



**Financial Report**

**December 31, 2008**

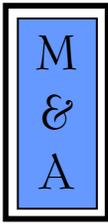
**Roaring Fork Transportation Authority**

**Financial Report**

**December 31, 2008**

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## INDEPENDENT AUDITOR'S REPORT

### **Board of Directors Roaring Fork Transportation Authority**

We have audited the accompanying basic financial statements of the governmental activities and the budget and actual individual fund statements of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2008, as listed in the table of contents. These financial statements are the responsibility of the management of the Authority. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the governmental activities and the budget and actual individual fund statements of Roaring Fork Transportation Authority as of December 31, 2008 and the results of its operations for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2008, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grants. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**June 16, 2009**

*Performing services for local governments throughout Colorado*

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

***Roaring Fork Transportation Authority  
Management's Discussion and Analysis  
December 31, 2008***

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As Management of the Roaring Fork Transportation Authority, (the "Authority"), we offer readers of the Authority's financial statements this narrative summary of the financial activities of the Authority for the fiscal year ended December 31, 2008.

**Financial Highlights**

- When looking at a short term view, the General Fund had a decrease in total fund balance of \$980,000; the decrease was primarily due to a 2008 Board approved, budgeted decrease of \$800,000 for trails expenditures to complete the Authority owned trail two years early, and \$180,000 attributed to transit fuel expenditures;
- When looking at a long-term view, the Authority had an increase in net assets of \$1.6 million. The Authority had \$39.9 million of net assets. The increase in net assets was generally attributable to the purchase of three buses;
- The Authority has experienced an increase in all areas of Ridership. Year to date Ridership and percentage increases were as follows (rounded to the thousands): total Ridership of 4.9 million and 9.1%; Valley Service 2.2 million, and 11.4% and Grand Hogback Service (I – 70 Corridor) 105,000 and 41.0%;
- Transit Operations overtime for 2008 and 2007 was \$728,000 and \$651,000, respectively;
- Total fuel expenditures for 2008 and 2007 were \$2.6 million and \$1.9 million respectively; the price per gallon fluctuated dramatically, during 2008 ;
- The Authority signed leases totaling \$ 3.6 million for an employee housing complex, three buses and administrative vehicles.

**Overview of the Financial Statements**

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

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

***The Balance Sheet/ Statement of Net Assets*** presents information on all the Authority's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net assets.

***Government Funds, the General & Special Revenue Funds columns***, present the financial position focusing on short-term available resources and are reported on a modified accrual basis of accounting. These columns show the reserved and unreserved portions of fund balance. The unreserved fund balance may be easily spent.

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

**Overview of the Financial Statements continued...**

**The Balance Sheet/ Statement of Net Assets continued...**

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

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

*Government Funds, the General & Special Revenue Funds columns*, focus on short-term available resources and are reported on a modified accrual basis. It shows the increase or decrease in fund balance. Fund balance consists of equity and inventories.

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

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

***The 2008 Authority financial statements*** report three funds in two types of governmental funds, the General Fund and two special revenue funds.

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

***The 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.

***The Traveler Special Revenue Fund*** accounts for all activities for Senior and Americans with Disabilities Act services provided by the Traveler Program in the Garfield County area. This service is provided on a contract basis.

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

***Overview of the Financial Statements continued...***

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

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

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

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**Roaring Fork Transportation Authority  
Management's Discussion and Analysis  
December 31, 2008**

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**Financial Analysis of the Authority**

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

	<u>2008</u>	<u>2007</u>	<u>\$ dif</u>	<u>% dif</u>
<b>Assets:</b>				
Current assets	\$ 8,697	\$ 8,742	(45)	-0.5%
Inventory and prepaids	715	827	(111)	-13.5%
Capital assets, net	<u>53,145</u>	<u>48,726</u>	4,418	9.1%
<b>Total Assets</b>	<u>\$ 62,557</u>	<u>\$ 58,295,315</u>	4,261	7.3%
<b>Liabilities:</b>				
Current liabilities and Long term debt due within a year	\$ 4,954	\$ 3,820	1,134	29.7%
Accrued compensated absences	1,072	1,009	62	6.2%
Non-current liabilities	<u>16,609</u>	<u>15,120</u>	1,489	9.8%
<b>Total Liabilities</b>	<u>\$ 22,635</u>	<u>\$ 19,949,380</u>	2,686	13.5%
<b>Net Assets:</b>				
Invested in Capital Assets, net of debt	\$ 34,686	\$ 32,041	2,644	8.3%
Restricted	498	498	-	0.0%
Unrestricted	<u>4,737</u>	<u>5,806</u>	(1,069)	-18.4%
<b>Total Net Assets</b>	<u>\$ 39,921</u>	<u>\$ 38,345</u>	1,576	4.1%

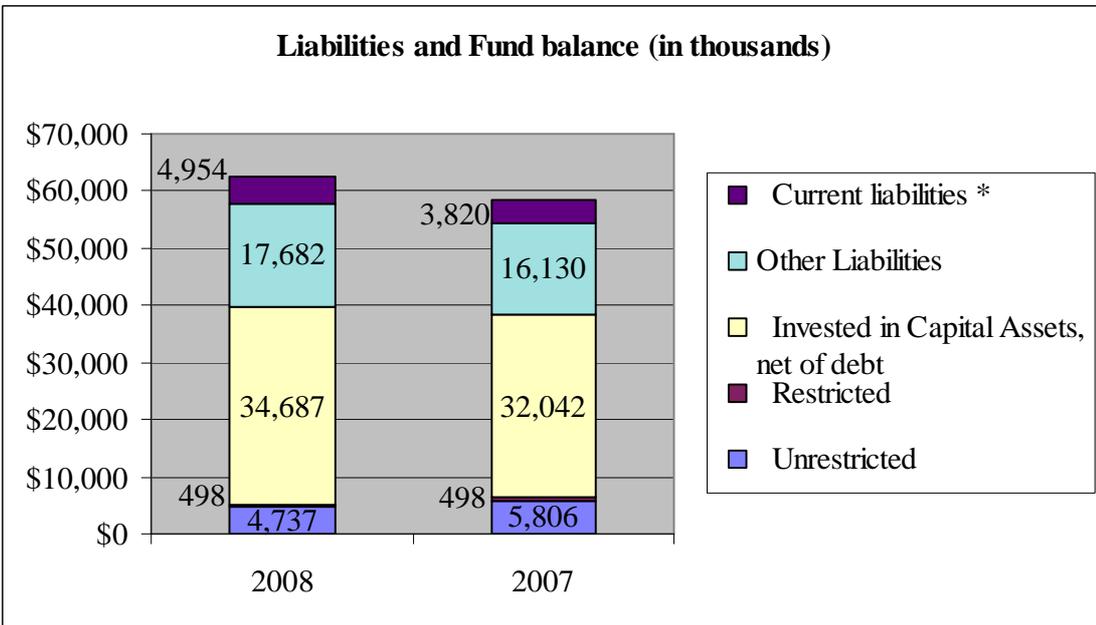
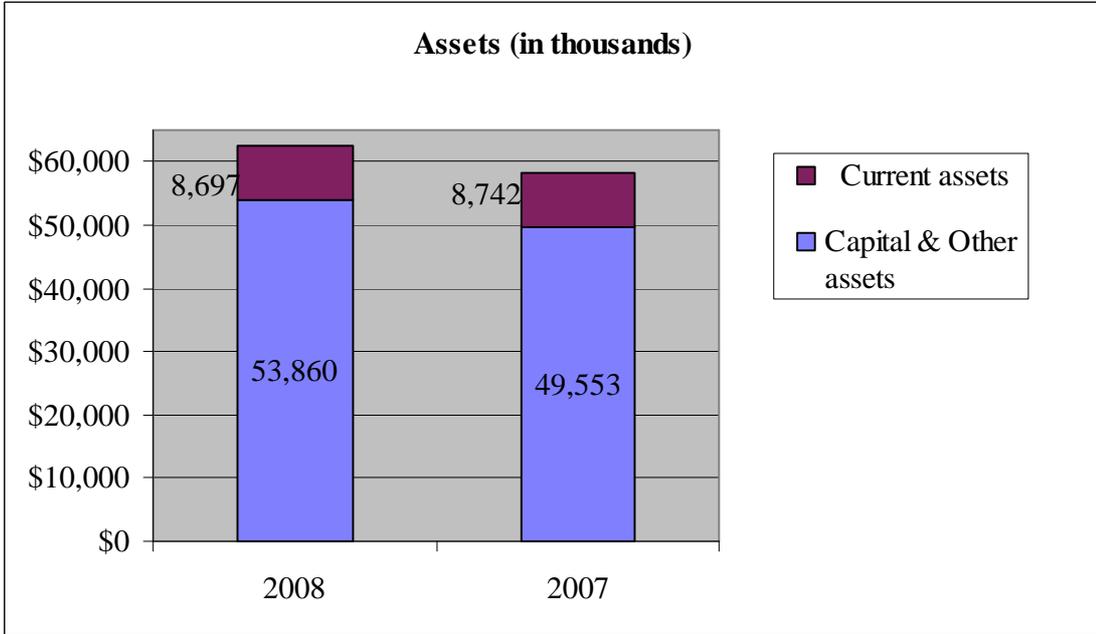
As of December 31, 2008 the following trends were noted:

- *Current assets compared to current liabilities* – for 2008 and 2007, \$ 8.6 million and \$ 8.7 million of current assets were available to meet \$ 4.9 million and \$ 3.8 million of current liabilities due within the next year, respectively; the increase in current liabilities is due to the purchase of 3 buses in December 2008 that were paid for in January 2009.
- *Capital assets, net* – \$ 53.1 million of assets were used to provide transit services as well as building the Authority owned rail corridor. The \$4.4 million increase consisted of the following: 9 transit buses, \$4.3 million; other transit assets, \$1 million; \$1.9 million in trail construction; less \$2.9 million in depreciation;
- *Non-current liabilities* – \$1.4 million increase consisted of financing the following: An employee housing complex, \$2.3 million; 3 transit buses, \$1.1 million; administrative vehicles, \$0.1 million; less debt retirement of \$1.8 million.

Details regarding the Authority's assets and liabilities can be found on Page C1 and Notes to the Financial Statements.

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

**Roaring Fork Transportation Authority's Net Assets**



\* Current liabilities include long term debt due within one year.

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

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

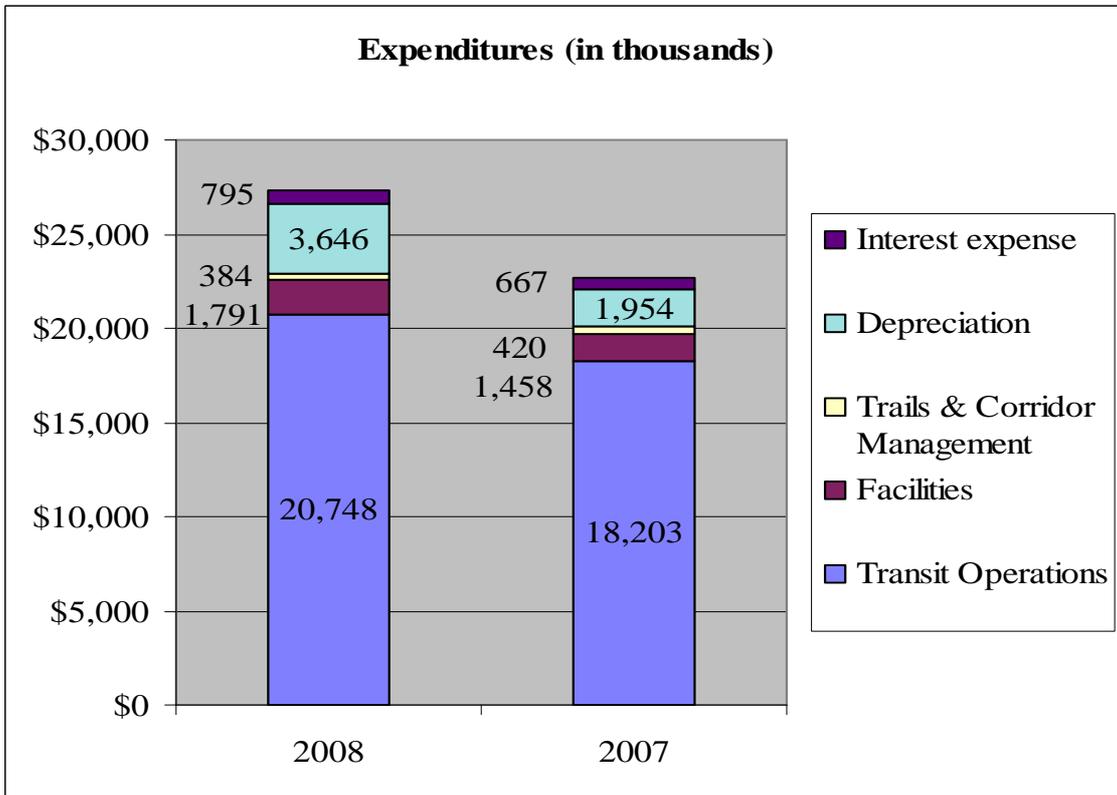
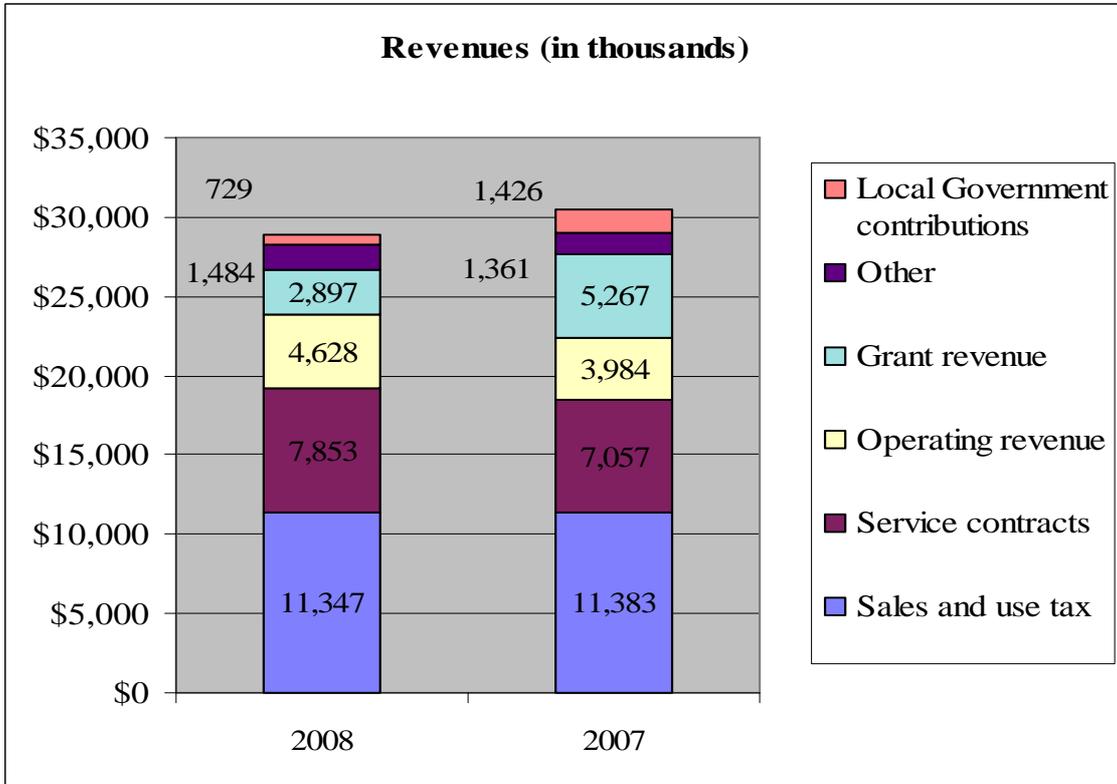
	<b>2008</b>	<b>2007</b>	<b>\$ dif</b>	<b>% dif</b>
<b>Revenues:</b>				
Sales and use tax	\$11,347	\$11,383	\$ (35)	-0.3%
Service contracts	7,853	7,057	796	11.3%
Operating revenue	4,628	3,984	644	16.2%
Grant revenue	2,897	5,266	(2,369)	-45.0%
Other	1,484	1,361	122	9.0%
Local Govt. contributions	729	1,426	(697)	-48.9%
<b>Total Revenue</b>	<b>\$28,938</b>	<b>\$30,477</b>	<b>\$(1,539)</b>	<b>-5.1%</b>
<b>Expenditure:</b>				
Transit Operations	\$20,748	\$18,203	\$ 2,545	14.0%
Facilities	1,790	1,458	333	22.8%
Trails & Corridor Management	384	419	(36)	-8.7%
Depreciation	3,646	1,954	1,692	86.6%
Interest expenditure	795	667	128	19.2%
Other capital expenditure	-	1	(1)	-100.0%
<b>Total Expenditure</b>	<b>\$27,362</b>	<b>\$22,702</b>	<b>\$ 4,660</b>	<b>20.5%</b>
<b>Change in Net Assets</b>	<b>\$ 1,575</b>	<b>\$ 7,775</b>	<b>\$(6,200)</b>	<b>-79.7%</b>
<b>Net Assets-Beginning of Year</b>	<b>38,346</b>	<b>30,571</b>	<b>7,775</b>	<b>25.4%</b>
<b>Net Assets-End of Year</b>	<b>\$39,921</b>	<b>\$38,346</b>	<b>\$ 1,575</b>	<b>4.1%</b>

For the Year Ended December 31, 2008 the following trends were noted:

- Service contract revenue increase was consistent with an increase in Transit operations expenditures;
- Operating revenue increase was consistent with an increase in Ridership;
- Grant revenue consisted of operating and capital grants; operating grant revenues for 2008 and 2007 were \$684,000 and \$640,000, respectively; capital grants vary from year to year, in 2007 the Authority received a one time \$2.4 million grant for buses;
- Local government contributions consisted of various operating and capital contributions and vary from year to year; in 2007 there were one time contributions totaling \$500,000 for BRT project design and a \$197,000 net decrease from other 2007, one time contributions.
- Transit operations expenditure increase was due to personnel and fuel costs;
- Facilities expenditure increase was due to an addition of an employee housing complex, and unpredictable repairs and maintenance;
- Depreciation expenditure increase was due to an increase in assets;
- Interest expenditure increase was due to financing of an employee housing complex, 3 buses and several administrative vehicles.

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

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

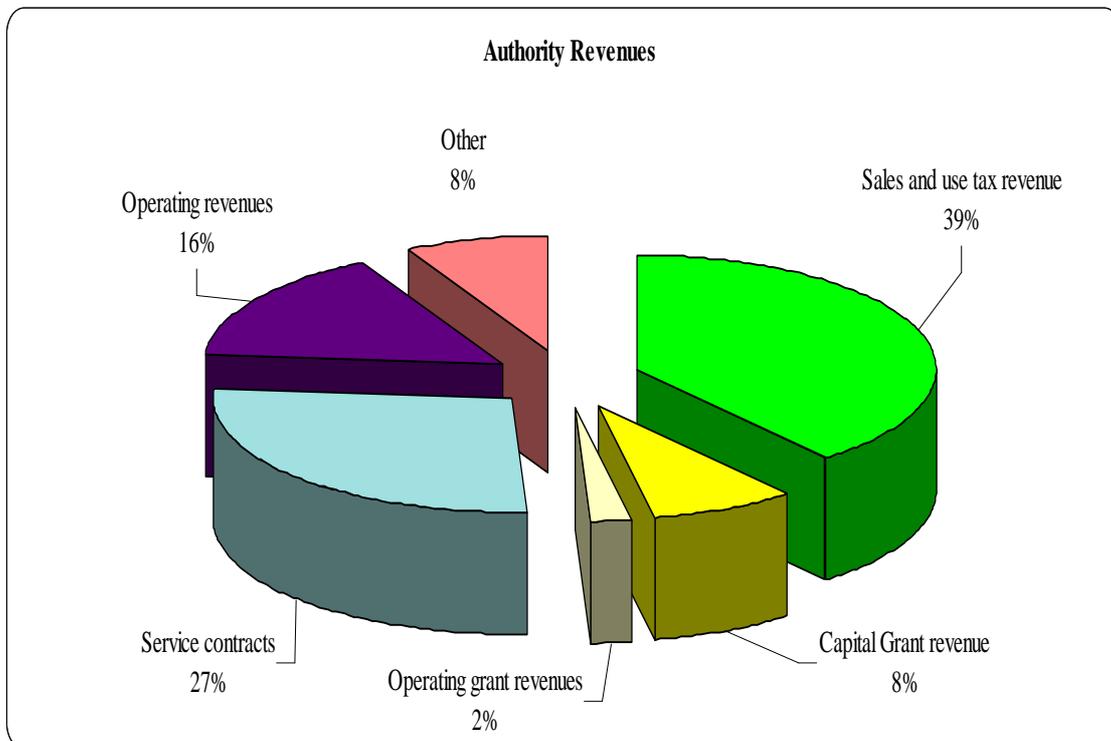


**Financial Analysis of the Authority (continued)**

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 financial statements section V. B. Intergovernmental Agreement);
- Service contract revenue (cost allocation contracts) provides reimbursement of operating expenditures and a capital contribution for the services provided. The services provided under contract are typically within a limited area. See page B12 for a transit service area map, these services are identified as local circulator services. (see Notes to financial statement section V. C. Service Agreements);
- Operating revenues consist of transit fares collected on regional service routes; these routes are on the I-70 highway corridor between Rifle and Glenwood Springs, CO and State Highway 82 between Glenwood Springs and Aspen, CO. See page B12 for a transit service area map;
- Grant revenue is designated by grantee and was primarily for capital expenditure; the Authority received \$684,000 in an operating grant.
- Other income includes the following: Fees, Rental, Other capital contributions, Miscellaneous and Investment income.

The following chart depicts the Authority's 2008 revenues:



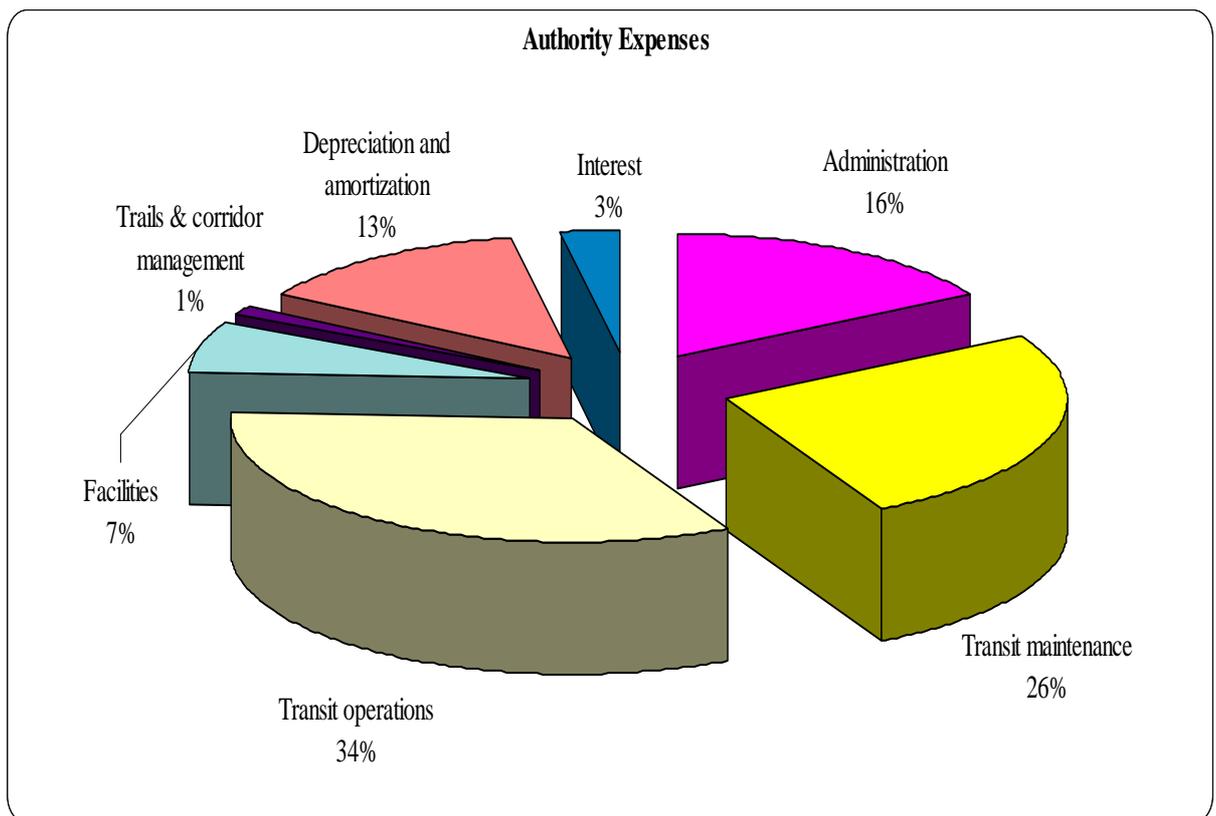
Details regarding the Authority's revenue sources can be found on Page C2.

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

The Authority records the General Government activities as follows:

- The Administration line item includes the activities of the following Departments: Attorney, Board of Directors, CEO, Finance, Human Resources and Risk Management, Information Technology and Planning;
- The Trails and corridor management line item includes the activities of The Trails and Corridor Management Program and Department;
- The Transit Program is reported on three line items, Transit operations, maintenance and facilities. Each line item includes the activities of the respective Department.

The following chart depicts the Authority's 2008 expenditures:



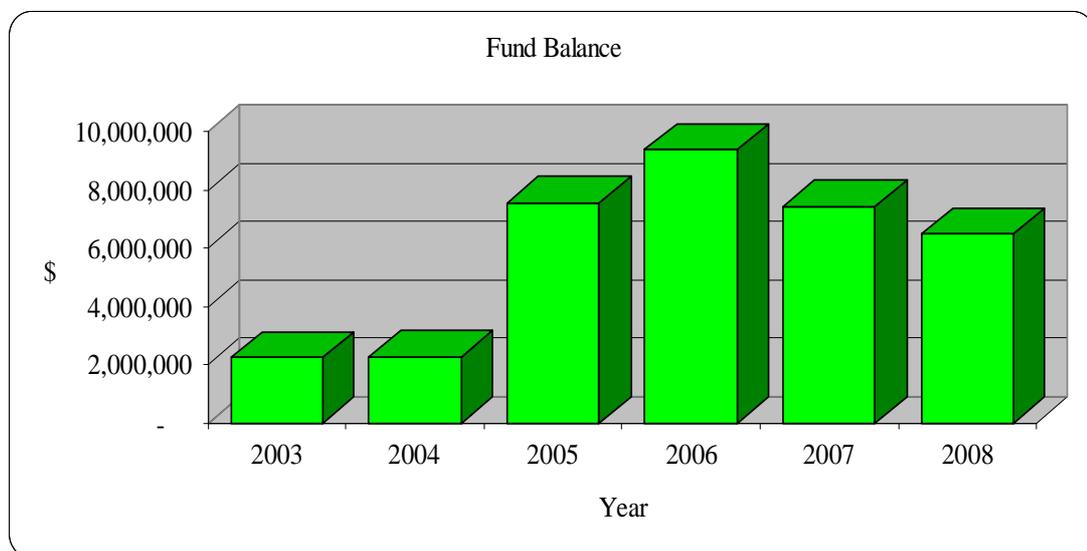
Details regarding the Authority's expenditures can be found on Page C2.

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

As of December 31, 2008 the Authority's Fund Balance was approximately \$6.5 million, and has fluctuated dramatically in the recent past.

- The 2008/ 2007 decrease was primarily due to the timing of a bus purchase; the capital purchase was reimbursed with grant revenue in 2009;
- The 2007/ 2006 decrease was due to the timing difference between purchasing and financing of an employee housing complex.

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



**Major Capital Asset events**

During 2008 the Authority purchased the following: several new and used buses and the rehabilitation of others, \$4.3 million; \$.5 million in other Transit Program assets, \$1.9 million in Trail construction. Additionally, the Authority implemented facilities upgrades and repairs. Additional fixed asset information is available in the Footnotes to the Financial Statements.

**Major Debt events**

The Authority entered into approximately \$3.6 million of capital leases to obtain an employee housing complex, buses and administrative vehicles. Additional Debt information is available in the Footnotes to the Financial Statements.

**Long term Financial Plan**

The Authority's long-term goal is to build reserves/ Fund balance; additionally, Management is planning for the implementation of the Bus Rapid Transit Project. Please see [www.rftabrt.com](http://www.rftabrt.com) for more information.

**Roaring Fork Transportation Authority  
Management's Discussion and Analysis  
December 31, 2008**

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

**Budget Variances in the General Fund**

The Authority's revenues were \$2.2 million less than budgeted. Expenditures were \$1.7 million less than the budget. Significant budget variances were as follows:

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>	<b>Reason</b>
<b>Revenues:</b>				
Sales and use tax	\$ 11,642,643	\$ 11,347,261	\$ (295,382)	Economic downturn
Grant revenue	6,616,000	2,866,943	(3,749,057)	Timing
<b>Expenditures:</b>				
Transit maintenance	6,800,189	7,101,461	(301,272)	Fuel prices
Transit operations	8,412,446	8,940,227	(527,781)	Personnel shortage
Facilities	1,420,842	1,790,552	(369,710)	Change to contract janitorial services, unpredictable repair and maintenance
Capital outlay	\$ 11,051,430	8,020,306	3,031,124	Projects not completed

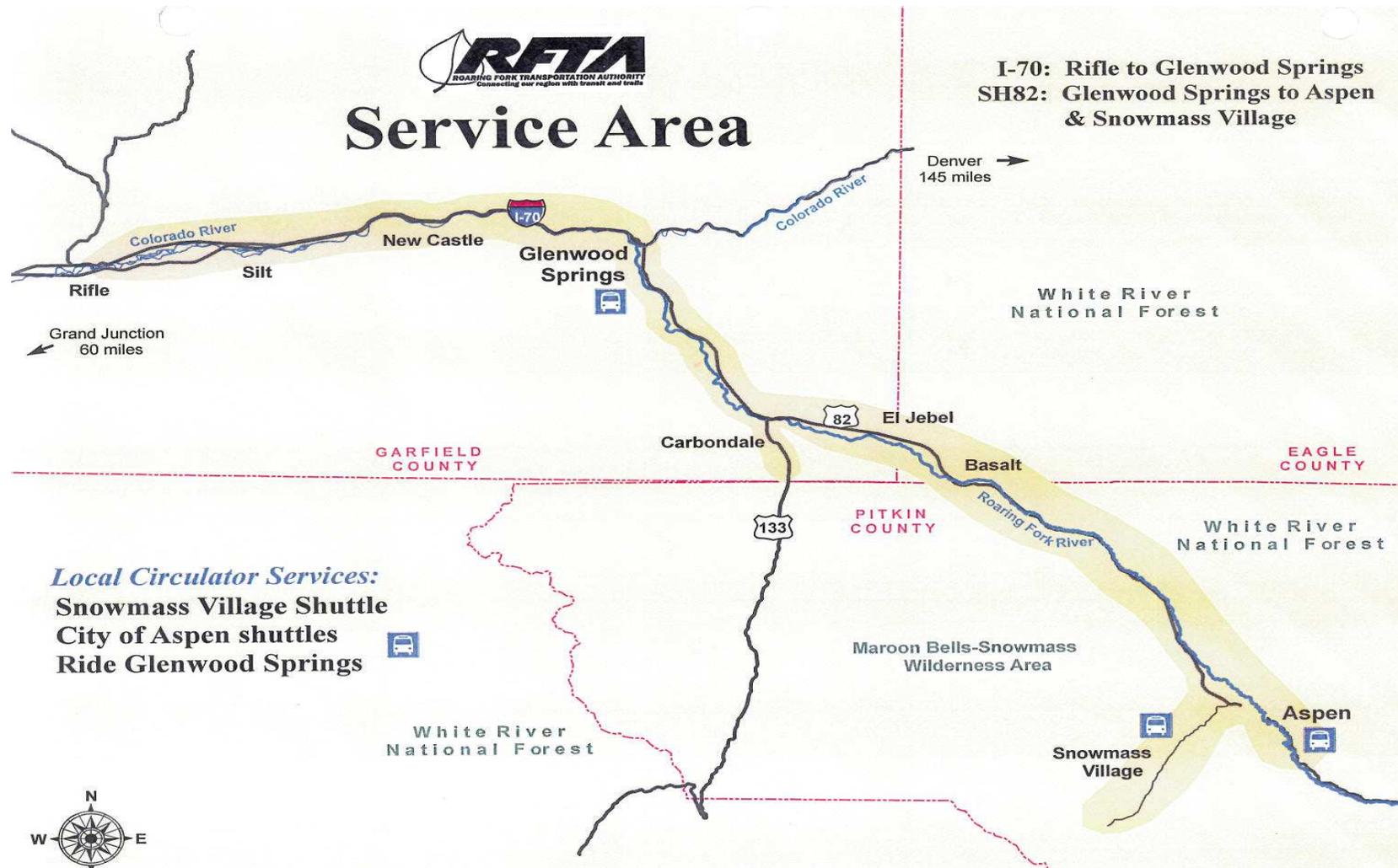
***Subsequent Year's Budget***

- The Authority ended the year with a combined ending fund balance of \$6,473,000. The 2009 budget anticipates an increase of \$101,000;
- Based on a general downturn in the economy the subsequent year budget was prepared on a no growth revenue basis; additionally, Management is preparing cost reduction strategies and will be monitoring the budget on a monthly basis;
- In November the Authority requested and received a sales tax increase from its Electorate to provide enhanced services as described in the Authority's Bus Rapid Transit Project. Because the Budget was prepared before the outcome of the Ballot measure was known Management prepared a status quo budget for 2009;
- In early 2009 the Authority will issue approximately \$27.5 million in bonds to finance the implementation of the Bus Rapid Transit Project. Please see [www.rftabrt.com](http://www.rftabrt.com) for more information.

***Request for Information***

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

Below is a map of the Authority's commuter transit service area, the I-70 Corridor between Rifle and Glenwood Springs, and the Highway 82 Corridor between Glenwood Springs and Aspen; additionally, the Authority owned rail road right of way runs adjacent to the Highway 82, between Glenwood and outside of Aspen.





## **GOVERNMENT-WIDE FINANCIAL STATEMENTS**

**Roaring Fork Transportation Authority**  
**Balance Sheet/Statement of Net Assets**  
**December 31, 2008**

**Funds Financial Statements**

	<b>General Fund</b>	<b>Mid Valley Trails</b>	<b>Traveler's</b>	<b>Total</b>	<b>Adjustments</b>	<b>Statement of Net Assets</b>
<b>Assets:</b>						
Cash and cash equivalents - unrestricted	\$ 2,940,152	\$ 174,359	\$ 64,883	\$ 3,179,394	\$ -	\$ 3,179,394
Cash and cash equivalents - restricted	437,209	-	-	437,209	147,570	584,779
Accounts receivable	3,537,968	19,052	-	3,557,020	-	3,557,020
Due from other governments	1,375,731	-	-	1,375,731	-	1,375,731
Prepaid expenses	144,485	-	-	144,485	-	144,485
Inventory	571,022	-	-	571,022	-	571,022
Other assets, net of amortization	-	-	-	-	68,579	68,579
Capital assets	-	-	-	-	72,352,109	72,352,109
Accumulated depreciation	-	-	-	-	(19,276,005)	(19,276,005)
<b>Total Assets</b>	<b>\$ 9,006,567</b>	<b>\$ 193,411</b>	<b>\$ 64,883</b>	<b>\$ 9,264,861</b>	<b>\$ 53,292,253</b>	<b>\$ 62,557,114</b>
<b>Liabilities:</b>						
Accounts payable	\$ 2,132,997	\$ -	\$ 64,883	\$ 2,197,880	\$ -	\$ 2,197,880
Accrued expenses	583,326	-	-	583,326	264,010	847,336
Accrued compensated absences	-	-	-	-	1,072,218	1,072,218
Deposits	10,300	-	-	10,300	-	10,300
Accrued interest	-	-	-	-	50,132	50,132
Non-current liabilities:						
Due within one year	-	-	-	-	1,848,429	1,848,429
Due longer than one year	-	-	-	-	16,609,563	16,609,563
<b>Total Liabilities</b>	<b>\$ 2,726,623</b>	<b>\$ -</b>	<b>\$ 64,883</b>	<b>\$ 2,791,506</b>	<b>\$ 19,844,352</b>	<b>\$ 22,635,858</b>
<b>Fund Balance/Net Assets:</b>						
<b>Fund Balance:</b>						
Special revenue fund - designated		193,411		\$ 193,411	\$ (193,411)	
General Fund:						
Reserved for emergencies	\$ 497,741	-	-	497,741	(497,741)	
Reserved for inventory	526,304	-	-	526,304	(526,304)	
Unreserved:						
Designated	4,663,000	-	-	4,663,000	(4,663,000)	
Undesignated	592,899	-	-	592,899	(592,899)	
<b>Total Fund Balance</b>	<b>\$ 6,279,944</b>	<b>\$ 193,411</b>	<b>-</b>	<b>\$ 6,473,355</b>	<b>\$ (6,473,355)</b>	
<b>Total Liabilities and Fund Balance</b>	<b>\$ 9,006,567</b>	<b>\$ 193,411</b>	<b>\$ 64,883</b>	<b>\$ 9,264,861</b>		
<b>Net Assets:</b>						
Invested in capital assets, net of related debt					\$ 34,686,692	\$ 34,686,692
Reserved					1,024,045	1,024,045
Unrestricted					4,210,519	4,210,519
<b>Total Net Assets</b>					<b>\$ 39,921,256</b>	<b>\$ 39,921,256</b>

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

**Roaring Fork Transportation Authority**  
**Statement of Revenues, Expenditures, and Changes to Fund Balance/Statement of Activities**  
**December 31, 2008**

	<b>Funds Financial Statements</b>				<b>Adjustments</b>	<b>Statement of Activities</b>
	<b>General Fund</b>	<b>Mid Valley Trails</b>	<b>Traveler's</b>	<b>Total</b>		
<b>Revenues:</b>						
Sales and use tax revenue	\$ 11,347,261	-	-	\$ 11,347,261	-	\$ 11,347,261
Service contracts	7,700,042	-	\$ 152,748	7,852,790	-	7,852,790
Operating revenues	4,620,827	-	7,602	4,628,429	-	4,628,429
Capital grant revenue	2,182,143	-	30,406	2,212,549	-	2,212,549
Operating grant revenues	684,800	-	-	684,800	-	684,800
Local government operating contributions	691,500	\$ 37,364	-	728,864	-	728,864
Other income	1,438,282	2,473	-	1,440,755	\$ (73,813)	1,366,942
Other capital contributions	58,000	-	-	58,000	-	58,000
Investment income	57,784	-	-	57,784	-	57,784
<b>Total Revenues</b>	<b>\$ 28,780,639</b>	<b>\$ 39,837</b>	<b>\$ 190,756</b>	<b>\$ 29,011,232</b>	<b>\$ (73,813)</b>	<b>\$ 28,937,419</b>
<b>Expenditures/Expenses:</b>						
Transit operations	\$ 8,940,227	-	\$ 152,748	\$ 9,092,975	\$ 62,930	\$ 9,155,905
Transit maintenance	7,101,461	-	-	7,101,461	-	7,101,461
Administration	4,489,287	\$ 1,000	-	4,490,287	-	4,490,287
Facilities	1,790,552	-	-	1,790,552	-	1,790,552
Trails & corridor management	383,520	-	-	383,520	-	383,520
Capital outlay	8,020,306	6,450	38,008	8,064,764	(8,064,764)	-
Depreciation and amortization	-	-	-	-	3,646,030	3,646,030
Debt service:						
Principal	1,810,545	-	-	1,810,545	(1,810,545)	-
Interest	811,599	-	-	811,599	(16,375)	795,224
<b>Total Expenditures/Expenses</b>	<b>\$ 33,347,497</b>	<b>\$ 7,450</b>	<b>\$ 190,756</b>	<b>\$ 33,545,703</b>	<b>\$ (6,182,724)</b>	<b>\$ 27,362,979</b>
<b>Excess of Revenues Over Expenditures/ Expenses</b>	<b>\$ (4,566,858)</b>	<b>\$ 32,387</b>	<b>-</b>	<b>\$ (4,534,471)</b>	<b>\$ 6,108,911</b>	<b>\$ 1,574,440</b>
<b>Other financing sources (uses):</b>						
Lease proceeds	\$ 3,585,507	-	-	\$ 3,585,507	\$ (3,585,507)	-
Sale of assets	882	-	-	882	-	882
<b>Total other financing sources (uses)</b>	<b>\$ 3,586,389</b>	<b>-</b>	<b>-</b>	<b>\$ 3,586,389</b>	<b>\$ (3,585,507)</b>	<b>\$ 882</b>
<b>Change in Net Assets</b>	<b>\$ (980,469)</b>	<b>\$ 32,387</b>	<b>-</b>	<b>\$ (948,082)</b>	<b>\$ (2,523,404)</b>	<b>\$ 1,575,322</b>
<b>Fund Balance/Net Assets:</b>						
<b>Beginning of Year</b>	<b>\$ 7,260,413</b>	<b>\$ 161,024</b>	<b>-</b>	<b>\$ 7,421,437</b>		<b>\$ 38,345,934</b>
<b>End of Year</b>	<b>\$ 6,279,944</b>	<b>\$ 193,411</b>	<b>-</b>	<b>\$ 6,473,355</b>		<b>\$ 39,921,256</b>

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

**Roaring Fork Transportation Authority**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**  
**General Fund**  
**December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Final Budget Variance Positive (Negative)</b>
<b>Revenues:</b>				
Sales and use tax revenue	\$ 11,642,643	\$ 11,642,643	\$ 11,347,261	\$ (295,382)
Service Contracts	7,629,514	7,629,514	7,700,042	70,528
Operating revenues	4,139,915	4,579,915	4,620,827	40,912
Capital Grant revenue	2,069,600	5,931,200	2,182,143	(3,749,057)
Operating Grant revenue	684,800	684,800	684,800	-
Governmental contributions	636,000	682,500	691,500	9,000
Other capital contributions	-	58,000	58,000	-
Other income	835,040	931,040	1,438,282	507,242
Investment income	250,000	125,000	57,784	(67,216)
Lease proceeds	-	2,300,000	3,585,507	1,285,507
Sale of fixed assets	-	-	882	882
<b>Total Revenues</b>	<u>\$ 27,887,512</u>	<u>\$ 34,564,612</u>	<u>\$ 32,367,028</u>	<u>\$ (2,197,584)</u>
<b>Expenditures:</b>				
Administration	\$ 4,282,682	\$ 4,454,682	\$ 4,489,287	\$ (34,605)
Transit maintenance	6,300,189	6,800,189	7,101,461	(301,272)
Transit operations	8,383,876	8,412,446	8,940,227	(527,781)
Facilities	1,420,842	1,420,842	1,790,552	(369,710)
Trails & corridor management	355,742	355,742	383,520	(27,778)
Capital outlay	5,473,176	11,051,430	8,020,306	3,031,124
Debt service:				
Principal	2,142,445	2,204,815	1,810,545	394,270
Interest	328,309	346,939	811,599	(464,660)
<b>Total Expenditures/Expenses</b>	<u>\$ 28,687,261</u>	<u>\$ 35,047,085</u>	<u>\$ 33,347,497</u>	<u>\$ 1,699,588</u>
<b>Excess of Revenues</b>				
<b>Over Expenditures/Expenses</b>	<u>\$ (799,749)</u>	<u>\$ (482,473)</u>	<u>\$ (980,469)</u>	<u>\$ (497,995)</u>
<b>Fund Balance/Net Assets:</b>				
<b>Beginning of Year</b>			<u>7,260,413</u>	
<b>End of Year</b>			<u>\$ 6,279,944</u>	

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

**Roaring Fork Transportation Authority**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**  
**Mid Valley Trails**  
**Special Revenue Fund**  
**December 31, 2008**

	<u>Original and Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
<b>Revenues:</b>			
Other income	-	\$ 2,473	\$ 2,473
Other contributions	\$ 33,994	37,364	3,370
<b>Total Revenues</b>	<u>\$ 33,994</u>	<u>\$ 39,837</u>	<u>\$ 5,843</u>
<b>Expenditures:</b>			
<b>Operations:</b>			
Purchase services	\$ 33,993	-	\$ 33,993
Travel & Training	-	\$ 1,000	(1,000)
<b>Capital Outlay:</b>			
Construction	-	6,450	(6,450)
<b>Total Expenditures</b>	<u>\$ 33,993</u>	<u>\$ 7,450</u>	<u>\$ 26,543</u>
<b>Excess (Deficiency) of Revenues</b>			
<b>Over Expenditures</b>	<u>\$ 1</u>	\$ 32,387	<u>\$ 32,386</u>
<b>Fund Balance - Beginning of Year</b>		<u>161,024</u>	
<b>Fund Balance - End of Year</b>		<u>\$ 193,411</u>	

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

**Roaring Fork Transportation Authority**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balance**  
**Budget to Actual**  
**Traveler's**  
**Special Revenue Fund**  
**December 31, 2008**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<b>Final Budget Variance Positive (Negative)</b>
<b>Revenues:</b>				
Grant revenue	-	\$ 46,113	\$ 30,406	\$(15,707)
Service Contracts	-	148,293	152,748	4,455
Operating revenues	-	26,088	7,602	(18,486)
<b>Total Revenues</b>	-	\$220,494	\$190,756	\$(29,738)
<b>Expenditures:</b>				
Transit operations	-	\$183,088	\$152,748	\$30,340
Capital outlay	-	37,406	38,008	(602)
<b>Total Expenditures</b>	-	\$220,494	\$190,756	\$29,738
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	-	-	-	-
<b>Fund Balance - Beginning of Year</b>			-	
<b>Fund Balance - End of Year</b>			-	

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



## **NOTES TO THE FINANCIAL STATEMENTS**

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2008**

**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 is supported by dedicated sales tax collections by governments within the service area, contributions, and fares.

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

**A. Reporting Entity**

The Authority is governed by a Board of Directors consisting of eight 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. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the Authority since none were discovered to fall within the oversight responsibility based on the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

**B. Government-wide and Fund Financial Statements**

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

**1. Government-wide Financial Statements**

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

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2008**

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

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

**2. Fund Financial Statements**

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

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

The Authority reports three funds – the General Fund, the Mid Valley Trails Fund, and the Traveler’s Fund. The Mid Valley Trails Fund is a special revenue fund which accounts for transactions relating to a specific section of trails in the Authority’s service area. The Traveler’s Fund is a special revenue fund which accounts for all activities for Senior and Americans with Disabilities Act services provided by the Traveler Program in the Garfield County area. This service is provided on a contract basis. The General Fund accounts for all activities of the general government except those accounted for in the special revenue funds.

**C. Measurement Focus and Basis of Accounting**

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

**1. Long-term Economic Focus and Accrual Basis**

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

**2. Current Financial Focus and Modified Accrual Basis**

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

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2008**

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

**C. Measurement Focus and Basis of Accounting (continued)**

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities to the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Sales tax, Fees, and licenses associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

**D. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

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

**2. Inventory**

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

**3. Receivables**

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

**4. Fund Equity**

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

**5. Use of Estimates**

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

**Roaring Fork Transportation Authority  
Notes to the Financial Statements  
December 31, 2008**

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

**D. Financial Statement Accounts (continued)**

**6. Capital Assets**

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

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

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

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

<u>Asset</u>	<u>Years</u>
Buildings and improvements	20-40
Machinery and equipment	3-10
Vehicles	7-12

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

**II. Reconciliation of Government-wide and Fund Financial Statements**

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

The governmental fund Balance Sheet includes reconciliation between Fund balance – Governmental funds and Net assets – Governmental activities as reported in the government-wide Statement of Net Assets. The Authority adds capital assets net of depreciation of \$53,076,104. Another element of this reconciliation subtracts long-term debt relating to Pitkin County, Colorado’s 1998 and 2001 transit sales tax revenue bonds. The Authority has agreed to the repayment of this debt through its Pitkin County dedicated sales tax. The debt recorded is net of a \$147,570 reserve which is held by Pitkin County, Colorado. The Authority also has accrued interest of \$50,132 relating to the aforementioned debt.

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between Net change in fund balance – Governmental funds and Changes in net assets – Governmental activities as reported in the government-wide Statement of Activities. The Authority has recorded a decrease in sales and use tax revenue and an increase in interest income relating to the debt service reserve currently being held by Pitkin County, Colorado. The Authority also reduces capital outlay in the amount of \$8,064,764 for assets which have been capitalized and depreciated. The remaining capital outlay represents capital expenditures which do not meet the Authority’s capitalization policy.

**Roaring Fork Transportation Authority  
Notes to the Financial Statements  
December 31, 2008**

**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. Generally Accepted Accounting Principles.

- (1) On or before October 15, the Authority submitted to the Board a recommended budget that details the revenues necessary to meet the Authority's operating requirements.
- (2) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 15.
- (3) After adoption of the initial budget resolution, the Authority may make the following changes: (a) supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) emergency appropriations; and (c) reduction of appropriations for which originally estimated revenues are insufficient.

All appropriations lapse at year end. During the year, five supplemental appropriation resolutions were adopted by the Authority. The budgetary comparison statements reflect the original budget and the final budget after legally authorized revisions were made. As a result of the supplementary budget appropriation, the 2008 appropriations were increased as follows:

	<b>Appropriation</b>
<b>Original Appropriation</b>	\$ 28,687,261
Changes to Annual Appropriations:	
Resolution 2008-08	820,754
Resolution 2008-09	636,000
Resolution 2008-11	257,500
Resolution 2008-12	4,492,000
Resolution 2008-18	153,570
Total supplemental appropriations	6,359,824
<b>Final Appropriation</b>	<b>\$ 35,047,085</b>

**Roaring Fork Transportation Authority  
Notes to the Financial Statements  
December 31, 2008**

**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 reserved \$497,741 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2008.

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

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

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

The Authority' deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$100,000 of the Authority's deposits at each financial institution. Deposit balances over \$100,000 are collateralized as required by PDPA. The carrying amount of the Authority's demand deposits was \$3,764,173 at year end. The Authority had the following investments and maturities:

	<u>Standard &amp; Poors Rating</u>	<u>Carrying Amounts</u>	<u>Less than one year</u>	<u>Less than five years</u>
Deposits:				
Cash on Hand	Not Rated	\$ 6,225	\$ 6,225	-
Checking	Not Rated	3,173,169	3,173,169	-
Deposits held by Trustee	AAAm	437,209	437,209	-
Deposits held by County Treasurer	Not Rated	147,570	147,570	-
Total		<u>\$ 3,764,173</u>	<u>\$ 3,764,173</u>	<u>-</u>

**Roaring Fork Transportation Authority  
Notes to the Financial Statements  
December 31, 2008**

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

**A. Deposits and Investments (continued)**

*Interest Rate Risk.* As a means of limiting its exposure to interest rate risk, the Authority diversifies its investments by security type and institution, and limits holdings in any one type of investment with any one issuer. The Authority coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the Authority has limited its interest rate risk.

*Credit Risk.* State law and Authority policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments. As of December 31, 2008, the government's Deposits held by Trustee was invested in The First American Treasury Obligations Fund and was rated Aaa by Moody's Investor Service, AAAM by Standard and Poor's and AAA by Fitch Ratings.

*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.

**B. Receivables**

Accounts receivable is due primarily from entities participating in "the Authority" for Sales and Use Tax and Other Governmental Contributions. Due from other Governments consists of amounts due from the Federal and State Government. The Authority has recorded no allowance for doubtful accounts at December 31, 2008 and anticipates the collection of all receivables.

**C. Reservation and Designation of Fund Balances**

At December 31, 2008, the fund balance of the Authority's General Fund was designated and reserved for the following:

Reserved for emergencies	\$ 497,741
Reserved for inventory	526,304
Designated for Transit	425,000
Designated for Trails	300,000
Designated for Facilities	425,000
Designated for Operating Reserves	3,513,000
Total	\$ 5,687,045

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

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2008**

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

**D. Capital Assets**

Capital asset activity for the year ended December 31, 2008 was as follows:

	1/1/08	Reclass	Increases	Decreases	12/31/08
Governmental Activities:					
Capital assets, not being depreciated:					
Construction in progress	\$ 974,454	-	\$ 693,847	-	\$ 1,668,301
Land and improvements	10,776,607	-	67,880	-	10,844,487
Total Capital Assets, Not Being Depreciated	\$ 11,751,061	-	\$ 761,727	-	\$ 12,512,788
Capital assets, being depreciated:					
Buildings	\$ 7,394,289	\$(2,323,028)	\$ 373,123	-	\$ 5,444,384
Improvements other than buildings	5,286,958	2,298,953	132,057	-	7,717,968
Equipment	39,906,940	24,075	6,797,857	\$ (51,903)	46,676,969
Total Capital Assets Being Depreciated	\$ 52,588,187	-	\$ 7,303,037	\$ (51,903)	\$ 59,839,321
Less accumulated depreciation for:					
Buildings	\$ (813,574)	\$ 228,097	\$ (159,062)	-	\$ (744,539)
Improvements other than buildings	(229,331)	(220,072)	(489,414)	-	(938,817)
Equipment	(14,657,462)	(8,025)	\$ (2,979,065)	\$ 51,903	(17,592,649)
Total Accumulated Depreciation	\$ (15,700,367)	-	\$ (3,627,541)	\$ 51,903	\$(19,276,005)
Total Capital Assets, Being Depreciated, Net	36,887,820	-	\$ 3,675,496	-	\$ 40,563,316
Governmental Activities Capital Assets, Net	\$ 48,638,881	-	\$ 4,437,223	-	\$ 53,076,104

The Authority's depreciation expense at December 31, 2008 totaled \$3,628,000.

**E. Other Liabilities**

**1. Sales Tax Revenue Bonds**

The original intergovernmental agreement forming the Authority allows Pitkin County, Colorado (the "County") to reduce the sales tax paid to the Authority by the principal and interest payments on the County's outstanding transit debt. The transit debt was originally issued in order to provide capital for the Roaring Fork Transit Agency. Upon formation of the Authority, the obligation for payment of transit debt, along with specific Agency assets were transferred to the Authority. There is currently two Sales Tax Revenue Bonds outstanding. The Series 1998 Bonds carry an interest rate of 3.5% to 5% with final maturity date of 2014. The Series 2001 Sales Tax Revenue Bonds carry an interest rate of 3.25% to 4% and mature in 2021. The Bonds are subject to an optional maturity under certain conditions.

**2. Certificates of Participation**

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

**Roaring Fork Transportation Authority  
Notes to the Financial Statements  
December 31, 2008**

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

**E. Other Liabilities (continued)**

**3. Capital Leases**

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

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

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

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

Finally, 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.

**4. Changes in Debt**

The Authority had the following changes in its outstanding debt:

	<u>1/1/08</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/08</u>	<u>Due within one year</u>
<i>Sales Tax Revenue Bonds:</i>					
1998 issue	\$ 1,025,000	-	\$ (125,000)	\$ 900,000	\$ 135,000
2001 issue	5,645,000	-	(225,000)	5,420,000	230,000
<i>Certificates of Participation:</i>					
2005	3,040,000	-	(290,000)	2,750,000	300,000
<i>Capital Leases:</i>					
2006	1,738,697	-	(472,011)	1,266,686	491,418
2007	5,235,520	-	(576,988)	4,658,532	459,031
2008 Parker House	-	\$ 2,300,000	(42,468)	2,257,532	75,376
2008 Admin Vehicles	-	163,507	(16,945)	146,562	30,353
2008 Buses	-	1,122,000	(62,136)	1,059,864	127,252
<i>Compensated Absences</i>	1,009,288	62,930	-	1,072,218	-
Total	<u>\$ 17,693,505</u>	<u>\$ 3,648,437</u>	<u>\$ (1,810,548)</u>	<u>\$19,531,394</u>	<u>\$ 1,848,430</u>

**Roaring Fork Transportation Authority  
Notes to the Financial Statements  
December 31, 2008**

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

**E. Other Liabilities (continued)**

**5. Future Debt Payments**

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

Year	98 Sales Tax Rev. Bonds		01 Sales Tax Rev. Bonds		2005 COP	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 135,000	\$ 43,235	\$ 230,000	\$ 271,075	\$ 300,000	\$ 112,313
2010	140,000	37,093	240,000	261,875	310,000	101,513
2011	145,000	30,583	250,000	252,275	320,000	90,508
2012	150,000	23,695	260,000	242,275	335,000	78,350
2013	160,000	16,420	270,000	229,275	350,000	64,613
2014-2018	170,000	8,500	2,335,000	873,063	1,135,000	102,825
2019-2023	-	-	1,835,000	196,089	-	-
Total	\$ 900,000	\$ 159,526	\$ 5,420,000	\$ 2,325,927	\$ 2,750,000	\$ 550,122

Year	2006 Capital Lease-Bus		2007 Capital Lease-Bus		2008 Capital Lease-Bus	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 491,418	\$ 46,604	\$ 459,031	\$ 190,450	\$ 127,252	\$ 32,700
2010	511,622	26,400	479,068	170,413	131,330	28,621
2011	263,646	5,365	499,979	149,502	135,540	24,412
2012	-	-	521,803	127,678	139,884	20,067
2013	-	-	544,579	104,902	144,368	15,584
2014-2018	-	-	2,154,073	173,234	381,490	18,388
2019-2023	-	-	-	-	-	-
Total	\$ 1,266,686	\$ 78,369	\$ 4,658,533	\$ 916,179	\$ 1,059,864	\$ 139,772

Year	2008 Capital Lease-Admin Vehicles		2008 Capital Lease-Parker House		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2009	\$ 30,353	\$ 6,397	\$ 75,376	\$ 97,601	\$ 1,848,430	\$ 800,375
2010	31,859	4,891	78,752	94,225	1,922,631	725,031
2011	33,443	3,308	82,280	90,697	1,729,888	646,649
2012	35,106	1,644	85,966	87,011	1,527,759	580,720
2013	15,801	231	89,816	83,161	1,574,564	514,186
2014-2018	-	-	513,159	351,726	6,688,722	1,527,736
2019-2023	-	-	638,859	226,026	2,473,859	422,115
2024-2028	-	-	693,335	70,647	693,335	70,647
Total	\$ 146,562	\$ 16,471	\$ 2,257,543	\$ 1,101,094	\$ 18,459,188	\$ 5,287,460

**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, 2008.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2008**

**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.

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

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

**C. Service Agreements**

The Authority has the following extended local service contracts:

- Aspen Skiing Company Skier Shuttles: The Authority operates skier shuttles on behalf of Aspen Skiing Company. The agreement provides for reimbursement of operational expenses and a capital cost recovery component.
- Ride Glenwood Springs: The Authority operates mini shuttles on behalf of the City of Glenwood Springs, Colorado. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service revenue on the Authority’s financial statements.
- City of Aspen: The Authority operates local service for the City of Aspen shuttles. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service revenue on the Authority’s financial statements. A portion of the proceeds of the Pitkin County mass transit sales tax, parking revenues and the .5% City of Aspen Visitor Benefit tax indicated above are applied towards the cost of this service contract.

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2008**

**V. Other Information (continued)**

**D. Other events and subsequent events**

During 2008, the rating of the 2005 Certificate of Participation as assigned by Standard & Poor's Ratings Services based upon the financial guaranty insurance policy issued by Radian Asset Assurance Inc, has been downgraded by S&P from "AA" to "BBB+." The Authority has not received notice of a change in the underlying rating assigned by S&P to the Certificates.

Additionally, early in 2009 the rating of the 2005 Certificate of Participation as assigned by Standard & Poor's Ratings Services based upon the financial guaranty insurance policy issued by Radian Asset Assurance Inc, has been downgraded by S&P from "BBB+" to "BBB-." The Authority has not received notice of a change in the underlying rating assigned by S&P to the Certificates.

**E. Employee Benefits**

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

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

**F. Retirement Plans**

**1. Deferred Compensation Plan – Section 457**

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

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

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

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

**Roaring Fork Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2008**

**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 the Stanton Group, Inc.

All Authority employees receive a 12.6% contribution to the plan. Only full-time employees who have been with the Authority for six consecutive months are eligible. The Authority's total and covered payroll for 2008 is \$11,349,000 and, \$9,220,000 respectively. Contributions were approximately \$1,116,000.

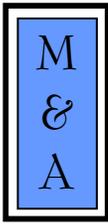
The Authority is the trustee of the plan and has the duty of due care that would be required of an ordinary prudent investor, but has no liability for losses under the plan.

**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.



## **SUPPLEMENTARY INFORMATION**



# MCMAHAN AND ASSOCIATES, L.L.C.

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

### Board of Directors Roaring Fork Transportation Authority

We have audited the financial statements of the governmental activities and each major fund of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2008, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated June 16, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

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

### Compliance and Other Matters

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

*Performing services for local governments throughout Colorado*

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

Daniel R. Cudahy, C.P.A.  
Michael N. Jenkins, C.A., C.P.A.

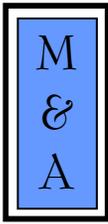
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National and Colorado Government Finance Officers Association/Colorado Municipal League

**Board of Directors  
Roaring Fork Transportation Authority**

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

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
June 16, 2009**



# MCMAHAN AND ASSOCIATES, L.L.C.

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

### Board of Directors Roaring Fork Transportation Authority

### Compliance

We have audited the compliance of Roaring Fork Transportation Authority (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2008. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2008.

### Internal Control Over Compliance

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

*Performing services for local governments throughout Colorado*

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National and Colorado Government Finance Officers Association/Colorado Municipal League

**Board of Directors  
Roaring Fork Transportation Authority**

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

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

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

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.  
June 16, 2009**

**Roaring Fork Transportation Authority  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

**Part I – Summary of Auditor’s Results**

*Financial Statements*

Type of auditor’s report issued	Unqualified
Internal control over financial reporting:	
Material weakness identified	None noted
Reportable conditions identified that are not considered to be material weaknesses	None reported
Noncompliance material to financial statements noted	None noted

*Federal Awards*

Internal control over major programs:	
Material weakness identified	None noted
Reportable conditions identified that are not considered to be material weaknesses	None reported
Type of auditor’s report issued on compliance for major programs	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133	None noted
Major programs:	
Alternative Transportation in Parks and Public Lands	CFDA# 20.520

Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	No

**Part II – Findings Related to Financial Statements**

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

**Part III – Findings Related to Federal Awards**

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

**Roaring Fork Transportation Authority  
SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended December 31, 2008**

There were no findings noted in the prior year.

**Roaring Fork Transportation Authority  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2008**

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
<b>U.S. Department of Transportation:</b>			
Federal Transit Capital Investment Grants	20.500	No	\$ 792,642
Formula Grant other than Urbanized Areas	20.509	No	918,000
Alternative Transportation in Parks and Public Lands	20.520	Yes	<u>1,121,186</u>
<b>Total Federal Financial Awards</b>			<u>\$ 2,831,828</u>

**Notes to the Schedule of Expenditures of Federal Awards For the Year Ended December 31, 2008.**

**Note 1. Basis of Presentation:**

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

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