Roaring Fork Transportation Authority
Carbondale, Colorado

Financial Statements
December 31, 2021

**Roaring Fork Transportation Authority**
**Financial Report**
**December 31, 2021**

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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 RFTA (the "Authority"), as of and for the year ended December 31, 2021, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Roaring Fork Transportation Authority, as of December 31, 2021 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### *Basis for Opinions*

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Roaring Fork Transportation Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Responsibilities of Management for the Financial Statements*

Roaring Fork Transportation Authority's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

### *Auditor's Responsibilities for the Audit of the Financial Statements*

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

In performing an audit in accordance with auditing standards generally accepted in the United States of America, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

### *Required Supplementary Information*

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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with 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.

**INDEPENDENT AUDITORS REPORT**
**To the Board of Directors**
**Roaring Fork Transportation Authority**
**Carbondale, Colorado**

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Roaring Fork Transportation Authority's basic financial statements. The individual fund budgetary comparisons in Section E, and the Schedule of Expenditures of Federal Awards as required by *Title 2 U.S. Code of Federal Regulations, Part 200 Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* included in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparisons, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Sections E and F are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards,* we have also issued our report dated **July 14, 2022** on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain 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 on compliance.

McMahan and Associates, L.L.C.

**McMahan and Associates, L.L.C.**
**July 14, 2022**

Roaring Fork Transportation Authority

# 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, 2021.

***Financial Highlights***

- When looking at a short-term view, the General Fund had an increase in Fund balance of $32.7 million compared to $23.0 million in the amended budget. The increase in Fund balance is primarily attributable to $19.5 million received from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and Winter Surge operating grants to assist in offsetting revenue shortfalls and increased expenditures experienced by the Authority as part of its emergency response plan from the ongoing SARS-Co V-2 Pandemic and the disease it causes, COVID-19 ("The pandemic"), which began in January, 2020. The $9.7 million improvement over budget was driven by total revenues exceeding the amended budget by approximately 7.6% primarily due to better than anticipated sales and use tax revenue and total expenditures savings of approximately 7.0% throughout the organization, including transit fuel, labor and benefits (due to vacant positions), COVID-19 expenditures, 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 $38.7 million resulting in a total Net Position amount of $150.1 million. This increase was driven primarily from capital investments made related to transit assets and infrastructure, including property acquisition located at 505 27$^{th}$ Street in the City of Glenwood Springs for future Park and Ride expansion, improvements to the current Glenwood Springs Maintenance Facility (GMF) and professional design and architectural work for future expansion of the GMF and the 27$^{th}$ Street Pedestrian Crossing, lease-purchase of six new transit buses, fifteen replacement transit buses, and two replacement paratransit buses, Rio Grande Trail Improvements, and increase in both sales and use tax revenue and operating and capital grant revenues.

- The Authority's total ridership increased by approximately 19.0% from 2.6 million in 2020 to 3.2 million in 2021. The increase in ridership was primarily attributed to the reduction in constrained capacity and modified transit services due to the pandemic in 2021 versus 2020. One major component of the service plan was the reduced maximum capacity on buses to promote social distancing that had a major impact in 2020. However, in June 2021, bus capacity restrictions were removed allowing 100% seating capacity versus 50%. Although, the Authority experienced an increase in ridership for the 2021 calendar year, levels remain approximately 42% lower than 2019 calendar year (pre-pandemic levels).

    - Annual ridership on regional transit service and percentage changes were as follows:
        - Valley Service (Highway 82 Corridor) 1.7 million and +29%
        - Grand Hogback Service (I-70 Corridor) 77,000 and +16%.

- Transit Operations' overtime for 2021 and 2020 was $1.3 million and $886,000, respectively, resulting in $457,000 increase. 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. During the pandemic, hiring and maintaining staffing levels challenges further increased due to the shortfall of bus operators and the impacts of COVID safety measures, specifically isolation and quarantine requirements, that impacted driver availability. As a result, the bus operators who were available to work had increased opportunities for overtime while picking up vacant scheduled shifts.

***Financial Highlights (continued)***

- In 2021, the Authority experienced a 14.0% increase in transit mileage, or 753,000 miles versus 2020. The increase was due to higher levels of service in 2021 compared to the reduced service levels experienced in 2020 due to the pandemic. Total transit fuel expenditures for 2021 and 2020 were $1.9 million and $1.4 million, respectively; a net increase of approximately 35%. The increase in fuel expenditures is primarily due to the timing of the Congressional extension of the Alternative Fuels Tax Credit. Due to the timing of the extension, the Authority received $713,000 of alternative tax credits from 2018-2020 in 2020 compared to receiving $279,000 from 2021 in 2021.

***Overview of the Financial Statements***

The discussion and analysis are 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 of accounting. This column adds capital assets net of both depreciation and debt into a 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 of accounting. 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 2021 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 activities 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, 27th Street Pedestrian Crossing Project, and 27th Street Park and Ride Expansion Project Property Acquisition. 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 2012A bonds, Series 2013B loans, the Series 2019 bonds, the Series 2021A bonds, and interest earned as required by resolution. The 2013B loan is 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.

Located in the heart of downtown Aspen, the Rubey Park Transit Center serves as a major transportation hub for commuters, skiers, and visitors.

## *Financial Analysis of the Authority*

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

| | 2021 | 2020 | $ dif | % dif |
|---|---|---|---|---|
| **Assets:** | | | | |
| Current assets | $ 132,076 | $ 69,588 | 62,488 | 89.8% |
| Inventory and prepaid expenditures | 1,534 | 1,453 | 81 | 5.6% |
| Capital assets, net | 118,799 | 105,213 | 13,586 | 12.9% |
| **Total Assets** | 252,409 | 176,254 | 76,155 | 43.2% |
| **Deferred Outflows of Resources:** | | | | |
| Deferred refunding charge, net of amortization | 687 | 772 | (85) | -11.0% |
| **Total Deferred Outflows of Resources** | 687 | 772 | (85) | -11.0% |
| **Liabilities:** | | | | |
| Current liabilities and LT Debt due within a year | 12,025 | 8,886 | 3,139 | 35.3% |
| Accrued compensated absences | 2,461 | 2,310 | 151 | 6.5% |
| Non-current liabilities | 76,589 | 43,479 | 33,110 | 76.2% |
| **Total Liabilities** | 91,075 | 54,675 | 36,400 | 66.6% |
| **Deferred Inflows of Resources:** | | | | |
| Unavailable property tax revenue | 11,876 | 10,943 | 933 | 8.5% |
| **Total Deferred Inflows of Resources** | 11,876 | 10,943 | 933 | 8.5% |
| **Net Position:** | | | | |
| Net investment in capital assets | 68,718 | 62,469 | 6,249 | 10.0% |
| Restricted | 33,619 | 6,234 | 27,385 | 439.3% |
| Unrestricted | 47,809 | 42,705 | 5,104 | 12.0% |
| **Total Net Position** | $ 150,146 | $ 111,408 | 38,738 | 34.8% |

As of December 31, 2021, the following trends were noted:

- *Current assets compared to current liabilities* – $132.1 million and $69.6 million of current assets were available to meet $12.0 million and $8.9 million of current liabilities due within a year for 2021 and 2020, respectively. The $62.5 million net increase in current assets was primarily due to the increase in investments; the $3.1 million increase in current liabilities was primarily due to an increase in accounts payable, accrued expenses, and non-current liabilities due within one year.

- *Inventory and prepaid expenditures* – $81,000 net increase is primarily due to an increase in inventory.

- *Capital assets, net* – $118.8 million of net capital assets were used to provide transit and trails services. The $13.6 million increase was primarily due to capital investments made related to transit assets and infrastructure, including property acquisition located at 505 27th Street in the City of Glenwood Springs for future Park and Ride expansion, improvements to the current Glenwood Springs Maintenance Facility (GMF) and professional design and architectural work for future expansion of the GMF and the 27th Street Pedestrian Crossing, lease-purchase of six new transit buses, fifteen replacement transit buses, two replacement paratransit buses, and Rio Grande Trail Improvements, offset by annual depreciation and amortization and disposal of fully depreciated transit buses.

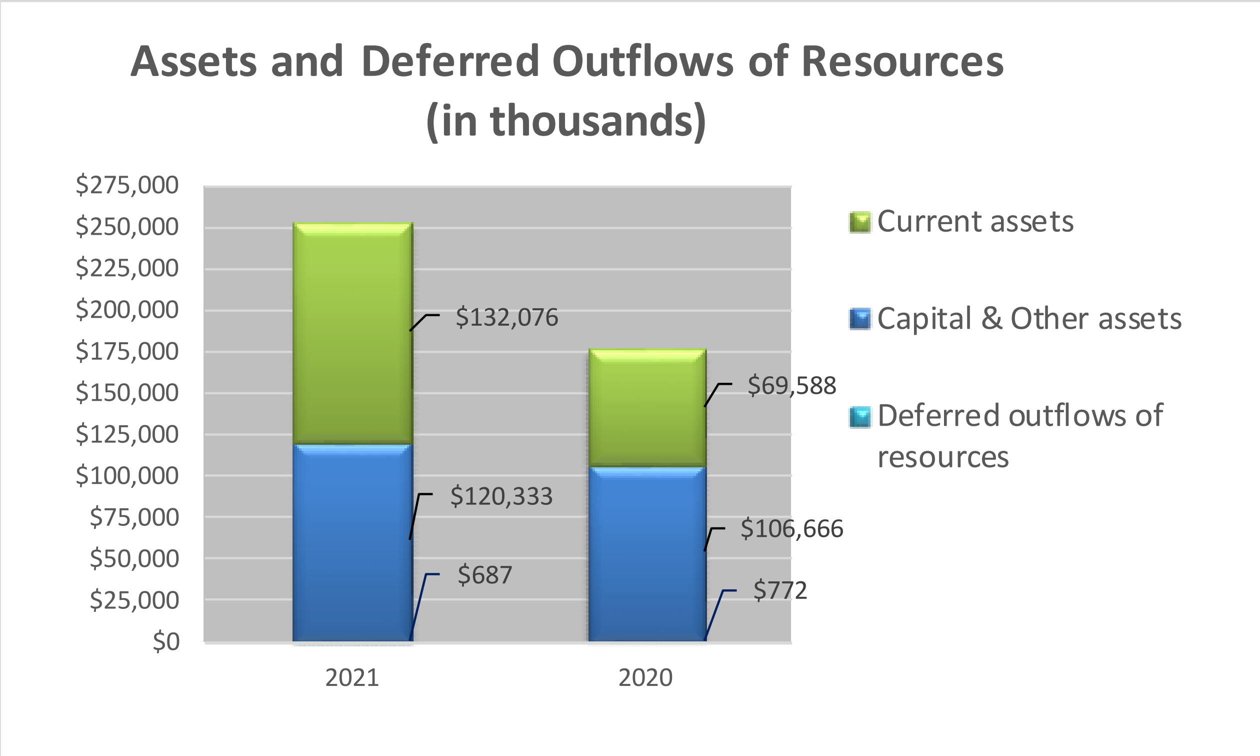
- *Non-current liabilities* – $33.1 million increase was primarily due to the issuance of Series 2021A Property Tax Revenue Bonds in 2021 and lease purchase of six new transit buses.

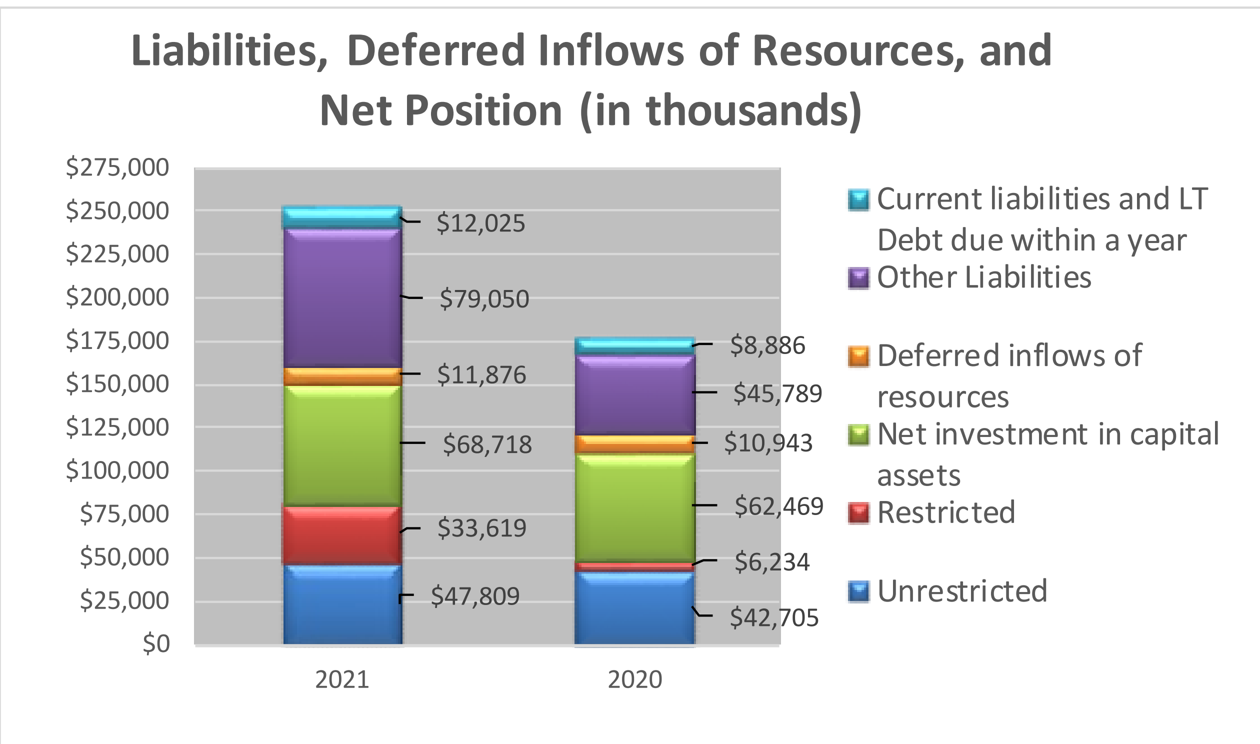
- *Deferred Inflow of Resources – Unavailable property tax revenue* - $933,000 increase is due to the 2021 tax year reassessment increasing net assessed valuation by $352,000 for the uniform mill levy of 2.65 mills with collections in 2022.

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

- *Total net position* – $38.7 million increase was primarily from capital investments made related to transit assets and infrastructure, increase in sales and use tax, and increase in capital and operating grant revenues.

Details regarding the Authority's assets and liabilities are included on Page C1.



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

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

| | 2021 | 2020 | $ dif | % dif |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales and use tax | $ 34,528 | $ 27,125 | 7,403 | 27.3% |
| Property tax | 11,409 | 11,232 | 177 | 1.6% |
| Service contracts | 7,617 | 7,802 | (185) | -2.4% |
| Operating revenue | 4,198 | 2,982 | 1,216 | 40.8% |
| Capital grant revenue | 8,608 | 1,521 | 7,087 | 465.9% |
| Operating grant revenue | 25,704 | 12,141 | 13,563 | 111.7% |
| Local government capital contributions | 130 | 103 | 27 | 26.2% |
| Local government operating contributions | 1,374 | 1,510 | (136) | -9.0% |
| Other income | 1,289 | 1,340 | (51) | -3.8% |
| Investment income | 38 | 253 | (215) | -85.0% |
| **Total Revenues** | $ 94,896 | $ 66,009 | 28,887 | 43.8% |

For the Year Ended December 31, 2021, the following trends were noted:

- Sales tax revenues increased over the prior year for all of the Authority's member jurisdictions, which includes: 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 was relatively flat due to the 2020 tax year not being a reassessment year.

- Service contracts revenue (cost reimbursement contracts) decreased primarily due to an increase in the City of Aspen's operating grant revenues of $2.7 million to cover eligible operating costs on the City's contracted service which reduced the amount of service contract revenue received. The increase in operating grants were for and applied to the City of Aspen's service contract.

- Operating revenue (transit fares and advertising revenue) increased primarily due to higher ridership levels while the Authority also eliminated capacity levels set in 2020 by changing the maximum seated capacity from 50% to 100% in June 2021.

- Operating grant revenues increased due to an increase in federal operating grants. Due to the ongoing pandemic, the Authority received $24.3 million from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and Winter Surge funds, of which $4.7 million was for transit services provided to the City of Aspen, for a net total of $19.5 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 may vary from year to year. Capital grants also may vary from year to year. In 2021, the Authority received $8.6 million in capital grants:

    - $1.1 million from a Colorado Department of Transportation (CDOT) SB267 Grant for the Glenwood Springs Maintenance Facility's (GMF) Phase 2 expansion project.
    - $440,000 from a Colorado Department of Transportation (CDOT) FASTER Grant for one bus replacement.

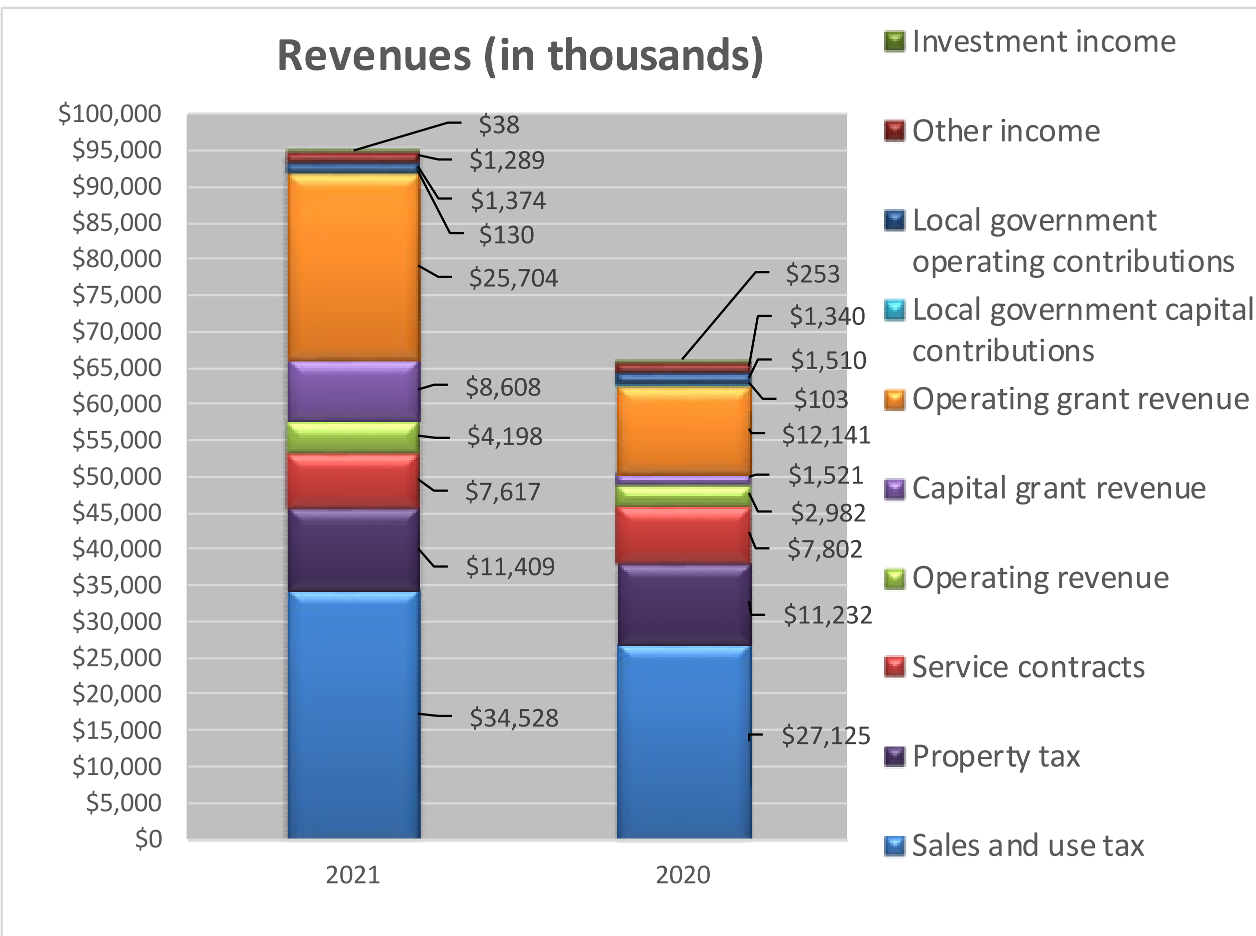
***Financial Analysis of the Authority (continued)***

- $6.9 million from Federal Transit Administration (FTA) Section 5339(a) and 5339(B) Grants for a total of 14 bus replacements
- $142,000 from a Federal Transit Administration (FTA) Section 5339(b) Grant for two cutaway bus replacements.
- $8,600 from a Federal Transit 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 2021, the Authority received $1.5 million in local government contributions:

  - $813,678 from the Elected Officials Transportation Committee (EOTC) for the "no-fare" Aspen-Snowmass regional bus service.
  - $500,000 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.
  - $35,523 from Garfield County for replacement of two Traveler Program buses.
  - $94,861 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)***

| | 2021 | 2020 | $ dif | % dif |
|---|---|---|---|---|
| **Expenditure:** | | | | |
| Transit operations, maintenance, fuel, and administration | $ 40,095 | $ 36,395 | 3,700 | 10.2% |
| Facilities | 4,692 | 4,486 | 206 | 4.6% |
| Trails & corridor management | 553 | 580 | (27) | -4.7% |
| Capital outlay | 1,085 | 818 | 267 | 32.6% |
| Depreciation and amortization | 7,464 | 7,534 | (70) | -0.9% |
| Debt service | 2,789 | 2,057 | 732 | 35.6% |
| **Total Expenditure** | 56,677 | 51,870 | 4,807 | 9.3% |
| **Other Financing Sources (Uses):** | | | | |
| Transfer to other funds | (3,670) | (3,056) | (614) | 20.1% |
| Transfer from other Funds | 3,670 | 3,056 | 614 | 20.1% |
| Bond premium | 900 | 590 | 310 | 52.5% |
| Contributed principal debt payments | 794 | - | 794 | 0.0% |
| Gain (loss) on disposal of assets | (1,176) | 1 | (1,177) | -117700.0% |
| **Total Other Financing Sources (Uses)** | 518 | 591 | (73) | -12.4% |
| **Change in Net Position** | 38,738 | 14,730 | 24,008 | 163.0% |
| **Net Position - Beginning of Year** | 111,408 | 96,678 | 14,730 | 15.2% |
| **Net Position - End of Year** | $ 150,146 | $ 111,408 | 38,738 | 34.8% |

For the Year Ended December 31, 2021, 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 fuel costs from increased bus mileage. Administration costs increased primarily due to higher labor costs, recruiting and advertising costs.

- 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 ongoing pandemic. Two temporary office locations in Glenwood Springs were added to support ongoing operations.

- Trails & Corridor Management expenditures decreased due to timing of trails projects.

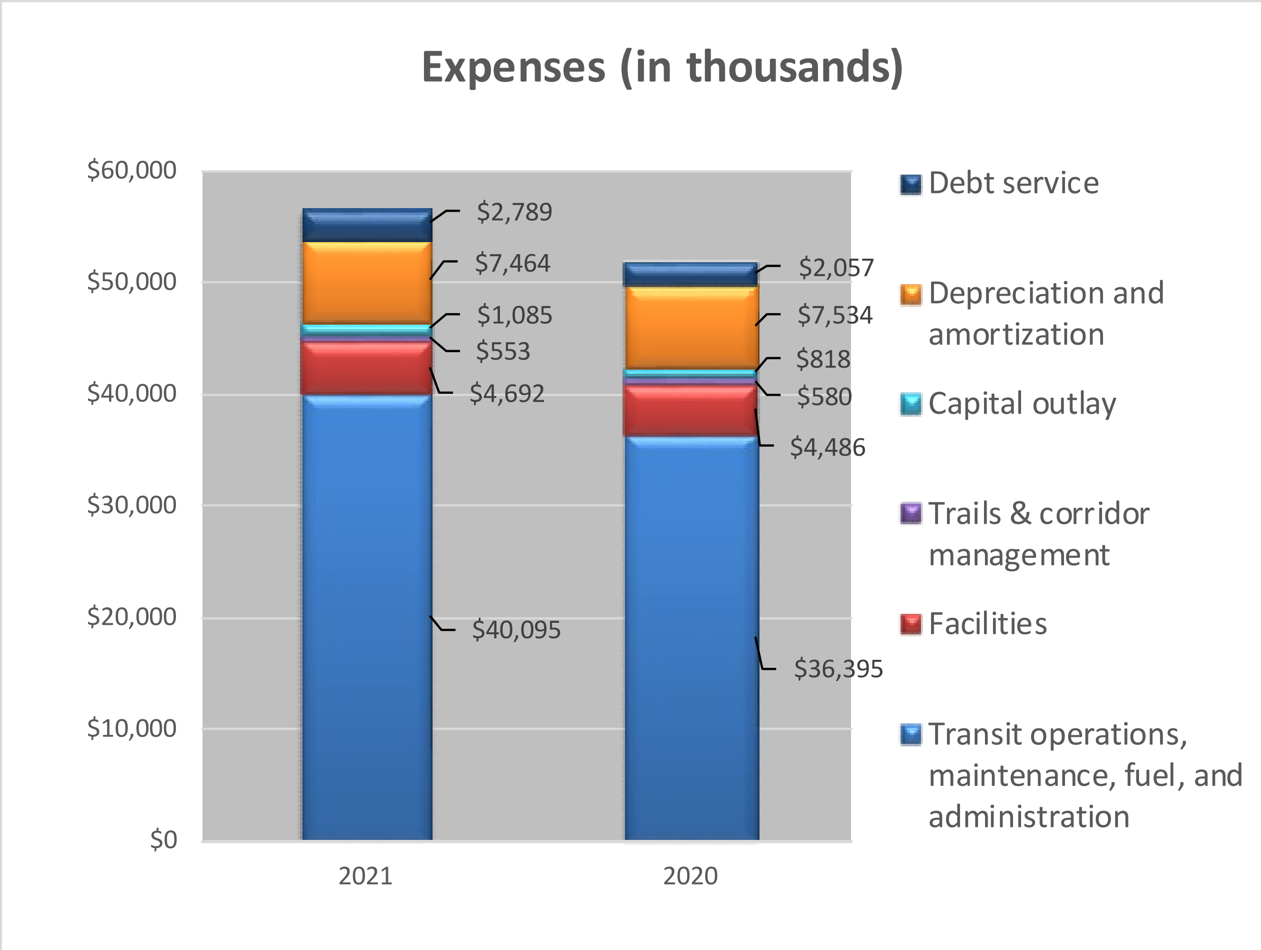
- Capital outlay expenditures increased due to the timing of capital projects.

- Depreciation expenditures decreased slightly primarily due to the timing of depreciation for twenty-three (23) buses purchased in 2021 as depreciation is not taken on assets in the first year of service, and offset by number of construction projects completed in 2020 that began to be depreciated in 2021.

- Debt service expenditures increased primarily due to the initial debt service payments for Series 2021A Property Tax Revenue Bonds issued in 2021 and execution of six bus lease purchase agreement in 2021.

- Loss on disposal of assets increased due to the acceptance of Holy Cross Energy's ("HCE") offer to purchase the Authority's leased photovoltaic solar panels due to the bankruptcy filing by Clean Energy Collective ("CEC") and the acquisition of CEC by HCE.

*__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 (see Major Capital Asset events on page B14). 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 the 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;

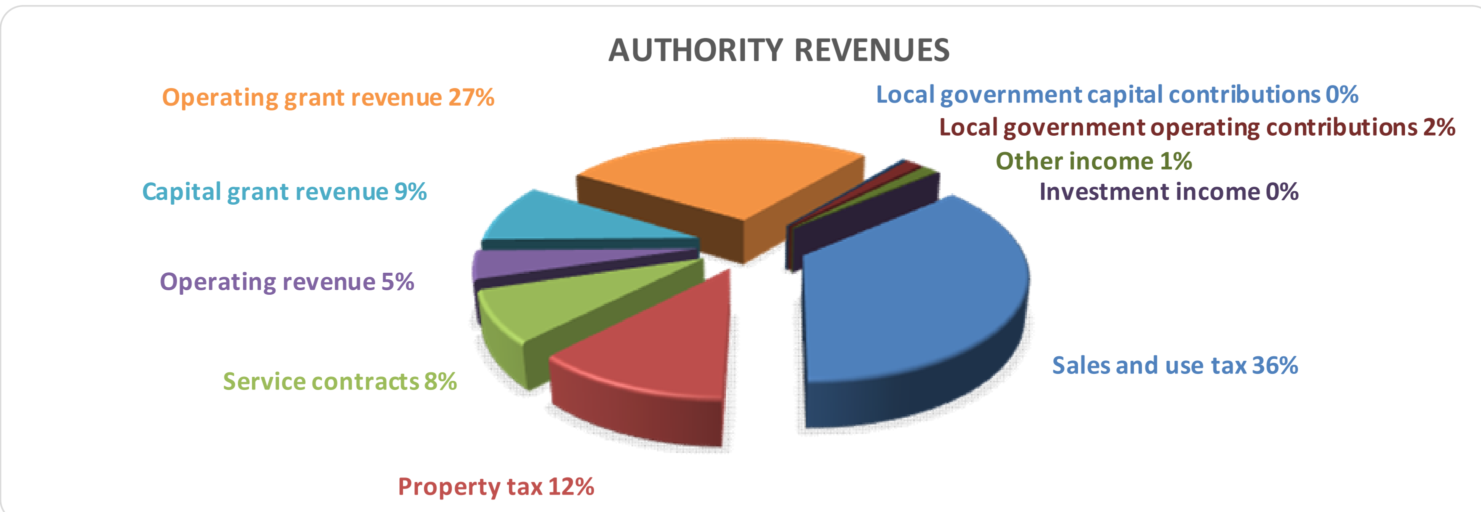
***Financial Analysis of the Authority (continued)***

- Grant revenues are provided at the Federal or State level and fund capital and operating expenditures; the Authority received $8.6 million and $25.7 million in capital and operating grants, respectively ($24.3 million in operating grants is from a one-time Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and Winter Surge grant in response to the pandemic);

- Local jurisdictions generally provide operating contributions but 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 2012A bonds and Series 2013A Loan.

The following chart depicts the Authority's 2021 revenues by percentage:




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

The Authority records the General Government activities as follows:

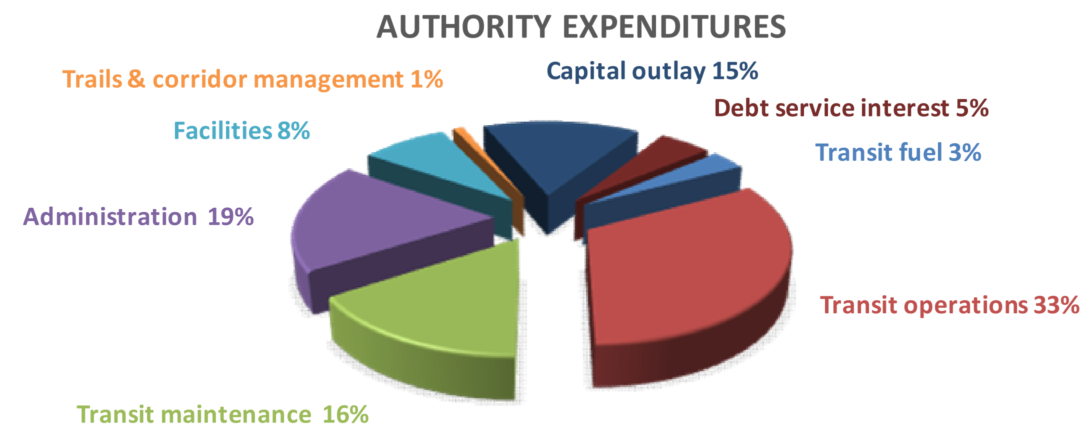
- The Administration line item includes the activities of the following Departments: Attorney, Board of Directors, CEO (including Procurement), Finance, Human Resources and Risk Management, Information Technology and Planning (including Marketing);

- 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.

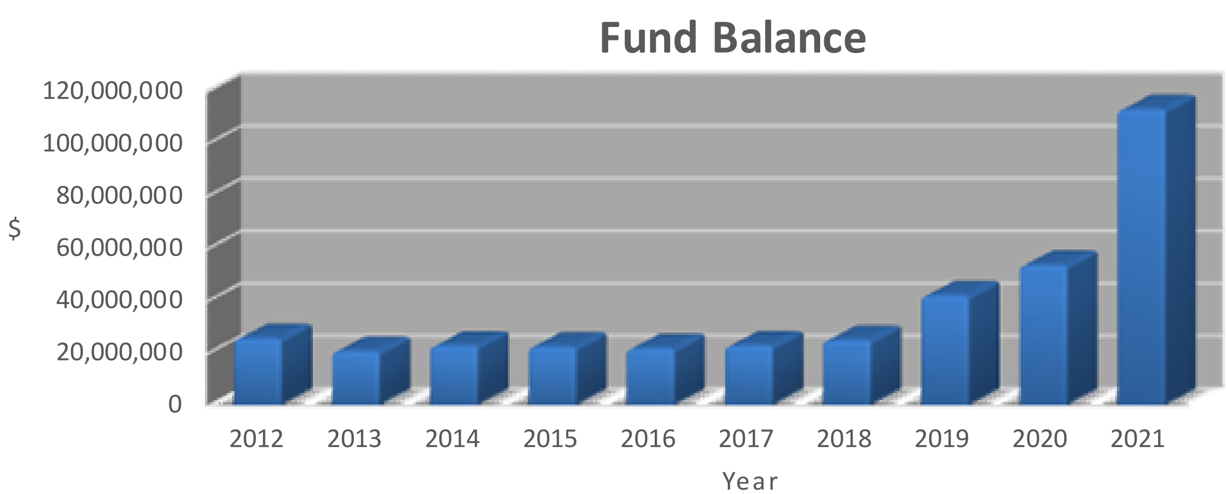
***Financial Analysis of the Authority (continued)***

The following chart depicts the Authority's 2021 expenditures:




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

The following chart illustrates fund balances for 2012 – 2021



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

As of December 31, 2021, the Authority's total fund balance was approximately $113.1 million.

- The 2021/2020 increase was due to sales and use tax revenues exceeding estimates, Federal operating grant revenues primarily from Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA), timing of capital projects, including Destination 2040 Plan projects, to be funded with the proceeds received from issuing Property Tax Revenue Bonds, Series 2021A, and overall savings throughout the organization.

- The 2020/2019 increase was due to timing of capital projects, including Destination 2040 Plan projects, CARES Act operating grant revenues due to the pandemic, reduced 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.

*Major Capital Asset events*

Approximately $12.6 million was expended on new and replacement buses. Approximately $8.8 million was expended on improvements to the Authority's facilities, which includes, $2.7 million for the acquisition of 505 27$^{th}$ Street in the City of Glenwood Springs for future expansion of the Authority's Park and Ride, $4.8 million for Phase 2 Construction of the GMF Expansion Project, $425,000 for Preliminary Design and Planning for Phases 3, 4, 5, & 7 of the GMF Expansion Project. $665,000 for Preliminary Design and Planning for 27$^{th}$ Street Pedestrian Underpass Crossing Project in the City of Glenwood Springs, $203,000 was expended on improvements to trails, and $307,000 was expended on information technology equipment and software.

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

*Major Debt events*

In June 2021, the Authority issued Property Tax Revenue Bonds, Series 2021A. The purpose of the Series 2021A Bonds is for funding of the Phase 2 of the GMF Expansion Project, Phases 3, 4, 5, & 7 of the GMF Expansion Project, 27th Street Property Acquisition in the City of Glenwood Springs, and the 27th Street Pedestrian Underpass Crossing Project in the City of Glenwood Springs.

*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 $11.2 million, while total fund balance increased to $82.9 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 22.4% of total general fund expenditures, while total fund balance represents 166.4% of the same amount.

The increase in Fund balance is primarily attributable to the $19.5 million received from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and Winter Surge operating grants to help offset revenue shortfalls and increased expenditures experienced by the Authority as part of its emergency response plan during the SARS-Co V-2 Pandemic and the disease it causes, COVID-19 ("The pandemic"). The $9.7 million positive variance to the Authority's final budget was attributable to total revenues exceeding the amended budget by 7.6% primarily due to better than anticipated sales and use tax revenue while total expenditures experienced savings of approximately 7.0% throughout the organization, including transit fuel, labor and benefits (due to vacant positions), COVID-19 expenditures, 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, with $12,000 designated as non-spendable and -$12,000 as unassigned, as the fund accounts for contractual services where revenue covers operating activities.

*The Bus Shelter and Park and Ride Special Revenue Fund* had a total fund balance of $97,000, which $89,000 is restricted by enabling legislation for bus shelter and park and ride expenditure activities and $8,000 is designated as non-spendable.

*The Mid Valley Trails Special Revenue Fund* had a total fund balance of $258,000, 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 $65,000.

*The Capital Projects Fund* had a total fund balance of $28.9 million. The increase in fund balance was due to the use issuance of the Property Tax Revenue Bonds, Series 2021A. The Authority expended $2.2 million from the Improvements of the Sales and Use Tax Revenue Refunding and Improvement Bonds, Series 2019 for the Glenwood Springs Maintenance Facility (GMF) Expansion Project. The Authority expended $6.1 million from the Property Tax Revenue Bonds, series 2021A for the 27th Street Property Acquisition in the City of Glenwood Springs, the Glenwood Springs Maintenance Facility (GMF) Expansion Project, 27th Street Pedestrian Underpass Crossing Project in the City of Glenwood Springs, and cost of issuing the Series 2021A Bonds.

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

The Debt Service Fund had a total fund balance of $920,000 representing the required reserves for the 2012A bonds and 2013B loan and interest earned as required by resolution, as well as the debt service payments for the Series 2019 and Series 2021A bonds. The fund received a Qualified Energy Conservation Bond credit of $124,000 on the Series 2012A QECBs, received a Qualified Energy Conservation Bond credit of $32,000 on the Series 2013B Sales Tax Revenue Loan, and a transfer from the General Fund for the remaining balance. Expenditures included $2.0 million of debt service interest expenditures related to these bonds.

***General Fund Budgetary Highlights***

The Authority's revenues came in over budget by $5.7 million. Expenditures were $3.7 million under budget. Significant budget variances were as follows

| Description | Final Budget | Actual | Variance Positive (Negative) | Reason |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales and use tax revenue | $ 29,364,000 | $ 34,426,879 | $ 5,062,879 | Better than anticipated/budgeted revenues |
| Property tax revenue | 10,945,000 | 11,409,308 | 464,308 | Better than anticipated/budgeted revenues |
| Operating Revenues | 3,726,756 | 4,135,748 | 408,992 | Due to increase in ridership and change in seated capacity from 50% to 100% in June 2021 |
| **Expenditures:** | | | | |
| Transit Fuel | $ 1,564,137 | $ 1,208,533 | $ 355,604 | Lower than anticipated transit diesel fuel usage offset by increased transit compressed natural gas usage |
| Transit maintenance | 7,237,100 | 6,380,767 | 856,333 | Savings due to vacant job positions and lower than anticipated operating and maintenance costs |
| Administration | 8,286,801 | 7,507,095 | 779,706 | Savings due to vacant job positions, lower than anticipated general liability insurance costs and overall operating costs |
| Facilities | 3,051,308 | 2,824,122 | 227,186 | Savings due to vacant job positions and lower than anticipated COVID-19 cleaning and supplies costs |
| Capital outlay | 16,592,292 | 15,459,547 | 1,132,745 | Lower than anticpated bus purchase costs and savings due to timing of capital projects |
| **Other Financing Sources / (Uses)** | | | | |
| Transfer to other funds | $ (3,828,985) | $ (3,584,543) | $ 244,442 | Reduction in transfer amount due to savings Bus Stops & PNR operating and maintenance costs |

***Subsequent Year's Budget***

- The Authority ended the year with a combined ending fund balance of $113.1 million. The 2022 adopted budget anticipates a net decrease of $1.6 million in the General Fund, net decrease of $9,000 in the Special Revenue Funds, and no changes to the Capital Projects Fund and Debt Service Fund.

- While there have been positive developments and trending regarding the global COVID-19 pandemic, which had immediate impacts starting mid-March of 2020, the Authority continues to monitor the threat and works closely with local public health officials to continue to take the necessary safety measures in order to maintain a safe environment for the Authority's employees and customers.

***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.

Roaring Fork Transportation Authority

# GOVERNMENT-WIDE FINANCIAL STATEMENTS

## Roaring Fork Transportation Authority
## Balance Sheet/Statement of Net Position
## December 31, 2021

| | 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 | $ 9,704,003 | $ - | $ - | $ - | $ - | $ - | $ 9,704,003 | $ - | $ 9,704,003 |
| Cash and cash equivalents - restricted | - | - | - | - | - | - | - | 43,750 | 43,750 |
| Investments | 66,552,805 | 1,152,908 | 89,502 | 249,769 | 29,951,150 | 919,718 | 98,915,852 | - | 98,915,852 |
| Accounts receivable | 136,100 | 753,577 | - | - | 6,500 | - | 896,177 | - | 896,177 |
| Property taxes receivable | 11,875,674 | - | - | - | - | - | 11,875,674 | - | 11,875,674 |
| Due from other funds | 1,806,228 | 146,427 | 126,017 | - | 10,887 | - | 2,089,559 | - | 2,089,559 |
| Due from other governments | 6,813,490 | 1,697,968 | 30,928 | 8,477 | - | - | 8,550,863 | - | 8,550,863 |
| Prepaid expenses | 591,589 | 12,178 | 7,992 | - | - | - | 611,759 | - | 611,759 |
| Inventory | 922,120 | - | - | - | - | - | 922,120 | - | 922,120 |
| Capital assets | - | - | - | - | - | - | - | 195,282,972 | 195,282,972 |
| Accumulated depreciation | - | - | - | - | - | - | - | (76,483,742) | (76,483,742) |
| **Total Assets** | 98,402,009 | 3,763,058 | 254,439 | 258,246 | 29,968,537 | 919,718 | 133,566,007 | 118,842,980 | 252,408,987 |
| **Deferred Outflows of Resources:** | | | | | | | | | |
| Deferred refunding costs, net of amortization | - | - | - | - | - | - | - | 687,110 | 687,110 |
| **Total Deferred Outflows of Resources** | - | - | - | - | - | - | - | 687,110 | 687,110 |
| **Liabilities:** | | | | | | | | | |
| Accounts payable | 1,839,183 | 146,427 | 135,704 | - | 372,476 | - | 2,493,790 | - | 2,493,790 |
| Due to other funds | 283,331 | 1,070,417 | 7,992 | - | 727,819 | - | 2,089,559 | - | 2,089,559 |
| Accrued expenses | 1,483,106 | 2,546,214 | 13,539 | - | - | - | 4,042,859 | 88,110 | 4,130,969 |
| Accrued compensated absences | - | - | - | - | - | - | - | 2,461,191 | 2,461,191 |
| Accrued interest | - | - | - | - | - | - | - | 262,057 | 262,057 |
| Non-current liabilities: | | | | | | | | | |
| Due within one year | - | - | - | - | - | - | - | 3,047,966 | 3,047,966 |
| Due longer than one year | - | - | - | - | - | - | - | 76,589,071 | 76,589,071 |
| **Total Liabilities** | 3,605,620 | 3,763,058 | 157,235 | - | 1,100,295 | - | 8,626,208 | 82,448,395 | 91,074,603 |
| **Deferred Inflows of Resources:** | | | | | | | | | |
| Unavailable property tax revenue | 11,875,674 | - | - | - | - | - | 11,875,674 | - | 11,875,674 |
| **Total Deferred Inflows of Resources** | 11,875,674 | - | - | - | - | - | 11,875,674 | - | 11,875,674 |
| **Fund Balance/Net Position:** | | | | | | | | | |
| **Fund Balance:** | | | | | | | | | |
| Non-spendable fund balance | 1,513,709 | 12,178 | 7,992 | - | - | - | 1,533,879 | (1,533,879) | |
| Restricted fund balance | 3,483,419 | - | 89,212 | 258,246 | 28,868,242 | 919,718 | 33,618,837 | (33,618,837) | |
| Committed fund balance | 66,742,916 | - | - | - | - | - | 66,742,916 | (66,742,916) | |
| Unassigned fund balance | 11,180,671 | (12,178) | - | - | - | - | 11,168,493 | (11,168,493) | |
| **Total Fund Balance** | $ 82,920,715 | $ - | $ 97,204 | $ 258,246 | $ 28,868,242 | $ 919,718 | $ 113,064,125 | (113,064,125) | |
| **Net Position:** | | | | | | | | | |
| Net investment in capital assets | | | | | | | | 68,717,545 | 68,717,545 |
| Restricted | | | | | | | | 33,618,837 | 33,618,837 |
| Unrestricted | | | | | | | | 47,809,438 | 47,809,438 |
| **Total Net Position** | | | | | | | | $ 150,145,820 | $ 150,145,820 |

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, 2021

| | 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 | $ 34,426,879 | $ - | $ - | $ 100,730 | $ - | $ - | $ 34,527,609 | $ - | $ 34,527,609 |
| Property tax revenue | 11,409,308 | - | - | - | - | - | 11,409,308 | - | 11,409,308 |
| Service contracts | - | 7,617,427 | - | - | - | - | 7,617,427 | - | 7,617,427 |
| Operating revenue | 4,135,748 | 62,567 | - | - | - | - | 4,198,315 | - | 4,198,315 |
| Capital grant revenue | 8,608,186 | - | - | - | - | - | 8,608,186 | - | 8,608,186 |
| Operating grant revenue | 20,949,097 | 4,755,129 | - | - | - | - | 25,704,226 | - | 25,704,226 |
| Local government capital contributions | 130,384 | - | - | - | - | - | 130,384 | - | 130,384 |
| Local government operating contributions | 1,373,678 | - | - | - | - | - | 1,373,678 | - | 1,373,678 |
| Other income | 665,448 | - | 518,483 | - | - | 155,794 | 1,339,725 | (50,810) | 1,288,915 |
| Investment income | 33,014 | - | 33 | 98 | 4,811 | 386 | 38,342 | - | 38,342 |
| **Total Revenues** | 81,731,742 | 12,435,123 | 518,516 | 100,828 | 4,811 | 156,180 | 94,947,200 | (50,810) | 94,896,390 |
| **Expenditures/Expenses:** | | | | | | | | | |
| Transit fuel | 1,208,533 | 682,520 | - | - | - | - | 1,891,053 | - | 1,891,053 |
| Transit operations | 13,305,325 | 5,110,503 | - | - | - | - | 18,415,828 | 150,778 | 18,566,606 |
| Transit maintenance | 6,380,767 | 2,593,406 | - | - | - | - | 8,974,173 | - | 8,974,173 |
| Administration | 7,507,095 | 3,136,356 | - | 19,980 | - | - | 10,663,431 | - | 10,663,431 |
| Facilities | 2,824,122 | 1,080,608 | 787,333 | - | - | - | 4,692,063 | - | 4,692,063 |
| Trails & corridor management | 536,861 | - | - | 15,779 | - | - | 552,640 | - | 552,640 |
| Capital outlay | 15,459,547 | - | - | - | 8,048,833 | - | 23,508,380 | (22,423,736) | 1,084,644 |
| Depreciation and amortization | - | - | - | - | - | - | - | 7,463,838 | 7,463,838 |
| Debt service: | | | | | | | | | |
| Principal | 2,228,737 | - | - | - | - | 1,330,000 | 3,558,737 | (3,558,737) | - |
| Interest | 380,344 | - | - | - | - | 1,973,636 | 2,353,980 | 154,393 | 2,508,373 |
| Cost of issuance | - | - | - | - | 280,259 | - | 280,259 | - | 280,259 |
| **Total Expenditures/Expenses** | 49,831,331 | 12,603,393 | 787,333 | 35,759 | 8,329,092 | 3,303,636 | 74,890,544 | (18,213,464) | 56,677,080 |
| **Excess (Deficiency) of Revenues Over Expenditures/ Expenses** | 31,900,411 | (168,270) | (268,817) | 65,069 | (8,324,281) | (3,147,456) | 20,056,656 | 18,162,654 | 38,219,310 |
| **Other Financing Sources (Uses):** | | | | | | | | | |
| Transfer to other funds | (3,584,543) | - | - | - | (85,155) | - | (3,669,698) | - | (3,669,698) |
| Transfer from other funds | 85,155 | 168,270 | 268,817 | - | - | 3,147,456 | 3,669,698 | - | 3,669,698 |
| Bond issuance | - | - | - | - | 28,780,000 | - | 28,780,000 | (28,780,000) | - |
| Bond premium | - | - | - | - | 6,257,132 | - | 6,257,132 | (5,356,811) | 900,321 |
| Contributed principal debt payments | 794,361 | - | - | - | - | - | 794,361 | - | 794,361 |
| Gain (loss) on disposal of assets | 197,480 | - | - | - | - | - | 197,480 | (1,373,742) | (1,176,262) |
| Lease proceeds | 3,302,454 | - | - | - | - | - | 3,302,454 | (3,302,454) | - |
| **Total Other Financing Sources (Uses)** | 794,907 | 168,270 | 268,817 | - | 34,951,977 | 3,147,456 | 39,331,427 | (38,813,007) | 518,420 |
| **Change in Fund Balance/Net Position** | 32,695,318 | - | - | 65,069 | 26,627,696 | - | 59,388,083 | (20,650,353) | 38,737,730 |
| **Fund Balance/Net Position:** | | | | | | | | | |
| **Beginning of Year** | 50,225,397 | - | 97,204 | 193,177 | 2,240,546 | 919,718 | 53,676,042 | | 111,408,090 |
| **End of Year** | $ 82,920,715 | $ - | $ 97,204 | $ 258,246 | $ 28,868,242 | $ 919,718 | $ 113,064,125 | | $ 150,145,820 |

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

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, 2021**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales and use tax revenue | $ 25,606,000 | $ 29,364,000 | $ 34,426,879 | $ 5,062,879 |
| Property tax revenue | 10,945,000 | 10,945,000 | 11,409,308 | 464,308 |
| Operating revenue | 2,426,756 | 3,726,756 | 4,135,748 | 408,992 |
| Capital grant revenue | - | 8,726,223 | 8,608,186 | (118,037) |
| Operating grant revenue | 1,401,678 | 20,949,097 | 20,949,097 | - |
| Local government capital contributions | 251,621 | 261,204 | 130,384 | (130,820) |
| Local government operating contributions | 1,373,678 | 1,373,678 | 1,373,678 | - |
| Other income | 608,830 | 608,830 | 665,448 | 56,618 |
| Investment income | 199,300 | 33,000 | 33,014 | 14 |
| **Total Revenues** | 42,812,863 | 75,987,788 | 81,731,742 | 5,743,954 |
| **Expenditures:** | | | | |
| Transit fuel | 1,794,137 | 1,564,137 | 1,208,533 | 355,604 |
| Transit operations | 12,260,671 | 13,385,166 | 13,305,325 | 79,841 |
| Transit maintenance | 6,852,500 | 7,237,100 | 6,380,767 | 856,333 |
| Administration | 8,273,571 | 8,286,801 | 7,507,095 | 779,706 |
| Facilities | 2,892,093 | 3,051,308 | 2,824,122 | 227,186 |
| Trails & corridor management | 670,770 | 670,770 | 536,861 | 133,909 |
| Capital outlay | 7,966,792 | 16,592,292 | 15,459,547 | 1,132,745 |
| Debt service: | | | | |
| Principal | 2,341,061 | 2,341,061 | 2,228,737 | 112,324 |
| Interest | 432,139 | 432,139 | 380,344 | 51,795 |
| **Total Expenditures** | 43,483,734 | 53,560,774 | 49,831,331 | 3,729,443 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (670,871) | 22,427,014 | 31,900,411 | 9,473,397 |
| **Other Financing Sources / (Uses)** | | | | |
| Transfer to other funds | (3,291,096) | (3,828,985) | (3,584,543) | 244,442 |
| Transfer from other funds | - | 85,155 | 85,155 | - |
| Contributed principal debt payments | 794,361 | 794,361 | 794,361 | - |
| Gain on disposal of assets | 151,397 | 151,397 | 197,480 | 46,083 |
| Lease proceeds | 5,580,000 | 3,414,454 | 3,302,454 | (112,000) |
| **Total Other Financing Sources / (Uses)** | 3,234,662 | 616,382 | 794,907 | 178,525 |
| **Change in Fund Balance** | $ 2,563,791 | $ 23,043,396 | 32,695,318 | $ 9,651,922 |
| **Fund Balance:** | | | | |
| **Beginning of Year** | | | 50,225,397 | |
| **End of Year** | | | $ 82,920,715 | |

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, 2021**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Service contracts | $ 12,651,806 | $ 12,642,289 | $ 7,617,427 | $ (5,024,862) |
| Operating revenue | - | - | 62,567 | 62,567 |
| Operating grant revenue | 30,000 | 30,000 | 4,755,129 | 4,725,129 |
| **Total Revenues** | 12,681,806 | 12,672,289 | 12,435,123 | (237,166) |
| **Expenditures:** | | | | |
| Transit fuel | 697,769 | 693,799 | 682,520 | 11,279 |
| Transit operations | 12,070,790 | 5,325,456 | 5,110,503 | 214,953 |
| Transit maintenance | 32,000 | 2,604,340 | 2,593,406 | 10,934 |
| Administration | 40,000 | 3,136,356 | 3,136,356 | - |
| Facilities | - | 1,080,608 | 1,080,608 | - |
| **Total Expenditures** | 12,840,559 | 12,840,559 | 12,603,393 | 237,166 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (158,753) | (168,270) | (168,270) | - |
| **Other Financing Sources / (Uses)** | | | | |
| Transfers from other funds | 158,753 | 168,270 | 168,270 | - |
| **Total Other Financing Sources / (Uses)** | 158,753 | 168,270 | 168,270 | - |
| **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, 2021**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Other income | $ 485,000 | $ 485,000 | $ 518,483 | $ 33,483 |
| Investment income | 700 | 700 | 33 | (667) |
| **Total Revenues** | 485,700 | 485,700 | 518,516 | 32,816 |
| **Expenditures:** | | | | |
| Facilities | 1,045,059 | 998,959 | 787,333 | 211,626 |
| **Total Expenditures** | 1,045,059 | 998,959 | 787,333 | 211,626 |
| **Excess (Deficiency) of Revenues Over Expenditures** | (559,359) | (513,259) | (268,817) | 244,442 |
| **Other Financing Sources / (Uses)** | | | | |
| Transfers from Other Funds | 559,359 | 513,259 | 268,817 | (244,442) |
| **Total Other Financing Sources / (Uses)** | 559,359 | 513,259 | 268,817 | (244,442) |
| **Change in Fund Balance** | $ - | $ - | - | $ - |
| **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, 2021**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Sales and use tax revenue | $ 56,000 | $ 56,000 | $ 100,730 | $ 44,730 |
| Investment income | 1,000 | 1,000 | 98 | (902) |
| **Total Revenues** | 57,000 | 57,000 | 100,828 | 43,828 |
| **Expenditures:** | | | | |
| Administration | 25,000 | 25,000 | 19,980 | 5,020 |
| Trails & corridor management | 30,000 | 30,000 | 15,779 | 14,221 |
| **Total Expenditures** | 55,000 | 55,000 | 35,759 | 19,241 |
| **Excess (Deficiency) of Revenues Over Expenditures** | 2,000 | 2,000 | 65,069 | 63,069 |
| **Change in Fund Balance** | $ 2,000 | $ 2,000 | 65,069 | $ 63,069 |
| **Fund Balance:** | | | | |
| **Beginning of Year** | | | 193,177 | |
| **End of Year** | | | $ 258,246 | |

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 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, deferred outflows of resources, liabilities, deferred inflows of resources, 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 and Series 2021A bond issuances.

- **Debt Service Fund** – reports all principal and interest expenditures for the 2012A $6.65 million bond issuance, Series 2013B taxable sales tax revenue loan, Series 2019 $24.5 million refunding and improvement bond issuance, Series 2021A $28.8 million bond issuance, interest earned, and the required reserves for these bonds.

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

### 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.

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.

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

### D. Financial Statement Accounts (continued)

#### 1. Cash, Cash Equivalents, and Investments (continued)

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.

#### 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.

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

### D. Financial Statement Accounts (continued)

#### 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 $2,461,191.

#### 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.

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 expensed as incurred.

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.

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

### D. Financial Statement Accounts (continued)

#### 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, 2021, the Authority had $68,516,028 of bonds payable and capital leases, of which $65,468,062 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.

#### 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.

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

### D. Financial Statement Accounts (continued)

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

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.

The Authority does not have a formal minimum fund balance policy. However, the Authority's budget includes a calculation of a targeted reserve positions and the Administration calculates targets and report them annually to the Board.

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

### D. Financial Statement Accounts (continued)

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

The following are fund definitions:

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

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

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

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

### E. Significant Accounting Policies

#### 1. Use of Estimates

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

#### 2. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is the 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 funds Balance Sheet and the government-wide Statement of Net Position

The governmental funds Balance Sheet includes reconciliation between Fund balance – Governmental funds and Net Position – Governmental activities as reported in the government-wide Statement of Net Position. Explanation of the adjustments included in the reconciling column is as follows:

Capital assets used in governmental activities are not considered current financial resources and, therefore, not reported in the governmental funds. Details of these amounts are as follows:

| | | |
|---|---|---|
| Capital assets | $ 195,282,972 | |
| Accumulated depreciation | (76,483,742) | |
| | | $ 118,799,230 |

Deferred outflows are not available for current period expenditures and, therefore, are not reported in the funds:

| | | |
|---|---|---|
| Deferred costs on bond refunding | $ 687,110 | |
| | | $ 687,110 |

Long-term liabilities, including bonds payable and capital leases, are not due and payable in the current period and, therefore, are not reported in the funds.

| | | |
|---|---|---|
| Bonds payable | $ (61,045,000) | |
| Capital leases | (7,471,028) | |
| Unamortized bond issuance premiums | (11,121,009) | |
| Accrued interest payable | (262,057) | |
| Accrued general insurance claims | (88,110) | |
| Accrued compensated absences | (2,461,191) | |
| | | $ (82,448,395) |

Funds collected from Pitkin County sales tax revenues and dedicated to a portion of the Authority's succeeding year's bond interest and principal due.

| | | |
|---|---|---|
| Restricted cash and cash equivalents | $ 43,750 | |
| | | $ 43,750 |

## II. Reconciliation of Government-wide and Fund Financial Statements (continued)

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

The governmental funds 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. Explanation of adjustments included in the reconciling column is as follows:

Governmental funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.

| | | | | |
|---|---|---|---|---|
| Capital additions | $ | 22,423,736 | | |
| Depreciation expense | | (7,463,838) | | |
| Loss on disposal of capital assets | | (1,373,742) | | |
| | | | $ | 13,586,156 |

Some revenues reported in the Statement of Activities are not available from current financial resources and, therefore, are not recorded as revenues in governmental funds.

| | | | | |
|---|---|---|---|---|
| Net change in restricted cash and cash equivalents | $ | (4,210) | | |
| | | | $ | (4,210) |

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not recorded as expenditures in governmental funds.

| | | | | |
|---|---|---|---|---|
| Net change in general insurance claims | $ | (46,600) | | |
| Net change in compensated absences | | (150,778) | | |
| | | | $ | (197,378) |

The issuance of long-term debt (e.g., leases and bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of issuance costs and premiums when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these difference in the treatment of long-term debt and related items.

| | | | | |
|---|---|---|---|---|
| Proceeds from bond issuances | $ | (28,780,000) | | |
| Proceeds from premium on bond issuances | | (6,257,132) | | |
| Proceeds from capital leases | | (3,302,454) | | |
| Principal repayments - bonds payable | | 1,660,000 | | |
| Principal repayments - capital leases | | 1,898,738 | | |
| Amortization on bond premiums | | 900,320 | | |
| Amortization on bond refunding costs | | (85,224) | | |
| Net change to accrued interest | | (69,169) | | |
| | | | $ | (34,034,921) |

## 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 2021.

(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.

(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 2021 appropriations were increased (decreased) as follows:

| Resolution | General Fund | SRF Bus Shelter/ PNR | Capital Projects Fund | Debt Service Fund | Total |
|---|---|---|---|---|---|
| **Original Appropriation** | | | | | $ 63,493,256 |
| *Changes to annual appropriations:* | | | | | |
| Resolution No. 2021-08 | $ 27,168,189 | $ - | $ 2,148,227 | $ - | 29,316,416 |
| Resolution No. 2021-13 | 23,451,209 | - | 35,080,727 | 574,552 | 59,106,488 |
| Resolution No. 2021-15 | 935,000 | - | - | - | 935,000 |
| Resolution No. 2021-18 | (150,816) | - | 651 | - | (150,165) |
| Resolution No. 2022-07 | (40,788,653) | (46,100) | (28,864,082) | - | (69,698,835) |
| *Total changes to annual appropriations* | $ 10,614,929 | $ (46,100) | $ 8,365,523 | $ 574,552 | 19,508,904 |
| **Final Appropriation** | | | | | $ 83,002,160 |

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

### 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 $2,451,952 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2021.

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.

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

### A. Deposits and Investments (continued)

At year end, the Authority had the following investments and maturities:

| | Standard & Poors Rating | Carrying Amounts | Less than one year | Less than five years |
|---|---|---|---|---|
| Deposits: | | | | |
| Cash on Hand | Not Rated | $ 48,149 | $ 48,149 | $ - |
| Checking | Not Rated | 4,590,180 | 4,590,180 | - |
| Savings | Not Rated | 5,065,674 | 5,065,674 | - |
| Deposits held by Pitkin County Treasurer | Not Rated | 43,750 | 43,750 | - |
| Total Deposits | | 9,747,753 | 9,747,753 | - |
| Local Government Investment Pools | AAAm | 98,915,852 | 98,915,852 | - |
| Total Investments | | 98,915,852 | 98,915,852 | - |
| **Total** | | $ 108,663,605 | $ 108,663,605 | $ - |

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, 2021, the Authority's investments in COLOTRUST and CSIP were $49,503,153 and $49,412,699, 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.

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

### A. Deposits and Investments (continued)

*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 in 2021. 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, 2021 and anticipates the collection of all receivables.

### C. Capital Assets

Capital asset activity for the year ended December 31, 2021 was as follows:

| | 12/31/20 | Increases | Decreases | 12/31/21 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Construction in progress | $ 2,389,986 | $ 6,220,073 | $ (101,632) | $ 8,508,427 |
| Land and improvements | 21,441,095 | 2,749,705 | - | 24,190,800 |
| **Total Capital Assets, Not Being Depreciated** | 23,831,081 | 8,969,778 | (101,632) | 32,699,227 |
| Capital assets, being depreciated: | | | | |
| Buildings | 5,916,422 | - | - | 5,916,422 |
| Improvements other than buildings | 69,339,887 | 139,019 | (1,648,491) | 67,830,415 |
| Equipment | 85,349,016 | 13,416,571 | (9,928,679) | 88,836,908 |
| **Total Capital Assets Being Depreciated** | 160,605,325 | 13,555,590 | (11,577,170) | 162,583,745 |
| Less accumulated depreciation for: | | | | |
| Buildings | (5,003,812) | (106,348) | - | (5,110,160) |
| Improvements other than buildings | (20,213,240) | (2,766,907) | 274,748 | (22,705,399) |
| Equipment | (54,006,280) | (4,590,583) | 9,928,680 | (48,668,183) |
| **Total Accumulated Depreciation** | (79,223,332) | (7,463,838) | 10,203,428 | (76,483,742) |
| **Total Capital Assets, Being Depreciated, Net** | 81,381,993 | 6,091,752 | (1,373,742) | 86,100,003 |
| **Governmental Activities Capital Assets, Net** | $ 105,213,074 | $ 15,061,530 | $ (1,475,374) | $ 118,799,230 |

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

### D. Interfund Transfers

Interfund balances as of December 31, 2021 are comprised of the following interfund transfers:

| | Transfer In: | | | | |
|---|---|---|---|---|---|
| **Transfer Out:** | **General Fund** | **SRF Service Contracts** | **SRF Bus Shelter/ PNR** | **Debt Service Fund** | **Total** |
| General Fund | $ - | $ 168,270 | $ 268,817 | $ 3,147,456 | $ 3,584,543 |
| Capital Projects Fund | 85,155 | - | - | - | 85,155 |
| **Total** | $ 85,155 | $ 168,270 | $ 268,817 | $ 3,147,456 | $ 3,669,698 |

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. The transfer from the Capital Projects Fund to the General Fund relates to reimbursable capital project costs, pursuant to Board Resolution 2020-23, which was approved before the Series 2021A Bonds were issued.

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

At December 31, 2021, the fund balance of the Authority's General Fund was restricted and committed for the following:

| | |
|---|---|
| Non-spendable for inventory & prepaids | $ 1,513,709 |
| Restricted for TABOR reserve | 2,451,952 |
| Restricted for Grant reserves | 487,706 |
| Restricted for Capital project | 543,761 |
| Committed for Transit | 34,360,608 |
| Committed for Trails | 2,793,374 |
| Committed for Facilities | 9,648,496 |
| Committed for Operating reserves | 14,114,972 |
| Committed for First- and Last- Mile Mobility | 5,825,466 |
| **Total** | $ 71,740,044 |

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.

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

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

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, 2021, the fund balance of the Capital Projects Fund was restricted for the following:

| | | |
|---|---|---|
| Various public improvements | $ | 28,868,242 |
| **Total** | $ | 28,868,242 |

Funds restricted for various public improvements are from a portion of the Series 2021A bond issuances.

At December 31, 2021, 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.

### 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.

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

### F. Other Liabilities (continued)

#### 1. Sales Tax Revenue Bonds (continued)

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 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: (i) refund the County's outstanding Taxable Sales Tax Revenue Build America Bonds, Series 2010A; and (ii) refund the County's outstanding Tax-Exempt Sales Tax Revenue Refunding Bonds, Series 2010B. 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.

#### 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. Property Tax Revenue Bonds

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.

# IV. Detailed Notes on All Funds (continued)

## F. Other Liabilities (continued)

### 4. 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 January 2021, the Authority sold its solar array panels to Holy Cross Energy for a total sales price of $945,578. In conjunction with the sale of the solar array panels, the Authority paid off the remaining associated lease principal balance of $1,204,763.

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 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.

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.

In 2021, the Authority signed a lease for six buses totaling $3,302,454. The lease carries an interest rate of 2.1% with a final maturity of 2033.

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

### F. Other Liabilities (continued)

#### 5. 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.

#### 6. 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, 2021.

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

After issuance of the Series 2021A property tax revenue bonds, the Authority had $45,895,000 remaining authorized unissued debt, of the approved $74,675,000, as of December 31, 2021.

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

### F. Other Liabilities (continued)

#### 7. Changes in Debt

The Authority had the following changes in its outstanding debt:

| | 12/31/20 | Increases | Decreases | 12/31/21 | Due within one year |
|---|---|---|---|---|---|
| Bonds payable: | | | | | |
| Sales tax revenue bonds: | | | | | |
| Series 2012A | $ 4,270,000 | $ - | $ (340,000) | $ 3,930,000 | $ 340,000 |
| Series 2019 | 24,275,000 | - | (920,000) | 23,355,000 | 965,000 |
| Series 2020 | 4,455,000 | - | (330,000) | 4,125,000 | 360,000 |
| Property tax revenue bonds: | | | | | |
| Series 2021A | - | 28,780,000 | - | 28,780,000 | 485,000 |
| Taxable sales/use tax revenue loans: | | | | | |
| Series 2013B | 925,000 | - | (70,000) | 855,000 | 75,000 |
| Capital leases: | | | | | |
| 2008 Parker House | 1,093,298 | - | (127,528) | 965,770 | 133,239 |
| 1340 Main Street, Carbondale | 648,146 | - | (47,804) | 600,342 | 50,031 |
| 2015 Solar Array | 1,204,763 | - | (1,204,763) | - | - |
| 2016 CNG Buses | 3,039,657 | - | (359,608) | 2,680,049 | 366,390 |
| 2018 Ford Explorer | 7,447 | - | (7,447) | - | - |
| 2019 Vermeer Brush Chipper | 35,809 | - | (6,288) | 29,521 | 6,698 |
| 2019 Ford Explorer | 17,433 | - | (8,422) | 9,011 | 9,011 |
| 2019 Ford F250 | 20,759 | - | (10,028) | 10,731 | 10,731 |
| 2021 Gillig Buses | - | 3,302,454 | (126,850) | 3,175,604 | 246,866 |
| Bond premiums / discounts: | | | | | |
| Series 2019 premium | 5,106,333 | - | (482,883) | 4,623,450 | - |
| Series 2020 premium | 657,864 | - | (79,185) | 578,679 | - |
| Series 2021A premium | - | 6,257,132 | (338,252) | 5,918,880 | - |
| Total non-current liabilities | 45,756,509 | 38,339,586 | (4,459,058) | 79,637,037 | 3,047,966 |
| Compensated absences | 2,310,413 | 150,778 | - | 2,461,191 | - |
| **Long-term liabilities** | $ 48,066,922 | $ 38,490,364 | $ (4,459,058) | $ 82,098,228 | $ 3,047,966 |

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

### F. Other Liabilities (continued)

#### 8. Future Debt Payments

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

| | 2008 Capital Lease-Parker House | | 1340 Main Street, Carbondale | | 2012A Sales/Use Tax Rev. Bonds | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Principal | Interest | Principal | Interest |
| 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 | 158,765 | 14,212 | 60,028 | 16,348 | 350,000 | 111,450 |
| 2027 - 2031 | 237,157 | 7,883 | 325,763 | 37,163 | 1,825,000 | 332,350 |
| 2032 - 2036 | - | - | - | - | 380,000 | 17,100 |
| 2037 - 2041 | - | - | - | - | - | - |
| 2042 - 2046 | - | - | - | - | - | - |
| 2047 - 2051 | - | - | - | - | - | - |
| **Total** | $ 965,770 | $ 144,155 | $ 600,342 | $ 144,465 | $ 3,930,000 | $ 1,042,282 |

| | 2013B Taxable Sales/Use Tax Rev. Loan | | 2016 Capital Lease - Buses | | 2019 Capital Lease - Equipment | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $ 75,000 | $ 42,408 | $ 366,390 | $ 46,987 | $ 6,698 | $ 1,921 |
| 2023 | 75,000 | 38,688 | 373,300 | 40,077 | 7,134 | 1,485 |
| 2024 | 80,000 | 34,968 | 380,341 | 33,036 | 7,598 | 1,021 |
| 2025 | 85,000 | 31,000 | 387,515 | 25,862 | 8,091 | 526 |
| 2026 | 90,000 | 26,784 | 394,824 | 18,553 | - | - |
| 2027 - 2031 | 450,000 | 57,040 | 777,679 | 14,627 | - | - |
| 2032 - 2036 | - | - | - | - | - | - |
| 2037 - 2041 | - | - | - | - | - | - |
| 2042 - 2046 | - | - | - | - | - | - |
| 2047 - 2051 | - | - | - | - | - | - |
| **Total** | $ 855,000 | $ 230,888 | $ 2,680,049 | $ 179,142 | $ 29,521 | $ 4,953 |

| | 2019 Capital Lease - Vehicle | | 2019 Capital Lease - Vehicle | | 2019 Sales/Use Tax Rev. Bonds | |
|---|---|---|---|---|---|---|
| Year | Principal | Interest | Principal | Interest | Principal | Interest |
| 2022 | $ 9,011 | $ 631 | $ 10,731 | $ 751 | $ 965,000 | $ 1,132,900 |
| 2023 | - | - | - | - | 1,025,000 | 1,084,650 |
| 2024 | - | - | - | - | 1,080,000 | 1,033,400 |
| 2025 | - | - | - | - | 1,135,000 | 979,400 |
| 2026 | - | - | - | - | 1,195,000 | 922,650 |
| 2027 - 2031 | - | - | - | - | 5,675,000 | 3,723,750 |
| 2032 - 2036 | - | - | - | - | 5,330,000 | 2,344,500 |
| 2037 - 2041 | - | - | - | - | 4,055,000 | 1,037,400 |
| 2042 - 2046 | - | - | - | - | 1,705,000 | 448,200 |
| 2047 - 2051 | - | - | - | - | 1,190,000 | 96,600 |
| **Total** | $ 9,011 | $ 631 | $ 10,731 | $ 751 | $ 23,355,000 | $ 12,803,450 |

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

### F. Other Liabilities (continued)

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

| Year | 2020 Sales Tax Refunding Bonds Principal | 2020 Sales Tax Refunding Bonds Interest | 2021A Property Tax Rev. Bonds Principal | 2021A Property Tax Rev. Bonds Interest | 2021 Capital Lease - Buses Principal | 2021 Capital Lease - Buses Interest |
|---|---|---|---|---|---|---|
| 2022 | $ 360,000 | $ 165,000 | $ 485,000 | $ 1,172,352 | $ 246,866 | $ 65,398 |
| 2023 | 375,000 | 150,600 | 505,000 | 1,176,200 | 252,077 | 60,187 |
| 2024 | 400,000 | 135,600 | 525,000 | 1,156,000 | 257,399 | 54,866 |
| 2025 | 410,000 | 119,600 | 545,000 | 1,135,000 | 262,832 | 49,432 |
| 2026 | 425,000 | 103,200 | 575,000 | 1,107,750 | 268,381 | 43,883 |
| 2027 - 2031 | 650,000 | 380,600 | 3,320,000 | 5,079,250 | 1,429,319 | 131,983 |
| 2032 - 2036 | 770,000 | 241,400 | 4,150,000 | 4,245,800 | 458,730 | 9,667 |
| 2037 - 2041 | 735,000 | 74,800 | 5,055,000 | 3,346,200 | - | - |
| 2042 - 2046 | - | - | 6,140,000 | 2,251,800 | - | - |
| 2047 - 2051 | - | - | 7,480,000 | 921,200 | - | - |
| **Total** | $ 4,125,000 | $ 1,370,800 | $ 28,780,000 | $ 21,591,552 | $ 3,175,604 | $ 415,416 |

| Year | Total Principal | Total Interest |
|---|---|---|
| 2022 | $ 3,047,966 | $ 2,858,263 |
| 2023 | 3,144,082 | 2,762,520 |
| 2024 | 3,275,583 | 2,637,249 |
| 2025 | 3,392,751 | 2,506,310 |
| 2026 | 3,516,998 | 2,364,830 |
| 2027 - 2031 | 14,689,918 | 9,764,646 |
| 2032 - 2036 | 11,088,730 | 6,858,467 |
| 2037 - 2041 | 9,845,000 | 4,458,400 |
| 2042 - 2046 | 7,845,000 | 2,700,000 |
| 2047 - 2051 | 8,670,000 | 1,017,800 |
| **Total** | $ 68,516,028 | $ 37,928,485 |

## 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, 2021.

## V. Other Information (continued)

### 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. The agreement was superseded by and replaced with an agreement effective July 1, 2021 through December 31, 2024. 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 2021, 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, 2021.

## 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 2021 was approximately $23,835,000 and $20,503,000, respectively. The Authority's expenses to the plan were approximately $2,573,000 for 2021.

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 2021, the Authority used $68,136 in forfeitures to pay plan expenses. There was no liability outstanding as of December 31, 2021.

### 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. Any settled claims are not expected to exceed the commercial insurance coverage. The Authority is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. The Authority is a member of the insurance pool described below to cover these risks.

Pursuant to an inter-local agreement authorized by state statute, the Authority joined the Colorado Intergovernmental Risk Sharing Agency ("CIRSA") to provide insurance coverage. Members of the Board of Directors are nominated and elected by members to two-year, staggered terms and meet at least monthly to direct operations. CIRSA budgets are funded by contributions from member governments.

## V. Other Information (continued)

### H. Risk Management (continued)

The Authority's share of assets, liabilities and fund equity as of December 31, 2021 is as follows:

| **Property and Casualty Pool:** | **%** |
|---|---|
| Loss fund | 1.115% |
| Pooled excess fund | 0.667% |

The December 31, 2021 combined financial information is as follows:

| | | |
|---|---|---|
| Cash and investments | $ | 90,532,926 |
| Other assets | | 7,633,822 |
| **Total** | $ | 98,166,748 |
| | | |
| Liabilities | $ | 42,047,618 |
| Members fund balance | | 56,119,130 |
| **Total** | $ | 98,166,748 |
| | | |
| Total revenue | $ | 32,058,222 |
| Total expense | | (33,223,759) |
| **Excess of Revenue Over Expense** | $ | (1,165,537) |

Coverage provided by CIRSA is as follows: (I) $250,000 per claim/occurrence property; (ii) $1,000,000 per claim/occurrence liability; and (iii) $150,000 per claim/occurrence crime. CIRSA has also acquired additional excess coverage from outside sources. The Authority may be liable for any losses in excess of the above coverage. At December 31, 2021, the Authority does not expect to incur losses in excess of the above coverage.

Surpluses or deficits for any year are subject to change for reasons which include: interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

Roaring Fork Transportation Authority

SUPPLEMENTARY INFORMATION

## Roaring Fork Transportation Authority
## Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
## Budget and Actual
## Capital Projects Fund
## For the Year Ended December 31, 2021

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Investment income | $ - | $ 4,811 | $ 4,811 | $ - |
| **Total Revenues** | - | 4,811 | 4,811 | - |
| **Expenditures:** | | | | |
| Capital outlay | 48,724 | 8,048,833 | 8,048,833 | - |
| Debt service: | | | | |
| Cost of issuance | - | 280,259 | 280,259 | - |
| **Total Expenditures** | 48,724 | 8,329,092 | 8,329,092 | - |
| **Excess (Deficiency) of Revenues Over Expenditures** | (48,724) | (8,324,281) | (8,324,281) | - |
| **Other Financing Sources / (Uses)** | | | | |
| Transfer to other funds | - | (85,155) | (85,155) | - |
| Bond issuance | - | 28,780,000 | 28,780,000 | - |
| Bond premium | - | 6,257,132 | 6,257,132 | - |
| **Total Other Financing Sources / (Uses)** | - | 34,951,977 | 34,951,977 | - |
| **Change in Net Position** | $ (48,724) | $ 26,627,696 | 26,627,696 | $ - |
| **Fund Balance/Net Position:** | | | | |
| **Beginning of Year** | | | 2,240,546 | |
| **End of Year** | | | $ 28,868,242 | |

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, 2021**

| | Original Budget | Final Budget | Actual | Final Budget Variance Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Other income | $ 156,100 | $ 155,794 | $ 155,794 | $ - |
| Investment income | - | 386 | 386 | - |
| **Total Revenues** | 156,100 | 156,180 | 156,180 | - |
| **Expenditures:** | | | | |
| Debt service: | | | | |
| Principal | 1,330,000 | 1,330,000 | 1,330,000 | - |
| Interest | 1,399,084 | 1,973,636 | 1,973,636 | - |
| **Total Expenditures** | 2,729,084 | 3,303,636 | 3,303,636 | - |
| **Excess (Deficiency) of Revenues Over Expenditures** | (2,572,984) | (3,147,456) | (3,147,456) | - |
| **Other Financing Sources / (Uses)** | | | | |
| Transfers from other funds | 2,572,984 | 3,147,456 | 3,147,456 | - |
| **Total Other Financing Sources / (Uses)** | 2,572,984 | 3,147,456 | 3,147,456 | - |
| **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

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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 *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, and each major fund of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2021, 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 14, 2022.

***Internal Control Over Financial Reporting***

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

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

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



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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 *Government 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.**
**Avon, Colorado**
**July 14, 2022**

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

**To the Board of Directors**
**Roaring Fork Transportation Authority**
**Authority, 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, 2021. 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.

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, 2021.

### *Basis for Opinion on Each Major Federal Program*

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

### *Responsibilities of Management for Compliance*

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.



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***Auditor's Responsibilities for the Audit of Compliance***

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

***Report on 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.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

**INDEPENDENT AUDITOR's REPOR**
**To the Board of Directors**
**Roaring Fork Transportation Authority**

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.**
**Avon, Colorado**
**July 14, 2022**

**Roaring Fork Transportation Authority, Colorado**
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**
**For the Year Ended December 31, 2021**

## 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 | No |
| Major programs: | |
| Formula Grants for Rural Areas Section 5311 | ALN 20.509 |
| Dollar threshold used to identify Type A from Type B programs: | $974,931 |
| Identified as low-risk auditee | Yes |

## Part II – Findings Related to Financial Statements

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

## Part III – Findings Related to Federal Awards

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

**Roaring Fork Transportation Authority**
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**
**For the Year Ended December 31, 2021**

**U.S. Department of Transportation**
**Formula Grants for Rural Areas – Assistance Listing Number 20.509**
2020-001 *Allowable Costs – Significant Deficiency*

**Condition:** The Authority submitted reimbursement for utility billing and volumetric fee expenses, overallocated payroll expenditures and sales tax paid.

**Recommendation:** We recommend that the Authority develop internal controls over compliance that includes a review process of reimbursement requests.

**Current Status:** The Authority has implemented the above recommendation and corrected the error described above in 2021.

**Roaring Fork Transportation Authority**
**Schedule of Expenditures of Federal Awards**
**For the Year Ended December 2021**

| Program Title | Federal Assistance Listing 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 | $ 8,565 |
| Formula Grants for Rural Areas | 20.509 | 21-HTR-ZL-00276 | 1,201,678 |
| Formula Grants for Rural Areas - COVID-19 | 20.509 | 21-HTR-ZL-00355 | 24,272,548 |
| *Subtotal - Formula Grants for Rural Areas* | | | *25,474,226* |
| Bus and Bus Facilities Formula Grants | 20.526 | 19-HTR-ZL-00202; 20-HTR-ZL-03200; 20-HTR-ZL-03201; 20-HTR-ZL-03015; and 21-HTR-ZL-03288 | 7,014,900 |
| *Total - Federal Transit Cluster* | | | *7,014,900* |
| **Total Federal Financial Awards** | | | $ 32,497,691 |

**Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2021.**

**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, 2021.

**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.