

**PIKES PEAK RURAL TRANSPORTATION AUTHORITY**

**FINANCIAL STATEMENTS**

**December 31, 2010**

## TABLE OF CONTENTS

### PAGE

Independent Auditors' Report

Management's Discussion and Analysis

i - iv

### **Basic Financial Statements**

Statement of Net Assets and Governmental Fund Balance Sheet

1

Statement of Activities and Governmental Fund Revenues, Expenditures, and  
Changes in Fund Balance

2

Notes to Financial Statements

3 - 7

### **Required Supplementary Information**

Budgetary Comparison Schedule - General Fund

8

Notes to Required Supplementary Information

9



Board of Directors  
Pikes Peak Rural Transportation Authority  
Colorado Springs, Colorado

### INDEPENDENT AUDITORS' REPORT

We have audited the accompanying basic financial statements of the Pikes Peak Rural Transportation Authority as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Pikes Peak Rural Transportation Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Pikes Peak Rural Transportation Authority's 2009 financial statements and in our report dated May 17, 2010, we expressed an unqualified opinion on those financial statements.

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 includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Pikes Peak Rural Transportation Authority as of December 31, 2010, and the changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

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

*Swanhorst & Company LLC*

June 3, 2011

# Pikes Peak Rural Transportation Authority

## Management's Discussion and Analysis

As management of the Pikes Peak Rural Transportation Authority, we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2010.

### Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$57,901,202 (*net assets*). Of this amount, \$55,826,754 (*unrestricted net assets*) may be used to meet the Authority's ongoing obligations to citizens and creditors.
- Total net assets increased by \$1,211,700 in 2010 compared to a net increase of \$10,124,371 in 2009. The Authority was in its sixth year of existence in 2010 and was in the construction phase of a few major projects compared to 2009 where the authority was primarily in the planning phase of the next group of large construction projects. During periods of planning and design the Sales and Use tax revenue for capital projects exceeds the expenditures; therefore increasing the Authority's net assets more in 2009 compared to 2010. During the construction phase of capital projects the net assets decrease. The Authority will experience future reduction in fund balance due to the anticipated increase of construction activity.
- At the end of the current fiscal year, unreserved, undesignated fund balance for the general fund was \$55,826,754, or 97% of total general fund balance.
- The Authority does not have any debt.

### 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 comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements. However, the government-wide and fund financial statements are presented in the same column because the Authority has only one fund, the General Fund. This report also contains required supplementary information in addition to the basic financial statements.

**Government-wide financial statements.** The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the Authority's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and obligations to vendors).

The government-wide financial statements of the Authority contain the functions that are supported by the collection of a 1% sales and use tax. The governmental activities of the Authority include Capital Improvements, Maintenance and Operational funding and expenses.

**Fund financial statements.** A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As mentioned before the Authority presents the government-wide and fund financial statements in the same pages.

**Governmental funds.** *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

The Authority has one governmental fund; the General Fund.

The Authority adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget.

Notes to financial statements provide additional information that is essential for a full understanding of the data provided in the financial statements. The notes to the financial statements can be found immediately following the basic financial statements.

**Government-wide and Governmental Funds financial analysis**

Pikes Peak Rural Transportation Authority's Net Assets

	<u>2010</u>	<u>2009</u>
Cash	\$56,954,657	\$53,289,368
Accounts Receivable	<u>12,185,390</u>	<u>11,273,770</u>
Total assets	<u>69,140,047</u>	<u>64,563,138</u>
Accounts Payable	<u>11,238,845</u>	<u>7,873,636</u>
Total liabilities	<u>11,238,845</u>	<u>7,873,636</u>

	<u>2010</u>	<u>2009</u>
Restricted	2,074,448	1,941,138
Unrestricted	<u>55,826,754</u>	<u>54,748,364</u>
Total net assets	<u>\$57,901,202</u>	<u>\$56,689,502</u>

By far the largest portion of the Authority's net assets (98 percent) reflects cash funds that are earmarked for the construction of capital improvements, maintenance and transit activities. Accounts receivable are primarily sales and use taxes received within the budget year and sixty days of year end.

Most of the *unrestricted net assets* (\$55,826,754) will be used to meet the Authority's future obligations to creditors.

#### Pikes Peak Rural Transportation Authority's Changes in Net Assets

	<u>2010</u>	<u>2009</u>
General Revenues		
Sales and Use Taxes	\$65,782,863	\$62,584,902
Investment Income	272,362	298,477
Other	<u>2,912,855</u>	<u>1,679,948</u>
Total revenues	<u>68,968,080</u>	<u>64,563,327</u>
Expenses:		
General government		
Capital Improvements	\$39,221,623	\$25,614,397
Transportation	5,834,404	6,847,651
Maintenance Activities	22,281,924	21,531,646
Administration	<u>418,429</u>	<u>445,262</u>
Total expenses	<u>67,756,380</u>	<u>54,438,956</u>
Increase in Net Assets	1,211,700	10,124,371
Net assets – beginning	<u>56,689,502</u>	<u>46,565,131</u>
Net assets – ending	<u>\$57,901,202</u>	<u>\$56,689,502</u>

The Authority's net assets and fund balance increased \$1,211,700 during the current fiscal year.

The Authority's major source of revenue is a 1% sales and use tax.

#### General Fund Budgetary Highlights

Net Sales and Use tax revenues of \$65,782,863 were greater than the final budget by \$4,042,863 or 6.6 percent. Interest income of \$272,362 was greater than budget by \$22,362 due to the investment of the increased sales and use tax collections.

Total expenditures were \$48,324,122 less than the final budget due to the initial up front time needed to design and bid out large projects before construction can begin. Once the Authority is further into the cycle of contracting and constructing capital improvements the actual expenditures will more closely match the budget.

The Authority's final 2010 budget showed an increase of \$2,265,879 in revenue from the original budget. The majority of the increase is from anticipated Sales and Use tax receipts exceeding original expectations due to an upturn in the economy during 2010. Net assets continued to increase because of the long lead time for planning and design work on major capital construction projects before the member governments can start to draw down the funds during the construction phase. The unspent funds are carried over to the next year to be spent specifically on the intended projects.

### **Capital Assets**

The Authority owns no capital assets. Roadway, capital improvements and transit services equipment acquired with Authority resources are capital assets of the member governments who purchased them.

### **2011 Budget Highlights**

For the year ending December 31, 2011 the Authority's budgeted revenue is estimated to exceed 2010 estimated revenue due to a slight turnaround in anticipated revenue generated from sales taxes. The Authority does not anticipate a major increase in construction costs due to a favorable bidding environment.

### **Request for information**

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Pikes Peak Rural Transportation Authority Financial Manager at (719)471-7080, Extension 136.

## **BASIC FINANCIAL STATEMENTS**

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

STATEMENT OF NET ASSETS AND  
GOVERNMENTAL FUND BALANCE SHEET

December 31, 2010

	GOVERNMENTAL ACTIVITIES	
	GENERAL FUND	
	2010	2009
ASSETS		
Cash and Investments	\$ 56,954,657	\$ 53,289,368
Accounts Receivable	12,185,390	11,273,770
TOTAL ASSETS	69,140,047	64,563,138
LIABILITIES		
Accounts Payable	11,238,845	7,873,636
TOTAL LIABILITIES	11,238,845	7,873,636
FUND BALANCE/NET ASSETS		
Reserved/Restricted for Emergencies	2,074,448	1,941,138
Unreserved/Unrestricted	55,826,754	54,748,364
TOTAL FUND BALANCE/NET ASSETS	\$ 57,901,202	\$ 56,689,502

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

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND  
REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

Year Ended December 31, 2010

	GOVERNMENTAL ACTIVITIES	
	GENERAL FUND	
	2010	2009
EXPENDITURES/EXPENSES		
General Government		
Capital Improvements	\$ 39,221,623	\$ 25,614,397
Transportation	5,834,404	6,847,651
Maintenance Activities	22,281,924	21,531,646
Administration	418,429	445,262
Total Expenditures/Expenses	<u>67,756,380</u>	<u>54,438,956</u>
GENERAL REVENUES		
Sales and Use Taxes	65,782,863	62,584,902
Investment Income	272,362	298,477
Other	2,912,855	1,679,948
Total General Revenues	<u>68,968,080</u>	<u>64,563,327</u>
NET CHANGE IN FUND BALANCE/CHANGE IN NET ASSETS	1,211,700	10,124,371
FUND BALANCE/NET ASSETS, Beginning	<u>56,689,502</u>	<u>46,565,131</u>
FUND BALANCE/NET ASSETS, Ending	<u>\$ 57,901,202</u>	<u>\$ 56,689,502</u>

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

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The Pikes Peak Rural Transportation Authority (the “Authority”) was formed as a separate legal entity authorized by Section 43-4-601 of the Colorado Revised Statutes through an intergovernmental agreement between the Authority and El Paso County, City of Colorado Springs, Town of Manitou Springs, Town of Green Mountain Falls, and Town of Ramah (collectively, the “Parties”). The Authority was formed to provide funding for roadway capital improvements, maintenance and operations, and transportation service within the Authority boundaries. On November 2, 2004, El Paso County voters approved a 1% sales and use tax to fund the priority capital projects listed on the election ballot, and maintenance and transportation activities beginning January 1, 2005, and continuing for ten consecutive years.

The Authority has no employees and is governed by a nine-member Board of Directors appointed by the governing bodies of the Parties. Only directors appointed by El Paso County and the City of Colorado Springs may serve as Chairperson and Vice-Chairperson of the Board of Directors.

In November 2008, the voters in the Town of Ramah approved inclusion in the Authority for maintenance and operations funding beginning January 1, 2009. In December 2008, the Authority Board of Directors approved the inclusion of the Town of Ramah, and subsequently amended the Authority bylaws to increase the Board of Directors from eight to nine members.

The accounting policies of the Authority conform to generally accepted accounting principles as applicable to government entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following is a summary of the more significant policies.

**Reporting Entity**

The definition of the reporting entity is based primarily on financial accountability. The Authority is financially accountable for organizations that make up its legal entity. It is also financially accountable for legally separate organizations if Authority officials appoint a voting majority of the organization’s governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, the Authority. The Authority may also be financially accountable for organizations that are fiscally dependent upon it.

Based on the application of this criteria, the Authority does not include additional organizations in its reporting entity.

**Government-Wide and Fund Financial Statements**

The Authority is a single-purpose government as defined by governmental accounting standards. The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all activities of the Authority. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported in a single column.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Government-Wide and Fund Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of the given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

The Authority reports the governmental fund financial statements and government-wide financial statements as one column because both accounting methods result in the same balances.

**Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when the liability is incurred, regardless of the timing of related cash flows.

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 collected within the current year or soon enough thereafter to pay liabilities of the current year. For this purpose, the Authority considers revenues to be available if they are collected within 60 days of the end of the current year. Sales and use taxes and investment income associated with the current year are considered to be susceptible to accrual and so have been recognized as revenues of the current year. All other revenues are considered to be measurable and available only when cash is received by the Authority. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

When both restricted and unrestricted resources are available for use, it is the Authority's practice to use restricted resources first, then unrestricted resources as they are needed.

In the fund financial statements, the Authority reports one major governmental fund. The *General Fund* is the only fund maintained by the Authority. It is used to account for all financial activities.

**Assets, Liabilities and Net Assets/Fund Balance**

*Cash and Investments* - Investments are reported at fair value.

*Receivables* - Accounts receivable consists primarily of sales and use taxes earned at year end but collected in the subsequent year.

*Capital Assets* - The Authority has no capital assets. Roadways, capital improvements, and transit services equipment purchased with Authority resources become capital assets of the Parties.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Assets, Liabilities and Net Assets/Fund Balance (Continued)**

*Net Assets/Fund Balance* - In the government-wide financial statements, net assets are restricted when constraints placed on the net assets are externally imposed. In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose.

**Risk Management**

The Authority is exposed to various risks of loss related to torts, theft of, damage to, or destruction of assets; errors or omissions; and natural disasters. The Authority maintains public officials liability insurance through a commercial carrier for these risks of loss. The Parties, individually, maintain liability, property and workers compensation coverages.

**Comparative Data**

Comparative data for the prior year has been presented in the accompanying financial statements in order to provide an understanding of changes in the Authority's financial position and operations. However, complete comparative data in accordance with generally accepted accounting principles has not been presented.

**NOTE 2: CASH AND INVESTMENTS**

A summary of cash and investments at December 31, 2010, follows:

Deposits	\$ 18,741,339
Investments	<u>38,213,318</u>
Total	<u><u>\$ 56,954,657</u></u>

**Cash Deposits**

The Colorado Public Deposit Protection Act (PDPA) requires that all local government entities deposit cash in eligible public depositories. Eligibility is determined by State regulations. Amounts on deposit in excess of federal insurance levels must be collateralized by eligible collateral as determined by the PDPA. PDPA allows the financial institution to create a single collateral pool for all public funds held. The pool is to be maintained by another institution, or held in trust for all uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. At December 31, 2010, the Authority had bank deposits of \$18,810,408 collateralized with securities held by the financial institutions' agents but not in the Authority's name.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 2: CASH AND INVESTMENTS (Continued)**

**Investments**

The Authority is required to comply with State statutes which specify investment instruments meeting defined rating, maturity, custodial, and concentration risk criteria in which local governments may invest, which include the following. State statutes generally limit investments to a maturity of five years, and do not generally limit the amount the Authority may invest in a single issuer.

- Obligations of the United States and certain U.S. Agency securities
- Certain international agency securities
- General obligation and revenue bonds of U.S. local government entities
- Bankers' acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market funds
- Guaranteed investment contracts
- Local government investment pools

*Local Government Investment Pool* - At December 31, 2010, the Authority had \$38,213,318 invested in the Colorado Local Government Liquid Asset Trust (Colotrust), an investment vehicle established by State statute for local government entities in Colorado to pool surplus funds. Colotrust operates in conformity with the Securities and Exchange Commission's Rule 2a-7 as promulgated under the Investment Company Act of 1940, as amended. Colotrust is rated AAA by Standard and Poor's. Investments of Colotrust are limited to those allowed by State statutes. A designated custodial bank provides safekeeping and depository services in connection with the direct investment and withdrawal functions. The custodian's internal records identify the investments owned by the participating governments.

**NOTE 3: DESIGNATED NET ASSETS**

The Authority has internally designated net assets equal to budgeted ending fund balance less the Tabor emergency reserve for one-time Board approved operating expenses. Designated net assets at December 31, 2010, were \$3,124,552.

**NOTE 4: COMMITMENTS AND CONTINGENCIES**

**Tabor Amendment**

Colorado voters passed an amendment to the State Constitution, Article X, Section 20, which has several limitations, including revenue raising, spending abilities, and other specific requirements of state and local government. The Amendment is complex and subject to judicial interpretation.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

December 31, 2010

**NOTE 4: COMMITMENTS AND CONTINGENCIES (Continued)**

**Tabor Amendment** (Continued)

In November 2004, voters authorized the Authority to collect and expend all taxes and other revenues of the Authority without any limitation contained in the Amendment. The Authority's management believes it is in compliance with the provisions of the Amendment.

The Authority has established an emergency reserve, representing 3% of qualifying expenditures, as required by the Amendment. At December 31, 2010, the emergency reserve of \$2,074,448 was reported as a reservation of fund balance in the General Fund and as restricted net assets in the government-wide financial statements.

**Administrative Services Agreement**

The Authority has contracted with the Pikes Peak Area Council of Governments (PPACG) to provide administrative services identified in the Authority's administrative budget. For the year ended December 31, 2010, the Authority paid \$354,007 to PPACG for these administrative services.

**Litigation**

The Authority has received a notice of claim related to a construction project. However, management believes that the risk of any loss to the Authority is remote.

**REQUIRED SUPPLEMENTARY INFORMATION**

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

BUDGETARY COMPARISON SCHEDULE

GENERAL FUND

Year Ended December 31, 2010

	ORIGINAL BUDGET	FINAL BUDGET	ACTUAL	VARIANCE Positive (Negative)
<b>REVENUES</b>				
Sales and Use Taxes	\$ 59,740,000	\$ 61,740,000	\$ 65,782,863	\$ 4,042,863
Investment Income	250,000	250,000	272,362	22,362
Other	2,334,121	2,600,000	2,912,855	312,855
<b>TOTAL REVENUES</b>	<b>62,324,121</b>	<b>64,590,000</b>	<b>68,968,080</b>	<b>4,378,080</b>
<b>EXPENDITURES</b>				
Capital Improvements				
Austin Bluffs Interchange	-	425,330	425,330	-
South Metro Accessibility - City of Colorado Springs	14,824,867	16,455,383	16,457,774	(2,391)
Congestion/Incident Management Signal Improvement	408,831	441,993	49,713	392,280
Powers Blvd Right-of-Way Protection/Acquisition	228,043	229,098	-	229,098
Austin Bluffs - Nevada to Academy	486,703	552,195	125,925	426,270
Austin Bluffs - Barns to Old Farm Road	486,701	552,205	103,198	449,007
Roadway Safety and Traffic Operations	2,070,317	1,713,478	576,486	1,136,992
Vincent Drive Bridge	2,134,642	2,157,851	293,660	1,864,191
Pikes Peak Greenway Improvements	196,895	805,028	408,243	396,785
Woodmen Road Widening and Interchange	16,610,275	14,526,790	4,992,865	9,533,925
On-Street Bikeway Improvements	165,250	279,760	74,577	205,183
Constitution/Circle Drive Improvements	-	4,454	-	4,454
Fillmore Street/El Paso Street Improvements	344,577	209,787	209,787	-
Vincent Drive Extension	6,244,602	7,243,341	1,331,283	5,912,058
30th Street Corridor Safety Improvements	-	40,748	-	40,748
Hancock Avenue Bridge	1,166,875	1,157,146	345,694	811,452
County Line Road Upgrade	1,325,543	595,179	3,082	592,097
Hodgen Road Upgrade/Arterial	7,663,389	5,986,372	1,000,623	4,985,749
Baptist Road Widening - I-25 to Tari Drive	-	204,928	-	204,928
Marksheffel Road Widening/Extension	7,375,350	12,621,150	5,380,725	7,240,425
South Metro Accessibility - El Paso County	4,400,803	5,779,948	5,726,988	52,960
Meridian Road Extension - Falcon to US 24	343,153	-	-	-
Meridian Road Extension - Woodmen to Rex Drive	4,657,000	3,472,668	1,319,031	2,153,637
Stapleton Road - Eastonville to US 24	1,741,215	2,071,215	353,127	1,718,088
Manitou Avenue Improvements	419,675	648,425	37,053	611,372
Ute Pass Avenue Widening	6,459	6,459	6,459	-
<b>Total Capital Improvements</b>	<b>73,301,165</b>	<b>78,180,931</b>	<b>39,221,623</b>	<b>38,959,308</b>
Transportation	9,202,330	11,352,056	5,834,404	5,517,652
Maintenance Activities	23,676,270	26,002,515	22,281,924	3,720,591
Administration	545,000	545,000	418,429	126,571
<b>TOTAL EXPENDITURES</b>	<b>106,724,765</b>	<b>116,080,502</b>	<b>67,756,380</b>	<b>48,324,122</b>
<b>NET CHANGE IN FUND BALANCE</b>	<b>(44,400,644)</b>	<b>(51,490,502)</b>	<b>1,211,700</b>	<b>52,702,202</b>
FUND BALANCE, Beginning	49,399,644	56,689,502	56,689,502	-
FUND BALANCE, Ending	\$ <u>4,999,000</u>	\$ <u>5,199,000</u>	\$ <u>57,901,202</u>	\$ <u>52,702,202</u>

See the accompanying Independent Auditors' Report.

PIKES PEAK RURAL TRANSPORTATION AUTHORITY

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

December 31, 2010

**NOTE 1: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgets**

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

- In October, management submits to the Board of Directors a proposed operating budget for the General Fund for the fiscal year commencing the following January 1. The operating budget includes proposed expenditures and the means of financing them.
- Public hearings are conducted to obtain public comments.
- Prior to December 31, the budget is legally enacted through passage of a resolution.
- Any revisions that alter the total expenditures must be approved by the Board of Directors.
- A budget for the General Fund is legally adopted on a basis consistent with generally accepted accounting principles (GAAP).
- All appropriations lapse at year end. Colorado governments may not exceed budgeted appropriations at the fund level.