



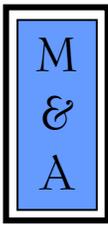
**Roaring Fork Transportation Authority
Carbondale, Colorado**

**Financial Statements
December 31, 2012**

**Roaring Fork Transportation Authority
Financial Report
December 31, 2012**

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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, each major fund, and budget and actual individual fund statements of the Roaring Fork Transportation Authority (the "Authority"), as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and budget and actual individual fund statements of the Roaring Fork Transportation Authority as of December 31, 2012, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report June 25, 2013 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



MANAGEMENT'S DISCUSSION AND ANALYSIS

***Management's Discussion and Analysis
Roaring Fork Transportation Authority
December 31, 2012***

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, 2012.

Financial Highlights

- When looking at a short term view, the General Fund had a decrease in Fund balance of \$63,000 which fared better than the \$313,000 deficit reflected in the budget. This improvement was attributable primarily to savings from the Operations Department and unexpended budget in the Facilities and Trails Departments;
- When looking at a long-term view, the Authority had an increase in Net Position of \$7.3 million resulting in a total Net Position amount of \$50.7 million. This increase was a result of the construction-in-progress related to the Bus Rapid Transit (BRT) project, including the Compressed Natural Gas (CNG) fueling station;
- The Authority’s total ridership in 2012 reached 3.95 million which represents a 4.4% decrease from the previous year. This drop is attributable to the decrease in ridership on contracted transit services, particularly Ride Glenwood Springs which instituted a dollar fare per ride during the year. However, the Authority’s regional transit service experienced increases in all areas primarily due to the slowly improving local economy. Annual ridership on regional transit service and percentage changes were as follows: Valley Service (Highway 82 Corridor) 1.92 million and +2.7% and Grand Hogback Service (I – 70 Corridor) 65,000 and +3.6%;
- Transit Operations’ overtime for 2012 and 2011 was \$259,000 and \$160,000, respectively; an increase of 61% from the prior year because the Authority experienced a significant increase in missed days from bus operators related to injury or medical leave;
- Total transit fuel expenditures for 2012 and 2011 were \$2.5 million and \$2.3 million, respectively; an increase of approximately 8% from prior year because of higher diesel fuel prices;



An Authority hybrid bus provides service to the Maroon Bells wilderness area.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

The 2012 Authority financial statements report seven individual government funds in four types: the general fund, four special revenue funds, a capital projects fund, and a debt service fund:

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

Overview of the Financial Statements (continued)

The Service Contract Special Revenue Fund accounts for revenue and operating activity for additional services based on contractual agreement. These services are provided in certain areas within the overall Authority service area. In the current year, the Authority had contractual agreements for Aspen Skiing Company Skier Shuttles, Ride Glenwood Springs, City of Aspen local bus service, and the Garfield County Traveler Program.

The Bus Shelter and Park and Ride Special Revenue Fund accounts for vehicle fee revenue and bus shelter and park and ride expenditure activity as required by State rural transit authority enabling legislation. Additionally, by resolution, Garfield County has dedicated certain development fees to construct bus shelter and park and ride improvements in unincorporated Garfield County.

The Mid Valley Trails Special Revenue Fund accounts for Eagle County sales tax funded capital trails projects within the Roaring Fork Valley boundaries of Eagle County. Through intergovernmental agreement, in return for membership, Eagle County dedicated a half cent sales tax collected in the Roaring Fork Valley to the Authority. 10% of the tax collected must be used to fund trail projects. Resolution 2002-14 adopted the Mid Valley Trails Committee as an Authority committee.

The Bus Rapid Transit Special Revenue Fund accounts for operating activity for planning the BRT Project. Specifically, this includes all revenues from the November 2008, voter approved, 0.4% increase in sales and use tax for payment on the Series 2009 and 2012 bonds, the BRT Project and transit expenditures. Subsequent to the completion of the BRT Project and the introduction of the BRT service as part of the Authority's Transit Program, remaining fund balance is anticipated to be transferred into the General Fund and all activity in this fund will cease.

The Capital Projects Fund accounts for all expenditure activity related to the BRT Project for assets and infrastructure such as a portion of buses, intelligent transportation system components, and a portion of transit priority. These expenditures are certain and specific in accordance with State and Federal tax law as identified by Bond Counsel. In addition, this fund accounts for the assets and infrastructure expenditures related to the CNG Project and Aspen Maintenance Facility (AMF) Re-commissioning Project.

The Debt Service Fund accounts for all principal and interest expenditures for the Series 2009A \$6.2 million bond issuance, Series 2009B \$21.3 million bond issuance, Series 2012A \$6.65 million bond issuance and interest earned as required by resolution. The 2009A bonds are a tax-exempt issuance. The 2009B bonds are Build America Bonds. 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 can be found on Section C of this report.

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

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

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

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



An Authority bus provides service along the Highway 82 Corridor.

Financial Analysis of the Authority**Roaring Fork Transportation Authority's Net Position**

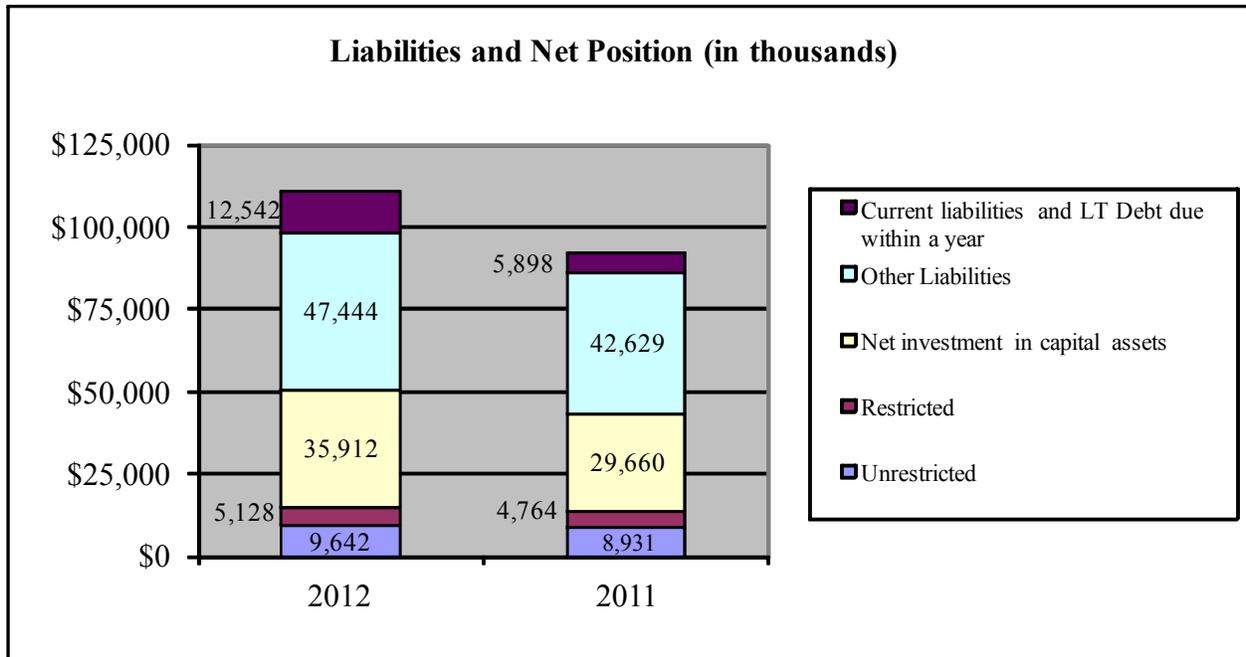
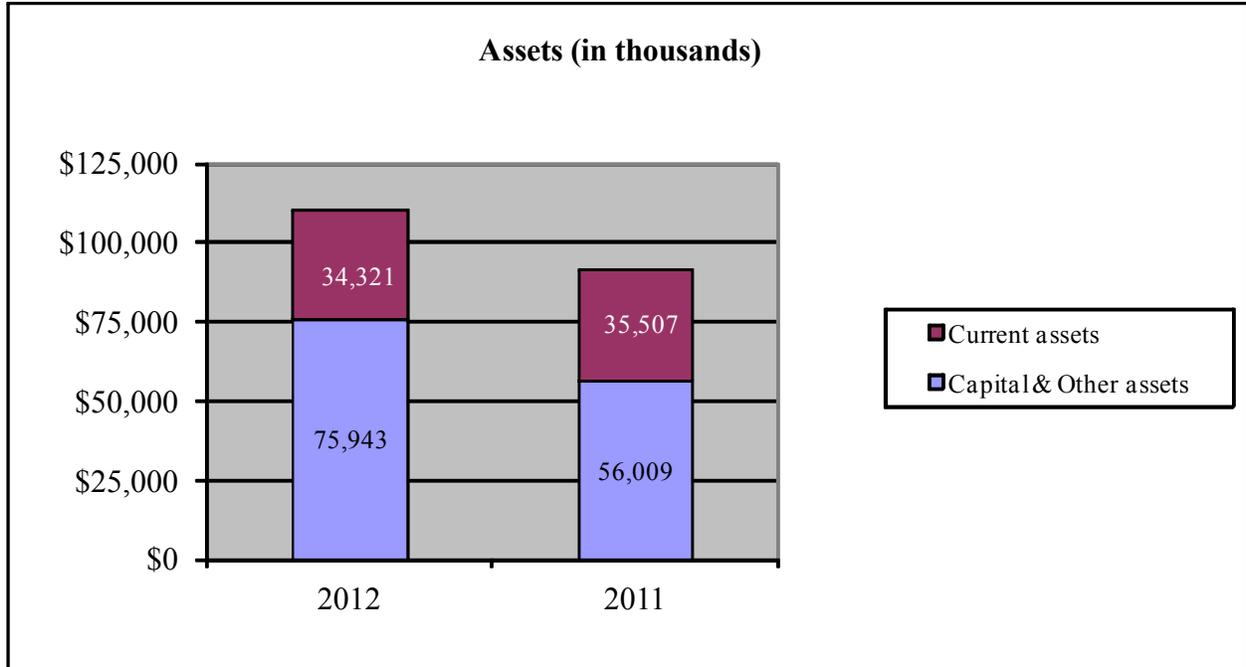
	(in thousands)			
	2012	2011	\$ dif	% dif
Assets:				
Current assets	\$ 34,321	\$ 35,507	(1,187)	-3.3%
Inventory and prepaid expenditures	1,682	734	948	129.3%
Capital assets, net	74,261	55,275	18,986	34.3%
Total Assets	\$ 110,264	\$ 91,516	18,748	20.5%
Deferred Outflows of Resources:				
Debt issuance costs, net of amortization	\$ 236	\$ 175	61	35.1%
Deferred refunding charge, net of amortization	168	192	(24)	-12.5%
Total Deferred Outflows of Resources	\$ 404	\$ 366		
Liabilities:				
Current liabilities and LT Debt due within a year	\$ 12,542	\$ 5,898	6,644	112.7%
Accrued compensated absences	1,311	1,227	85	6.9%
Non-current liabilities	46,132	41,403	4,730	11.4%
Total Liabilities	\$ 59,986	\$ 48,527	11,459	23.6%
Net Position:				
Net investment in capital assets	\$ 35,912	\$ 29,660	6,251	21.1%
Restricted	5,128	4,764	364	7.6%
Unrestricted	9,642	8,931	711	8.0%
Total Net Position	\$ 50,682	\$ 43,355	7,327	16.9%

As of December 31, 2012 the following trends were noted:

- *Current assets compared to current liabilities* – \$34.3 million and \$35.5 million of current assets were available to meet \$12.5 million and \$5.9 million of current liabilities due within a year for 2012 and 2011, respectively. The \$1.2 million decrease in current assets was primarily found in the Authority's cash balance; the \$6.6 million increase in current liabilities was due to a combination of higher accounts payable, amounts due to other funds, and debt service due within a year.
- *Inventory and prepaid expenditures* – \$948,000 increase is primarily attributable to the stockpiled materials related to construction on the BRT Project.
- *Capital assets, net* – \$74.3 million of net capital assets were used to provide transit and trails services. The increase was primarily due to the construction of assets and infrastructure related to the BRT Project.
- *Non-current liabilities* – \$4.7 million increase reflects the net effect of additional debt from the Series 2012A bond issuance and the continued principal payments on existing debt.
- *Total net position*– \$7.3 million increase was primarily due to the progress made on the Authority's capital investment in BRT and CNG.

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

Financial Analysis of the Authority (continued)



Financial Analysis of the Authority (continued)

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

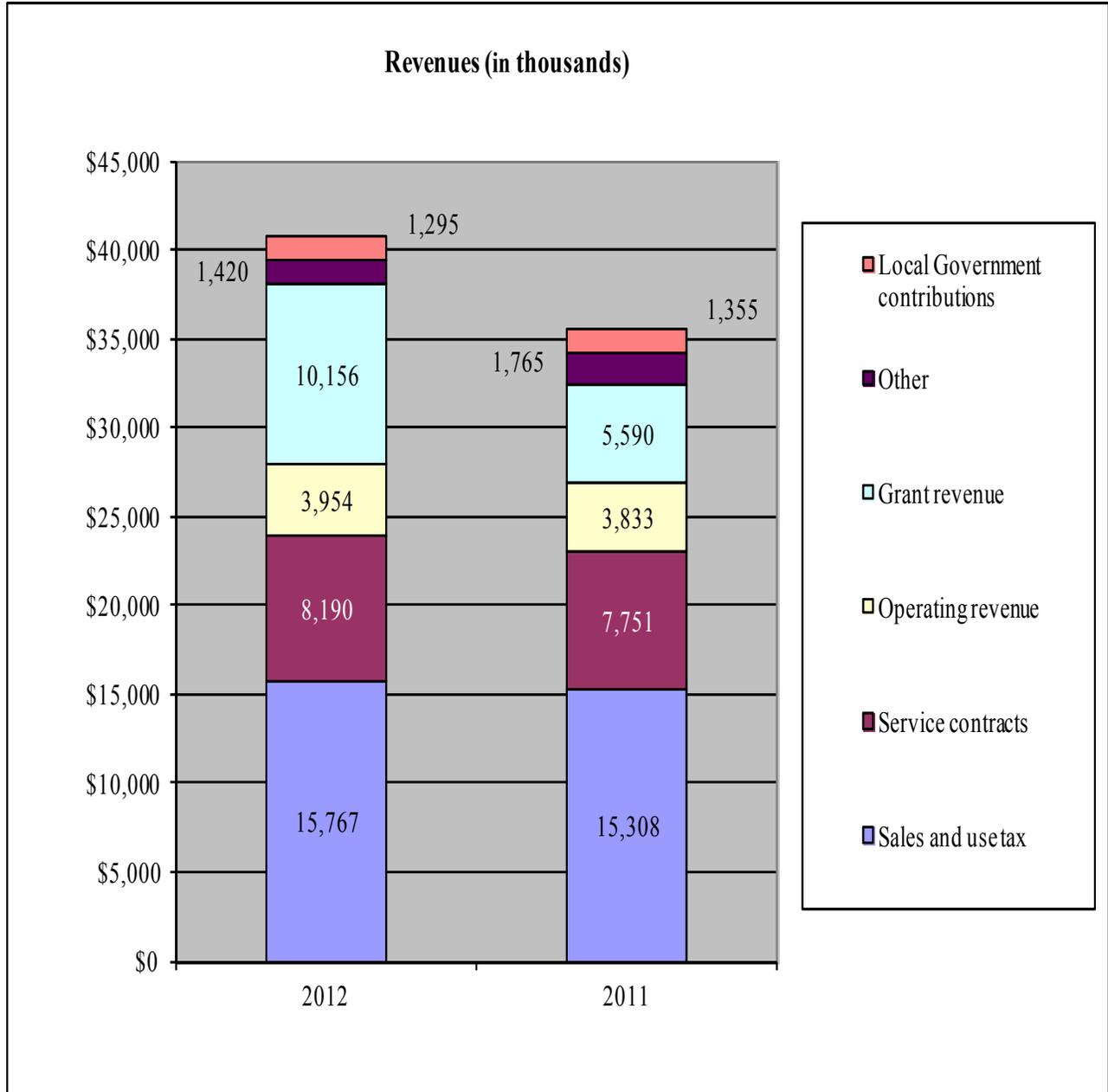
	<u>2012</u>	<u>2011</u>	<u>\$ dif</u>	<u>% dif</u>
Revenues:				
Sales and use tax	\$ 15,767	\$ 15,308	459	3.0%
Service contracts	8,190	7,751	438	5.7%
Operating revenue	3,954	3,833	121	3.2%
Grant revenue	10,156	5,590	4,566	81.7%
Other	1,420	1,765	(346)	-19.6%
Local Government contributions	1,295	1,355	(60)	-4.5%
Total Revenue	<u>\$ 40,781</u>	<u>\$ 35,603</u>	5,178	14.5%

For the Year Ended December 31, 2012 the following trends were noted:

- All member jurisdictions, including Pitkin County, the City of Aspen, the Town of Snowmass Village, Eagle County, the Town of Basalt, the Town of Carbondale, the City of Glenwood Springs, and the Town of New Castle, generated sales tax revenue increases.
- Service contract revenue (cost reimbursement contracts) increased as a result of higher operating costs compared to prior year.
- Operating revenue (transit fares) increased in response to a rise in Ridership on the Highway 82 Corridor and Grand Hogback I-70 Corridor services.
- Grant revenue included operating and capital grants. Operating grant revenues for 2012 and 2011 were flat at \$850,000. Capital grants can vary from year to year. In 2012, the Authority received \$9.3 million of capital grants of which \$8.8 million related to funds drawn from the VSS Grant for the BRT Project.
- Local government contributions included operating and capital contributions which vary from year to year. In 2012, the Elected Officials Transportation Committee (EOTC) contributed of \$554,000 to subsidize the fare on bus service between the City of Aspen and Town of Snowmass Village while Garfield County contributed \$650,000 for continued Grand Hogback I-70 Corridor bus service.

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

Financial Analysis of the Authority (continued)



Financial Analysis of the Authority (continued)

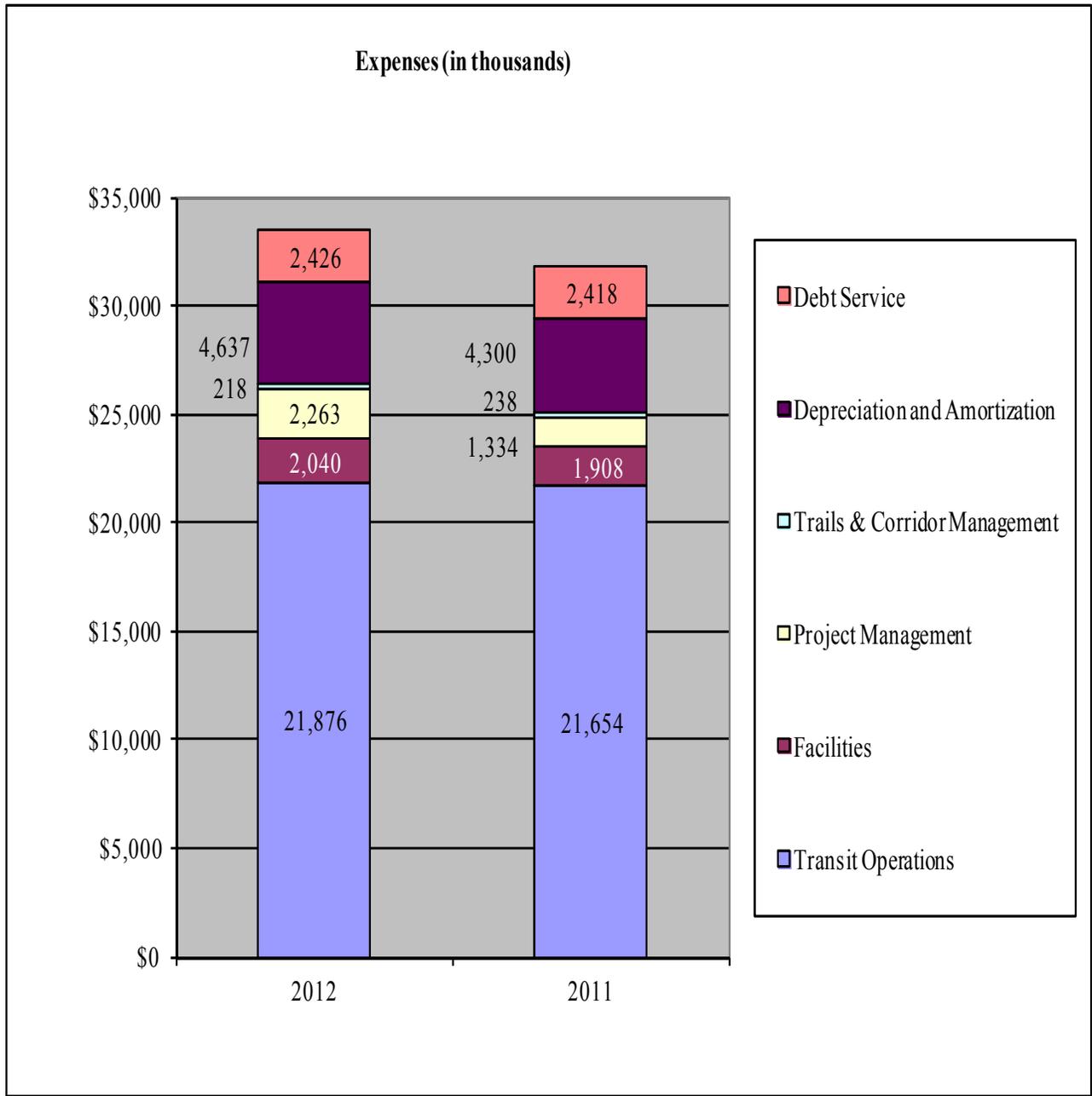
	<u>2012</u>	<u>2011</u>	<u>\$ dif</u>	<u>% dif</u>
Expenditure:				
Transit Operations	\$ 21,876	\$ 21,654	222	1.0%
Facilities	2,040	1,908	132	6.9%
Project Management	2,263	1,334	929	69.7%
Trails & Corridor Management	218	238	(20)	-8.6%
Depreciation and Amortization	4,637	4,300	337	7.8%
Debt Service	2,426	2,418	8	0.3%
Total Expenditure	<u>33,459</u>	<u>31,852</u>	1,607	5.0%
Other Financing Sources (Uses):				
Transfer to Other Funds	(3,210)	(1,954)	(1,255)	64.2%
Transfer from Other Funds	3,210	1,954	1,255	64.2%
Bond Premium	8	9	(1)	-12.4%
Bond Discount	(7)	(7)	-	0.0%
Sale of Assets	4	-	4	0.0%
Total Other Financing Sources (Uses)	<u>5</u>	<u>2</u>	2	111.8%
Change in Net Position	<u>7,327</u>	<u>3,753</u>	3,573	95.2%
Net Position - Beginning of Year	<u>43,355</u>	<u>39,602</u>	3,753	9.5%
Net Position - End of Year	<u>\$ 50,682</u>	<u>\$ 43,355</u>	7,327	16.9%

Financial Analysis of the Authority (continued)

For the Year Ended December 31, 2012 the following trends were noted:

- Transit Operations expenditure increase was primarily due to higher costs for Transit Fuel and Maintenance parts and repairs;
- Facilities expenditure increase was due to additional operating expenditures;
- Project management expenditures increase was based on the progression and needs of the BRT Project;
- Trails & Corridor Management expenditure decrease was due to delayed projects;
- Depreciation expenditure increase was primarily related to the initial depreciation of the GMF improvements and transit equipment from 2011.
- Debt service interest expenditure net increase was due to the first payment made on the Series 2012A bonds which were issued in August 2012 for the CNG Project.

Financial Analysis of the Authority (continued)

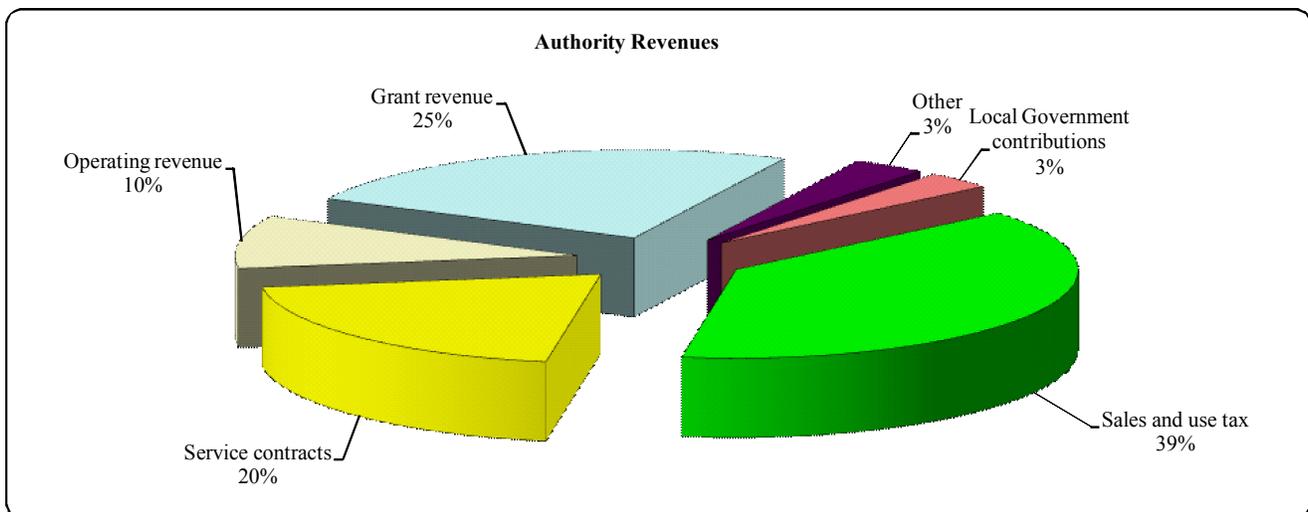


Financial Analysis of the Authority (continued)

The Authority receives revenues from various sources to fund the Administration, Transit and Trails Programs.

- Regional transit services are primarily funded through Sales and Use Tax and Operating revenues. Sales and Use Tax and Fees have been dedicated in various amounts by all member jurisdictions to fund regional services (see Notes to the Financial Statements, section V.B. Intergovernmental Agreement);
- Service contract revenue (cost allocation contracts) provides reimbursement of operating expenditures and a capital contribution for the services provided. The services provided under contract are typically within a limited area. See page B16 for a transit service area map. These services are identified as local circulator services. (see Notes to the Financial Statement, section V.D. Service Agreements);
- Operating revenues consist of transit fares collected on regional service routes; these routes are on the I-70 highway corridor between Rifle and Glenwood Springs, Colorado and State Highway 82 between Glenwood Springs and Aspen, Colorado. See page B16 for a transit service area map;
- Grant revenues are provided at the Federal or State level and funded capital and operating expenditures; the Authority received \$850,000 in operating grants;
- Local Jurisdictions mainly provide operating contributions;
- Other income includes the following: Fees, Investment income, Miscellaneous, Other capital contributions, Rental, Build America Bonds credit for interest expenditures paid on the related Series 2009B and Series 2010A bonds, and Qualified Energy Conservation Bonds credit for interest expenditures paid on the related Series 2012A bonds;

The following chart depicts the Authority’s 2012 revenues by percentage:



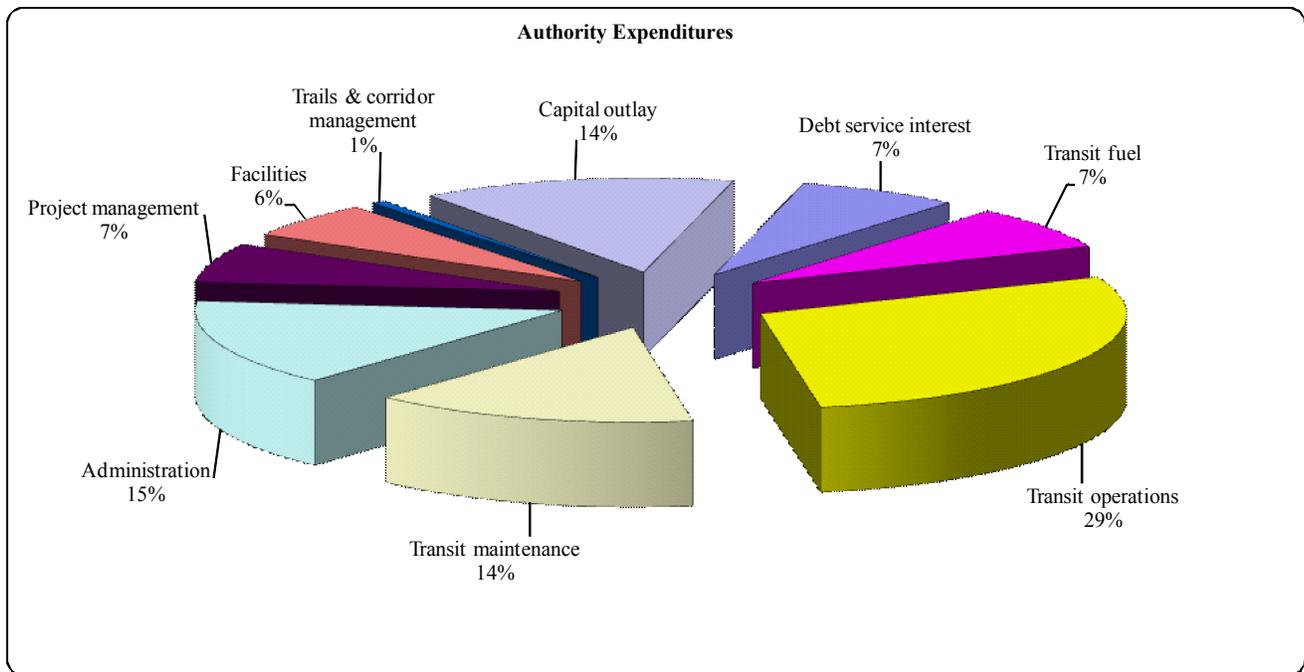
Details regarding the Authority’s revenue sources can be found on Pages C2.

Financial Analysis of the Authority (continued)

The Authority records the General Government activities as follows:

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

The following chart depicts the Authority’s 2012 expenditures:



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

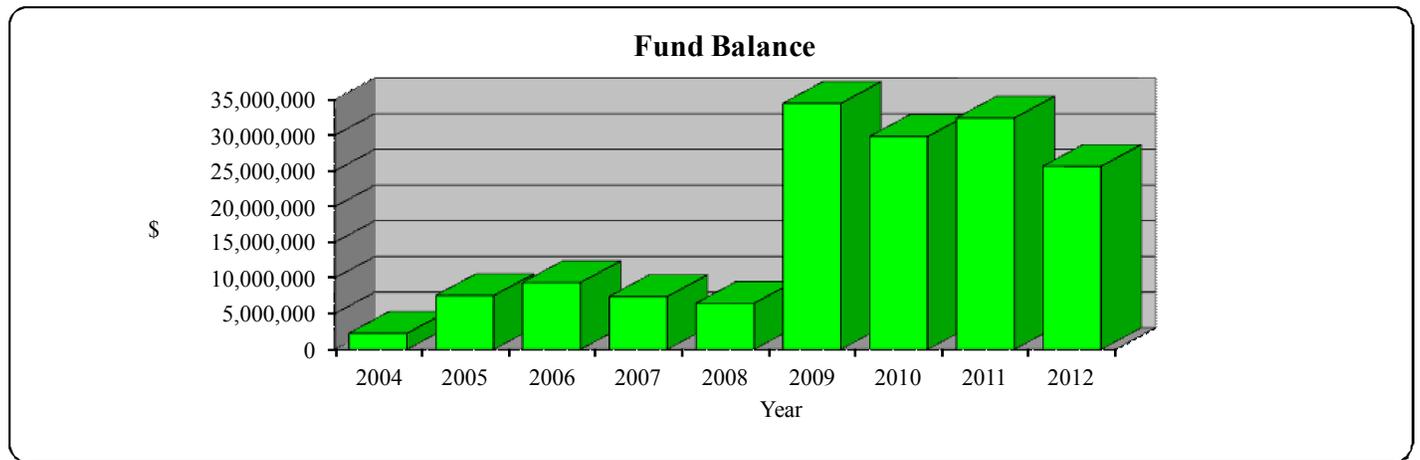
As of December 31, 2012 the Authority’s total fund balance was approximately \$25.7 million and has fluctuated dramatically in the recent past.

- The 2012/2011 decrease was due to the ongoing BRT Project expenditures;
- The 2011/2010 increase was primarily due to the timing of the VSS capital grant revenues;
- The 2010/2009 decrease was due to the ongoing BRT Project expenditures and GMF Repairs;
- The 2009/2008 significant increase was due to the \$27.5 million in proceeds from the Sales and Use Tax Revenue Bonds, Series 2009A & B;

Financial Analysis of the Authority (continued)

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

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



Major Capital Asset events

The BRT Project made significant progress with land acquisitions, construction of infrastructure, including BRT Stations and Park and Rides, and the implementation of Intelligent Transportation System, including a fixed route scheduling software, automatic vehicle locator, and electronic fare media. Approximately \$15.7 million of capital outlay and \$2.2 million of project management had been expended.

The Authority constructed a CNG fueling station at the Glenwood Maintenance Facility and related safety modifications to the building. Approximately \$4.9 million of capital outlay had been expended.

Major Debt events

The Authority issued \$6.65 million of Series 2012A Qualified Energy Conservation Bonds to finance the capital construction of a CNG fueling station and related safety modifications at the GMF. Additional debt information is available in the Notes to the Financial Statements, section V.F. Other Liabilities.

Long term Financial Plan

The Authority’s long-term goal is to maintain operating and capital reserves within Fund Balance in accordance with Management’s policies. Additionally, Management is planning for the implementation of the BRT Project. Please visit www.rftabrt.com for more information.

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

Financial Analysis of the Authority (continued)

The General Fund had an unassigned fund balance of \$688,000, while total fund balance reached \$6.38 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 3.6% of total general fund expenditures, while total fund balance represents 34% of that same amount.

The fund balance decreased by \$63,000 during the current fiscal year which fared better than the \$313,000 deficit reflected in the amended budget. This improvement was attributable primarily to savings from the Operations Department and unexpended budget in the Facilities and Trails Departments.

The Service Contract Special Revenue Fund had a total fund balance of zero as the fund accounts for contractual services where revenue covers operating activity.

The Bus Shelter and Park and Ride Special Revenue Fund had a total fund balance of \$235,000, all of which is restricted by enabling legislation for bus shelter and park and ride expenditure activities. The net increase in fund balance of \$100,000 was primarily due to vehicle registration fees exceeding expenditures.

The Mid Valley Trails Special Revenue Fund had a total fund balance of \$147,000, 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 \$16,000.

The Bus Rapid Transit Special Revenue Fund had a total fund balance of \$6.9 million, all of which is committed to fund the BRT Project. The net increase in fund balance was \$378,000. The sales and use tax produced revenues of \$5 million in the current fiscal year. The fund recorded project planning expenditures of \$1.5 million; additionally, the fund transferred out \$2 million for annual debt service on the Series 2009 and Series 2012 bonds and \$1.1 million for local funding related to the Intelligent Transportation Systems equipment used in BRT and non-BRT transit services.

The Capital Projects Fund had a total fund balance of \$9.8 million, of which \$7.8 million will fund certain and specific asset and infrastructure expenditures related to the BRT Project and \$2 million will fund the asset and infrastructure expenditures related to the Aspen Maintenance Facility (AMF) Project. The net decrease in fund balance was \$7.5 million. The Authority had \$2.2 million of project management expenditures related to the BRT Project and \$15.7 million of capital expenditures. The BRT Project expenditures were funded by the remaining proceeds from the Series 2009A & B bond issuance. The Authority had \$4.79 million of capital expenditures related to the BRT Project. The CNG Project expenditures were funded by the proceeds from the Series 2012A bond issuance. The AMF Project expenditures were funded by the proceeds from the Series 2010A bond issuance.

The Debt Service Fund had a total fund balance of \$2.16 million representing the required reserves for the Series 2009A & B and 2012A bonds and interest earned as required by resolution. The fund received a Build America Bonds credit of \$500,000 on the Series 2009B Build America Bonds, received a Qualified Energy Conservation Bond credit of \$45,000 on the Series 2012A QECCBs and a transfer from the BRT Special Revenue Fund for the remaining balance. Expenditures included \$1.67 million of debt service interest expenditures related to these bonds.

General Fund Budgetary Highlights

The Authority’s revenues exceeded budget by \$381,000. Expenditures were \$187,000 under budgeted. Significant budget variances were as follows:

Description	Final Budget	Actual	Variance Positive (Negative)	Reason
Revenues:				
Local government operating contributions	\$ 1,349,300	\$ 1,294,966	\$ (54,334)	Waived contribution for Allocated Traveler Program cost
Other income	342,761	410,853	68,092	Unpredictable reimbursements
Expenditures:				
Transit operations	5,672,546	5,613,425	(59,121)	Savings in compensation
Transit maintenance	2,968,386	3,043,212	74,826	Increase in parts and repair
Facilities	998,825	868,052	(130,773)	Savings in operating costs, particularly at the GMF due to CNG construction
Trails & corridor management	340,637	217,740	(122,897)	Delayed projects
Capital outlay	2,977,495	2,922,374	(55,121)	Savings

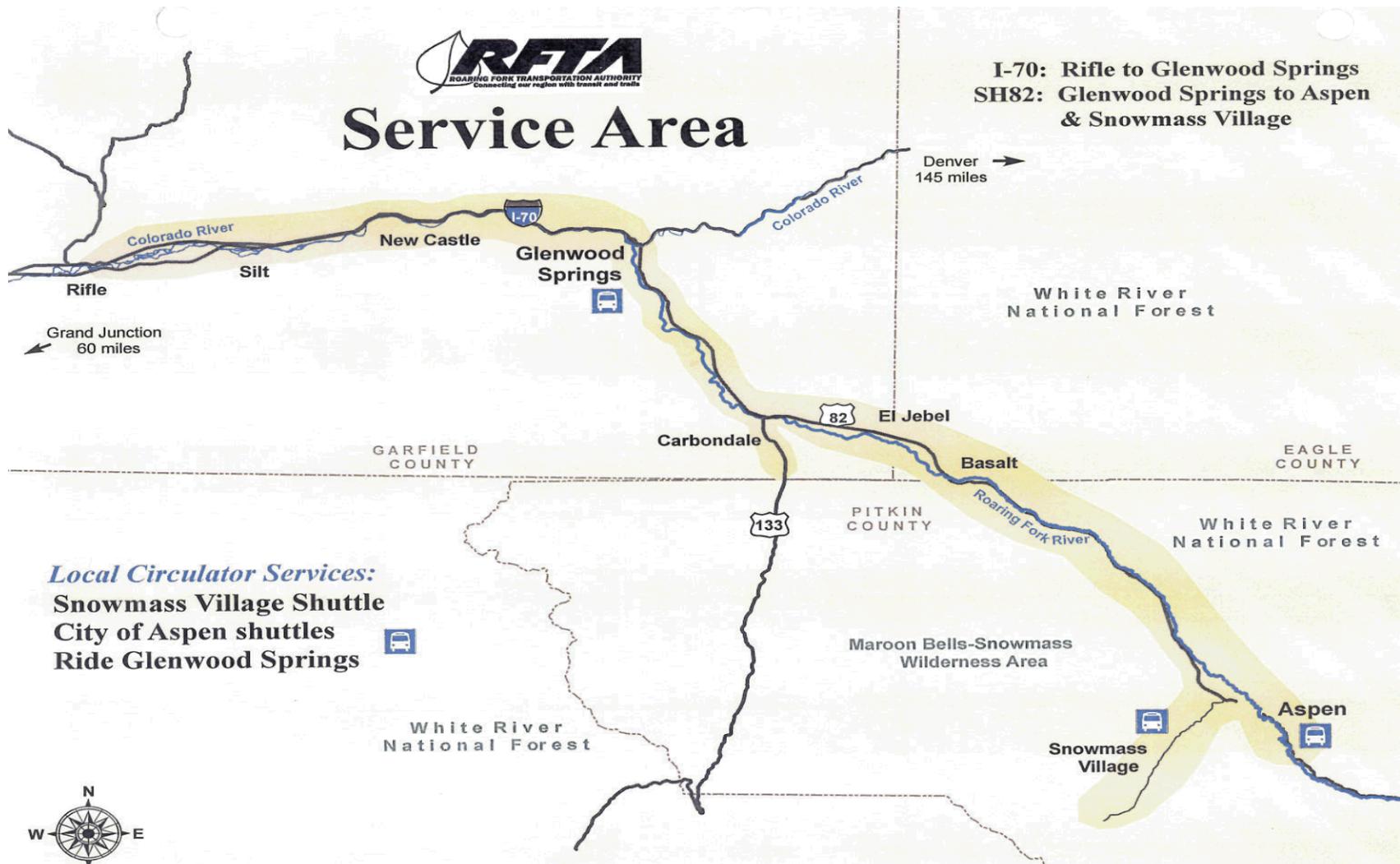
Subsequent Year’s Budget

- The Authority ended the year with a combined ending fund balance of \$25.7 million. The 2013 amended budget anticipates a decrease of \$7.1 million; the increase of \$874,000 in the General Fund is offset by a \$579,000 decrease in the Special Revenue Funds and \$7.4 million decrease in the Capital Projects Fund.
- With a slowly recovering economy, the subsequent year budget reflects a slight increase in transit expenditures in relation to the increase in sales tax, service contracts, and operating revenues;
- In August of 2011, the Authority was awarded a total of \$24.973 million from the FTA’s VSS capital grant which will help fund the BRT Project with a total cost of approximately \$46 million. The BRT project’s estimated completion is in the fall of 2013 where BRT service is anticipated to begin.

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 railroad right of way runs adjacent to the Highway 82, between Glenwood and connects with the Pitkin County trail before Aspen.





GOVERNMENT-WIDE FINANCIAL STATEMENTS

Roaring Fork Transportation Authority
Audited Balance Sheet/Statement of Net Position
December 31, 2012

	Funds Financial Statements							Total	Adjustments	Statement of Net Position
	General Fund	SRF Service Contracts	SRF Bus Shelter/PNR	SRF Mid Valley Trails	SRF Bus Rapid Transit	Capital Projects Fund	Debt Service Fund			
Assets:										
Cash and cash equivalents - unrestricted	\$ 5,595,367	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,595,367	\$ -	\$ 5,595,367
Cash and cash equivalents - restricted	539,169	-	-	-	-	-	2,157,546	2,696,715	54,847	2,751,562
Investments	1,284,233	-	201,344	140,625	6,031,389	7,349,449	-	15,007,040	-	15,007,040
Accounts receivable	667,030	870,733	34,587	-	-	-	1,512	1,573,862	58,000	1,631,862
Due from other funds	781,055	2,108	24,150	2,720	1,266	2,982,402	-	3,793,701	-	3,793,701
Due from other governments	1,988,378	-	-	6,388	889,191	2,657,333	-	5,541,290	-	5,541,290
Prepaid expenses	1,794	-	-	-	-	-	-	1,794	-	1,794
Inventory	773,377	-	-	-	-	907,036	-	1,680,413	-	1,680,413
Other assets, net of amortization	-	-	-	-	-	-	-	-	334,283	334,283
Capital assets	-	-	-	-	-	-	-	-	108,818,668	108,818,668
Accumulated depreciation	-	-	-	-	-	-	-	-	(34,891,911)	(34,891,911)
Total Assets	11,630,403	872,841	260,081	149,733	6,921,846	13,896,220	2,159,058	35,890,182	74,373,887	110,264,069
Deferred Outflows of Resources:										
Debt issuance costs, net of amortization	-	-	-	-	-	-	-	-	235,799	235,799
Deferred refunding costs, net of amortization	-	-	-	-	-	-	-	-	167,863	167,863
Total Deferred Outflows of Resources	-	-	-	-	-	-	-	-	403,662	403,662
Liabilities:										
Accounts payable	707,937	2,108	24,150	2,720	1,266	3,013,396	-	3,751,577	-	3,751,577
Due to other funds	3,012,646	779,542	-	-	-	-	1,513	3,793,701	-	3,793,701
Accrued expenses	1,524,403	3,070	826	-	6,394	1,040,488	-	2,575,181	66,610	2,641,791
Prepaid service agreement revenue	-	88,121	-	-	-	-	-	88,121	-	88,121
Accrued compensated absences	-	-	-	-	-	-	-	-	1,311,473	1,311,473
Accrued interest	-	-	-	-	-	-	-	-	207,581	207,581
Non-current liabilities:										
Due within one year	-	-	-	-	-	-	-	-	2,059,474	2,059,474
Due longer than one year	-	-	-	-	-	-	-	-	46,132,253	46,132,253
Total Liabilities	5,244,986	872,841	24,976	2,720	7,660	4,053,884	1,513	10,208,580	49,777,391	59,985,971
Fund Balance/Net Position:										
Fund Balance:										
Non-spendable fund balance	775,171	-	-	-	-	907,036	-	1,682,207	(1,682,207)	
Restricted fund balance	524,226	-	235,105	147,013	-	2,064,391	2,157,545	5,128,280	(5,128,280)	
Committed fund balance	4,398,000	-	-	-	6,914,186	6,870,909	-	18,183,095	(18,183,095)	
Unassigned fund balance	688,020	-	-	-	-	-	-	688,020	(688,020)	
Total Fund Balance	\$ 6,385,417	\$ -	\$ 235,105	\$ 147,013	\$ 6,914,186	\$ 9,842,336	\$ 2,157,545	\$ 25,681,602	(25,681,602)	
Net Position:										
Net investment in capital assets									35,911,649	35,911,649
Restricted									5,128,280	5,128,280
Unrestricted									9,641,831	9,641,831
Total Net Position									\$ 50,681,760	\$ 50,681,760

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

Roaring Fork Transportation Authority
Audited Statement of Revenues, Expenditures and Changes in Fund Balance/ Statement of Activities
For the Year Ended December 31, 2012

	Funds Financial Statements							Total	Adjustments	Statement of Activities
	General Fund	SRF Service Contracts	SRF Bus Shelter/ PNR	SRF Mid Valley Trails	SRF Bus Rapid Transit	Capital Projects Fund	Debt Service Fund			
Revenues:										
Sales and use tax revenue	\$ 10,666,657	\$ -	\$ -	\$ 35,527	\$ 5,064,434	\$ -	\$ -	\$ 15,766,618	\$ -	\$ 15,766,618
Service contracts	-	8,189,689	-	-	-	-	-	8,189,689	-	8,189,689
Operating revenues	3,818,789	135,101	-	-	-	-	-	3,953,890	-	3,953,890
Capital grant revenue	450,128	-	-	-	-	8,855,479	-	9,305,607	-	9,305,607
Operating grant revenues	830,550	20,000	-	-	-	-	-	850,550	-	850,550
Local government operating contributions	1,294,966	-	-	-	-	-	-	1,294,966	-	1,294,966
Other income	410,853	-	441,211	-	-	-	544,857	1,396,921	(26,017)	1,370,904
Investment income	2,246	-	33	247	9,028	32,087	5,192	48,833	-	48,833
Total Revenues	17,474,189	8,344,790	441,244	35,774	5,073,462	8,887,566	550,049	40,807,074	(26,017)	40,781,057
Expenditures/Expenses:										
Transit fuel	1,654,443	860,448	-	-	-	-	-	2,514,891	-	2,514,891
Transit operations	5,613,425	3,796,806	-	-	64,204	-	-	9,474,435	133,233	9,607,668
Transit maintenance	3,043,212	1,745,456	-	-	13,421	-	-	4,802,089	-	4,802,089
Administration	2,382,975	1,374,535	-	19,185	1,174,352	-	-	4,951,047	-	4,951,047
Project management	-	-	-	-	-	2,263,259	-	2,263,259	-	2,263,259
Facilities	868,052	567,545	301,390	-	302,810	-	-	2,039,797	-	2,039,797
Trails & corridor management	217,740	-	-	-	-	-	-	217,740	-	217,740
Capital outlay	2,922,374	-	-	-	19,878	20,677,368	-	23,619,620	(23,619,620)	-
Depreciation and amortization	-	-	-	-	-	-	-	-	4,637,015	4,637,015
Debt service:										
Principal	1,512,642	-	-	-	-	-	510,000	2,022,642	(2,022,642)	-
Interest	709,155	-	-	-	-	-	1,667,495	2,376,650	16,382	2,393,032
Cost of issuance	-	-	-	-	-	120,730	-	120,730	(88,034)	32,696
Total Expenditures/Expenses	18,924,018	8,344,790	301,390	19,185	1,574,665	23,061,357	2,177,495	54,402,900	(20,943,666)	33,459,234
Excess of Revenues Over Expenditures/ Expenses	(1,449,829)	-	139,854	16,589	3,498,797	(14,173,791)	(1,627,446)	(13,595,826)	20,917,649	7,321,823
Other Financing Sources (Uses):										
Transfer to other funds	-	-	(40,000)	-	(3,121,020)	(29,750)	(18,796)	(3,209,566)	-	(3,209,566)
Transfer from other funds	1,195,721	-	-	-	-	-	2,013,845	3,209,566	-	3,209,566
Bond issuance	-	-	-	-	-	6,650,000	-	6,650,000	(6,650,000)	-
Bond premium	-	-	-	-	-	-	-	-	8,289	8,289
Bond discount	-	-	-	-	-	-	-	-	(7,241)	(7,241)
Sale of assets	3,654	-	-	-	-	-	-	3,654	-	3,654
Lease proceeds	187,340	-	-	-	-	-	-	187,340	(187,340)	-
Total Other Financing Sources (Uses)	1,386,715	-	(40,000)	-	(3,121,020)	6,620,250	1,995,049	6,840,994	(6,836,292)	4,702
Change in Fund Balance/Net Position	(63,114)	-	99,854	16,589	377,777	(7,553,541)	367,603	(6,754,832)	14,081,357	7,326,525
Fund Balance/Net Position:										
Beginning of Year	6,448,531	-	135,251	130,424	6,536,409	17,395,877	1,789,942	32,436,434		43,355,235
End of Year	\$ 6,385,417	\$ -	\$ 235,105	\$ 147,013	\$ 6,914,186	\$ 9,842,336	\$ 2,157,545	\$ 25,681,602		\$ 50,681,760

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

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
General Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Sales and use tax revenue	\$ 10,125,000	\$ 10,666,000	\$ 10,666,657	\$ 657
Operating revenues	3,825,000	3,825,000	3,818,789	(6,211)
Capital grant revenue	1,590,056	453,200	450,128	(3,072)
Operating grant revenues	830,550	830,550	830,550	-
Local government operating contributions	1,420,935	1,349,300	1,294,966	(54,334)
Other income	342,761	342,761	410,853	68,092
Investment income	8,000	8,000	2,246	(5,754)
Total Revenues	<u>18,142,302</u>	<u>17,474,811</u>	<u>17,474,189</u>	<u>(622)</u>
Expenditures:				
Transit fuel	1,474,889	1,659,889	1,654,443	5,446
Transit operations	5,683,097	5,672,546	5,613,425	59,121
Transit maintenance	2,968,386	2,968,386	3,043,212	(74,826)
Administration	2,356,080	2,376,631	2,382,975	(6,344)
Facilities	972,825	998,825	868,052	130,773
Trails & corridor management	353,637	340,637	217,740	122,897
Capital outlay	2,808,331	2,977,495	2,922,374	55,121
Debt service:				
Principal	1,499,297	1,519,885	1,512,642	7,243
Interest	735,027	714,439	709,155	5,284
Total Expenditures/Expenses	<u>18,851,569</u>	<u>19,228,733</u>	<u>18,924,018</u>	<u>304,715</u>
Excess of Revenues Over Expenditures/Expenses	<u>(709,267)</u>	<u>(1,753,922)</u>	<u>(1,449,829)</u>	<u>304,093</u>
Other Financing Sources / (Uses)				
Transfer from other funds	594,781	1,244,071	1,195,721	(48,350)
Sale of fixed assets	-	-	3,654	3,654
Capital lease proceeds	197,000	197,000	187,340	(9,660)
Total Other Financing Sources / (Uses)	<u>791,781</u>	<u>1,441,071</u>	<u>1,386,715</u>	<u>(54,356)</u>
Change in Fund Balance	<u>\$ 82,514</u>	<u>\$ (312,851)</u>	<u>(63,114)</u>	<u>\$ 249,737</u>
Fund Balance:				
Beginning of Year			<u>6,448,531</u>	
End of Year			<u>\$ 6,385,417</u>	

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, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Service contracts	\$ 8,319,965	\$ 8,189,689	\$ (130,276)
Operating revenues	-	135,101	135,101
Operating grant revenue	20,000	20,000	-
Total Revenues	<u>8,339,965</u>	<u>8,344,790</u>	<u>4,825</u>
Expenditures:			
Transit fuel	862,111	860,448	1,663
Transit operations	7,417,234	3,796,806	3,620,428
Transit maintenance	20,000	1,745,456	(1,725,456)
Administration	40,620	1,374,535	(1,333,915)
Facilities	-	567,545	(567,545)
Total Expenditures/Expenses	<u>8,339,965</u>	<u>8,344,790</u>	<u>(4,825)</u>
Excess of Revenues Over Expenditures/Expenses	<u>-</u>	<u>-</u>	<u>-</u>
Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Fund Balance:			
Beginning of Year		-	
End of Year		<u>\$ -</u>	

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Other income	\$ 324,000	\$ 324,000	\$ 441,211	\$ 117,211
Investment income	-	-	33	33
Total Revenues	<u>324,000</u>	<u>324,000</u>	<u>441,244</u>	<u>117,244</u>
Expenditures:				
Facilities	283,990	301,390	301,390	-
Total Expenditures/Expenses	<u>283,990</u>	<u>301,390</u>	<u>301,390</u>	<u>-</u>
Excess of Revenues Over Expenditures/Expenses				
	<u>40,010</u>	<u>22,610</u>	<u>139,854</u>	<u>117,244</u>
Other Financing Sources / (Uses)				
Transfers to other funds	(40,000)	(40,000)	(40,000)	-
Total Other Financing Sources / (Uses)	<u>(40,000)</u>	<u>(40,000)</u>	<u>(40,000)</u>	<u>-</u>
Change in Fund Balance	<u>\$ 10</u>	<u>\$ (17,390)</u>	99,854	<u>\$ 117,244</u>
Fund Balance:				
Beginning of Year			135,251	
End of Year			<u>\$ 235,105</u>	

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, 2012

	Original and Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Sales and use tax revenue	\$ 40,000	\$ 35,527	\$ (4,473)
Investment income	750	247	(503)
Total Revenues	40,750	35,774	(4,976)
Expenditures:			
Administration	17,000	19,185	(2,185)
Trails & corridor management	50,500	-	50,500
Total Expenditures	67,500	19,185	48,315
Excess (Deficiency) of Revenues Over Expenditures	(26,750)	16,589	43,339
Change in Fund Balance	\$ (26,750)	16,589	\$ 43,339
Fund Balance:			
Beginning of Year		130,424	
End of Year		\$ 147,013	

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

Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Bus Rapid Transit Fund
Special Revenue Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Sales and use tax revenue	\$ 5,113,000	\$ 5,113,000	\$ 5,064,434	\$ (48,566)
Investment income	16,000	16,000	9,028	(6,972)
Total Revenues	<u>5,129,000</u>	<u>5,129,000</u>	<u>5,073,462</u>	<u>(55,538)</u>
Expenditures:				
Transit operations	77,033	63,482	64,204	(722)
Transit maintenance	13,567	13,567	13,421	146
Administration	1,248,470	1,422,021	1,174,352	247,669
Facilities	372,711	372,711	302,810	69,901
Capital outlay	33,000	33,000	19,878	13,122
Total Expenditures/Expenses	<u>1,744,781</u>	<u>1,904,781</u>	<u>1,574,665</u>	<u>330,116</u>
Excess of Revenues Over Expenditures/Expenses	<u>3,384,219</u>	<u>3,224,219</u>	<u>3,498,797</u>	<u>274,578</u>
Other Financing Sources / (Uses)				
Transfers to other funds	<u>(2,146,777)</u>	<u>(3,163,671)</u>	<u>(3,121,020)</u>	<u>42,651</u>
Total Other Financing Sources / (Uses)	<u>(2,146,777)</u>	<u>(3,163,671)</u>	<u>(3,121,020)</u>	<u>42,651</u>
Change in Fund Balance	<u>\$ 1,237,442</u>	<u>\$ 60,548</u>	<u>377,777</u>	<u>\$ 317,229</u>
Fund Balance:				
Beginning of Year			<u>6,536,409</u>	
End of Year			<u>\$ 6,914,186</u>	

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, 2012

I. Summary of Significant Accounting Policies

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

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

A. Reporting Entity

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

B. Government-wide and Fund Financial Statements

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

1. Government-wide Financial Statements

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

2. Fund Financial Statements

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

The Authority reports seven funds:

- **General Fund** – accounts for all activities of the general government except those accounted for in the special revenue, capital projects, debt service, and reserve funds.
- **Service Contract Special Revenue Fund** – reports revenue and operating activity for additional services based on contractual agreement.
- **Bus Shelter and Park and Ride Special Revenue Fund** – reports vehicle fee revenue and bus shelter and park and ride expenditure activity as required by State rural transit authority enabling legislation.
- **Mid Valley Trails Special Revenue Fund** – reports transactions restricted to trail activities in accordance with the June 2002 resolution where the Authority adopted the Eagle County Mid Valley Trails Committee which administers all aspects of appropriating the funds and the Authority provides accounting of the funds and other services as requested by the Committee.
- **Bus Rapid Transit Special Revenue Fund** – reports operating activity committed for the planning of the Bus Rapid Transit project by the November 2008 voter approved 0.4% increase in sales tax.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

2. Fund Financial Statements (continued)

- **Capital Projects Fund** – reports all expenditures related to the BRT Project for assets and infrastructure using proceeds from Series 2009A, 2009B and 2012A bonds and grants from the Federal Transit Administration’s Very Small Starts Program. Also reports all expenditures related to the Compressed Natural Gas project using proceeds from the 2012A bonds and the Aspen Maintenance Facility Recommissioning Project for assets and infrastructure using proceeds from Series 2010A bonds.
- **Debt Service Fund** – reports all principal and interest expenditures for the Series 2009A \$6.5 million bond issuance, Series 2009B \$21 million Build America Bonds issuance, 2012A \$6.65 million Qualified Energy Conservation Bond issuance, interest earned, and the required reserves for these bonds

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

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

1. Long-term Economic Focus and Accrual Basis

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

2. Current Financial Focus and Modified Accrual Basis

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

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

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

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

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

D. Financial Statement Accounts

1. Deposits and Investments

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

Cash and cash equivalents –restricted are defined as certain proceeds from debt issuance with limited use by applicable debt covenants.

The Authority has adopted a formal investment policy to manage its safety of principal, liquidity to meet all operating requirements, and yield. The following is a summary of relevant guidelines from the policy:

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

1. Deposits and Investments (continued)

- **Diversification** – The investments shall be diversified by limiting investments to avoid over concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities), limiting investment in securities that have higher credit risks, investing in securities with varying maturities, and continuously investing a portion of the portfolio in readily available funds such as local government surplus funds trust funds, money market funds or overnight repurchase agreements to ensure that appropriate liquidity is maintained in order to meet ongoing obligations.
- **Maturity** – Investment maturities shall be based on the anticipated cash flow requirements of the Authority. Unless matched to a specific cash flow, the Authority will not directly invest in securities maturing more than five (5) years. The Authority adopts weighted average maturity limitations (which often range from 90 days to 3 years). Reserve funds and other funds with longer-term investment horizons may be invested in securities exceeding five (5) years if the maturities of such investments are made to coincide with the expected use of funds.

2. Receivables

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

3. Inventory

Inventory consists of bus equipment parts and stockpiled materials on hand, related to construction, and is recorded at the lower of cost or market.

4. Prepaid Items

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

5. Debt Issuance Costs

Issuance costs for long-term bonds and debt payable are recorded and amortized over the term to maturity of the debt, using the straight-line method.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

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, 240 hours for compensatory time, and no maximum accrual for sick time. Upon an employee's separation from service from the Authority, the Authority pays the full amount of accrued vacation time and accrued compensatory time. Accrued sick time is also paid out, up to a maximum of 33% of 400 accrued hours.

At year end, the estimated value of accumulated compensated absence leave, including the Authority's portion of employment costs, is \$1,311,473.

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 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>Assets</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.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Deferred Outflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The Authority has two items which qualify for reporting in this category. They are the deferred charge on refunding and debt issuance costs. 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. Debt issuance costs amortized over the term to maturity of the debt.

9. Categories and Classification of Fund Balance

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

The Authority classifies governmental fund balances as follows:

- 1. Non-spendable** – includes fund balance amounts that cannot be spent either because it is not in spendable form or because of legal or contractual requirements.
 - **Restricted** – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Categories and Classification of Fund Balance (continued)

2. Spendable Fund Balance:

- **Committed** - includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision making authority which is the Authority's Board of Directors. For details on the Authority's budget process, refer to Note III.A.
- **Assigned** - includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board or its management designee.
- **Unassigned** - includes residual positive fund balance within the General Fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Authority uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

9. Categories and Classification of Fund Balance (continued)

The following are fund definitions:

- **General Fund** – The general fund is used to account for and report all financial resources not accounted for and reported in another fund.
- **Special Revenue Funds** – Special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The term “proceeds of specific revenue sources” establishes that one or more specific restricted or committed revenues should be the foundation for a special revenue fund.
- **Capital Projects Funds** –Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. Capital projects funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments.
- **Debt Service Funds** – Debt service funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. Debt service funds should be used to report resources if legally mandated. Financial resources that are being accumulated for principal and interest maturing in future years also should be reported in debt service funds.

E. Significant Accounting Policies

1. Use of Estimates

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

II. Reconciliation of Government-wide and Fund Financial Statements

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

The governmental fund Balance Sheet includes reconciliation between Fund balance – Governmental funds and Net Position – Governmental activities as reported in the government-wide Statement of Net Position. The Authority adds capital assets net of depreciation of \$73,926,757. Another element of this reconciliation adds long-term debt relating to Pitkin County, Colorado’s Series 2010A & B sales tax revenue bonds. The Authority has agreed to the repayment of this debt through its Pitkin County dedicated sales tax. Additional long-term debt includes 2005 Certificates of Participation, Series 2009A & B bonds, Series 2012A bonds, and various capital leases. The Authority also has deferred refunding costs of \$167,863 relating to all the aforementioned debt

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

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance includes reconciliation between Net change in fund balance – Governmental funds and Changes in net position – Governmental activities as reported in the government-wide Statement of Activities. The Authority also reduces capital outlay in the amount of \$23,571,175 for assets which have been capitalized.

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 2012.

- (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.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

A. Budgets and Budgetary Accounting (continued)

All appropriations lapse at year end. During the year, eight 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 2012 appropriations were increased as follows:

<u>Resolution</u>	<u>General Fund</u>	<u>SRF Bus Shelter/PNR</u>	<u>SRF Bus Rapid Transit Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total</u>
Original Appropriation						\$ 57,424,393
<i>Changes to annual appropriations:</i>						
Resolution No. 2012-02	\$ 274,390	-	339,390	7,576,000	-	8,189,780
Resolution No. 2012-05	(369,091)	-	-	-	-	(369,091)
Resolution No. 2012-06	7,318,600	-	469,900	-	-	7,788,500
Resolution No. 2012-07	119,800	17,400	-	78,467	-	215,667
Resolution No. 2012-10	-	-	450,000	-	-	450,000
Resolution No. 2012-11	(6,706,000)	-	(82,396)	5,700,000	74,330	(1,014,066)
Resolution No. 2012-13	315,000	-	-	-	-	315,000
Resolution No. 2013-03	(575,535)	-	-	(11,684,532)	-	(12,260,067)
<i>Total changes to annual appropriations</i>	<u>\$ 377,164</u>	<u>17,400</u>	<u>1,176,894</u>	<u>1,669,935</u>	<u>74,330</u>	<u>\$ 3,315,723</u>
Final Appropriation						<u>\$ 60,740,116</u>

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 \$524,226 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2012.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

III. Stewardship, Compliance, and Accountability (continued)

B. TABOR Amendment (continued)

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

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

C. Excess of Expenditures over Appropriations

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all funds. All annual appropriations lapse at fiscal year-end. The appropriated budget is prepared by fund, by object. The Authority may make transfers of appropriations within a fund. Transfers of appropriations between funds require approval of the Board. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is the fund level.

The Authority's Service Contract Special Revenue Fund had expenditures in excess of appropriations of \$4,825. Expenditures are budgeted based upon estimated levels of contracted transit service and are funded entirely by revenues from service contract customers. In the current year, actual transit service levels were higher than anticipated resulting in expenditures in excess of appropriations. The Authority collected additional revenue from its service contract customers in order to pay for these additional costs. As a result, the Service Contract Special Revenue Fund ended the year with a zero change in net position as the costs to provide contracted transit services were funded entirely by revenues from service contract customers.

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.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

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	\$ 4,250	\$ 4,250	\$ -
Checking	Not Rated	433,413	433,413	-
Short Term Investment Accounts	Not Rated	8,925,766	8,925,766	-
Short Term Investment Accounts	AAAm	13,396,524	13,396,524	-
Deposits held by Trustee	AAAm	539,169	539,169	-
Deposits held by Pitkin County Treasurer	Not Rated	54,847	54,847	-
Total		<u>\$ 23,353,969</u>	<u>\$ 23,353,969</u>	<u>\$ -</u>

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, 2012, the government's Deposits held by Trustee was invested in The First American Treasury Obligations Fund and was rated Aaa-mf by Moody's Investor Service, AAAm by Standard and Poor's and AAmmf by Fitch Ratings. As of December 31, 2012, a significant portion of the government's short-term investments were held by ColoTrust and was rated AAAm by Standard and Poor's.

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.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

Custodial Credit Risk - Deposits: In the case of deposits, this is the risk that in the event of bank failure, the Authority's deposits may be returned to it. The Authority's deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). The FDIC insures the first \$250,000 of the Authority's interest-bearing deposits at each financial institution. Non-interest bearing deposits are fully insured by the FDIC. Interest-bearing deposit balances over \$250,000 are collateralized as required by PDPA.

Custodial Credit Risk – Investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All investments are made in the name of the Authority. Marketable securities are held by either (1) a third-party custodian as evidenced by safekeeping receipts or (2) a broker-dealer in a customer account that is insured by the Securities Investor Protection Corporation and supplemental insurance for the maximum held in such account.

B. Receivables

Accounts receivable is due primarily from 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, 2012 and anticipates the collection of all receivables.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

C. Capital Assets

Capital asset activity for the year ended December 31, 2012 was as follows:

	<u>12/31/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/12</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Construction in progress	\$ 3,763,597	\$ 16,093,013	\$ -	\$ 19,856,610
Land and improvements	12,985,561	5,555,854	-	18,541,415
Total Capital Assets, Not Being Depreciated	<u>16,749,158</u>	<u>21,648,867</u>	<u>-</u>	<u>38,398,025</u>
Capital assets, being depreciated:				
Buildings	5,916,422	-	-	5,916,422
Improvements other than buildings	13,406,863	92,115	-	13,498,978
Equipment	49,953,667	1,830,193	(778,616)	51,005,244
Total Capital Assets Being Depreciated	<u>69,276,952</u>	<u>1,922,308</u>	<u>(778,616)</u>	<u>70,420,644</u>
Less accumulated depreciation for:				
Buildings	(4,033,794)	(109,567)	-	(4,143,361)
Improvements other than buildings	(2,466,176)	(757,593)	-	(3,223,769)
Equipment	(24,574,785)	(3,728,613)	778,616	(27,524,782)
Total Accumulated Depreciation	<u>(31,074,755)</u>	<u>(4,595,773)</u>	<u>778,616</u>	<u>(34,891,912)</u>
Total Capital Assets, Being Depreciated, Net	<u>38,202,197</u>	<u>(2,673,465)</u>	<u>-</u>	<u>35,528,732</u>
Governmental Activities Capital Assets, Net	<u>\$ 54,951,355</u>	<u>\$ 18,975,402</u>	<u>\$ -</u>	<u>\$ 73,926,757</u>

D. Interfund Transfers

Interfund balances as of December 31, 2012 are comprised of the following interfund transfers:

	<u>Transfer In:</u>			<u>Total</u>
	<u>General Fund</u>	<u>Bus Rapid Transit Special Revenue Fund</u>	<u>Debt Service Fund</u>	
Transfer Out:				
Bus Shelter/PNR Special Revenue Fund	\$ 40,000	\$ -	\$ -	\$ 40,000
Bus Rapid Transit Special Revenue Fund	1,125,971	-	2,013,845	3,139,816
Capital Projects Fund	29,750	-	-	29,750
Debt Service Fund	-	18,796	-	18,796
Total	<u>\$ 1,195,721</u>	<u>\$ 18,796</u>	<u>\$ 2,013,845</u>	<u>\$ 3,228,362</u>

The Bus Shelter/PNR Special Revenue Fund transfer reimbursed the General Fund for expenditures paid by the General Fund. Bus Rapid Transit Special Revenue Fund transfers were to help fund Intelligent Transportation Systems equipment that will be used in providing the BRT and non-BRT transit service and also debt service. The Capital Projects Fund transfers were used to move a portion of the tax-exempt bond issuance proceeds to the General Fund for the reimbursement of allowable general administrative expenditures. The Debt Service Fund transfer returned funds in excess of the reserve requirement to the Bus Rapid Transit Special Revenue Fund.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

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

At December 31, 2012, the fund balance of the Authority's General Fund was restricted and committed for the following:

Non-spendable for inventory & prepaids	\$ 775,171
Restricted	524,226
Committed for Transit	135,000
Committed for Trails	375,000
Committed for Facilities	375,000
Committed for Operating Reserves	<u>3,513,000</u>
Total	<u><u>\$ 5,697,397</u></u>

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

At December 31, 2012, the fund balance of the BRT Special Revenue Fund was committed for the following specific purposes by the Authority:

Committed for Series 2009A debt service	\$ 692,775
Committed for Series 2009B debt service	928,971
Committed for Series 2012A debt service	43,087
Committed for the BRT Project and transit expenditures	<u>5,249,353</u>
Total	<u><u>\$ 6,914,186</u></u>

At December 31, 2012, the fund balance of the Capital Projects Fund was restricted and committed for the following:

Non-spendable for inventory & prepaids	\$ 907,036
Restricted for facilities	2,064,391
Committed for the BRT Project	<u>6,870,909</u>
Total	<u><u>\$ 9,842,336</u></u>

Funds restricted for facilities are from the Pitkin County 2010 bond issuance. Additional amounts have been committed for the Authority for the BRT Project.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

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

At December 31, 2012, the fund balance of the Debt Service Fund was restricted and committed for the following:

Restricted for debt	<u>\$ 2,157,545</u>
Total	<u><u>\$ 2,157,545</u></u>

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

F. Other Liabilities

1. Sales Tax Revenue Bonds

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

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

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

1. Sales Tax Revenue Bonds (continued)

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

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

The Authority had \$10,405,000 of authorized unissued debt as of December 31, 2012. The Authority was allocated \$1,300,000 of QECB Bonds which they anticipate issuing in 2013.

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

3. Capital Leases

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

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

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

3. Capital Leases (continued)

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 2009, the Authority signed a lease for an administrative automobile totaling \$37,875. The lease carries an interest rate of 5.9% with a final maturity of 2013.

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

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

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

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

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

4. Changes in Debt

The Authority had the following changes in its outstanding debt:

	<u>12/31/11</u>	<u>Increases</u>	<u>Decreases</u>	<u>12/31/12</u>	<u>Due within one year</u>
Bonds payable:					
Sales tax revenue bonds:					
Series 2009A	\$ 5,210,000	\$ -	\$ (510,000)	\$ 4,700,000	\$ 525,000
Series 2009B	21,310,000	-	-	21,310,000	-
Series 2010A	2,530,000	-	-	2,530,000	-
Series 2010B	5,545,000	-	(305,000)	5,240,000	315,000
Series 2012A	-	6,650,000	-	6,650,000	-
Certificates of participation:					
Series 2005	1,820,000	-	(335,000)	1,485,000	350,000
Less deferred amounts:					
Issuance premiums and discounts	(472,774)	(120,730)	38,919	(554,585)	-
On refunding	(191,850)	-	23,987	(167,863)	-
Capital leases:				-	
2007	3,220,454	-	(521,803)	2,698,651	544,579
2008 Parker House	2,021,124	-	(85,966)	1,935,158	89,816
2008 Admin Vehicles	50,907	-	(35,106)	15,801	15,801
2008 Buses	665,742	-	(139,884)	525,858	144,368
2009 Admin Vehicle	10,797	-	(9,808)	989	989
1340 Main Street, Carbondale	993,007	-	(31,600)	961,407	33,336
2012 Ford F250s (2)	-	71,925	(19,608)	52,317	16,417
2012 Bobcat	-	37,500	(10,179)	27,321	8,600
2012 Manlift	-	47,690	(10,409)	37,281	8,705
2012 Ford Explorer	-	30,225	(8,279)	21,946	6,863
Total bonds payable	<u>42,712,407</u>	<u>6,716,610</u>	<u>(1,959,736)</u>	<u>47,469,281</u>	<u>2,059,474</u>
Compensated absences	1,226,685	84,788	-	1,311,473	-
Long-term liabilities	<u><u>\$ 43,939,092</u></u>	<u><u>\$ 6,801,398</u></u>	<u><u>\$ (1,959,736)</u></u>	<u><u>\$ 48,780,754</u></u>	<u><u>\$ 2,059,474</u></u>

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

5. Future Debt Payments

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

Year	2005 Certificates of Participation		2007 Capital Lease-Bus		2008 Capital Lease-Bus	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 350,000	\$ 64,613	\$ 544,579	\$ 104,902	\$ 144,368	\$ 15,584
2014	360,000	50,175	568,350	81,131	148,995	10,956
2015	380,000	34,875	593,158	56,323	153,771	6,181
2016	395,000	17,775	619,049	30,432	78,724	1,252
2017	-	-	373,515	5,348	-	-
Total	\$ 1,485,000	\$ 167,438	\$ 2,698,651	\$ 278,136	\$ 525,858	\$ 33,973

Year	2008 Capital Lease-Admin Veh.		2008 Capital Lease-Parker House		2009 Capital Lease-Admin Veh.	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 15,801	\$ 231	\$ 89,816	\$ 83,161	\$ 989	\$ 5
2014	-	-	93,840	79,137	-	-
2015	-	-	98,043	74,934	-	-
2016	-	-	102,435	70,542	-	-
2017	-	-	107,023	65,954	-	-
2018-2022	-	-	611,469	253,416	-	-
2023-2027	-	-	761,252	103,633	-	-
2028-2032	-	-	71,280	784	-	-
Total	\$ 15,801	\$ 231	\$ 1,935,158	\$ 731,561	\$ 989	\$ 5

Year	2009A Sales/Use Tax Rev. Bonds		2009B Sales/Use Tax Rev. Bonds		2010A Sales/Use Tax Rev. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 525,000	\$ 167,475	\$ -	\$ 1,429,186	\$ -	\$ 173,032
2014	540,000	151,725	-	1,429,186	-	173,032
2015	555,000	135,525	-	1,429,186	-	173,032
2016	570,000	118,875	-	1,429,186	-	173,032
2017	590,000	98,925	-	1,429,186	-	173,032
2018-2022	1,920,000	155,600	1,715,000	7,090,372	-	865,160
2023-2027	-	-	4,980,000	5,947,143	135,000	865,159
2028-2032	-	-	5,520,000	4,190,445	765,000	721,812
2033-2037	-	-	5,095,000	2,390,162	955,000	437,856
2038-2042	-	-	4,000,000	470,571	675,000	95,064
Total	\$ 4,700,000	\$ 828,125	\$ 21,310,000	\$ 27,234,623	\$ 2,530,000	\$ 3,850,211

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

IV. Detailed Notes on All Funds (continued)

F. Other Liabilities (continued)

5. Future Debt Payments (continued)

Year	2010B Sales/Use Tax Rev. Bonds		1340 Main Street, Carbondale		2012A Sales/Use Tax Rev. Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 315,000	\$ 170,131	\$ 33,336	\$ 43,167	\$ -	\$ 219,694
2014	320,000	163,831	34,758	41,620	340,000	219,694
2015	325,000	157,431	36,375	40,001	340,000	217,008
2016	330,000	150,931	38,070	38,306	340,000	213,030
2017	340,000	142,194	39,844	36,532	340,000	207,046
2018-2022	1,860,000	553,070	228,855	153,026	1,700,000	915,618
2023-2027	1,750,000	184,406	287,372	94,508	1,740,000	626,450
2028-2032	-	-	262,797	23,613	1,850,000	252,000
Total	\$ 5,240,000	\$ 1,521,994	\$ 961,407	\$ 470,773	\$ 6,650,000	\$ 2,870,540

Year	2012 Capital Lease - Ford F250		2012 Capital Lease - Bobcat		2012 Capital Lease - Manlift	
	Principal	Interest	Principal	Interest	Principal	Interest
2013	\$ 16,417	\$ 3,191	\$ 8,600	\$ 1,579	\$ 8,705	\$ 1,704
2014	17,419	2,190	9,097	1,082	9,103	1,306
2015	18,481	1,127	9,622	556	9,519	890
2016	-	-	-	-	9,954	455
Total	\$ 52,317	\$ 6,508	\$ 27,319	\$ 3,217	\$ 37,281	\$ 4,355

Year	2012 Capital Lease - Ford Explorer		Totals	
	Principal	Interest	Principal	Interest
2013	\$ 6,863	\$ 1,416	\$ 2,059,474	\$ 2,479,071
2014	7,306	973	2,448,868	2,406,038
2015	7,777	502	2,526,746	2,327,571
2016	-	-	2,483,232	2,243,816
2017	-	-	1,790,382	2,158,217
2018-2022	-	-	8,035,324	9,986,262
2023-2027	-	-	9,653,624	7,821,299
2028-2032	-	-	8,469,077	5,188,654
2033-2037	-	-	6,050,000	2,828,018
2038-2042	-	-	4,675,000	565,635
Total	\$ 21,946	\$ 2,891	\$ 48,191,727	\$ 38,004,581

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, 2012.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

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.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

V. Other Information (continued)

C. Intergovernmental Agreement - Town of Basalt

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

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

In June 2013, the Board agreed to amend the IGA and MOU subject to subsequent approval from General Counsel. The amendment will reduce the loan amount to \$405,500, and is anticipated to be paid back within 6 years. There will also be a cash contribution, by the Authority, of \$59,500.

D. Service Agreements

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

- **Aspen Skiing Company Skier Shuttles** – The Authority operates skier shuttles on behalf of Aspen Skiing Company. The agreement provides for reimbursement of operational expenses and a capital cost recovery component.
- **Ride Glenwood Springs** – The Authority operates mini shuttles on behalf of the City of Glenwood Springs, Colorado. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service revenue on the Authority’s financial statements.
- **City of Aspen** –The Authority operates local service for the City of Aspen shuttles. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service revenue on the Authority’s financial statements. A portion of the proceeds of the Pitkin County mass transit sales tax, parking revenues and the 0.5% City of Aspen Visitor Benefit tax indicated above are applied towards the cost of this service contract.
- **The Travelers** – The Authority operates Senior and Americans with Disabilities Act services in Garfield County. The agreement provides for reimbursement of operational expenses and a capital cost recovery component. Reimbursement is accounted for as municipal service contract revenue on the Authority’s financial statements.

E. Contingent Liabilities

As of December 31, 2012, the Authority maintained an unused letter of credit of \$1 million from Alpine Bank; therefore, no obligation exists at the end of the year. The Authority plans to renew this letter of credit in the subsequent year.

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

V. Other Information (continued)

F. Employee Benefits

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

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

G. Retirement Plans

1. Deferred Compensation Plan – Section 457

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

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

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

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

Roaring Fork Transportation Authority
Notes to the Financial Statements
December 31, 2012
(Continued)

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 Great West Retirement Services, Inc.

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

The Plan sponsor is the only contributor to the Plan. All Authority employees receive a 12.55% contribution to the Plan. Only full-time employees who have been with the Authority for six consecutive months are eligible. The Authority's total and covered payroll for 2012 is \$11,755,000 and approximately \$10,718,000 respectively. Contributions were approximately \$1,345,000.

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

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, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>
Revenues:				
Capital grant revenue	\$ 14,404,533	\$ 8,848,471	\$ 8,855,479	\$ 7,008
Investment income	-	32,087	32,087	-
Total Revenues	<u>14,404,533</u>	<u>8,880,558</u>	<u>8,887,566</u>	<u>7,008</u>
Expenditures:				
Project management	2,400,000	2,452,381	2,263,259	189,122
Capital outlay	21,398,100	22,894,924	20,677,368	2,217,556
Debt service:				
Cost of issuance	-	120,730	120,730	-
Total Expenditures/Expenses	<u>23,798,100</u>	<u>25,468,035</u>	<u>23,061,357</u>	<u>2,406,678</u>
Excess of Revenues Over Expenditures/Expenses	<u>(9,393,567)</u>	<u>(16,587,477)</u>	<u>(14,173,791)</u>	<u>2,413,686</u>
Other Financing Sources / (Uses)				
Transfer to other funds	(29,750)	(29,750)	(29,750)	-
Bond issuance	-	6,650,000	6,650,000	-
Total Other Financing Sources / (Uses)	<u>(29,750)</u>	<u>6,620,250</u>	<u>6,620,250</u>	<u>-</u>
Change in Net Position	<u>\$ (9,423,317)</u>	<u>\$ (9,967,227)</u>	<u>(7,553,541)</u>	<u>\$ 2,413,686</u>
Fund Balance/Net Position:				
Beginning of Year			<u>17,395,877</u>	
End of Year			<u>\$ 9,842,336</u>	

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

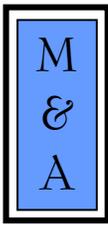
Roaring Fork Transportation Authority
Audited Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
Debt Service Fund
For the Year Ended December 31, 2012

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Final Budget Variance Positive (Negative)
Revenues:				
Other income	\$ 500,215	\$ 544,857	\$ 544,857	\$ -
Investment income	5,000	5,000	5,192	192
Total Revenues	<u>505,215</u>	<u>549,857</u>	<u>550,049</u>	<u>192</u>
Expenditures:				
Debt service:				
Principal	510,000	510,000	510,000	-
Interest	1,611,961	1,667,495	1,667,495	-
Total Expenditures/Expenses	<u>2,121,961</u>	<u>2,177,495</u>	<u>2,177,495</u>	<u>-</u>
Excess of Revenues Over Expenditures/Expenses	<u>(1,616,746)</u>	<u>(1,627,638)</u>	<u>(1,627,446)</u>	<u>192</u>
Other Financing Sources / (Uses)				
Transfers from other funds	1,621,746	2,019,038	2,013,845	(5,193)
Transfers to other funds	-	(18,796)	(18,796)	-
Total Other Financing Sources / (Uses)	<u>1,621,746</u>	<u>2,000,242</u>	<u>1,995,049</u>	<u>(5,193)</u>
Change in Fund Balance	<u>\$ 5,000</u>	<u>\$ 372,604</u>	367,603	<u>\$ (5,001)</u>
Fund Balance:				
Beginning of Year			<u>1,789,942</u>	
End of Year			<u>\$ 2,157,545</u>	

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



STATUTORY INFORMATION



MCMAHAN AND ASSOCIATES, L.L.C.

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of Roaring Fork Transportation Authority (the "Authority") as of and for the year ended December 31, 2012, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated June 25, 2013.

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 than 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.

Member: American Institute of Certified Public Accountants

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

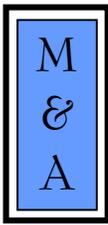
Compliance and Other Matters

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

Purpose of this Report

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

McMahan and Associates, L.L.C.
June 25, 2013



MCMAHAN AND ASSOCIATES, L.L.C.

Certified Public Accountants and Consultants

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

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

Report on Compliance for Each Major Program

We have audited the Roaring Fork Transportation Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

Member: American Institute of Certified Public Accountants

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

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with types of requirements that could have a direct and material effect on each major federal program to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

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

McMahan and Associates, L.L.C.
June 25, 2013

Roaring Fork Transportation Authority
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended December 31, 2012

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
Significant deficiency indentified	None reported
Noncompliance material to financial statements noted	None noted

Federal Awards

Internal control over major programs:	
Material weakness identified	None noted
Significant deficiency indentified	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 program – Capitalization Grants for	
Federal Transit Capital Investment Grants	20.500
Formula Grant for other than Urbanized Areas	20.509
Dollar threshold used to identify Type A from Type B programs	\$300,000
Identified as low-risk auditee	Yes

Part II: Findings Related to Financial Statements

Findings related to financial statements as required by <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
For the Year Ended December 31, 2012

Note: There were no findings for the fiscal year ended December 31, 2011.

Roaring Fork Transportation Authority
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended December 31, 2012

Notes to the Schedule of Expenditures of Federal Awards for the year ended December 31, 2012.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Major Program</u>	<u>Expenditures</u>
U.S. Department of Transportation:			
Federal Transit Capital Investment Grants	20.500	Yes	\$ 8,967,739
Formula Grant for Other Than Urbanized Areas	20.509	Yes	830,550
Total Federal Financial Awards			<u><u>\$ 9,798,289</u></u>

Note 1. Basis of Presentation:

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

Note 2. Pass-Through Sub-Recipients:

The Authority had no sub-recipients as of December 31, 2012.