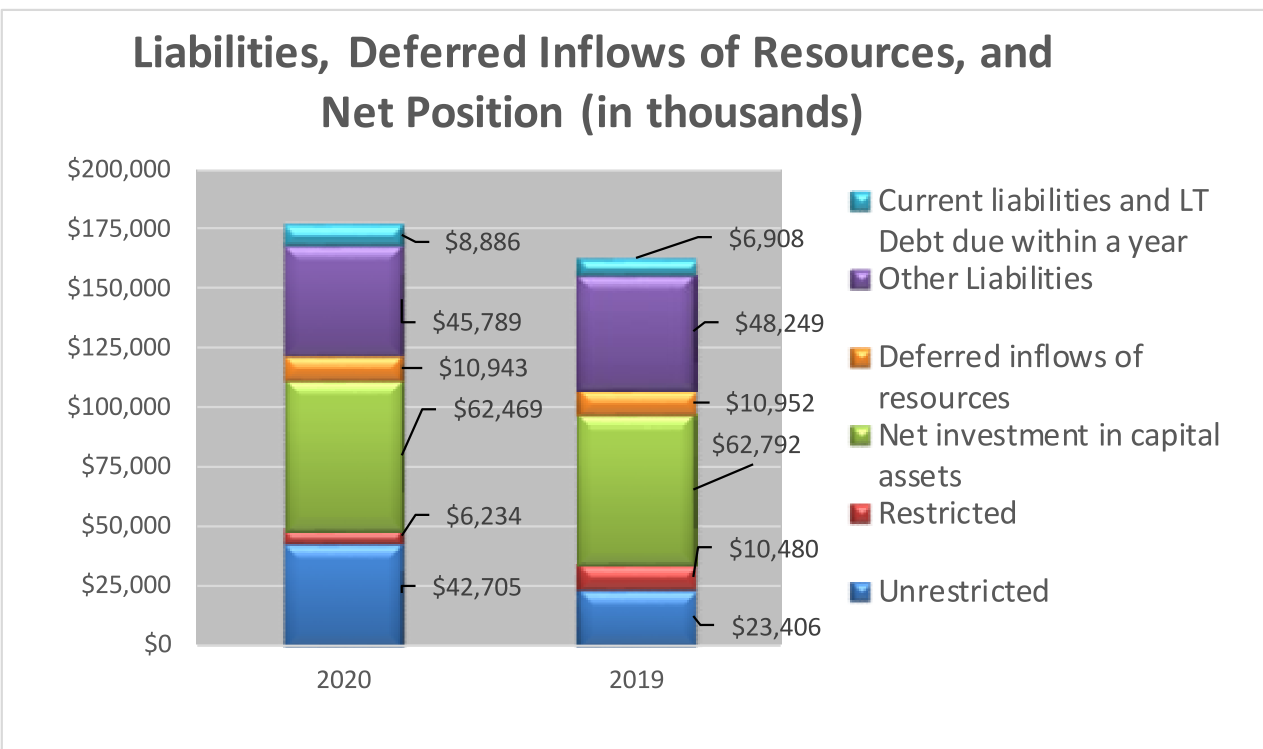
- *Deferred Inflow of Resources – Unavailable property tax revenue* - $9,000 decrease is due to the 2020 tax year not being a reassessment year and the uniform mill levy of 2.65 mills for the 2019 tax year collected in 2020. The next reassessment year is the 2021 tax year, with collections in 2022.

- *Total net position* – $14.8 million increase was primarily from capital investments made related to transit assets and infrastructure, increase in sales and use tax, and increase in property tax revenue.

Details regarding the Authority's assets and liabilities are included 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)**

| | 2020 | 2019 | $ dif | % dif |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales and use tax | $ 27,125 | $ 27,366 | (241) | -0.9% |
| Property tax | 11,232 | 8,794 | 2,438 | 27.7% |
| Service contracts | 7,802 | 11,663 | (3,861) | -33.1% |
| Operating revenue | 2,982 | 5,390 | (2,408) | -44.7% |
| Capital grant revenue | 1,521 | 7,145 | (5,624) | -78.7% |
| Operating grant revenue | 12,141 | 1,346 | 10,795 | 802.0% |
| Local government capital contributions | 103 | 3,012 | (2,909) | -96.6% |
| Local government operating contributions | 1,510 | 1,488 | 22 | 1.5% |
| Other income | 1,340 | 1,899 | (559) | -29.4% |
| Investment income | 253 | 518 | (265) | -51.2% |
| **Total Revenue** | $ 66,009 | $ 68,621 | (2,612) | -3.8% |

For the Year Ended December 31, 2020, the following trends were noted:

- Sales tax revenues were relatively flat compared to the prior year. Member jurisdictions that typically experience higher tourism levels, such as the City of Aspen, the Town of Snowmass Village, Pitkin County, and the City of Glenwood Springs, experienced decreases over the prior year while other member jurisdictions, such as the Town of Basalt, the Town of Carbondale, the town of New Castle, and Eagle County, experienced increase over the prior year. Management believes that the increases are primarily attributable to the impacts of Colorado HB19-1240 which generated additional sales tax revenues on online retail sales. RFTA's member jurisdictions include: Pitkin County, the City of Aspen, the Town of Snowmass Village, the Town of Basalt, Eagle County, the Town of Carbondale, the City of Glenwood Springs and the Town of New Castle.

- Property tax revenue increased due to the 2019 tax year, with collections in 2020, being a reassessment year and the expiration of the temporary tax credit in the previous year.

- Service contracts revenue (cost reimbursement contracts) decreased due to temporary reduced service levels resulting in lower operating costs compared with the prior year as a result of the pandemic. In March 2020, all ski areas were ordered closed by the Governor of the State of Colorado and many retail and other businesses were temporarily closed.

- Operating revenue (transit fares and advertising revenue) decreased primarily due to the pandemic and the Authority's service modifications, temporary suspension of fares on services from approximately the end of March 2020 to August 2020, until driver barriers were installed, and reduced capacity levels on buses.

***Financial Analysis of the Authority (continued)***

- Operating grant revenues increased due to an increase in federal operating grants. Due to the pandemic, the Authority received $10.7 million from the Coronavirus Aid, Relief, and Economic Security (CARES) Act funds, of which $2.0 million was attributable to transit service provided to the City of Aspen, for a net total of $8.7 million. These funds were used to provide essential operations during the Pandemic, which included implementing safety measures, providing backup service, provide resources for shortfalls in operating revenues (bus fares), and paying overtime. These funds are in addition to $1.4 million in other operating grant funds, which vary from year to year. Capital grants also may vary from year to year. In 2020, the Authority received $1.5 million in capital grants:

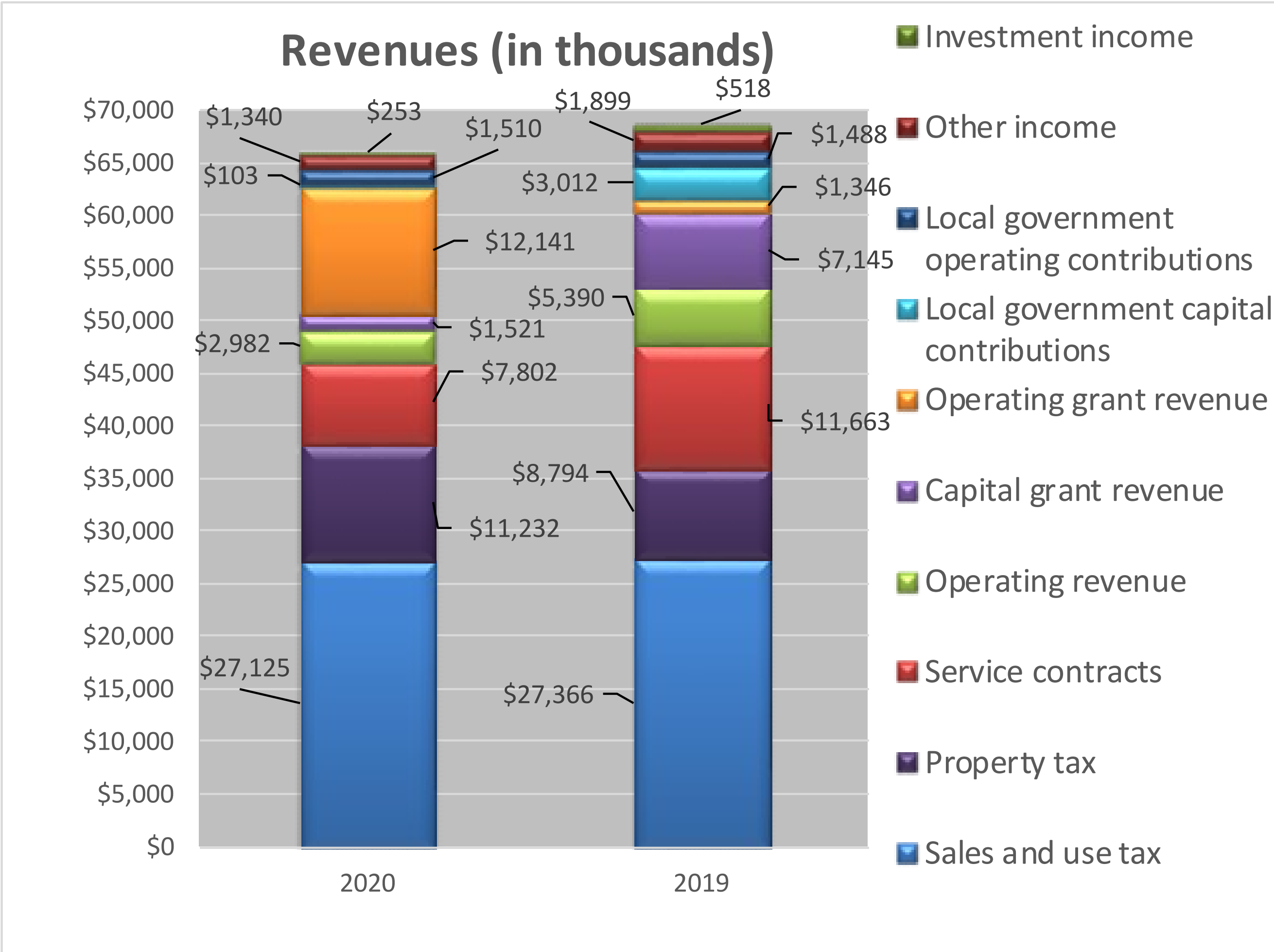
    - $1.0 million from a Colorado Department of Transportation (CDOT) SB267 Grant for the renovation of the Aspen Maintenance Facility's (AMF) fuel facilities.
    - $437,000 from a Colorado Department of Transportation (CDOT) SB267 Grant for the Glenwood Springs Maintenance Facility's (GMF) Phase 2 expansion project.
    - $71,000 from a Federal Transportation Administration (FTA) Section 5304 Grant for the State Highway 82 and Glenwood Spring Corridor Study.

- Local government contributions included operating and capital contributions which vary from year to year. In 2020, the Authority received $1.6 million in local government contributions:

    - $690,075 from the Elected Officials Transportation Committee (EOTC) for the "no-fare" Aspen-Snowmass regional bus service
    - $760,240 from Garfield County and $20,000 from the City of Rifle for continued Grand Hogback I-70 Corridor bus service,
    - $40,000 from Garfield County for the Traveler Program,
    - $23,053 from Pitkin County for the Emma bridge renovation project,
    - $79,949 from the City of Glenwood Springs for the State Highway 82 and Glenwood Springs Corridor Study

Details regarding the Authority's revenues and expenditures are included on Page C2.

***Financial Analysis of the Authority (continued)***



***Financial Analysis of the Authority (continued)***

| | 2020 | 2019 | $ dif | % dif |
|---|---|---|---|---|
| **Expenditure:** | | | | |
| Transit operations, maintenance, fuel, and administration | $ 36,395 | $ 32,970 | 3,425 | 10.4% |
| Facilities | 4,486 | 3,882 | 604 | 15.6% |
| Trails & corridor management | 580 | 507 | 73 | 14.4% |
| Capital outlay | 818 | 351 | 467 | 133.0% |
| Depreciation and amortization | 7,534 | 7,192 | 342 | 4.8% |
| Debt service | 2,057 | 2,249 | (192) | -8.5% |
| **Total Expenditure** | 51,870 | 47,151 | 4,719 | 10.0% |
| **Other Financing Sources (Uses):** | | | | |
| Transfer to other funds | (3,056) | (2,380) | (676) | 28.4% |
| Transfer from other Funds | 3,056 | 2,380 | 676 | 28.4% |
| Bond premium | 590 | 509 | 81 | 15.9% |
| Gain (loss) on disposal of assets | 1 | (9) | 10 | 111.1% |
| Insurance recovery | - | 11 | (11) | -100.0% |
| **Total Other Financing Sources (Uses)** | 591 | 511 | 80 | 15.7% |
| **Change in Net Position** | 14,730 | 21,981 | (7,251) | -33.0% |
| **Net Position - Beginning of Year** | 96,678 | 74,697 | 21,981 | 29.4% |
| **Net Position - End of Year** | $ 111,408 | $ 96,678 | 14,730 | 15.2% |

For the Year Ended December 31, 2020, the following trends were noted:

- Transit Operations and Vehicle Maintenance expenditures increased primarily due to increased labor costs for bus operators and mechanics, operating and maintenance costs, and costs related to COVID-19 expenditures, including costs related to the implementation of the Authority's emergency response plan (including but not limited to additional job positions and the Families First Coronavirus Response Act). Administration costs increased primarily due to higher labor costs and insurance claims.

- Facilities expenditures increased primarily due to increased operating and maintenance expenditures related to facilities, employee housing, bus stops, and park and rides, including higher cleaning and maintenance costs due to the pandemic. While there was decreased usage of facilities, additional job positions were added for cleaning position and services.

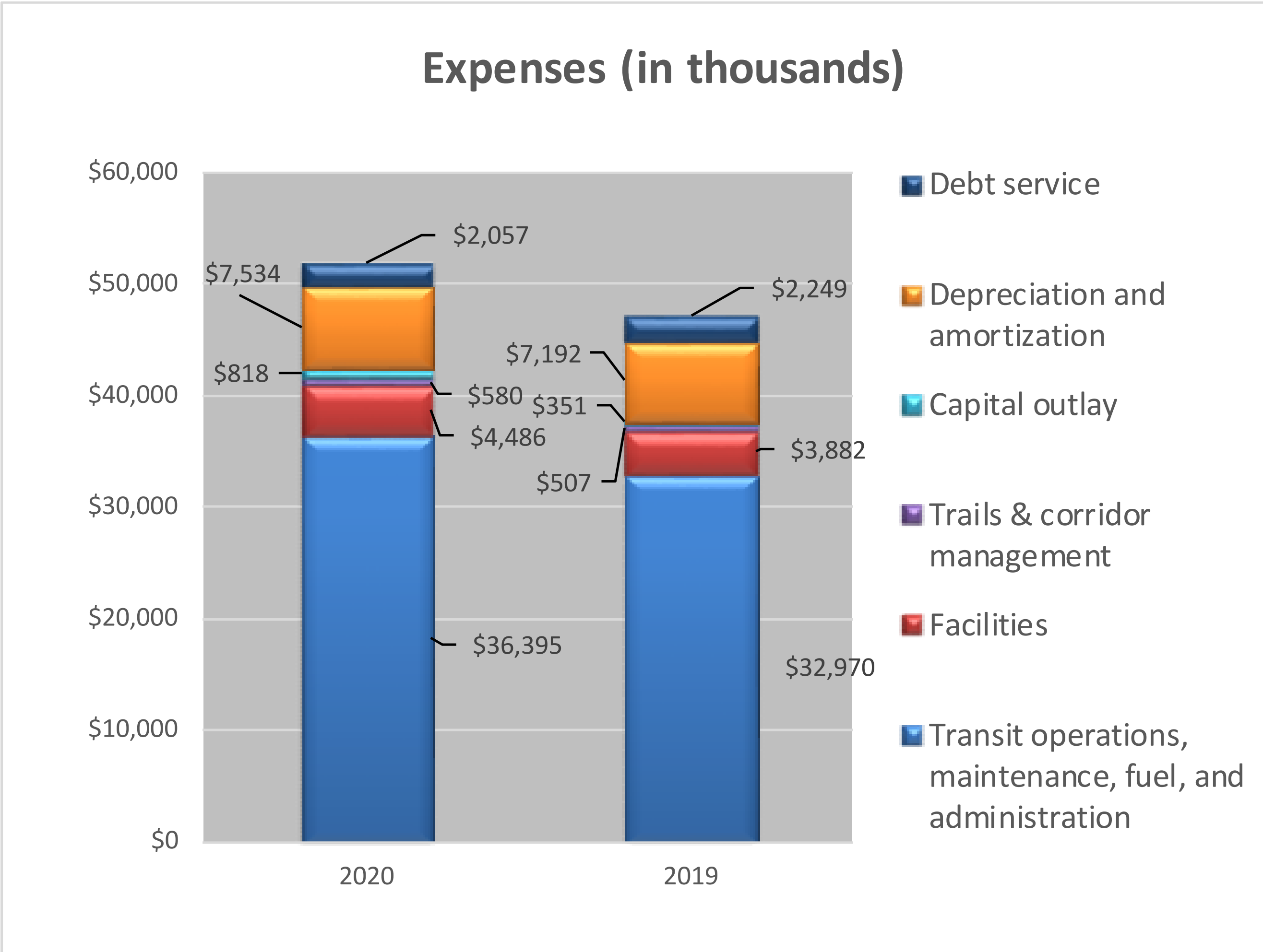
- Trails & Corridor Management expenditures increased due to increased labor costs and timing of trails projects.

- Capital outlay expenditures increased due to timing of capital projects.

- Depreciation expenditures increased primarily due to the timing of depreciation for the eighteen (18) buses purchased in 2019 as depreciation is not taken on assets in the first year of service and 2020 includes the first full year of depreciation.

- Debt service expenditures decreased due to the net impact of Pitkin County's refunding of the 2020 bonds and the payoff of the Series 2009A Sales and Use Tax Revenue Bonds

***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);

- Property Tax Revenues also support regional transit services, including Destination 2040 service enhancements and capital projects below. Voters approved a mill levy of 2.65 mills at the November 2018 General Election.

- Service contracts 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 B18 for a transit service area map. These services are identified as local circulator services. (see Notes to the Financial Statement, section V.C. Service Agreements);

- Operating revenues consist of transit fares collected on regional service routes; these routes are on the I-70 highway corridor between Rifle and Glenwood Springs, Colorado and State Highway 82 between Glenwood Springs and Aspen, Colorado. See page B18 for a transit service area map;

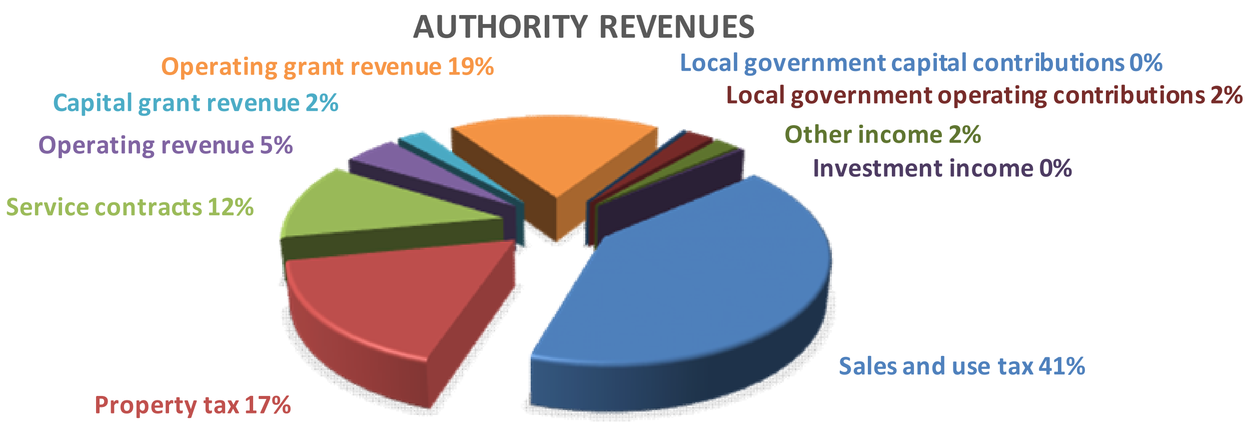
***Financial Analysis of the Authority (continued)***

- Grant revenues are provided at the Federal or State level and fund capital and operating expenditures; the Authority received $1.5 million and $12.2 million in capital and operating grants, respectively ($10.7 million in operating grants is due to the one-time CARES Act grant in response to the pandemic.);

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

- Other income includes the following: Fees, 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 2020 revenues by percentage:




Details regarding the Authority's revenue sources are included on Page C2.

The Authority records the General Government activities as follows:

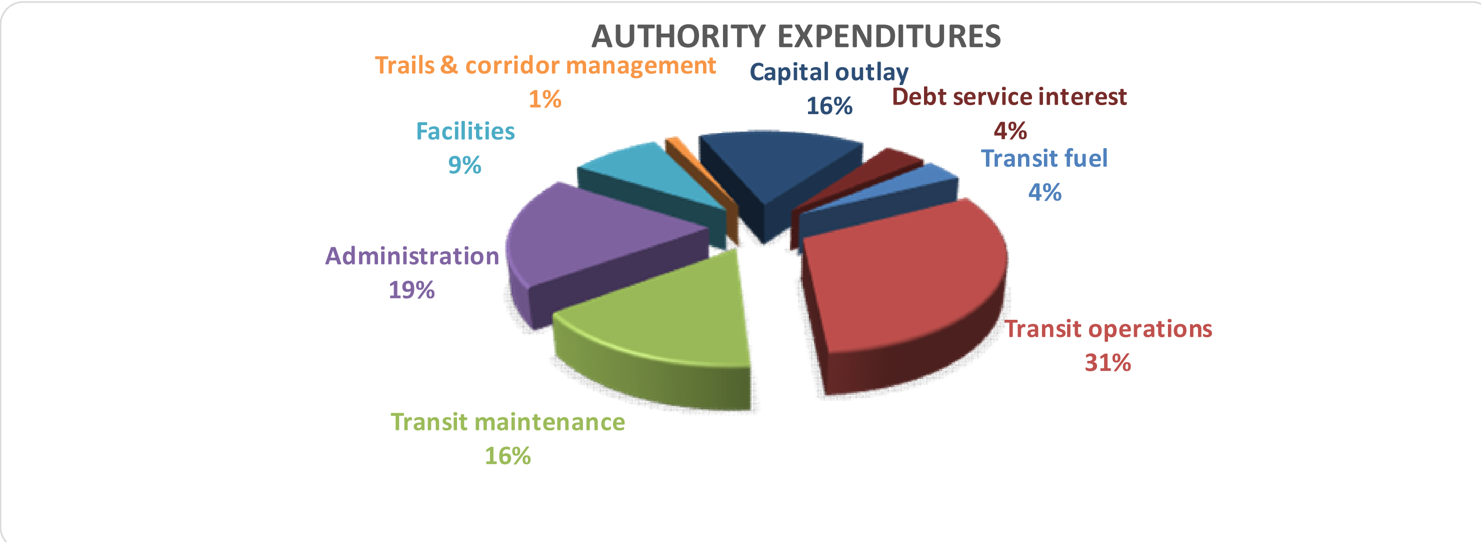
- The Administration line item includes the activities of the following Departments: Attorney, Board of Directors, CEO (including Procurement), Finance, Human Resources and Risk Management, Information Technology and Planning (including Marketing);

- 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, except for fuel, includes the activities of the respective Department.

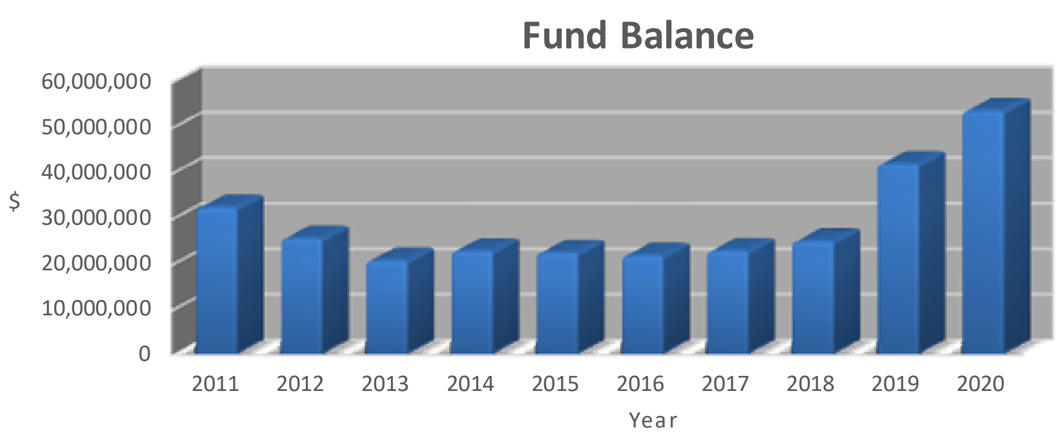
***Financial Analysis of the Authority (continued)***

The following chart depicts the Authority's 2020 expenditures:




Details regarding the Authority's expenditures are included on Page C2.

The following chart illustrates fund balances for 2011 - 2020:



***Financial Analysis of the Authority (continued)***

As of December 31, 2020, the Authority's total fund balance was approximately $53.7 million.

- The 2020/2019 increase was due to timing of capital projects, including Destination 2040 Plan projects, CARES Act operating grant revenues due to the pandemicreduced debt service expenditures, and overall savings throughout the organization.

- The 2019/2018 increase was due to sales and use tax revenues exceeding estimates, the timing of the Destination 2040 Plan projects to be funded by property tax revenues, savings throughout the organization, including transit fuel, insurance, employee benefits, transit operations and maintenance, facilities, trails & corridor management, and timing of capital projects to be funded with the proceeds received from issuing Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019.

- The 2018/2017 increase was due to sales and use tax revenues exceeding estimates and savings throughout the organization, including transit fuel (related to the Alternative Fuel Excise Tax Credit from 2017 which was received and recorded in 2018), insurance, employee benefits, and facilities.

- The 2017/2016 increase was due to sales and use tax revenues exceeding estimates, and savings throughout the organization, including transit fuel, insurance & other employee benefits, transit operating and maintenance, and facilities.

- The 2016/2015 decrease was primarily due to the completion of Phases III and Phases IV of the AMF Recommissioning Project in 2016.

- The 2015/2014 decrease was primarily due to the timing of the capital investment in the AMF Recommissioning Project.

- 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.

*Major Capital Asset events*

Approximately $6.5 million was expended on improvements to RFTA facilities, which includes $2.6 million for the upgrades to the fuel facilities at the Aspen Maintenance Facility (AMF), $1.7 million for the SH82 Mid-Valley Bus Stop Improvements Project, $1.5 million for the acquisition of the City of Glenwood Springs Municipal Operations Center, $575,000 for the Phase 2 of the GMF Expansion Project, and $149,000 on the Preliminary Design and Planning for Phase 2 of the GMF Expansion Project. $289,000 was expended on improvements to trails, and $410,000 was expended on information technology equipment and software.

*Major Debt events*

In September 2020, Pitkin County, on behalf of RFTA, issued the Series 2020 bonds which refunded the existing Taxable Sales Tax Revenue Build America Bonds (BABs), Series 2010A, and Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B, to take advantage of the lower interest rates. The net present value savings on the refunding was approximately $917,000 and the average reduction in annual debt service payments is approximately $52,200 over the next twenty years

***Financial Analysis of the Authority (continued)***

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

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

*The General Fund* had an unassigned fund balance of $8.5 million, while total fund balance reached $50.2 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 23.7% of total general fund expenditures, while total fund balance represents 139.3% of the same amount.

The increase in Fund balance is primarily attributable to the $8.7 million received from the Coronavirus Aid, Relief, and Economic Security (CARES) Act operating grant to help offset revenue shortfalls and increased expenditures experienced by RFTA as part of its emergency response plan during the SARS-CoV-2 Pandemic and the disease it causes, COVID-19 ("The pandemic"). This $4.9 million improvement was attributable to total revenues exceeding the amended budget by almost 7% primarily due to better than anticipated sales and use tax revenue and operating revenue while total expenditures experienced savings of approximately 3% throughout the organization, including transit fuel, labor (due to position vacancies), general corporate insurance, vehicle maintenance expenditures (bus parts and third party repairs), and capital expenditures.
*The Service Contracts Special Revenue Fund* had a total fund balance of $0 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 $97,000, which $90,500 is restricted by enabling legislation for bus shelter and park and ride expenditure activities and $6,700 is designated as non-spendable.

*The Mid Valley Trails Special Revenue Fund* had a total fund balance of $193,000, 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 $29,000.

*The Capital Projects Fund* had a total fund balance of $2.2 million. The decrease in fund balance was due to the use of the bonds proceeds related to the Improvements of the Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019. The Authority had $4.2 million in expenditures related to the SH82 Mid-Valley Bus Stop Improvements Project, the Fuel Farm Project at the Aspen Maintenance Facility (AMF), and the Glenwood Springs Maintenance Facility (GMF) Expansion Project.

*The Debt Service Fund* had a total fund balance of $920,000 representing the required reserves for the Series 2009A and 2012A bonds and 2013B loan and interest earned as required by resolution, as well as the debt service payments for the Series 2019 bonds. The fund received a Qualified Conservation Bond credit of $133,000 on the Series 2012A QECBs, received a Qualified Conservation Bond credit of $35,000 on the Series 2013B Sales Tax Revenue Loan, and a transfer from the General Fund for the remaining balance. Expenditures included $1.4 million of debt service interest expenditures related to these bonds.

***General Fund Budgetary Highlights***

The Authority's revenues came in over budget by $3.5 million. Expenditures were $1.2 million under budget. Significant budget variances were as follows

| Description | Final Budget | Actual | Variance Positive (Negative) | Reason |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales and use tax revenue | $ 24,352,649 | $ 27,044,580 | $ 2,691,931 | Better than anticipated/budgeted revenues due to fluctuations associated with the Pandemic |
| Operating Revenues | 2,555,200 | 2,934,441 | 379,241 | Better than anticipated/budgeted revenues due to fluctuations associated with the Pandemic |
| Other income | 532,710 | 669,381 | 136,671 | Additional employee housing units secured during the year |
| **Expenditures:** | | | | |
| Transit Fuel | $ 1,092,661 | $ 819,839 | $ (272,822) | Savings due to fixed price contract carryovers, shifts in service levels provided in response to Pandemic |
| Transit operations | 11,494,495 | 11,874,616 | 380,121 | Temporary reductions in service contract levels resulted in high costs to maintain its workforce. |
| Transit maintenance | 6,757,502 | 6,308,820 | (448,682) | Lower than anticipated due to reduced O&M costs |
| Administration | 7,520,008 | 7,242,677 | (277,331) | Savings due to unfilled job positions and reduced travel and training expenditures |
| Facilities | 3,013,199 | 2,957,300 | (55,899) | Savings due to better than anticipated cleaning costs associated with the pandemic |
| Trails & corridor management | 612,133 | 548,353 | (63,780) | Savings due to timing of professionals services related to Rio Grande Trail |
| Capital outlay | 5,651,820 | 5,212,545 | (439,275) | Savings due to timing of capital projects |

***Subsequent Year's Budget***

- The Authority ended the year with a combined ending fund balance of $53.7 million. The 2021 adopted budget anticipates a net increase of $2.6 million in the General Fund, net increase of $2,000 in the Special Revenue Funds, and a net decrease of $49,000 to the Capital Projects Fund and no changes to the Debt Service Fund.

***Subsequent Year's Budget (continued)***

- Beginning in mid-March of 2020, the global pandemic of COVID-19 had immediate impacts to the regional economy and the Authority's service levels and revenues and continued into 2021 as the 2021 original budget included a modified transit schedule for the winter of 2020/2021 and pre-pandemic transit service levels for the remainder of 2021. Early in 2021, the 2021 budget was amended to reflect the $19.5 million in funding the Authority will benefit from the Coronavirus and Relief Supplemental Appropriations Act (CRRSAA) and Winter Surge Grants in the amount of $19.5 million. Additional developments in 2021 include the Colorado Department of Public Health and Environment ("CPHDE") ending its oversight of color-level restrictions and transferring oversight back to local health authorities, as well as passenger capacities on the Authority's routes will be increased from the 50% seated capacity to 100% of seated capacity. All other existing pandemic precautions remain in place until further notice (enhanced cleaning and fogging of buses, mandatory mask usage, cash-free service, driver protection barriers, hand sanitizer, etc.) While recent positive developments have been made with regard to the severity of the COVID-19 pandemic, including the successful rollout of the vaccination program, the duration of the budgetary impacts to the Authority remain difficult to project.

***Request for Information***

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

Below is a map of the Authority's commuter transit service area 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.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

## Roaring Fork Transportation Authority
## Balance Sheet/Statement of Net Position
## December 31, 2020

| | Funds Financial Statements | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General Fund | SRF Service Contracts | SRF Bus Shelter/ PNR | SRF Mid Valley Trails | Capital Projects Fund | Debt Service Fund | Total | Adjustments | Statement of Net Position |
| **Assets:** | | | | | | | | | |
| Cash and cash equivalents - unrestricted | $ 8,480,062 | $ - | $ - | $ - | $ - | $ - | $ 8,480,062 | $ - | $ 8,480,062 |
| Cash and cash equivalents - restricted | - | - | - | - | - | - | - | 47,960 | 47,960 |
| Investments | 34,629,313 | 326,013 | 75,324 | 186,576 | 2,815,204 | 919,718 | 38,952,148 | - | 38,952,148 |
| Accounts receivable | 392,145 | 429,106 | - | - | - | - | 821,251 | - | 821,251 |
| Property taxes receivable | 10,943,241 | - | - | - | - | - | 10,943,241 | - | 10,943,241 |
| Due from other funds | 1,059,433 | 136,741 | 99,609 | - | - | - | 1,295,783 | - | 1,295,783 |
| Due from other governments | 7,252,159 | 1,731,353 | 35,906 | 6,601 | - | 22,040 | 9,048,059 | - | 9,048,059 |
| Prepaid expenses | 604,981 | 10,228 | 6,667 | - | - | - | 621,876 | - | 621,876 |
| Inventory | 831,031 | - | - | - | - | - | 831,031 | - | 831,031 |
| Capital assets | - | - | - | - | - | - | - | 184,436,405 | 184,436,405 |
| Accumulated depreciation | - | - | - | - | - | - | - | (79,223,331) | (79,223,331) |
| **Total Assets** | 64,192,365 | 2,633,441 | 217,506 | 193,177 | 2,815,204 | 941,758 | 70,993,451 | 105,261,034 | 176,254,485 |
| **Deferred Outflows of Resources:** | | | | | | | | | |
| Deferred refunding costs, net of amortization | - | - | - | - | - | - | - | 772,334 | 772,334 |
| **Total Deferred Outflows of Resources** | - | - | - | - | - | - | - | 772,334 | 772,334 |
| **Liabilities:** | | | | | | | | | |
| Accounts payable | 1,134,491 | 136,741 | 99,609 | - | - | - | 1,370,841 | - | 1,370,841 |
| Due to other funds | 236,350 | 1,030,726 | 6,667 | - | - | 22,040 | 1,295,783 | - | 1,295,783 |
| Accrued expenses | 1,652,886 | 1,465,974 | 14,026 | - | 574,658 | - | 3,707,544 | 41,511 | 3,749,055 |
| Accrued compensated absences | - | - | - | - | - | - | - | 2,310,413 | 2,310,413 |
| Accrued interest | - | - | - | - | - | - | - | 192,887 | 192,887 |
| Non-current liabilities: | | | | | | | | | |
| Due within one year | - | - | - | - | - | - | - | 2,277,572 | 2,277,572 |
| Due longer than one year | - | - | - | - | - | - | - | 43,478,937 | 43,478,937 |
| **Total Liabilities** | 3,023,727 | 2,633,441 | 120,302 | - | 574,658 | 22,040 | 6,374,168 | 48,301,320 | 54,675,488 |
| **Deferred Inflows of Resources:** | | | | | | | | | |
| Unavailable property tax revenue | 10,943,241 | - | - | - | - | - | 10,943,241 | - | 10,943,241 |
| **Total Deferred Inflows of Resources** | 10,943,241 | - | - | - | - | - | 10,943,241 | - | 10,943,241 |
| **Fund Balance/Net Position:** | | | | | | | | | |
| **Fund Balance:** | | | | | | | | | |
| Non-spendable fund balance | 1,436,012 | 10,228 | 6,667 | - | - | - | 1,452,907 | (1,452,907) | |
| Restricted fund balance | 2,790,011 | - | 90,537 | 193,177 | 2,240,546 | 919,718 | 6,233,989 | (6,233,989) | |
| Committed fund balance | 37,469,632 | - | - | - | - | - | 37,469,632 | (37,469,632) | |
| Unassigned fund balance | 8,529,742 | (10,228) | - | - | - | - | 8,519,514 | (8,519,514) | |
| **Total Fund Balance** | $ 50,225,397 | $ - | $ 97,204 | $ 193,177 | $ 2,240,546 | $ 919,718 | $ 53,676,042 | (53,676,042) | |
| **Net Position:** | | | | | | | | | |
| Net investment in capital assets | | | | | | | | 62,469,445 | 62,469,445 |
| Restricted | | | | | | | | 6,233,989 | 6,233,989 |
| Unrestricted | | | | | | | | 42,704,656 | 42,704,656 |
| **Total Net Position** | | | | | | | | $ 111,408,090 | $ 111,408,090 |

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, 2020**

| | Funds Financial Statements | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | General Fund | SRF Service Contracts | SRF Bus Shelter/ PNR | SRF Mid Valley Trails | Capital Projects Fund | Debt Service Fund | Total | Adjustments | Statement of Activities |
| **Revenues:** | | | | | | | | | |
| Sales and use tax revenue | $ 27,044,580 | $ - | $ - | $ 80,106 | $ - | $ - | $ 27,124,686 | $ - | $ 27,124,686 |
| Property tax revenue | 11,232,380 | - | - | - | - | - | 11,232,380 | - | 11,232,380 |
| Service contracts | - | 7,801,875 | - | - | - | - | 7,801,875 | - | 7,801,875 |
| Operating revenue | 2,934,441 | 47,554 | - | - | - | - | 2,981,995 | - | 2,981,995 |
| Capital grant revenue | 1,508,174 | - | 12,379 | - | - | - | 1,520,553 | - | 1,520,553 |
| Operating grant revenue | 10,086,581 | 2,054,778 | - | - | - | - | 12,141,359 | - | 12,141,359 |
| Local government capital contributions | 103,003 | - | - | - | - | - | 103,003 | - | 103,003 |
| Local government operating contributions | 1,510,315 | - | - | - | - | - | 1,510,315 | - | 1,510,315 |
| Other income | 669,381 | - | 494,568 | - | - | 168,028 | 1,331,977 | 8,114 | 1,340,091 |
| Investment income | 197,555 | - | 513 | 1,207 | 43,595 | 10,022 | 252,892 | - | 252,892 |
| **Total Revenues** | 55,286,410 | 9,904,207 | 507,460 | 81,313 | 43,595 | 178,050 | 66,001,035 | 8,114 | 66,009,149 |
| **Expenditures/Expenses:** | | | | | | | | | |
| Transit fuel | 819,839 | 579,465 | - | - | - | - | 1,399,304 | 476,496 | 1,875,800 |
| Transit operations | 11,874,616 | 4,104,763 | - | - | - | - | 15,979,379 | 268,943 | 16,248,322 |
| Transit maintenance | 6,308,820 | 2,030,176 | - | - | - | - | 8,338,996 | - | 8,338,996 |
| Administration | 7,242,677 | 2,669,606 | - | 19,980 | - | - | 9,932,263 | - | 9,932,263 |
| Facilities | 2,957,300 | 677,733 | 850,373 | - | - | - | 4,485,406 | - | 4,485,406 |
| Trails & corridor management | 548,353 | - | - | 31,883 | - | - | 580,236 | - | 580,236 |
| Capital outlay | 5,212,545 | - | - | - | 4,204,745 | - | 9,417,290 | (8,599,369) | 817,921 |
| Depreciation and amortization | - | - | - | - | - | - | - | 7,533,599 | 7,533,599 |
| Debt service: | | | | | | | | | |
| Principal | 609,984 | - | - | - | - | 1,290,000 | 1,899,984 | (1,899,984) | - |
| Interest | 361,432 | - | - | - | - | 1,443,418 | 1,804,850 | 123,307 | 1,928,157 |
| Cost of issuance | 128,709 | - | - | - | - | - | 128,709 | - | 128,709 |
| **Total Expenditures/Expenses** | 36,064,275 | 10,061,743 | 850,373 | 51,863 | 4,204,745 | 2,733,418 | 53,966,417 | (2,097,008) | 51,869,409 |
| **Excess (Deficiency) of Revenues Over Expenditures/ Expenses** | 19,222,135 | (157,536) | (342,913) | 29,450 | (4,161,150) | (2,555,368) | 12,034,618 | 2,105,122 | 14,139,740 |
| **Other Financing Sources (Uses):** | | | | | | | | | |
| Transfer to other funds | (3,055,817) | - | - | - | - | - | (3,055,817) | - | (3,055,817) |
| Transfer from other funds | - | 157,536 | 342,913 | - | - | 2,555,368 | 3,055,817 | - | 3,055,817 |
| Bond issuance | 4,455,000 | - | - | - | - | - | 4,455,000 | (4,455,000) | - |
| Bond premium | 743,390 | - | - | - | - | - | 743,390 | (153,861) | 589,529 |
| Bond refunding | (5,571,327) | - | - | - | - | - | (5,571,327) | 5,571,327 | - |
| Gain (loss) on disposal of assets | 1,280 | - | - | - | - | - | 1,280 | - | 1,280 |
| **Total Other Financing Sources (Uses)** | (3,427,474) | 157,536 | 342,913 | - | - | 2,555,368 | (371,657) | 962,466 | 590,809 |
| **Change in Fund Balance/Net Position** | 15,794,661 | - | - | 29,450 | (4,161,150) | - | 11,662,961 | 3,067,588 | 14,730,549 |
| **Fund Balance/Net Position:** | | | | | | | | | |
| **Beginning of Year** | 34,430,736 | - | 97,204 | 163,727 | 6,401,696 | 919,718 | 42,013,081 | | 96,677,541 |
| **End of Year** | $ 50,225,397 | $ - | $ 97,204 | $ 193,177 | $ 2,240,546 | $ 919,718 | $ 53,676,042 | | $ 111,408,090 |

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

Roaring Fork Transportation Authority

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE – BUDGET AND ACTUAL

**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, 2020**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales and use tax revenue | $ 25,626,649 | $ 24,352,649 | $ 27,044,580 | $ 2,691,931 |
| Property tax revenue | 10,996,000 | 10,996,000 | 11,232,380 | 236,380 |
| Operating revenue | 5,470,200 | 2,555,200 | 2,934,441 | 379,241 |
| Capital grant revenue | - | 1,436,739 | 1,508,174 | 71,435 |
| Operating grant revenue | 1,401,678 | 10,086,580 | 10,086,581 | 1 |
| Local government capital contributions | - | 113,239 | 103,003 | (10,236) |
| Local government operating contributions | 1,510,315 | 1,510,315 | 1,510,315 | - |
| Other income | 522,300 | 532,710 | 669,381 | 136,671 |
| Investment income | 384,300 | 199,300 | 197,555 | (1,745) |
| **Total Revenues** | 45,911,442 | 51,782,732 | 55,286,410 | 3,503,678 |
| **Expenditures:** | | | | |
| Transit fuel | 1,794,661 | 1,092,661 | 819,839 | 272,822 |
| Transit operations | 11,390,190 | 11,494,495 | 11,874,616 | (380,121) |
| Transit maintenance | 6,310,232 | 6,757,502 | 6,308,820 | 448,682 |
| Administration | 8,281,476 | 7,520,008 | 7,242,677 | 277,331 |
| Facilities | 2,161,857 | 3,013,199 | 2,957,300 | 55,899 |
| Trails & corridor management | 612,133 | 612,133 | 548,353 | 63,780 |
| Capital outlay | 12,291,490 | 5,651,820 | 5,212,545 | 439,275 |
| Debt service: | | | | |
| Principal | 1,035,979 | 624,479 | 609,984 | 14,495 |
| Interest | 533,144 | 390,868 | 361,432 | 29,436 |
| Cost of issuance | - | 128,709 | 128,709 | - |
| **Total Expenditures** | 44,411,162 | 37,285,874 | 36,064,275 | 1,221,599 |
| **Excess of Revenues Over Expenditures** | 1,500,280 | 14,496,858 | 19,222,135 | 4,725,277 |
| **Other Financing Sources / (Uses)** | | | | |
| Transfer to other funds | (3,186,185) | (3,202,374) | (3,055,817) | 146,557 |
| Bond issuance | - | 4,455,000 | 4,455,000 | - |
| Bond refunding | - | (5,571,327) | (5,571,327) | - |
| Bond premium | - | 743,390 | 743,390 | - |
| Gain on disposal of assets | - | - | 1,280 | 1,280 |
| Lease proceeds | 8,325,000 | - | - | - |
| **Total Other Financing Sources / (Uses)** | 5,138,815 | (3,575,311) | (3,427,474) | 147,837 |
| **Change in Fund Balance** | $ 6,639,095 | $ 10,921,547 | 15,794,661 | $ 4,873,114 |
| **Fund Balance:** | | | | |
| **Beginning of Year** | | | 34,430,736 | |
| **End of Year** | | | $ 50,225,397 | |

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, 2020**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Service contracts | $ 12,295,382 | $ 12,277,043 | $ 7,801,875 | $ (4,475,168) |
| Operating revenue | - | - | 47,554 | 47,554 |
| Operating grant revenue | 30,000 | 30,000 | 2,054,778 | 2,024,778 |
| **Total Revenues** | 12,325,382 | 12,307,043 | 9,904,207 | (2,402,836) |
| **Expenditures:** | | | | |
| Transit fuel | 734,419 | 738,847 | 579,465 | 159,382 |
| Transit operations | 11,683,160 | 6,332,553 | 4,104,763 | 2,227,790 |
| Transit maintenance | 32,000 | 2,045,839 | 2,030,176 | 15,663 |
| Administration | 40,000 | 2,669,606 | 2,669,606 | - |
| Facilities | - | 677,734 | 677,733 | 1 |
| **Total Expenditures** | 12,489,579 | 12,464,579 | 10,061,743 | 2,402,836 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (164,197) | (157,536) | (157,536) | - |
| **Other Financing Sources / (Uses)** | | | | |
| Transfers from other funds | 164,197 | 157,536 | 157,536 | - |
| **Total Other Financing Sources / (Uses)** | 164,197 | 157,536 | 157,536 | - |
| **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, 2020**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Capital grant revenue | $ - | $ - | $ 12,379 | $ - |
| Other income | 487,000 | 487,000 | 494,568 | 7,568 |
| Investment income | 2,100 | 2,100 | 513 | (1,587) |
| **Total Revenues** | 489,100 | 489,100 | 507,460 | 5,981 |
| **Expenditures:** | | | | |
| Facilities | 974,210 | 974,210 | 850,373 | 123,837 |
| **Total Expenditures** | 974,210 | 974,210 | 850,373 | 123,837 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (485,110) | (485,110) | (342,913) | 129,818 |
| **Other Financing Sources / (Uses)** | | | | |
| Transfers from Other Funds | 485,110 | 485,110 | 342,913 | (142,197) |
| **Total Other Financing Sources / (Uses)** | 485,110 | 485,110 | 342,913 | (142,197) |
| **Change in Fund Balance** | $ - | $ - | - | $ (12,379) |
| **Fund Balance:** | | | | |
| **Beginning of Year** | | | 97,204 | |
| **End of Year** | | | $ 97,204 | |

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, 2020**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales and use tax revenue | $ 60,000 | $ 60,000 | $ 80,106 | $ 20,106 |
| Investment income | 4,000 | 4,000 | 1,207 | (2,793) |
| **Total Revenues** | 64,000 | 64,000 | 81,313 | 17,313 |
| **Expenditures:** | | | | |
| Administration | 21,000 | 21,500 | 19,980 | 1,520 |
| Trails & corridor management | 38,000 | 37,500 | 31,883 | 5,617 |
| **Total Expenditures** | 59,000 | 59,000 | 51,863 | 7,137 |
| **Excess of Revenues Over Expenditures** | 5,000 | 5,000 | 29,450 | 24,450 |
| **Change in Fund Balance** | $ 5,000 | $ 5,000 | 29,450 | $ 24,450 |
| **Fund Balance:** | | | | |
| **Beginning of Year** | | | 163,727 | |
| **End of Year** | | | $ 193,177 | |

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 six 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 Contracts 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.

- **Capital Projects Fund** – reports expenditures for assets and infrastructure using proceeds from Series 2019 bond issuance.

## I. Summary of Significant Accounting Policies (continued)

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

#### 2. Fund Financial Statements (continued)

- **Debt Service Fund** – reports all principal and interest expenditures for the Series 2009A $6.5 million bond issuance, 2012A $6.65 million Qualified Energy Conservation Bond issuance, Series 2013B taxable sales tax revenue loan, Series 2019 $24.5 million bond issuance, 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.

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.

## 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)

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. Cash, Cash Equivalents, and Investments

Cash and cash equivalents – unrestricted are defined as amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired by the Authority.

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.

- **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 investment pools, 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.

# I. Summary of Significant Accounting Policies (continued)

## D. Financial Statement Accounts (continued)

### 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. Property Taxes

Property taxes are assessed in one year as a lien on the property, but not collected by the governmental units until the subsequent year. In accordance with generally accepted accounting principles, the assessed but uncollected property taxes have been recorded as a receivable and a deferred inflow of resources

### 4. Inventory

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

### 5. 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.

### 6. 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.

Accrued compensated absences may be carried over to the following year, with a maximum accrual of 300 hours for vacation time, 160 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 480 accrued hours, of 33% of sick leave balance, less 80 hours.

At year end, the estimated value of accumulated compensated absence leave, including the Authority's portion of employment costs, is $2,310,413.

### 7. 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.

## I. Summary of Significant Accounting Policies (continued)

### D. Financial Statement Accounts (continued)

#### 7. Capital Assets (continued)

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 | 5 - 40 |
| Machinery and equipment | 3 - 20 |
| Vehicles | 5 - 12 |

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

#### 8. Non-Current Liabilities

Non-current liabilities consist of bonds payable, capital leases, bond premiums and discounts. Bonds payable are reported net of the applicable bond premium or discount. These premiums and discounts are amortized over the life of the applicable bonds using the bonds outstanding method. At December 31, 2020, the Authority had $39,992,312 of bonds payable and capital leases, of which $37,714,740 is due longer than one year.

#### 9. Deferred Inflows and 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Authority has only one type of item that qualifies for reporting in this category. Accordingly, the item, unavailable property tax revenue, is deferred and recognized as an inflow of resources in the period that the amount becomes available.

## I. Summary of Significant Accounting Policies (continued)

### D. Financial Statement Accounts (continued)

#### 10. 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.

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 categories mentioned above. 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.

## I. Summary of Significant Accounting Policies (continued)

### D. Financial Statement Accounts (continued)

#### 10. Categories and Classification of Fund Balance (continued)

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.

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 Authority'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 $105,213,074. Another element of this reconciliation adds long-term debt relating to Pitkin County, Colorado's Series 2020 sales tax revenue refunding bonds. The Authority has agreed to the repayment of this debt through its Pitkin County dedicated sales tax. Additional long-term debt includes Series 2012A bonds, Series 2013B loan, Series 2019 bonds, related accrued interest, premiums associated with certain debt issuances, and various capital leases. The Authority also has deferred refunding costs of $772,334 relating to all the aforementioned debt. Finally, the Authority recognizes a long-term accrued compensated absences liability of $2,310,413.

### 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 $8,599,369 for assets which have been capitalized. The Authority also adds depreciation and amortization expense of $7,533,599. Debt principal payments of $1,899,984 and debt refundings of $5,571,327 are applied to long-term debt liabilities. Debt issuances and premiums of $4,455,000 and $743,390, respectively, are added to long-term debt liabilities.

## 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 2020.

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

## 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, the following 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 2020 appropriations were increased (decreased) as follows:

| Resolution | General Fund | SRF Service Contracts | Capital Projects Fund | Debt Service Fund | Total |
|---|---|---|---|---|---|
| **Original Appropriation** | | | | | $ 63,853,514 |
| *Changes to annual appropriations:* | | | | | |
| Resolution No. 2020-03 | $ (1,155,000) | $ (25,000) | $ - | $ - | (1,180,000) |
| Resolution No. 2020-09 | 8,472,093 | - | 6,352,972 | - | 14,825,065 |
| Resolution No. 2020-10 | 280,000 | - | - | - | 280,000 |
| Resolution No. 2020-12 | 2,880,013 | - | - | 40 | 2,880,053 |
| Resolution No. 2020-14 | 130,000 | - | - | - | 130,000 |
| Resolution No. 2020-15 | 219,471 | - | - | - | 219,471 |
| Resolution No. 2020-18 | 1,268,906 | - | - | - | 1,268,906 |
| Resolution No. 2020-20 | 322,135 | - | - | - | 322,135 |
| Resolution No. 2020-22 | 4,957,019 | - | - | - | 4,957,019 |
| Resolution No. 2020-25 | 5,187,760 | - | - | - | 5,187,760 |
| Resolution No. 2021-07 | (24,100,169) | - | (2,148,227) | - | (26,248,396) |
| *Total changes to annual appropriations* | $ (1,537,772) | $ (25,000) | $ 4,204,745 | $ 40 | 2,642,013 |
| **Final Appropriation** | | | | | $ 66,495,527 |

### 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 restricted $1,658,592 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2020.

## III. Stewardship, Compliance, and Accountability (continued)

### B. TABOR Amendment (continued)

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 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.

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 | $ 35,517 | $ 35,517 | $ - |
| Checking | Not Rated | 3,879,531 | 3,879,531 | - |
| Savings | Not Rated | 4,565,014 | 4,565,014 | - |
| Deposits held by Pitkin County Treasurer | Not Rated | 47,960 | 47,960 | - |
| Total Deposits | | 8,528,022 | 8,528,022 | - |
| Local Government Investment Pools | AAAm | 38,952,148 | 38,952,148 | - |
| Total Investments | | 38,952,148 | 38,952,148 | - |
| **Total** | | $ 47,480,170 | $ 47,480,170 | $ - |

## IV. Detailed Notes on All Funds (continued)

### A. Deposits and Investments (continued)

The local government investment pool represents investments in COLOTRUST and CSIP. The investment in COLOTRUST is measured at the net asset value, and the investment in CSIP is measured at amortized cost. The Authority has no regulatory oversight for the pools. At December 31, 2020, the Authority's investments in COLOTRUST and CSIP were $24,490,277 and $14,461,871, respectively.

*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.

*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.

*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 PDPA. The FDIC insures the first $250,000 of the Authority's deposits at each financial institution. 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 2020. 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, 2020 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, 2020 was as follows:

| | 12/31/19 | Increases | Decreases | 12/31/20 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | $ 2,116,609 | $ 934,579 | $ (661,202) | $ 2,389,986 |
| Land and improvements | 19,958,190 | 1,482,905 | - | 21,441,095 |
| **Total Capital Assets, Not Being Depreciated** | 22,074,799 | 2,417,484 | (661,202) | 23,831,081 |
| Capital assets, being depreciated: | | | | |
| Buildings | 5,916,422 | - | - | 5,916,422 |
| Improvements other than buildings | 63,877,439 | 5,462,448 | - | 69,339,887 |
| Equipment | 86,600,804 | 1,380,639 | (2,632,427) | 85,349,016 |
| **Total Capital Assets Being Depreciated** | 156,394,665 | 6,843,087 | (2,632,427) | 160,605,325 |
| Less accumulated depreciation for: | | | | |
| Buildings | (4,897,462) | (106,350) | - | (5,003,812) |
| Improvements other than buildings | (17,580,508) | (2,632,732) | - | (20,213,240) |
| Equipment | (51,844,189) | (4,794,518) | 2,632,427 | (54,006,280) |
| **Total Accumulated Depreciation** | (74,322,159) | (7,533,600) | 2,632,427 | (79,223,332) |
| **Total Capital Assets, Being Depreciated, Net** | 82,072,506 | (690,513) | - | 81,381,993 |
| **Governmental Activities Capital Assets, Net** | $ 104,147,305 | $ 1,726,971 | $ (661,202) | $ 105,213,074 |

### D. Interfund Transfers

Interfund balances as of December 31, 2020 are comprised of the following interfund transfers:

| | Transfer In: | | | |
|---|---|---|---|---|
| **Transfer Out:** | **SRF Service Contracts** | **SRF Bus Shelter/ PNR** | **Debt Service Fund** | **Total** |
| General Fund | $ 157,536 | $ 342,913 | $ 2,555,368 | $ 3,055,817 |

The General Fund transfers to the Service Contracts 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, and the General Fund transfers to the Debt Service Fund were to cover debt service requirements.

## IV. Detailed Notes on All Funds (continued)

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

At December 31, 2020, the fund balance of the Authority's General Fund was restricted and committed for the following:

| | | |
|---|---|---|
| Non-spendable for inventory & prepaids | $ | 1,436,012 |
| Restricted for TABOR reserve | | 1,658,592 |
| Restricted for Grant reserves | | 587,748 |
| Restricted for Capital project | | 543,671 |
| Committed for Transit | | 19,526,911 |
| Committed for Trails | | 1,804,461 |
| Committed for Facilities | | 5,692,843 |
| Committed for Operating reserves | | 10,445,417 |
| **Total** | $ | 41,695,655 |

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.

Funds restricted for capital project represent a restriction of funds due to an intergovernmental agreement with the City of Glenwood Springs for the purposes of either reestablishing a freight rail, for commuter or freight purposes, or to acquire, in fee simple, private property interests underlying the corridor.

Funds restricted for grant reserves represent a restriction of funds due to Department of Local Affairs grant funds received for 6 CNG MCI Commuter Coach Buses, which were purchased using a lease purchase financial agreement. Over a 10-year period, the restriction shall be removed on one-tenth of the grant amount, making those funds an unrestricted resource.

At December 31, 2020, the fund balance of the Capital Projects Fund was restricted for the following:

| | | |
|---|---|---|
| Various public improvements | $ | 2,240,546 |
| **Total** | $ | 2,240,546 |

Funds restricted for various public improvements are from a portion of the Series 2019 bond issuance.

At December 31, 2020, the fund balance of the Debt Service Fund was restricted for the following:

| | | |
|---|---|---|
| Restricted for debt | $ | 919,718 |
| **Total** | $ | 919,718 |

Funds restricted for debt are reserve requirements by the 2012A bonds and 2013B loan. The debt service requirement for the Series 2019 bonds is satisfied through a surety with a maximum policy limit of $1,151,388.

## IV. Detailed Notes on All Funds (continued)

### 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 were refunded with the issuance of Pitkin County's Sales Tax Revenue Refunding Bonds, Series 2020 noted below.

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

In 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.

In September 2019, the Authority issued Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019 to refund the Series 2009B Bonds and the 2013A loan and to finance various public improvements. The Series 2019 bonds carry an interest rate of 2% and 5% with final maturity date of 2049. The refunding of the Series 2009B Bonds and the 2013A loan resulted in an economic gain of $4,790,286.

In September 2020, Pitkin County issued Sales Tax Revenue Refunding Bonds, Series 2020 to to: (i) refund the County's outstanding Taxable Sales Tax Revenue Build America Bonds, Series 2010A; (ii) refund the County's outstanding Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B; and (iii). Although the debt is issued by the County, it is shown on the Authority financial statements as it reduces the sales tax dedicated to the Authority. The refunding resulted in an economic gain of $917,198.

## IV. Detailed Notes on All Funds (continued)

### F. Other Liabilities (continued)

#### 2. Sales Tax Revenue Loans

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. Capital Leases

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 2015, the Authority signed a lease for a solar panel array totaling $1,453,285. The lease carries an initial interest rate of 5.5% with final maturity of 2035. In 2020, the interest rate is subject to change if the interest rate is determined to be excluded from gross income for federal income tax purposes to the lender, then the interest rate shall be reduced 4.25%, if not then the interest rate will increase to 6.75%. The Authority has the option to purchase the leased solar panel array on or after 5 years of service at a price as outlined in the agreement.

In 2016, the Authority signed leases for six buses totaling $4,440,264. The lease carries an interest rate of 1.87% with a final maturity of 2028.

In 2017, the Authority signed a lease for an operations vehicle totaling $31,861. The lease carries an interest rate of 5.75% with a final maturity of 2020.

In 2018, the Authority signed a lease for an operations vehicle totaling $28,885. The lease carries an interest rate of 6.95% with a final maturity of 2021.

## IV. Detailed Notes on All Funds (continued)

### F. Other Liabilities (continued)

#### 3. Capital Leases (continued)

In 2019, the Authority signed a lease for trails equipment totaling $50,333. The lease carries an interest rate of 6.32% with a final maturity of 2025.

In 2019, the Authority signed a lease for an operations vehicle totaling $34,946. The lease carries an interest rate of 7% with a final maturity of 2022.

In 2019, the Authority signed a lease for an operations vehicle totaling $41,613. The lease carries an interest rate of 7% with a final maturity of 2022.

#### 4. Debt Requirements

The Authority is compliant in ongoing disclosure requirements to the secondary bond market in accordance with the Securities and Exchange Commission's Rule 15c2-12.

#### 5. Authorized Unissued Debt

In November 2008, qualified electors of the Authority approved the issuance of up to $44,555,000 in bonds to finance the costs of the Authority's Regional Transportation Improvement Plan. After the issuances of the Series 2009A, Series 2009B, the Series 2012A sales tax bonds, the Series 2013A and 2013B sales tax loans, and a portion of the Series 2019 sales and use and refunding bonds, the Authority had no remaining authorized unissued debt, of the approved $44,555,000, as of December 31, 2020.

In November 2018 the Authority's electorate approved increasing ad valorem property taxes at a rate of 2.65 Mills. The electorate also approved issuing $74,675,000 in revenue bonds to be used for, but not limited to:

- Bus rapid transit and local bus service improvements to reduce congestion along highway 82
- Mobility enhancements for pedestrians, bicyclist and transit users
- Construction of the lower valley trail
- Improved access and maintenance for the Rio Grande trail
- Construction and maintenance of park and rides, bus stops and other transit and transportation facilities
- Purchase of new buses, including electrification of buses for emission and noise reductions

At December 31, 2020, the Authority's total authorized but unissued debt is $74,675,000.

## IV. Detailed Notes on All Funds (continued)

### F. Other Liabilities (continued)

#### 6. Changes in Debt

The Authority had the following changes in its outstanding debt:

| | 12/31/19 | Increases | Decreases | 12/31/20 | Due within one year |
|---|---|---|---|---|---|
| Bonds payable: | | | | | |
| Sales tax revenue bonds: | | | | | |
| Series 2009A | $ 665,000 | $ - | $ (665,000) | $ - | $ - |
| Series 2010A | 2,530,000 | - | (2,530,000) | - | - |
| Series 2010B | 2,900,000 | - | (2,900,000) | - | - |
| Series 2012A | 4,610,000 | - | (340,000) | 4,270,000 | 340,000 |
| Series 2019 | 24,490,000 | - | (215,000) | 24,275,000 | 920,000 |
| Series 2020 | - | 4,455,000 | - | 4,455,000 | 330,000 |
| Loans payable: | | | | | |
| Taxable sales tax revenue loans, Series 2013B | 995,000 | - | (70,000) | 925,000 | 70,000 |
| Capital leases: | | | | | |
| 2008 Parker House | 1,215,357 | - | (122,059) | 1,093,298 | 127,527 |
| 1340 Main Street, Carbondale | 693,822 | - | (45,676) | 648,146 | 47,804 |
| 2015 Solar Array | 1,255,775 | - | (51,012) | 1,204,763 | 50,448 |
| 2016 CNG Buses | 3,392,607 | - | (352,950) | 3,039,657 | 359,607 |
| 2017 Ford Explorer | 8,175 | - | (8,175) | - | - |
| 2018 Ford Explorer | 14,410 | - | (6,963) | 7,447 | 7,447 |
| 2019 Vermeer Brush Chipper | 41,714 | - | (5,905) | 35,809 | 6,289 |
| 2019 Ford Explorer | 25,304 | - | (7,871) | 17,433 | 8,422 |
| 2019 Ford F250 | 30,131 | - | (9,372) | 20,759 | 10,028 |
| Bond premiums / discounts: | | | | | |
| Series 2010B premium | 449 | - | (449) | - | - |
| Series 2019 premium | 5,610,341 | - | (504,008) | 5,106,333 | - |
| Series 2020 premium | - | 743,390 | (85,526) | 657,864 | - |
| Total non-current liabilities | 48,478,085 | 5,198,390 | (7,919,966) | 45,756,509 | 2,277,572 |
| Compensated absences | 2,041,470 | 268,943 | - | 2,310,413 | - |
| **Long-term liabilities** | $ 50,519,555 | $ 5,467,333 | $ (7,919,966) | $ 48,066,922 | $ 2,277,572 |

## 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:

| Year | 2008 Capital Lease-Parker House Principal | 2008 Capital Lease-Parker House Interest | 1340 Main Street, Carbondale Principal | 1340 Main Street, Carbondale Interest | 2012A Sales/Use Tax Rev. Bonds Principal | 2012A Sales/Use Tax Rev. Bonds Interest |
|---|---|---|---|---|---|---|
| 2021 | $ 127,527 | $ 45,450 | $ 47,804 | $ 28,572 | $ 340,000 | $ 174,304 |
| 2022 | 133,239 | 39,738 | 50,031 | 26,345 | 340,000 | 163,832 |
| 2023 | 139,208 | 33,769 | 52,363 | 24,014 | 340,000 | 152,850 |
| 2024 | 145,443 | 27,534 | 54,802 | 21,574 | 345,000 | 139,250 |
| 2025 | 151,958 | 21,019 | 57,355 | 19,021 | 350,000 | 125,450 |
| 2026 - 2030 | 395,923 | 22,096 | 329,440 | 52,440 | 1,800,000 | 409,825 |
| 2031 - 2035 | - | - | 56,351 | 1,072 | 755,000 | 51,075 |
| **Total** | $ 1,093,298 | $ 189,606 | $ 648,146 | $ 173,038 | $ 4,270,000 | $ 1,216,586 |

| Year | 2013B Taxable Sales/Use Tax Rev. Loan Principal | 2013B Taxable Sales/Use Tax Rev. Loan Interest | 2015 Capital Lease - Solar Array Principal | 2015 Capital Lease - Solar Array Interest | 2016 Capital Lease - Buses Principal | 2016 Capital Lease - Buses Interest |
|---|---|---|---|---|---|---|
| 2021 | $ 70,000 | $ 45,880 | $ 50,448 | $ 79,336 | $ 359,607 | $ 53,770 |
| 2022 | 75,000 | 42,408 | 53,905 | 77,330 | 366,390 | 46,987 |
| 2023 | 75,000 | 38,688 | 57,712 | 73,524 | 373,300 | 40,077 |
| 2024 | 80,000 | 34,968 | 61,788 | 69,447 | 380,341 | 33,036 |
| 2025 | 85,000 | 31,000 | 66,152 | 65,084 | 387,515 | 25,862 |
| 2026 - 2030 | 540,000 | 83,824 | 407,796 | 248,379 | 1,172,504 | 33,180 |
| 2031 - 2035 | - | - | 506,962 | 83,491 | - | - |
| **Total** | $ 925,000 | $ 276,768 | $ 1,204,763 | $ 696,591 | $ 3,039,657 | $ 232,912 |

| Year | 2018 Capital Lease - Vehicle Principal | 2018 Capital Lease - Vehicle Interest | 2019 Capital Lease - Equipment Principal | 2019 Capital Lease - Equipment Interest | 2019 Capital Lease - Vehicle Principal | 2019 Capital Lease - Vehicle Interest |
|---|---|---|---|---|---|---|
| 2021 | $ 7,447 | $ 518 | $ 6,289 | $ 2,330 | $ 8,422 | $ 1,220 |
| 2022 | - | - | 6,698 | 1,921 | 9,011 | 631 |
| 2023 | - | - | 7,134 | 1,485 | - | - |
| 2024 | - | - | 7,598 | 1,021 | - | - |
| 2025 | - | - | 8,090 | 526 | - | - |
| **Total** | $ 7,447 | $ 518 | $ 35,809 | $ 7,283 | $ 17,433 | $ 1,851 |

## IV. Detailed Notes on All Funds (continued)

### F. Other Liabilities (continued)

#### 7. Future Debt Payments (continued)

| | 2019 Capital Lease - Vehicle | | 2019 Sales/Use Tax Rev. Bonds | | 2020 Sales Tax Refunding Bonds | |
|---|---|---|---|---|---|---|
| **Year** | **Principal** | **Interest** | **Principal** | **Interest** | **Principal** | **Interest** |
| 2021 | $ 10,028 | $ 1,453 | $ 920,000 | $ 1,178,900 | $ 330,000 | $ 211,860 |
| 2022 | 10,731 | 751 | 965,000 | 1,132,900 | 360,000 | 165,000 |
| 2023 | - | - | 1,025,000 | 1,084,650 | 375,000 | 150,600 |
| 2024 | - | - | 1,080,000 | 1,033,400 | 400,000 | 135,600 |
| 2025 | - | - | 1,135,000 | 979,400 | 410,000 | 119,600 |
| 2026 - 2030 | - | - | 5,795,000 | 4,013,500 | 935,000 | 418,000 |
| 2031 - 2035 | - | - | 5,355,000 | 2,612,250 | 745,000 | 271,200 |
| 2036 - 2040 | - | - | 4,805,000 | 1,274,750 | 900,000 | 110,800 |
| 2041 - 2045 | - | - | 1,635,000 | 513,600 | - | - |
| 2046 - 2049 | - | - | 1,560,000 | 159,000 | - | - |
| **Total** | $ 20,759 | $ 2,204 | $ 24,275,000 | $ 13,982,350 | $ 4,455,000 | $ 1,582,660 |

| | Total | |
|---|---|---|
| **Year** | **Principal** | **Interest** |
| 2021 | $ 2,277,572 | $ 1,823,593 |
| 2022 | 2,370,005 | 1,697,843 |
| 2023 | 2,444,717 | 1,599,657 |
| 2024 | 2,554,972 | 1,495,830 |
| 2025 | 2,651,070 | 1,386,962 |
| 2026 - 2030 | 11,375,663 | 5,281,244 |
| 2031 - 2035 | 7,418,313 | 3,019,088 |
| 2036 - 2040 | 5,705,000 | 1,385,550 |
| 2041 - 2045 | 1,635,000 | 513,600 |
| 2046 - 2049 | 1,560,000 | 159,000 |
| **Total** | $ 39,992,312 | $ 18,362,367 |

## 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, 2020.

### 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.

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.

## V. Other Information (continued)

### C. Service Agreements

The Authority has the following extended local service contracts reported in a separate special revenue fund:

- **Aspen Skiing Company Skier Shuttles** – The Authority operates skier shuttles on behalf of Aspen Skiing Company. Shuttles are free and open to the public. The agreement provides for reimbursement of operational expenses and a capital cost recovery component.

- **Ride Glenwood Springs** – The Authority operates local service 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 Traveler** – The Authority operates Senior Services in Garfield County and Americans with Disabilities Act services in Glenwood Springs and Carbondale. 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.

### D. Union Agreement

The Authority executed an agreement with Amalgamated Transit Union Local 1774, AFL-CIO (the "Union"), effective January 1, 2019 through December 31, 2021. Under the agreement, the Union is the exclusive collective bargaining representative for all full-time year-round bus operators who are covered by the agreement.

### E. Contingent Liabilities

The Authority maintains a line of credit of $1 million from Alpine Bank with annual renewals in December of each year. In December 2020, the Authority renewed the $1 million line of credit. No draws were made on the line of credit; therefore, no obligation exists at December 31, 2020.

## 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.

A participant is allowed to contribute up to the lesser of $19,500 or the participant's includible compensation. Participants over age 50 are eligible to contribute up to an additional $6,500, due to a catch-up provision by the plan. The Authority makes no contributions to the plan. 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 Retirement Association.

# V. Other Information (continued)

## G. Retirement Plans (continued)

### 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 Empower Retirement.

The Plan is governed by a plan document and amendment requires approval by the Retirement Plan Board. 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; however, has no liability for losses under the plan.

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 2020 was $21,080,000 and approximately $18,727,000 respectively. The Authority's expenses to the plan were approximately $2,350,000 for 2020.

The Authority's contributions start vesting at 50% and increase by 10% for each year of service. After 5 years of services, employees become fully vested in the Plan.

The Authority shall first use forfeited amounts to pay expenses of administering the plan, and then shall be used to reduce the Authority's contributions for the plan year in which the forfeitures arose. In 2020, the Authority used $0 in forfeitures to pay plan expenses. There was no liability outstanding as of December 31, 2020.

## 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 Events

### 1. Solar Array Sale

In January, 2021, the Authority sold its solar array panels to Holy Cross Energy for a total sales price of $945,758. In conjunction with the sale of the solar array panels, the Authority paid off the remaining associated lease principal balance of $1,204,763.

### 2. Debt Issuance

In June 2021, the Authority issued Property Tax Revenue Bonds, Series 2021A, in the amount of $28,780,000, to finance the costs of acquisition, construction, installation, and equipping of various public improvements. The Series 2021A bonds carry an interest rate at 4% and 5% with a final maturity date of 2051.

## V. Other Information (continued)

### I. Subsequent Events

#### 3. COVID-19

Beginning in mid-March of 2020, the global pandemic of COVID-19 had immediate impacts to the regional economy and the Authority's service levels and revenues and continued into 2021 as the 2021 original budget included a modified transit schedule for the winter of 2020/2021 and pre-pandemic transit service levels for the remainder of 2021. Early in 2021, the 2021 budget was amended to reflect the $24.3 million in funding from the Coronavirus and Relief Supplemental Appropriations Act (CRRSAA) and CARES Act Phase 3 Winter Surge Grants, of which, $4.7 million is allocated for the City of Aspen's municipal transit services and $19.6 million to provide the Authority's essential transit services.

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, 2020**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Investment income | $ - | $ - | $ 43,595 | $ 43,595 |
| **Total Revenues** | - | - | 43,595 | 43,595 |
| **Expenditures:** | | | | |
| Capital outlay | - | 4,204,745 | 4,204,745 | - |
| **Total Expenditures** | - | 4,204,745 | 4,204,745 | - |
| **Excess (Deficiency) of Revenues Over Expenditures** | - | (4,204,745) | (4,161,150) | 43,595 |
| **Change in Net Position** | $ - | $ (4,204,745) | (4,161,150) | $ 43,595 |
| **Fund Balance/Net Position:** | | | | |
| **Beginning of Year** | | | 6,401,696 | |
| **End of Year** | | | $ 2,240,546 | |

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, 2020**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Other income | $ 169,500 | $ 167,613 | $ 168,028 | $ 415 |
| Investment income | 27,000 | 6,077 | 10,022 | 3,945 |
| **Total Revenues** | 196,500 | 173,690 | 178,050 | 4,360 |
| **Expenditures:** | | | | |
| Debt service: | | | | |
| Principal | 1,290,000 | 1,290,000 | 1,290,000 | - |
| Interest | 1,443,378 | 1,443,418 | 1,443,418 | - |
| **Total Expenditures** | 2,733,378 | 2,733,418 | 2,733,418 | - |
| **Excess (Deficiency) of Revenues Over Expenditures** | (2,536,878) | (2,559,728) | (2,555,368) | 4,360 |
| **Other Financing Sources / (Uses)** | | | | |
| Transfers from other funds | 2,536,878 | 2,559,728 | 2,555,368 | (4,360) |
| **Total Other Financing Sources / (Uses)** | 2,536,878 | 2,559,728 | 2,555,368 | (4,360) |
| **Change in Fund Balance** | $ - | $ - | - | $ - |
| **Fund Balance:** | | | | |
| **Beginning of Year** | | | 919,718 | |
| **End of Year** | | | $ 919,718 | |

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

Roaring Fork Transportation Authority

**STATUTORY INFORMATION**

M & A

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**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, each major fund, and the budget and actual individual fund statements of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated July 8, 2021.

***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 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.



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### *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.

**McMahan and Associates, L.L.C.**
**July 8, 2021**

M & A

MCMAHAN AND ASSOCIATES, L.L.C.
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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

**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 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, 2020. 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and Uniform Guidance 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, 2020.



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**INDEPENDENT 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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control 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 identify 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.**
**July 8, 2021**

**Roaring Fork Transportation Authority**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**For the Year Ended December 31, 2020**

## 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 identified | None noted |
| Noncompliance material to financial statements noted | None noted |

*Federal Awards*

| | |
|---|---|
| Internal control over major programs: | |
| Material weakness identified | None noted |
| Significant deficiency identified | 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 Title 2 U.S. Code of Federal Regulations Part 200 | Yes |
| Major programs: Formula Grants for Rural Areas and Tribal Transit Program | CFDA #20.509 |
| Dollar threshold used to identify Type A from Type B programs | $750,000 |
| 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 | Yes |
| Auditor-assigned reference number | Not applicable |

**Roaring Fork Transportation Authority**
**SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS**
**For the Year Ended December 31, 2020**

**Note:** There were no findings for the fiscal year ended December 31, 2019.

**Roaring Fork Transportation Authority**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended December 2020**

| Program Title | Federal CFDA Number | Grant/ Project Code | Expenditures |
|---|---|---|---|
| **U.S. Department of Transportation:** | | | |
| **Passed through Colorado Department of Transportation:** | | | |
| Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research | 20.505 | 20-HTR-ZL-03202 | $ 71,435 |
| Formula Grants for Rural Areas | 20.509 | 20-HTR-ZL-03115 | 1,201,680 |
| Formula Grants for Rural Areas - COVID-19 | 20.509 | 20-HTR-ZL-03029, 20-HTR-ZL-03229, & 20-HTR-ZL-03229-M0002 | 10,709,680 |
| Subtotal - Formula Grants for Rural Areas | | | 11,911,360 |
| **Total Federal Financial Awards** | | | $ 11,982,795 |

**Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2020.**

**Note 1. Basis of Presentation:**

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Roaring Fork Transportation Authority (the "Authority") and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards ("Uniform Guidance").* 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, 2020.

**Note 3. Indirect Facilities and Administration Costs**

The Authority does not use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) Part 200.414, Indirect (F&A) costs. Instead, the Authority prepares an annual cost allocation plan to allocate indirect costs.

Roaring Fork Transportation Authority
SCHEDULE OF AUDIT FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2020

| Reference Number | Finding |
|---|---|
| 2020-001 | **CFDA No: 20.509, Formula Grants for Rural Areas and Tribal Transit Program**<br>**Federal Agency: U.S. Department of Transportation**<br>**State Department/Agency: Colorado Department of Transportation**<br>**Pass-through Numbers(s): 2020-HTR-ZL-03229 & 2020-HTR-ZL-03229-M0002**<br><br>**Compliance Requirement: Allowable Costs/Cost Principles**<br>**Type of Finding: Questioned Costs** |

**Criteria:** A portion of this grant was funded by the CARES Act and allows expenses in effect beginning January 20, 2020. Additionally, the grant allows the Authority to receive reimbursement of actual expenditures incurred based on calculated allocations for specific service routes and hours.

**Conditions:**

- During our review of reimbursed expenses, we identified utility billing and volumetric fee expenses for the month of January 2020 that were inadvertently included in the grant award reimbursement in both the 1st and 2nd quarters.
- The Authority utilizes an Excel spreadsheet to determine eligible costs for reimbursement, as eligible expenditures are based upon either actual service route hours (i.e., labor, benefits, and fares) or service route miles (i.e., fuel expense) driven that month. In one month's, reimbursement we found that calculated cells were overridden, causing the Authority to receive 100% of incurred expenditures instead of the calculated allocated amount. In another month's reimbursement, the spreadsheet amounts were properly calculated, however, the summary lead used to prepare the invoice to the State included 100% of expenditures incurred.
- We noted one instance of sales tax paid on an invoice requested for reimbursement.

**Questioned Costs:** Known questioned costs total $329,446.

**Context:** We tested each of the monthly requests for reimbursement (11) submitted to the Colorado Department of Transportation for the year ended December 31, 2020

**Cause:** Review procedures did not identify the improper period of expense reimbursements. Additionally, because of the manual entries required in the Excel spreadsheet, there was generally a high degree of complexity in ensuring all cells were updated at the time of reimbursement for retroactive changes to expenditures/revenues.

**Effect:** Having a lack of oversight could result in failure to identify and correct noncompliance with allowable costs/cost principles requirements, leading to improper overpayments to the Authority.

**Identification as a repeat finding:** Not applicable.

**Recommendation:** The Authority should develop a system of internal control over compliance that includes a review process subsequent to preparation of the monthly reimbursement requests, but prior to submittal to the State via the COTRAMS portal, to ensure that such requests only include expenses from the proper time period and that all calculations have been performed properly on those requests.

**Views of Responsible Officials and Planned Corrective Action:** The Authority agrees with the finding. See separate auditee document for planned corrective actions.

**CORRECTIVE ACTION PLAN**
**Year Ended December 31, 2020**

| Reference Number | Finding and Corrective Action Plan |
|---|---|

Roaring Fork Transportation Authority respectfully submits the following corrective action plan for the year ended December 31, 2020

**2020-001** **Finding:** Allowable Costs/Cost Principles

**Questioned Costs:** None.

**Status:** Corrective action in progress.

**Corrective Action:** We agree with the finding. The reason the reimbursement reports were done incorrectly were due to stated ineligible expenses as invoice dates were overlooked and training issues when the preparation of the reimbursement packet transitioned to another employee around April 2020. Because the grant was also complex in that it was 100% reimbursable, but only off of eligible service routes and hours, there was confusion in what percentage of incurred expenses were to be used for the billing of the invoice for reimbursement to CDOT. The COVID-19 pandemic also had finance staff primarily working remotely, complicating and lengthening the process of compiling, preparing, and reviewing those reimbursement reports.

We will be training employees regarding sensitive dates and a better understanding of what constitutes eligible reimbursable expenses. The Excel worksheets that are utilized to calculate the reimbursements have also been modified to include additional calculations and cross-checks to ensure correct eligible amounts are used on the lead sheet. Additionally, we have contacted the Colorado Department of Transportation ("CDOT") to determine what remediation efforts are required. It was determined in our discussions with CDOT that CDOT will be reopening the CARES grant for the Authority to submit corrected monthly reimbursement requests.

**Person(s) Responsible for Implementing:** David Carle, Accounting Manager and Paul Hamilton, Finance Director.

**Implementation Date:** Corrected 2020 reimbursement requests were submitted to CDOT in May 2021, and the other department implementations are in effect immediately for other upcoming grants.