

**MOUNTAIN RIDES  
TRANSPORTATION AUTHORITY**

**Financial Statements**

**Year Ended September 30, 2015**

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Financial Statements**  
**For the year ended September 30, 2015**

**Table of Contents**

Independent Auditor's Report .....	1-2
Required Supplementary Information - Part I	
Management's Discussion and Analysis .....	3-8
 Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position .....	9
Statement of Activities .....	10
 Fund Financial Statements:	
Balance Sheet .....	11
Statement of Revenues, Expenditures and Changes in Fund Balances .....	12
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	13
 Notes to the Financial Statements .....	 14-17
Required Supplementary Information - Part I	
General Fund Budgetary Comparison Schedules .....	18
Capital Reserve Fund Budgetary Comparison Schedules .....	19
Work Force Housing Fund Budgetary Comparison Schedules .....	20
 Schedule of Expenditures of Federal Awards .....	 21
 Schedule of Findings and Questioned Costs .....	 22
 Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of the General Purpose Financial Statements Performed in Accordance with Government Auditing Standards .....	   23
 Independent Auditor's Report on Compliance For Each Major Program and on Internal Control Over Compliance Required By OMB Circular A-133 .....	  24-25



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

Independent Auditor's Report

December 28, 2015

To the Board of Directors  
Mountain Rides Transportation Authority  
Ketchum, Idaho

**Report on the Financial Statements**

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Mountain Rides Transportation Authority (MRTA), as of and for the year ended, September 30, 2015, which collectively comprise the MRTA'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***

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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, I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

***Opinions***

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Mountain Rides Transportation Authority, as of September 30, 2015, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that a management's discussion and analysis (pages 3-8) and budgetary comparison information (pages 18 -20) be included in the 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 the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. I have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### **Other Information**

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the MRTA's basic financial statements. The accompanying schedule of expenditures of federal awards on page 21, as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the schedule of expenditure of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by Governmental Auditing Standards**

In Accordance with *Government Auditing Standards*, I have also issued my report dated December 28, 2015, on my consideration of the MRTA's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 MRTA's internal control over financial reporting and compliance.



DENNIS R BROWN  
Certified Public Accountant  
Twin Falls, Idaho

## **MOUNTAIN RIDES TRANSPORTATION AUTHORITY MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)**

This discussion and analysis is intended to provide an overview of Mountain Rides Transportation Authority's financial activities for the fiscal year ended September 30, 2015 (FY2015). Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Independent Auditor's Report and the Basic Financial Statements that accompany this MD&A.

### **FINANCIAL HIGHLIGHTS**

1. Mountain Rides, as a provider of public transportation services in Blaine County, continued to receive several significant sources of federal transportation funding through the Federal Transit Administration (FTA) in FY2015. These FTA funding sources include 5311 Rural Transportation for general rural transit operations; 5316 Job Access, Reverse Commute (JARC) for operating commuter services; 5317 New Freedom (NF) and 5310 Rural Transportation for operating additional demand response service and the Green and Hailey Routes. Under the current federal transportation bill, MAP-21, the 5316 and 5317 programs have been eliminated. However, during FY2105 MRTA was able to utilize 5316 and 5317 funds awarded but unused by other State agencies and will be able to continue to use any remaining funds during FY2016 and beyond, until the funds in these programs are exhausted. Once 5316 and 5317 funds are fully exhausted, funding for these activities will be included in the 5311 and 5310 programs. The net effect of this consolidation has provided MRTA with additional short-term funds.
2. During FY2015 the Idaho Transportation Dept. (ITD) changed the grant funding application process for FTA rural funding to provide two year funding under approved applications. MRTA was awarded funding through FY2018 at the FY2016 level. This committed level of funding will allow MRTA to plan and implement services at levels above those in FY2015 due to an approximate 9% increase in FTA funding over FY2015 and provides a stable source of operating funds for the next 3 fiscal years. Funding from local tax sources provided by the cities of Ketchum, Hailey, Sun Valley and Blaine County in 2015 was essentially flat compared to 2014. We rely heavily on funding from our local financial partners to maintain operations and service levels, as well as provide the local match portion required for receipt of federal funding (all federal transit funding programs require that local entities share in the cost of operating and maintaining transit systems). In 2015 local revenues were allocated between operating needs and capital needs at a ratio of 88% to operations and 12% to capital accounts. Cost increases and limited capital funding forced FY2015 service levels to remain unchanged from FY2014. Local funding for FY2016 will increase slightly as a result of improvement in local resort option tax receipts. Given improved local funding in FY2016 service has been increased from FY2015 levels and is anticipated to continue to grow.
3. Capital facility projects made big headway in FY2015 with the beginning of construction of our South Valley facility in May 2015. MRTA received additional one-time FTA 5339 Bus and Bus Facility funding from ITD in FY2016 which will fund additional work that includes a wash bay and bus wash equipment, radiant floor heat and interior finishes in the office space. Project completion is projected for late January 2016 and construction costs are coming in on budget. Staff time has been devoted almost exclusively to this capital project which has limited progress on the downtown Ketchum transportation center. That project will be resumed in FY2016 and will require significant effort to reset the process of finding a suitable location and developing sufficient financial resources, both of which faced challenges in FY2015.
4. Capital equipment vehicle replacements and refurbishments continued in FY2015, per Mountain Rides' adopted five year Capital Improvement Plan. Mountain Rides acquired 2 new van pool vans funded through the FTA 5339 funding program and acquired additional bicycles and related equipment for its Bike Share program, funded by the City of Hailey. Mountain Rides completed the refurbishing of two heavy duty buses utilizing state vehicle improvement funding and local match from the capital equipment fund. These refurbishments were begun in FY2014 and that work was funded under the 5339 program.

## **OVERVIEW OF FINANCIAL STATEMENTS**

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of Mountain Rides as a whole and present a longer-term view of its finances. Fund financial statements start on page 11. These statements indicate how capital programs and services were financed in the short term as well as what remains for future spending.

## **FINANCIAL ANALYSIS**

### **Government-wide Financial Statements**

Mountain Rides' analysis of its operations as a whole begins on page 9. The Statement of Net Position and the Statement of Activities report information about Mountain Rides' activities and include all assets and liabilities using accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report Mountain Rides' net position and changes in them. Net Position – the difference between assets and liabilities – is one way to measure Mountain Rides' financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether financial health is improving or deteriorating. Other nonfinancial factors, however, such as changes in revenue sources and the overall condition of MR's fleet, aid in assessing overall health. The Net (Expense) Revenue and Changes in Net Position column on the Statement of Activities (on page 10) helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Mountain Rides' programs. Mountain Rides' financial resources for FY2015 were higher (an increase of \$618,047) over the year. This accumulation of funding was done purposefully in anticipation of FY2016 requirements for an additional bus purchase and finishing the South Valley facility. These resources will largely be depleted in FY2016.

### **Fund Financial Statements**

The fund financial statements begin on page 11. The Balance Sheets – Governmental funds provides information about Mountain Rides consolidated position, including its Operations Fund and all Capital funds. The Statement of Revenues, Expenditures, and Changes in Fund Balance provides information on the activities of each category of Mountain Rides Funds; its operational activities in General Operations, Capital activities in Capital Projects and its Workforce Housing activities in Work Force Housing. All of Mountain Rides' basic services are reported in General Operations Fund. All funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash.

### **Mountain Rides position as a whole**

Mountain Rides' combined net position in FY2014 as compared to FY2015 increased from \$4,772,774 to \$5,390,821 reflecting an increase in capital activities for the period ended 9/30/2015 (see Table 1 below). In looking at the detail, specifically the Non-Current Asset position, Mountain Rides' Construction in Progress has increased significantly. Unrestricted net position – the part of net position that can be used to finance day-to-day operations without constraints changed from \$1,117,997 at the end of FY2014 to \$1,080,270 at the end of 2015, a decrease of 3%. This change was due to major capital projects currently underway. A portion of this unrestricted net position will also be used as carryover in FY2016 to support operations and capital needs. Mountain Rides also retains some of this unrestricted cash as contingency funds in case of

possible delays in receiving federal or local funding, as well as unforeseen emergencies. Use of contingency funds for construction underway has brought balances to levels considered minimally prudent. As the construction process winds down, these contingency balances will be re-built.

**Table 1: Condensed Statement of Net Position - Compared  
As of September 30, 2015 and 2014**

	<u>FY 2015</u>	<u>FY 2014</u>
Current Assets:		
Cash and Deposits	\$ 970,095	\$ 948,731
Receivables	173,928	138,259
Inventories	160,378	160,378
Total Current Assets	<u>1,304,401</u>	<u>1,247,368</u>
Capital Assets:		
Capital Assets (Net of Depreciation)	<u>4,310,551</u>	<u>3,654,777</u>
Total Assets	<u>\$ 5,614,952</u>	<u>\$ 4,902,145</u>
Current Liabilities	\$ 180,741	\$ 93,651
Long-term liabilities	<u>43,390</u>	<u>35,820</u>
Total Liabilities	<u>224,131</u>	<u>129,471</u>
Net assets:		
Invested in capital assets net of related debt	4,310,551	3,654,777
Restricted		
Unrestricted	<u>1,080,270</u>	<u>1,117,997</u>
Total Net Position	<u>\$ 5,390,821</u>	<u>\$ 4,772,774</u>

Mountain Rides' total revenues increased by more than 10 percent. Federal funding was up from \$1,419,211 to \$1,817,332. This increase was attributable to increased federal capital funds for the current capital projects underway. Total Expenditures, the total cost of all programs and services, increased by 17 percent, almost entirely the result of capital expenditures. (see Table 2)

**Table 2: Statement of Revenues, Expenses,  
and Changes in Fund Balance - Compared  
For the Fiscal Years Ended September 30, 2015 and 2014**

	FY 2015	FY 2014
<b>Revenues:</b>		
Federal Funding	\$ 1,817,332	\$ 1,419,211
State Funding	3,899	7,592
Local Funding	1,178,999	1,220,820
Fare Revenues	367,610	407,543
Charter Bus and Bike Share Revenues	13,851	15,499
Workforce Housing Revenues	30,599	31,201
Advertising	64,031	54,323
Interest from Investments	1,500	906
Other Revenues	20,820	16,021
Totals	<u>3,498,641</u>	<u>3,173,116</u>
<b>Expenditures:</b>		
Wages	1,621,747	1,519,030
Fuel	227,975	319,688
Repairs and Maintenance	172,679	195,918
Rents and Utilities	47,664	64,169
Contracted Services	30,963	28,832
Marketing and Promotion	58,536	44,883
Insurance	105,641	108,676
Capital Expenditures	1,210,725	695,355
Supplies	17,781	19,553
Traveling and Training	19,711	14,087
Printing and Reproduction	13,061	11,089
Miscellaneous	2,315	2,746
Totals	<u>3,528,798</u>	<u>3,024,026</u>
Excess (Deficiency)	\$ <u>(30,157)</u>	\$ <u>149,090</u>

### General Fund Budgetary Highlights

Over the course of the year Mountain Rides revised its General Operating Fund budget. This budget amendment was made as a result of changes in expected service, local revenues and expenses. At the request of local funding partners, MRTA was requested to add temporary evening service in exchange for additional local funding.

The increase in budgeted revenue was offset by higher than budgeted payroll expense to account for the additional service and to retain employees in an improving local economy. Bike Share related expenses also increased as a result of expanding the program to Ketchum.



MD&A Continued --

Despite these adjustments, Actual Revenues and Expenditures resulted in an excess of \$140,491; savings in fuel and tight expense control being the primary contributors. This excess will be used to support the aforementioned capital projects that will be completed in FY2016.

### Capital Funds Budgetary Highlights

Over the course of the year Mountain Rides also revised its Capital Fund budget to account for the deferral of the Ketchum transportation center project, mainly due to challenges with securing appropriate land entitlements for project site, project bids in excess of available funding, and expansion of the south valley project resulting from additional FTA 5339 funding.

### Workforce Housing Fund Budgetary Highlights

Mountain Rides maintains 5 workforce housing units, all of which were fully occupied for FY2015. Actual Revenues and Expenditures were \$1,976 less compared to the Budgeted amounts due to higher than budgeted repairs.

## CAPITAL ASSET AND DEBT ADMINISTRATION

### Capital Assets

At the end of FY2015 Mountain Rides had \$4,310,551 invested in a broad range of capital assets, including its Ketchum building, various bus shelters, vehicles and tools and equipment and construction in process. This amount represents a net increase of \$655,774, or 18 percent, as compared to last year. Construction of the south valley facility accounted for the majority of the changes. (see Table 3)

**Table 3: Capital Assets for all Funds**

	FY 2015	FY 2014
Governmental Activities:		
Land	\$ 210,000	\$ 210,000
Construction in Progress	1,037,541	83,774
Depreciable Capital Assets:		
Buildings and Improvements	2,092,525	2,080,168
Buses and Vehicles	4,360,900	4,214,928
Equipment	109,388	100,116
Totals	<u>7,810,354</u>	<u>6,688,986</u>
Less: Accumulated Depreciation		
Buildings and Improvements	792,941	736,350
Buses and Vehicles	2,641,642	2,240,784
Equipment	65,220	57,075
Totals	<u>3,499,803</u>	<u>3,034,209</u>
Net Capital Assets	<u>\$ 4,310,551</u>	<u>\$ 3,654,777</u>

MD&A Continued --

Mountain Rides fiscal-year 2016 capital budget includes \$1,700,000 for capital projects, principally for the construction of the south valley facility, \$1,100,000 and purchase of additional vehicles, \$580,000. Funding for these projects is in place and consists of federal funds, Mountain Rides' cash reserves and local funds.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND FARES**

Mountain Rides board of directors considered many factors when setting the FY2016 budget. With the confirmation of federal funding for operations locked in through FY2018, MRTA is able to plan and expand service in FY2016 and beyond. MRTA will be cautious to only expand service that is sustainable; increasing and then decreasing service leads to reduced ridership as a result of inconsistency and confusion surrounding schedules.

The local funding picture has also improved in FY2016. Local partners have experienced growth in tax receipts and as a result have been more generous in their allocation to MRTA. Although these bright spots will have a positive impact on service, capital funding sources are not as bright. Mountain Rides must carefully plan its capital expenditures and may be forced to determine an alternate course for capital equipment needs that is more focused on refurbishing existing equipment and purchasing rebuilt equipment, as opposed to purchasing new equipment. Mountain Rides will continue to pursue all possible funding opportunities for capital needs and will tailor its capital improvement plan to potential sources of funds.

When setting fares for the Valley Route and vanpool routes, Mountain Rides has been keenly aware of the potential negative impacts to existing riders if fare rates were to increase, especially in light of low fuel prices. As a result, Mountain Rides has held its fares steady with no fare increases in recent years. In FY2016, in order to compensate for flat funding from the City of Hailey, a fare was introduced on the Hailey route. Although it is early days, to date there has not been a significant change in ridership and MRTA has been able to partially offset its higher operating costs with fare revenue. The discussion about whether routes that are currently free should have a fare charged continues to come up and is anticipated to be a discussion topic for future budgets.

## **CONTACTING FINANCIAL MANAGEMENT**

This financial report is designed to provide all Blaine County citizens and taxpayers, Mountain Rides' customers, and its financial partners with a general overview of its finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Jason Miller, Executive Director at (208) 788-7433 or [Jason@mountainrides.org](mailto:Jason@mountainrides.org)

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Statement of Net Position**  
**at September 30, 2015**

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets:	
Cash and Deposits	\$ 970,095
Accounts Receivable	114,931
Federal Grants Receivable	58,997
Inventories	<u>160,378</u>
Total Current Assets	\$ 1,304,401
Non-Current Assets:	
Land	210,000
Construction in Progress	1,037,541
Buildings and Improvements	2,092,525
Vehicles and Equipment	<u>4,470,288</u>
Totals	7,810,354
Accumulated Deprecation	<u>(3,499,803)</u>
Total Non-Current Assets	<u>4,310,551</u>
<b>Total Assets</b>	<b>\$ <u>5,614,952</u></b>
 <u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 173,941
Payroll Liabilities	<u>6,800</u>
Total Current Liabilities	\$ 180,741
Long-term Liabilities:	
Compensated Absences	<u>43,390</u>
<b>Total Liabilities</b>	<b><u>224,131</u></b>
 <u>NET POSITION</u>	
Invested in Capital Assets - net of related debt	4,310,551
Unrestricted	<u>1,080,270</u>
<b>Total Net Position</b>	<b>\$ <u>5,390,821</u></b>

The accompanying notes are a part of these financial statements.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Statement of Activities**  
**For the Year Ended September 30, 2015**

<u>Activities:</u>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenues and</u>
		<u>Fees, Fines,</u>	<u>Capital</u>	<u>Changes in Net Position</u>
		<u>and Charges</u>	<u>Grants and</u>	<u>Governmental</u>
		<u>for Services</u>	<u>Contributions</u>	<u>Activities</u>
<b>Governmental:</b>				
General OperationsGovernment	\$ 2,312,412	\$ 427,992	\$ 942,294	\$ (942,126)
<b>Special Services:</b>				
Capital Projects	554,951	17,500	878,937	341,486
Work Force Housing	<u>13,231</u>	<u>30,599</u>	<u>          </u>	<u>17,368</u>
Total MRTA	<u>\$ 2,880,594</u>	<u>\$ 476,091</u>	<u>\$ 1,821,231</u>	<u>(583,272)</u>

General Revenues:

Local Government Funding	1,178,999
Private Donations	
Other General Revenues	20,820
Interest Income	1,500
Gain (Loss) on Disposition of Assets	0
Miscellaneous	<u>0</u>
Total general revenues and transfers	<u>1,201,319</u>
Changes in net assets	618,047
Net Position - Beginning	<u>4,772,774</u>
Net Position - Ending	<u>\$ 5,390,821</u>

The accompanying notes are a part of these financial statements.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Balance Sheet**  
**Governmental Funds**  
**for the year ended September 30, 2015**

	<b>General Fund</b>	<b>Capital Reserve Fund</b>	<b>Work Force Housing Fund</b>	<b>Total</b>
<b>ASSETS:</b>				
Cash and Cash Deposits	\$ 677,840	\$ 257,642	\$ 34,613	\$ 970,095
Accounts Receivable	2,030	112,901		114,931
Federal Grants Receivable	57,615	1,382		58,997
Due From Other Funds				0
	<u>737,485</u>	<u>371,925</u>	<u>34,613</u>	<u>1,144,023</u>
<b>Total Assets</b>	<b>\$ <u>737,485</u></b>	<b>\$ <u>371,925</u></b>	<b>\$ <u>34,613</u></b>	<b>\$ <u>1,144,023</u></b>
<b>LIABILITIES:</b>				
Accounts Payable	166,421	2,800	4,720	173,941
Accrued Payroll Expenses	6,800			6,800
Due To Other Funds	0			0
	<u>173,221</u>	<u>2,800</u>	<u>4,720</u>	<u>180,741</u>
<b>Total Liabilities</b>	<b><u>173,221</u></b>	<b><u>2,800</u></b>	<b><u>4,720</u></b>	<b><u>180,741</u></b>
<b>FUND BALANCE:</b>				
Non-spendable				0
Restricted				0
Committed		369,125		369,125
Assigned	143,875		29,893	173,768
Unassigned	420,389			420,389
	<u>564,264</u>	<u>369,125</u>	<u>29,893</u>	<u>963,282</u>
<b>Total Fund Balance</b>	<b><u>564,264</u></b>	<b><u>369,125</u></b>	<b><u>29,893</u></b>	<b><u>963,282</u></b>
<b>Total Liabilities and Fund Balance</b>	<b>\$ <u>737,485</u></b>	<b>\$ <u>371,925</u></b>	<b>\$ <u>34,613</u></b>	<b>\$ <u>1,144,023</u></b>

Amounts reported for governmental activities in the Statement of Net Assets (page 3) are different because:

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is \$ 7,810,354 and the accumulated depreciation is \$ 3,499,803	4,310,551
Inventory	160,378
Compensated absences	(43,390)
<b>Net Position of Governmental Funds</b>	<b>\$ <u>5,390,821</u></b>

The accompanying notes are a part of these financial statements.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**for the year ended September 30, 2015**

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Work Force Housing Fund</u>	<u>Totals</u>
<b>REVENUE:</b>				
Federal Funding	\$ 938,395	\$ 878,937	\$	\$ 1,817,332
State Funding	3,899	0		3,899
Local Funding	1,053,359	125,640		1,178,999
Fare Revenues	350,110	17,500		367,610
Charter Bus and Bike Share Revenue	13,851			13,851
Workforce Housing Revenue			30,599	30,599
Advertising	64,031			64,031
Interest Income	868	576	56	1,500
Proceeds on Sale of Assets		0		0
Other Revenues	20,820			20,820
	<u>2,445,333</u>	<u>1,022,653</u>	<u>30,655</u>	<u>3,498,641</u>
Total Revenue				
<b>EXPENDITURES:</b>				
Wages and Benefits	1,621,747			1,621,747
Fuel	227,975			227,975
Repairs and Maintenance	165,203		7,476	172,679
Rent and Utilities	41,942		5,722	47,664
Contracted Services	30,963			30,963
Marketing and Promotion	58,536			58,536
Insurance	105,641			105,641
Capital Expenditures		1,210,725		1,210,725
Supplies	17,781			17,781
Travel and Training	19,711			19,711
Printing and Reproduction	13,061			13,061
Miscellaneous	2,282		33	2,315
	<u>2,304,842</u>	<u>1,210,725</u>	<u>13,231</u>	<u>3,528,798</u>
Total Expenditures				
<b>EXCESS REVENUE (EXPENDITURES)</b>	140,491	(188,072)	17,424	(30,157)
<b>OTHER FINANCING SOURCES (USES):</b>				
Operating transfers from other funds	20,000	202,235		222,235
Operating transfers (to) other funds	<u>(202,235)</u>		<u>(20,000)</u>	<u>(222,235)</u>
NET CHANGE IN FUND BALANCES	(41,744)	14,163	(2,576)	(30,157)
FUND BALANCE - BEGINNING	<u>606,008</u>	<u>354,962</u>	<u>32,469</u>	<u>993,439</u>
FUND BALANCE - ENDING	<u>\$ 564,264</u>	<u>\$ 369,125</u>	<u>\$ 29,893</u>	<u>\$ 963,282</u>

The accompanying notes are a part of these financial statements.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY  
 Reconciliation of the Statement of Revenues,  
 Expenditures, and Changes in Fund Balances of Governmental Funds  
 To the Statement of Activities  
 for the year ended September 30, 2015**

Net Change in Fund Balance - Total Governmental Funds (Page 8)	\$ (30,157)
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(465,594)
This is the amount of new assets paid in the Government Funds.	1,121,368
This is the amount of loss on disposal of Governmental Fund assets.	0
This is the amount of proceeds on the sale of assets included in the change in the Net Change in Fund Balance	0
Change in inventory is not included in the governmental fund statements	0
Liability for personal leave days are not recorded in Governmental Funds.	
This is increase in compensated leave during the year	(7,570)
Change in Net Position of Governmental Activities (Page 4)	\$ <u>618,047</u>

The accompanying notes are a part of these financial statements.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**Introduction**

The Mountain Rides Transportation Authority (MRTA) is a local government entity created by a joint powers agreement between Blaine County and the Cities of Ketchum, Sun Valley, Hailey, and Bellevue – as prescribed under Idaho code. MRTA was formerly known as the Ketchum-Sun Valley Public Transit Authority. MRTA serves transportation needs in the Wood River Valley, extending along the valley corridor from Ketchum/Sun Valley on the north to Bellevue on the south.

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES**

**Scope of Entity**

The Authority's financial statements include the accounts of all operations under the oversight authority of the Board. Oversight responsibility is derived from the governmental unit's authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on the foregoing criteria, no component units are included in the Authority's financial statements.

**Basis of Accounting/Measurement Focus**

The accounts of MRTA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures. MRTA has a general operating fund, a capital reserve fund, and a work force housing fund.

**Government-wide Financial Statements:**

The statement of net position and the statement of activities display information about the Authority as a whole. These statements include the financial activities of the Authority.

The statement of net position presents the financial condition of the governmental activities of the Authority at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each activity. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program. Revenues that are not classified as program revenues are presented as general revenues of the Authority. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Authority.

**Fund Financial Statements:**

Governmental funds are accounted for using the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. Under modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Available for purposes of revenue recognition is defined as sixty days. Revenue sources susceptible to accrual include advertising, charter, state, federal and intergovernmental revenues. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include the accrual of payroll and related payroll liabilities.

**Capitalizing Assets**

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statements of Net Position. The Authority has established a capitalization threshold of items costing in excess of \$5000.



**MOUNTAIN RIDES TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 1 - Continued

Depreciation of buildings, buses, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-40 Years
Buses	10-12 Years
Machinery and Equipment	5-15 Years

**Restricted Net Assets**

Restricted net assets are those for which a constraint has been imposed either externally or by law. MRTA recognized the use of restricted resources or expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used.

**Budgets and Budgetary Accounting**

Annual appropriated budgets are adopted for each fund before October 1 of each year in accordance with Idaho code. The budgets are prepared in accordance with the modified accrual basis of accounting. Budgeted amounts shown are as originally adopted and as amended by MRTA.

**Cash and Cash Equivalents**

MRTA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of less than 90 days.

**Investments**

State statutes authorize MRTA to invest in obligations of U.S. Treasury, commercial paper, corporate bonds and repurchase agreements, and the Idaho State Treasurer Local Government Investment Pool. All investments of MRTA are placed in the State Investment Pool and stated at fair value as provided by the Pool.

**Inventories**

Inventory is valued at cost using the first in, first out method. Inventory consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed and is reflected in the government-wide financial statements only. Inventory items are reported as expenditures in the fund statements when purchased.

**Subsequent Events**

Any subsequent events have been evaluated as of December 28, 2015, the date the financial statements were available to be issued.

**NOTE 2 – CASH AND CASH DEPOSITS**

Cash and cash deposit balances at September 30, 2015:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash/undeposited funds	\$ 100	\$ 0
Mountain West Bank checking accounts (FDIC Insured)	231,227	494,070
State of Idaho Local Govt Investment Pool	<u>738,768</u>	<u>734,602</u>
Total Cash/Cash Deposit	<u>\$ 970,095</u>	<u>\$ 1,228,672</u>

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

Note 2 - Continued

Investments in the Local Government Investment Pool are valued at the fair value. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

An annual audit is conducted by the State Legislative Auditors Office. The Legislative Auditor of the State of Idaho has full access to the records of the pool.

Risk Exposure

**Interest Rate Risk** – MRTA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**Credit Risk** – MRTA has no formal investment policy which would further limit its investment choices beyond those stated in the Idaho Code.

**Concentration of Credit Risk** – MRTA places no formal limits on the amount the Treasurer may invest in any one issuer.

**Custodial Credit Risk, Deposits** – Custodial credit risk is the risk that funds would be lost in the event of bank failure. MRTA does not have a formal deposit policy to limit custodial credit risk.

**NOTE 3 – CAPITAL ASSETS**

Capital asset activity for the year ended September 30, 2015, is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
<b>Governmental Activities:</b>				
Land	\$ 210,000	\$	\$	\$ 210,000
Construction in Progress	83,774	953,767		1,037,541
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	2,080,168	12,357		2,092,525
Vehicles	4,214,928	145,972		4,360,900
Office Equipment	20,652	9,272		29,924
Shop Equipment	79,464			79,464
<b>Total</b>	<u>6,688,986</u>	<u>1,121,368</u>	<u>0</u>	<u>7,810,354</u>
<b>Less: Accumulated Depreciation:</b>				
Buildings and Improvements	-736,350	-56,591		-792,941
Vehicles	-2,240,784	-400,858		-2,641,642
Office Equipment	-12,537	-4,110		-16,647
Shop Equipment	-44,538	-4,035		-48,573
<b>Total Accumulated Depreciation</b>	<u>-3,034,209</u>	<u>-465,594</u>	<u>0</u>	<u>-3,499,803</u>
<b>Governmental capital assets, net</b>	<u>\$ 3,654,777</u>	<u>\$ 655,774</u>	<u>\$ 0</u>	<u>\$ 4,310,551</u>

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

**NOTE 4 – ACCRUED COMPENSATED ABSENCES**

This amount includes personal leave time earned by employees, but not used as of fiscal year end.

**NOTE 5 – EMPLOYEE RETIREMENT PLAN**

MRTA has a noncontributory defined contribution pension plan covering substantially all employees who have been employed for the lesser of twelve months or 1,000 hours. MRTA's contributions are made at the discretion of the board of directors. Vesting of accrued benefits occurs at the rate of 20% after two years of service, plus 20% for each year of service, thereafter. Contributions to the plan for the years ended September 30, 2015, 2014 and 2013 were \$101,056, \$84,309 and \$86,693, respectively.

**NOTE 6 – COMMITMENTS AND CONTINGENCIES**

MRTA receives a significant portion of its support from the cities of Ketchum and Sun Valley. Should the cities decrease their share of participation, MRTA would be forced to find other sources of revenue or make a significant reduction in services.

**NOTE 7 – RISK MANAGEMENT**

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the fiscal year, the Authority contracted with Idaho County Risk Management Program (ICRMP) for property, crime and fleet insurance and the State Insurance Fund for workman's compensation. Under the terms of the ICRMP policy, the Authority's liability is limited to the amount of annual financial membership contributions, including a per occurrence deductible. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**NOTE 8 – ENVIRONMENTAL FACTORS**

MRTA owns land and facilities to provide repair and maintenance of their transportation equipment. These items carry a responsibility for environmental issues, which, if violated, would be a liability to MRTA. There has been no environmental study to determine the existence of any such liabilities.

**REQUIRED  
SUPPLEMENTARY INFORMATION**

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- General Fund**  
**for the year ended September 30, 2015**

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>			
Federal Funding	\$ 924,000	\$ 938,395	\$ 14,395
State Funding	7,500	3,899	(3,601)
Local Funding	1,043,995	1,053,359	9,364
Fare Revenues	382,000	350,110	(31,890)
Charter Bus and Bike Share Revenue	20,000	13,851	(6,149)
Workforce Housing Revenue			0
Advertising	55,000	64,031	9,031
Interest Income	550	868	318
Proceeds on Sale of Assets			0
Other Revenues	<u>19,500</u>	<u>20,820</u>	<u>1,320</u>
Total Revenue	<u>2,452,545</u>	<u>2,445,333</u>	<u>(7,212)</u>
<b>EXPENDITURES:</b>			
Wages and Benefits	1,646,560	1,621,747	24,813
Fuel	299,135	227,975	71,160
Repairs and Maintenance	231,400	165,203	66,197
Rent and Utilities	43,000	41,942	1,058
Contracted Services	39,500	30,963	8,537
Marketing and Promotion	62,000	58,536	3,464
Insurance	111,000	105,641	5,359
Capital Expenditures			0
Supplies	21,900	17,781	4,119
Travel and Training	23,000	19,711	3,289
Printing and Reproduction	11,500	13,061	(1,561)
Miscellaneous	<u>8,500</u>	<u>2,282</u>	<u>6,218</u>
Total Expenditures	<u>2,497,495</u>	<u>2,304,842</u>	<u>192,653</u>
EXCESS REVENUE (EXPENDITURES)	(44,950)	140,491	185,441
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers from other funds	82,851	20,000	(62,851)
Operating transfers (to) other funds	<u>(112,901)</u>	<u>(202,235)</u>	<u>(89,334)</u>
NET CHANGE IN FUND BALANCES	(75,000)	(41,744)	33,256
FUND BALANCE - BEGINNING	<u>606,008</u>	<u>606,008</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 531,008</u>	<u>\$ 564,264</u>	<u>\$ 33,256</u>

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- Capital Reserve Fund**  
**for the year ended September 30, 2015**

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>			
Federal Funding	\$ 997,000	\$ 878,937	\$ (118,063)
State Funding	25,000	0	(25,000)
Local Funding	125,580	125,640	60
Fare Revenues	35,000	17,500	(17,500)
Charter Bus and Bike Share Revenue			0
Workforce Housing Revenue			0
Advertising			0
Interest Income	300	576	276
Proceeds on Sale of Assets		0	0
Other Revenues	<u>5,000</u>	<u>0</u>	<u>(5,000)</u>
Total Revenue	<u>1,187,880</u>	<u>1,022,653</u>	<u>(165,227)</u>
<b>EXPENDITURES:</b>			
Wages and Benefits			0
Fuel			0
Repairs and Maintenance			0
Rent and Utilities			0
Contracted Services			0
Marketing and Promotion			0
Insurance			0
Capital Expenditures	1,465,935	1,210,725	255,210
Supplies			0
Travel and Training			0
Printing and Reproduction			0
Miscellaneous			0
Total Expenditures	<u>1,465,935</u>	<u>1,210,725</u>	<u>255,210</u>
EXCESS REVENUE (EXPENDITURES)	(278,055)	(188,072)	89,983
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers from other funds	202,235	202,235	0
Operating transfers (to) other funds			0
NET CHANGE IN FUND BALANCES	(75,820)	14,163	89,983
FUND BALANCE - BEGINNING	<u>354,962</u>	<u>354,962</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 279,142</u>	<u>\$ 369,125</u>	<u>\$ 89,983</u>

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Schedule of Revenues, Expenditures and Changes in Fund Balances**  
**Budget and Actual -- Work Force Housing Fund**  
**for the year ended September 30, 2015**

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>REVENUE:</b>			
Federal Funding	\$	\$	\$ 0
State Funding			0
Local Funding			0
Fare Revenues			0
Charter Bus and Bike Share Revenue			0
Workforce Housing Revenue	30,500	30,599	99
Advertising			0
Interest Income	50	56	6
Proceeds on Sale of Assets			0
Other Revenues			0
	<u>30,550</u>	<u>30,655</u>	<u>105</u>
Total Revenue			
<b>EXPENDITURES:</b>			
Wages and Benefits			0
Fuel			0
Repairs and Maintenance	5,950	7,476	(1,526)
Rent and Utilities	5,200	5,722	(522)
Contracted Services			0
Marketing and Promotion			0
Insurance			0
Capital Expenditures			0
Supplies			0
Travel and Training			0
Printing and Reproduction			0
Miscellaneous		33	(33)
	<u>11,150</u>	<u>13,231</u>	<u>(2,081)</u>
Total Expenditures			
EXCESS REVENUE (EXPENDITURES)	19,400	17,424	(1,976)
<b>OTHER FINANCING SOURCES (USES):</b>			
Operating transfers from other funds			0
Operating transfers (to) other funds	(20,000)	(20,000)	0
NET CHANGE IN FUND BALANCES	(600)	(2,576)	(1,976)
FUND BALANCE - BEGINNING	<u>32,469</u>	<u>32,469</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 31,869</u>	<u>\$ 29,893</u>	<u>\$ (1,976)</u>

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY**  
**Schedule of Expenditures of Federal Awards**  
**for the year ended September 30, 2015**

<u>Federal Grantor/Pass-through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Federal Expenditures</u>
U.S. Department of Transportation:		
Urban Mass Transportation Capital Improvement Grants	20.500	\$ 9,410
Pass-Through Idaho Transportation Department (1722) :		
Public Transportation for Non Urbanized Areas	20.509	793,206
Enhanced Mobility For Seniors and Individuals with Disabilities	20.513	32,133
Highway Planning and Construction	20.205	12,384
Bus and Bus Facilities Program	20.526	818,280
Job Access - Reverse Commute (JARC)	20.516	55,759
New Freedom Program Formula Grant	20.521	<u>44,913</u>
Total		<u>\$ 1,766,085</u>

**NOTE 1 - BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Mountain Rides Transportation Authority and is presented on the 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 of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

The examination of the records of the Mountain Rides Transportation Authority, Idaho for the year ended September 30, 2014, revealed no areas of comments.

**SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

The examination of the records of the Mountain Rides transportation Authority, Idaho for the year ended September 30, 2015, revealed no areas of comments, findings or questioned costs



MOUNTAIN RIDES TRANSPORTATION AUTHORITY

Year Ended September 30, 2015

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section 1 – Summary of Auditor’s Results**

**Financial Statements**

Type of auditor’s report issued: Unmodified  
Internal control over financial reporting:

Material weakness(es) identified? \_\_\_ yes X No  
Significant deficiencies identified that are not considered to be material weakness(es) \_\_\_ yes X None reported

Noncompliance material to financial statements noted? \_\_\_ yes X No

**Federal Awards**

Internal control over major programs:

Material weakness(es) identified? \_\_\_ yes X No  
Significant deficiencies identified that are not considered to be material weakness(es) \_\_\_ yes X None reported

Type of auditor’s report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_ yes X No

**Identification of major programs:**

<u>Program Title</u>	<u>Federal CFDA Number</u>
U.S. Department of Transportation:	
Bus and Bus Facilities Program	20.526
Job Access – Reverse Commute (JARC)	20.516
Dollar threshold used to distinguish between type A and type B programs:	\$ 300,000
Auditee qualified as low-risk auditee?	<u>X</u> yes ___ no

**Section II – Financial Statement Findings**

No material weaknesses were reported.

**Section III – Federal Award Findings and Questioned Costs**

No material weaknesses were reported.



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

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

December 28, 2015

To the Board of Directors  
Mountain Rides Transportation Authority

I have audited, in accordance with the 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, each major fund, and the aggregate remaining fund information of Mountain Rides Transportation Authority (MRTA), as of and for the year ended September 30, 2015, and the related notes to the financial statements, which collectively comprise MRTA's basic financial statements, and have issued our report thereon dated December 28, 2015.

**Internal Control Over Financial Reporting**

In planning and performing my audit of the financial statements, I considered MRTA'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 MRTA's internal control. Accordingly, I do not express an opinion on the effectiveness of MRTA'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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the MRTA'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.

My 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 my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether MRTA's financial statements are free from material misstatement, I 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 my audit, and accordingly, I do not express such an opinion. The results of my 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dennis R. Brown". The signature is written in a cursive style.

DENNIS R. BROWN  
Certified Public Accountant  
Twin Falls, Idaho



828 Blue Lakes Boulevard North • P.O. Box 2367 • Twin Falls, Idaho 83303 • (208) 733-1161 • Fax: (208) 733-6100

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

December 28, 2015

To the Board of Directors  
Mountain Rides Transportation Authority  
Ketchum, Idaho

***Report on Compliance for Each Major Federal Program***

I have audited the Mountain Rides Transportation Authority's (MRTA) 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 MRTA's major federal programs for the year ended September 30, 2015. The MRTA'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***

My responsibility is to express an opinion on compliance for each of the MRTA's major federal programs based on my audit of the types of compliance requirements referred to above. I conducted my 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 I 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 MRTA's compliance with those requirements and performing such other procedures as I considered necessary in the circumstances.

I believe that my audit provides a reasonable basis for my opinion on compliance for each major federal program. However, my audit does not provide a legal determination of the MRTA's compliance.

***Opinion on Each Major Federal Program***

In my opinion, the MRTA 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 September 30, 2015.

***Other Matters***

The results of my auditing procedures disclosed no instances of noncompliance.

Report Continued--

**Report on Internal Control Over Compliance**

Management of the MRTA is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing my audit of compliance, I considered the MRTA's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the 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 overall 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, I do not express an opinion on the effectiveness of the MRTA'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 on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 a 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.

My consideration of 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. I did not identify any deficiencies in internal control over compliance that I 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 my 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.



DENNIS R BROWN  
Certified Public Accountant  
Twin Falls, Idaho