

MOUNTAIN EXPRESS
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
December 31, 2020 and 2019

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**INDEPENDENT AUDITOR'S REPORT**

May 19, 2021

Board of Directors
Mountain Express
Crested Butte, Colorado

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, and each major fund of Mountain Express, as of and for the year ended December 31, 2020 and 2019, and the related notes to the financial statements, which collectively comprise Mountain Express' basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit of the December 31, 2020 financial statements in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The audit of the December 31, 2019 financial statements was conducted 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 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and each major fund of Mountain Express, as of December 31, 2020 and 2019, and the respective changes in financial position thereof and the respective budgetary comparison



Board of Directors
Mountain Express
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for the General Fund for the years 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 the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the 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 our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mountain Express's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 19, 2021, on our consideration of Mountain Express's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Mountain Express' 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 Mountain Express's internal control over financial reporting and compliance.

Chadwick, Steinkirchner, Davis & Co., P.C.

MOUNTAIN EXPRESS

MANAGEMENT'S DISCUSSION AND ANALYSIS Year Ended December 31, 2020

Our discussion and analysis of Mountain Express financial performance provides an overview of the Mountain Express financial activities for the fiscal year ended December 31, 2020. We encourage readers to consider the information presented here in conjunction with the additional information furnished in our basic financial statements to better understand the financial position of Mountain Express.

A. **FINANCIAL HIGHLIGHTS**

- Mountain Express assets exceed liabilities by \$4,928,157 at the end of the year, an increase of \$242,992 from the prior year.
- Governmental funds reported an ending fund balance of \$1,780,939, an increase of \$206,071 from the prior year.
- Mountain Express continues to maintain a position free of any long-term debt obligations.
- Mountain Express purchased a lot for future construction use in 2020 for \$300,797.

B. **OVERVIEW OF THE FINANCIAL STATEMENTS**

This discussion and analysis is intended to serve as an introduction to Mountain Express basic financial statements. The basic financial statements consist of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of our finances in a manner similar to a private sector business.

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

The statement of activities presents information showing how the net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods.

Mountain Express has only one function and thus all of its activities are reported under governmental activities in the government-wide financial statements.

Fund financial statements. A fund is a group of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mountain Express has only one fund, a governmental fund.

Governmental Fund. The governmental fund is used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike government-wide financial statements, governmental fund financial statements focus on how money flows into and out of the fund and the balances left at year-end that are available for spending. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of Mountain Express' operations. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance Mountain Express programs.

MOUNTAIN EXPRESS

MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2020

Notes to financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Capital assets. Mountain Express has complied with capital assets financial statements reporting requirements as specified in Governmental Accounting Standards Board Statement 34 (GASB34). One of the requirements is to report capital assets in the government-wide financial statements.

C. GOVERNMENT-WIDE FINANCIAL ANALYSIS

At December 31, 2020, total net position was \$4,928,157, an increase of \$242,992. This increase was largely due to the growth of grant revenue received from federal program in response to the COVID19 pandemic, coupled with stable expenses.

The following table summarizes governmental activities net position for 2020 and 2019.

Mountain Express
December 31
Statements of Net Position

	<u>Governmental Activities</u>		<u>Total</u>	
	<u>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Current and Other assets	\$1,880,784	\$1,642,220	\$1,880,784	\$1,642,220
Capital assets	<u>3,188,876</u>	<u>3,167,052</u>	<u>3,188,876</u>	<u>3,167,052</u>
Total Assets	<u>5,069,660</u>	<u>4,809,272</u>	<u>5,069,660</u>	<u>4,809,272</u>
Current liabilities	99,845	67,352	99,845	67,352
Other liabilities	<u>41,685</u>	<u>56,756</u>	<u>41,685</u>	<u>56,756</u>
Total Liabilities	<u>141,503</u>	<u>124,108</u>	<u>141,503</u>	<u>124,108</u>
Net Position:				
Net investment in capital assets	3,188,876	3,167,052	3,188,876	3,167,052
Unrestricted	<u>1,739,281</u>	<u>1,518,112</u>	<u>1,739,281</u>	<u>1,518,112</u>
Total Net Position	<u>\$ 4,928,157</u>	<u>\$4,685,164</u>	<u>\$4,928,157</u>	<u>\$4,685,164</u>

MOUNTAIN EXPRESS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2020

The following table summarizes the changes in net position for Mountain Express:

	Mountain Express December 31 Changes in Net Position			
	Governmental Activities		Total	
	2020	2019	2020	2019
REVENUES				
Program Revenues:				
Operating grants & contributions	\$2,356,067	\$1,932,787	\$2,356,067	\$1,932,787
Capital grants & contributions	48,000	99,025	48,000	99,025
Charges for services	47,382	57,354	47,382	57,354
General Revenues:				
Investment earnings	8,520	10,192	8,520	10,192
Other	—	10,554	—	10,554
Total Revenues	<u>2,459,969</u>	<u>2,109,912</u>	<u>2,459,969</u>	<u>2,109,912</u>
EXPENSES				
General government	80,107	80,324	80,107	80,324
Transportation	<u>2,136,870</u>	<u>2,097,705</u>	<u>2,136,870</u>	<u>2,097,705</u>
Total Expenses	<u>2,216,977</u>	<u>2,178,029</u>	<u>2,216,977</u>	<u>2,178,029</u>
Increase (decrease) in net position	<u>\$ 242,992</u>	<u>\$ (68,117)</u>	<u>\$ 242,992</u>	<u>\$ (68,117)</u>

D. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental funds. The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year. Mountain Express has only one fund, the governmental fund.

As of December 31, 2020 Mountain Express governmental fund balance was \$1,780,939 which represented an increase of \$206,071. The fund balance is approximately 79% of annual operating expenditures. Due to the volatile nature of Mountain Express' revenues, it is management's intent to maintain a strong fund balance dedicated to operations.

E. GOVERNMENTAL FUND BUDGETARY HIGHLIGHTS

In 2020 there was one amendment to the budget, to account for both extra revenue and expenses related to the onset of the COVID19 pandemic. Governmental revenues were \$250,969 over budget. There were several significant variances in expenditures from budget to actual. Salaries and Wages and Retirement and Benefits came in over budget. The overall revenues and expenditures positive variance was \$325,071.

MOUNTAIN EXPRESS
MANAGEMENT'S DISCUSSION AND ANALYSIS
Year Ended December 31, 2020

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. During 2020, Mountain Express capital purchase was a lot for future construction use for \$300,797. More detailed information on Mountain Express' capital assets may be found in Note B of the financial statements.

Long-term Debt. Mountain Express has no long-term debt obligations or capital leases.

G. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

Most of the intergovernmental revenue received by Mountain Express is derived from a fixed percentage of sales taxes and admissions taxes collected by the Town of Crested Butte and the Town of Mt. Crested Butte. Those revenues were down in 2020. Intergovernmental revenues were also received in the form of operating grants from the Federal Transportation Authority. Those revenues did increase in 2020 and a slight increase is expected in 2021. Mountain Express also received significant revenue from the CARES Act in 2020 in the amount of \$470,215.

The 2021 budget reflects a net decrease in fund balance of \$15,879 after total capital expenditures of \$302,441. The capital expenditure budget includes one bus purchase and consulting expenses related to several capital improvement projects.

H. REQUEST FOR INFORMATION

This financial report is designed to provide a general overview of Mountain Express finances. If you have questions about this report or need additional financial information, contact Mountain Express, PO Box 3482, Crested Butte, Colorado 81224.

Mountain Express

STATEMENTS OF NET POSITION

December 31,

	Governmental Activities	
	2020	2019
ASSETS		
Cash and investments	\$ 1,236,515	\$1,338,937
Accounts receivable	243,556	9,497
Due from:		
Town of Mt. Crested Butte	166,245	135,934
Town of Crested Butte	231,562	127,715
Prepaid expenses	2,906	30,137
Non-current assets		
Capital assets (net of accumulated depreciation)		
Land, nondepreciable	977,643	676,846
Construction in process	68,200	-
Buildings	754,890	795,421
Vehicles	1,354,007	1,657,453
Equipment	34,136	37,332
Total assets	<u>5,069,660</u>	<u>4,809,272</u>
LIABILITIES		
Accounts payable	51,838	27,983
Accrued liabilities	48,007	39,369
Compensated absences	41,658	56,756
Total liabilities	<u>141,503</u>	<u>124,108</u>
NET POSITION		
Net investment in capital assets	3,188,876	3,167,052
Unrestricted	1,739,281	1,518,112
Total net position	<u>\$ 4,928,157</u>	<u>\$ 4,685,164</u>

The accompanying notes are an integral part of this statement.

Mountain Express

STATEMENT OF ACTIVITIES

Year ended December 31, 2020

Function/Programs	Expenses	Program Revenues			Governmental Activities, Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 80,107	\$ -	\$ 80,107	\$ -	\$ -
Transportation	2,136,870	47,382	2,275,960	48,000	234,472
Total governmental activities	<u>\$ 2,216,977</u>	<u>\$ 47,382</u>	<u>\$ 2,356,067</u>	<u>\$ 48,000</u>	<u>234,472</u>
			General revenues:		
			Unrestricted investment earnings	8,520	
			Total general revenues	<u>8,520</u>	
			Change in net position	242,992	
			Net position at beginning of year	4,685,165	
			Net position at end of year	<u>\$ 4,928,157</u>	

The accompanying notes are an integral part of this statement.

Mountain Express

STATEMENT OF ACTIVITIES

Year ended December 31, 2019

Function/Programs	Expenses	Program Revenues			Governmental Activities, Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 80,324	\$ -	\$ 80,324	\$ -	\$ -
Transportation	2,097,705	57,354	1,852,463	99,025	(88,863)
Total governmental activities	<u>\$ 2,178,029</u>	<u>\$ 57,354</u>	<u>\$ 1,932,787</u>	<u>\$ 99,025</u>	<u>(88,863)</u>
			General revenues:		
			Unrestricted investment earnings	10,192	
			Gain on disposals of capital assets	10,554	
			Total general revenues	<u>20,746</u>	
			Change in net position	(68,117)	
			Net position at beginning of year	4,753,281	
			Net position at end of year	<u>\$ 4,685,164</u>	

The accompanying notes are an integral part of this statement.

Mountain Express

BALANCE SHEETS - GOVERNMENTAL FUND

December 31,

	2020	2019
ASSETS		
Cash and investments	\$ 1,236,515	\$ 1,338,937
Accounts receivable	243,556	9,497
Due from:		
Town of Mt. Crested Butte	166,245	135,934
Town of Crested Butte	231,562	127,715
Prepaid expenses	2,906	30,137
Total assets	<u>\$ 1,880,784</u>	<u>\$ 1,642,220</u>
LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 51,838	\$ 27,983
Accrued liabilities	48,007	39,369
Total liabilities	<u>99,845</u>	<u>67,352</u>
Fund balance		
Nonspendable	2,906	30,137
Assigned for capital reserve	400,000	400,000
Unassigned:		
Operating reserve	800,000	800,000
Other unassigned	578,033	344,731
Total fund balance	<u>1,780,939</u>	<u>1,574,868</u>
Total liabilities and fund balance	<u>\$ 1,880,784</u>	<u>\$ 1,642,220</u>
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balance - governmental funds	\$ 1,780,939	\$ 1,574,868
Accrued compensated absences payable are not due and payable in the current year and, therefore, are not reported in the Fund	(41,658)	(56,756)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		
Cost of capital assets, net of accumulated depreciation	<u>3,188,876</u>	<u>3,167,052</u>
Net position of Governmental Activities	<u>\$ 4,928,157</u>	<u>\$ 4,685,164</u>

The accompanying notes are an integral part of this statement.

Mountain Express

STATEMENTS OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - GOVERNMENTAL FUND

Years ended December 31,

	2020	2019
Revenues		
Intergovernmental revenue	\$ 2,404,067	\$ 2,031,812
Charges for services	47,382	57,354
Interest income	8,520	10,192
Miscellaneous revenue	-	10,554
Total revenue	<u>2,459,969</u>	<u>2,109,912</u>
Expenditures		
General government	80,107	80,324
Transportation	<u>2,173,791</u>	<u>1,729,075</u>
Total expenditures	<u>2,253,898</u>	<u>1,809,399</u>
Change in fund balance	206,071	300,513
Fund balance, beginning	<u>1,574,868</u>	<u>1,274,355</u>
Fund balance, ending	<u><u>\$ 1,780,939</u></u>	<u><u>\$ 1,574,868</u></u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - governmental fund	\$ 206,071	\$ 300,513
Capital outlays are reported as expenditures in the Fund; in the Statement of Activities, the costs of capital assets are allocated over their estimated useful life as depreciation expense.		
Asset additions	368,997	18,680
Depreciation expense	(347,174)	(378,370)
Compensated absences are recognized as an expenditure in the fund when they are determined to be payable from current financial resources. This is the amounts by which compensated absences changed in the current year.	<u>15,098</u>	<u>(8,940)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 242,992</u></u>	<u><u>\$ (68,117)</u></u>

The accompanying notes are an integral part of this statement.

Mountain Express

STATEMENT OF REVENUE, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND

Year ended December 31, 2020

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)	2019 Actual
Revenues					
Grant revenues	\$ 332,400	\$ 600,400	\$ 802,624	\$ 202,224	\$258,560
Town of Mt. Crested Butte					
Contribution	708,700	708,700	633,971	(74,729)	852,097
Town of Crested Butte					
Contribution	834,200	834,200	967,472	133,272	921,155
Charges for services	65,100	65,100	47,382	(17,718)	57,354
Interest income	600	600	8,520	7,920	10,192
Other revenues	-	-	-	-	10,554
Total revenues	<u>1,941,000</u>	<u>2,209,000</u>	<u>2,459,969</u>	<u>250,969</u>	<u>2,109,912</u>
Expenditures					
Salaries and wages	988,000	988,000	1,017,336	(29,336)	918,888
Retirement and benefits	436,300	436,300	443,744	(7,444)	411,608
Supplies	22,700	22,700	20,380	2,320	17,822
Travel and education	4,000	4,000	2,359	1,641	4,640
Insurance	66,800	66,800	50,428	16,372	64,191
Professional services	41,200	41,200	30,752	10,448	37,051
Utilities	26,300	26,300	15,869	10,431	18,313
Repairs and maintenance	109,000	109,000	103,541	5,459	115,670
Building rent	4,200	4,200	3,838	362	3,774
Telephone	7,000	7,000	6,668	332	6,851
Gas and oil	152,000	152,000	104,922	47,078	143,085
Tires	34,000	34,000	27,195	6,805	30,603
Trash removal	1,500	1,500	1,355	145	1,295
Capital outlay	95,000	435,000	425,511	9,489	35,608
Total expenditures	<u>1,988,000</u>	<u>2,328,000</u>	<u>2,253,898</u>	<u>74,102</u>	<u>1,809,399</u>
Change in fund balance	(47,000)	(119,000)	206,071	325,071	300,513
Fund balance - beginning	<u>1,574,868</u>	<u>1,574,868</u>	<u>1,574,868</u>	-	<u>1,274,355</u>
Fund balance - ending	<u>\$ 1,527,868</u>	<u>\$ 1,455,868</u>	<u>\$ 1,780,939</u>	<u>\$ 325,071</u>	<u>\$ 1,574,868</u>

The accompanying notes are an integral part of this statement.

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Organization

Mountain Express was established as an intergovernmental agency between the towns of Crested Butte and Mt. Crested Butte. Mountain Express provides bus service to the Crested Butte ski area and throughout the towns. The towns of Crested Butte and Mt. Crested Butte contribute ninety-five percent (95%) of their respective town's one percent (1%) sales tax adopted for transportation services. The Town of Mt. Crested Butte also contributes twenty-five percent (25%) of the proceeds of the four percent (4%) admissions tax adopted by the Town of Mt. Crested Butte and designated for transportation. Due to the nature of funding from federal grants and contributions by the partners, the operations are reported as a Governmental Fund.

The accompanying statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The financial statements include all activities and functions that comprise Mountain Express. Component units are legally separate entities for which the governmental entity is financially accountable. Financial accountability is defined as the ability to appoint a voting majority of the organization's governing body and either (1) the government's ability to impose its will over the organization or (2) the potential that the organization will provide a financial benefit to, or impose a financial burden on, the governmental entity. Using these criteria, Mountain Express has no component units.

2. Basis of accounting

Mountain Express' financial statements (including notes to the financial statements) are prepared in compliance with the Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments, as amended. The Statement includes the following: (1) A Management's Discussion and Analysis (MD&A) section providing an analysis of Mountain Express' overall financial position and results of operations (2) Financial statements prepared using full accrual accounting for the government's activities.

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 a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when they become available and measurable. Available means collectible within the current period or soon enough thereafter to pay current liabilities. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current period. Intergovernmental revenues received as reimbursements for specific purposes or projects are recognized based upon the expenditures recorded. Expenditures are recorded when the liability is incurred.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted assets first.

3. Government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of Mountain Express. Mountain Express does not have any component units to report. All of the activities of Mountain Express are reported as governmental activities.

The statement of activities demonstrates the degree to which the direct expenses of a 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 those 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 or other items not properly included among program revenues are reported instead as general revenues.

4. Tax, spending and debt limitation

Article X, Section 20 of the Constitution of the State of Colorado has certain requirements concerning revenue and expenditure limits and the establishment of an Emergency Reserve. The towns of Mt. Crested Butte and Crested Butte each record their share of Mountain Express on their books, which is included when determining their Article X, Section 20 limits and Emergency Reserve.

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

5. Capital assets

Property and equipment are reported as governmental activities in the government-wide financial statements. Capitalized assets are defined by Mountain Express as assets that have a useful life of one or more years, and for which the initial value equals or exceeds \$5,000. All purchased assets are valued at cost. Donated assets are valued at their estimated fair market value on the date received. The cost of normal maintenance and repairs that does not add to the value of an asset or materially extend asset life is not capitalized. Depreciation on all assets is provided on the straight-line basis over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful life</u>
Buildings	30 years
Other Improvements	10-20 years
Vehicles	5-10 years
Furniture & Equipment	5-15 years

6. Accrued liabilities for compensated absences

Mountain Express allows employees to accumulate earned but unused vacation and sick pay benefits. A liability for accrued, unused vacation or sick leave is recorded in the government-wide statement of activities. In governmental fund statements, vacation or sick leave is reported as an expenditure and liability to the fund when used.

7. Estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

8. Net position

Net position represents the difference between assets and liabilities. The net position category of net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition or construction of improvements on those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by Mountain Express or through external restrictions imposed by creditors, grantors, laws or regulations of other governments.

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE B – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2020 was as follows:

	<u>Balance</u> <u>12/31/2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2020</u>
Capital assets not depreciated:				
Land	\$ 676,846	\$ 977,643	\$ (676,846)	\$ 977,643
Construction in process	<u>-</u>	<u>68,200</u>	<u>-</u>	<u>68,200</u>
Construction in process	676,846	1,045,843	(676,846)	1,045,843
Capital assets being depreciated:				
Buildings	1,211,355	-	-	1,211,355
Vehicles	3,341,260	-	-	3,341,260
Equipment	<u>99,843</u>	<u>-</u>	<u>-</u>	<u>99,843</u>
	4,652,458	-	-	4,652,458
Accumulated depreciation:				
Buildings	(415,934)	(40,531)	-	(456,465)
Vehicles	(1,683,807)	(303,446)	-	(1,987,253)
Equipment	<u>(62,511)</u>	<u>(3,197)</u>	<u>-</u>	<u>(65,708)</u>
Total accumulated depreciation	<u>(2,162,252)</u>	<u>(347,174)</u>	<u>-</u>	<u>(2,509,426)</u>
Total capital assets being depreciated	<u>2,490,206</u>	<u>(347,174)</u>	<u>-</u>	<u>2,143,032</u>
Total capital assets, net of depreciation	<u>\$ 3,167,052</u>	<u>\$ 698,669</u>	<u>\$ (676,846)</u>	<u>\$ 3,188,875</u>

Depreciation expense was charged to governmental functions as follows:

Transportation	<u>\$ 347,174</u>
Total depreciation	<u>\$ 347,174</u>

NOTE C – LONG-TERM LIABILITES

Changes in long-term liabilities for the year ended December 31, 2020 were as follows:

	<u>December 31,</u> <u>2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2020</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	<u>\$ 56,756</u>	<u>\$ -</u>	<u>\$ 15,098</u>	<u>\$ 41,658</u>	<u>\$ 41,658</u>

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE D – CASH AND INVESTMENTS

Deposits

The Colorado Public Deposit Protection Act (“PDPA”) requires that all units of local government deposit cash in eligible public depositories with eligibility determined by state regulators. Amounts on deposit in excess of federal insurance levels must be collateralized. The eligible collateral is determined by the PDPA, which allows the institution to create a single collateral pool for all public funds. The pool is to be maintained by another institution or held in trust for all the uninsured public deposits as a group. The market value of the collateral must be at least equal to 102% of the uninsured deposits. Deposits at December 31, 2020, consisted of the following:

Insured by FDIC	\$ 560,158
Collateralized as noted above	688,442
Outstanding deposits	-
Less outstanding checks	<u>(12,085)</u>
Cash and investments per financial report	<u>\$ 1,236,575</u>

Investments

Colorado statutes specify investment instruments meeting defined rating and risk criteria in which local government entities may invest:

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

Certificates of deposit are valued at amortized cost.

The composition of all cash and investments as of December 31, 2020 is as follows:

	<u>Amounts</u>	<u>Maturities</u>	
		<u>Less than 1 year</u>	<u>1-5 years</u>
Checking	\$ 1,865		
Money market	816,300		
Certificates of deposit	<u>418,350</u>	108,192	310,158
	<u>\$ 1,236,515</u>		

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE E – RETIREMENT PLAN

Mountain Express maintains a defined contribution retirement plan for all qualified full-time employees and a deferred compensation retirement plan for all qualified seasonal employees. The plans are maintained by the “Colorado County Officials and Employees Retirement Association”.

The medium of funding is by means of the accumulation of contributions in a trust fund. Each participant’s contribution to the plan varies from 4% to 12% of their compensation depending on employment status and longevity. Mountain Express matches the participant’s contribution on a dollar for dollar basis. Benefits payable upon retirement, death, disability, resignation or dismissal are equal to the amounts accumulated for that participant subject to Internal Revenue Service regulations.

During 2020 and 2019, total government contributions to the retirement plan were \$44,626 and \$42,274, respectively.

NOTE F – RISK MANAGEMENT

Mountain Express 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.

Mountain Express is a member of the Colorado Intergovernmental Risk Sharing Agency (“CIRSA”), CIRSA provides liability and property insurance. The insurance is provided through joint self-insurance, insurance and reinsurance, or any combination of thereof. CIRSA’s rate setting policies are established by the board of Director’s in consultation with independent actuaries. Mountain Express is subject to a supplemental assessment in the event of deficiencies and may receive credit on future contributions in the event of surplus.

Mountain Express carries workman’s compensation insurance through Pinnacol Assurance.

NOTE G – COMMITMENTS AND CONTINGENT LIABILITIES

Mountain Express participates in federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE H – FUND BALANCES

GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions" provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balances more transparent. In the fund financial statements the following classifications describe the relative strength of the spending constraints.

NOTES TO FINANCIAL STATEMENTS

December 31, 2020 and 2019

NOTE H – FUND BALANCES – CONTINUED

- *Non-spendable fund balance* - The portion of fund balance that cannot be spent because it is either not in spendable form (such as prepaid expense) or is legally or contractually required to be maintained intact.
- *Restricted fund balance* - The portion of fund balance constrained to being used for a specific purpose by external parties (such as grantors or bondholders), constitutional provisions or enabling legislation.
- *Committed fund balance* - The portion of fund balance constrained for specific purposes according to limitations imposed by Mountain Express' highest level of decision making authority, the Board, prior to the end of the current fiscal year. The constraint may be removed or changed only through formal action of the Board.
- *Assigned fund balance* - The portion of fund balance set aside for planned or intended purposes. The intended use may be expressed by the Board or other individuals authorized to assign funds to be used for a specific purpose.

A capital reserve of \$400,000 has been assigned by the Board to be used for capital projects.

- *Unassigned fund balance* - The residual portion of fund balance that does not meet any of the above criteria. Mountain Express will only report a positive unassigned fund balance in the General Fund.

The Board has adopted a policy to designate a portion of unassigned fund balance as an operating reserve. The designated portion of unassigned fund balance of \$800,000 represents amounts set aside to serve as a financial cushion for use in emergency situations or when revenue shortages or budgetary imbalances arise. The operating reserve amount represents 50% of annual expenditures.

Unrestricted fund balance will be used in the following order: committed, assigned, and unassigned.

NOTE I – WHETSTONE PROJECT

On June 16, 2020, two lots owned by Mountain Express in the Whetstone Industrial Park were clustered with one lot owned by Gunnison Valley Transportation Authority (RTA) to remove internal property lines. The three lots had been separately purchased for the purpose of building bus maintenance and storage facilities for buses owned by each entity. On September 25, 2020, Mountain Express and RTA signed an agreement describing the terms for construction and use of the proposed facilities. Each entity will construct its facility and provide for certain common aspects where feasible. MX has engaged architects and is developing building plans.

SINGLE AUDIT SECTION

Mountain Express

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-thru ID</u>	<u>2020 Amount of Award Expended</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Colorado Department of Transportation			
Formula Grants for Rural Areas and Tribal Transit Program – COVID-19	21.509	20-HTR-ZL-03234	\$ 470,215
Formula Grants for Rural Areas and Tribal Transit Program	21.509	20-HTR-ZL-03098	<u>284,410</u>
Total U.S. Department of Transportation			<u>754,625</u>
		Total federal awards expended	<u>\$ 754,625</u>

Mountain Express

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2020

NOTE A – GENERAL

The accompanying schedule of expenditures of federal awards includes the amount of federal grants expended by Mountain Express, during the year ended December 31, 2020. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in, the preparation of the basic financial statements.

The Organization did not pass through any funds to subrecipients.

NOTE B – BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using the accrual basis of accounting.

NOTE C – INDIRECT COST RATE

The Organization did not elect to use the 10 percent de minimus indirect cost rate.



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*

May 19, 2021

Board of Directors
Mountain Express

We 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, and each major fund of Mountain Express, as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise Mountain Express's basic financial statements, and have issued our report thereon dated May 19, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Mountain Express' 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 Mountain Express's internal control. Accordingly, we do not express an opinion on the effectiveness of Mountain Express'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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



Board of Directors
Mountain Express

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.

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C.



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

May 19, 2021

Board of Directors
Mountain Express

Report on Compliance for Each Major Federal Program

We have audited Mountain Express's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended December 31, 2020. Mountain Express'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 federal statutes, regulations, contracts, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Mountain Express's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Mountain Express, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2020.

Report on Internal Control over Compliance

Management of Mountain Express, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of



Board of Directors
Mountain Express

compliance, we considered the District'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 over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District'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.

Our 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. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Chadwick, Steinkirchner, Davis & Co., P.C.

Chadwick, Steinkirchner, Davis & Co., P.C.

Mountain Express

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2020

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued:		<u>Unmodified Opinion</u>		
Internal control over financial reporting:				
Material weakness(es) identified?	_____	yes	<u>✓</u>	no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	<u>✓</u>	none reported
Noncompliance material to financial statements noted?	_____	yes	<u>✓</u>	no

Federal Awards

Internal Control over major programs:				
Material weakness(es) identified?	_____	yes	<u>✓</u>	no
Significant deficiency(ies) identified not considered to be material weaknesses?	_____	yes	<u>✓</u>	none reported

Type of auditor's report issued on compliance for major programs:		<u>Unmodified Opinion</u>		
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Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance 2 CFR 200.516?	_____	yes	<u>✓</u>	no
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Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
21.509	Formula Grants for Rural Areas Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as low-risk auditee?	_____ yes <u>✓</u> no

Mountain Express

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2020

SECTION II - FINDINGS UNDER GENERALLY ACCEPTED GOVERNMENT AUDITING
STANDARDS

Our audit did not disclose any matters required to be reported in accordance with *Government Auditing Standards*.

SECTION III – FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL PROGRAMS

Our audit did not disclose any matters required to be reported in accordance with 2CFR 200.516(a).

Mountain Express

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year ended June 30, 2020

There were no prior year audit findings.