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

Chapel Square, Bldg C
245 Chapel Place, Suite 300
P.O. Box 5850, Avon, CO 81620

Web Site: www.mcmahancpa.com
Main Office: (970) 845-8800
Facsimile: (970) 845-8108
E-mail: mcmahan@mcmahancpa.com

To the Board of Trustees
Roaring Fork Transportation Authority
Carbondale, Colorado

We have audited the financial statements of Roaring Fork Transportation Authority (the "Authority") for the year ended December 31, 2023. Professional standards require that we provide you with the following information related to our audit.

Qualitative Aspects of Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note I to the 2023 audited financial statements. The Authority implemented Governmental Accounting Standard Board Statement No. 96, *Subscription-Based Information Technology Arrangements*. No other new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

- Estimating allowance for uncollectible receivables: Management's estimate is based on industry practice and experience together with actual collections history since year-end. All amounts were considered to be collectible at December 31, 2023.

- Estimated useful lives for depreciation on capital assets: Management's estimate of is based on industry practice and experience.

- Estimating discount rate and term extension for lease receivables, deferred inflows of resources, long-term lease liabilities and leased assets: Management's estimate is based on the average of 10 years of Consumer Price Index increase factors, and the expectation of extension options.

- Estimating discount rate and term extension for long-term subscription liabilities and intangible subscription assets: Management's estimate is based on the average of 10 years of Consumer Price Index increase factors, and the expectation of extension options.

We evaluated the key factors and assumptions used to develop these estimates and found it to be reasonable in relation to the financial statements taken as a whole.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. The Authority had no material adjustments as a result of audit procedures.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

As is required in an audit engagement we have requested certain representations from management that are included in the management representation letter.

General Comment – Accounting Standard

Tax Credits

On June 14, 2023, the inflation Reduction Act was modified to allow local governments to receive tax credit refunds even though they are not required to pay income taxes. Under the new elective pay rules a government may qualify for a refund for one of the following activities:

- Clean Vehicle Credits. If your government purchased a plug-in electric vehicle that draws significant propulsion from an electric motor, you may be eligible for a maximum credit of $7,500 for qualified vehicles with gross vehicle weight of under 14,000 pounds and $40,000 for all other vehicles. This includes passenger vehicles, buses, and ambulances.
- Charging infrastructure. If your government expended funds for charging infrastructure on your property, you may qualify for a refundable tax credit.
- Solar, geothermal or wind generation projects that have been completed in 2023 or are going to be completed by year end. This can include solar panels on government owned buildings.

There are several steps required if the District qualifies but an application will be required prior to September 15, 2024.

Capitalization – GASB Implementation Guide

The Governmental Accounting Standards Board ("GASB") issued Implementation Guide No. 2021-1 effective for reporting periods beginning after June 15, 2023, which clarifies question 5.1 in Implementation Guide No. 2015-1, stating that governments should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be, and should not be, used by anyone other than those specified parties.

Sincerely,

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
July 11, 2024