

MOUNTAIN EXPRESS
FINANCIAL STATEMENTS AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
December 31, 2021 and 2020

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**INDEPENDENT AUDITOR'S REPORT**

Board of Directors
Mountain Express
Crested Butte, Colorado

Report on the Audit of the Financial Statements***Opinions***

We have audited the accompanying financial statements of the governmental activities, and each major fund of Mountain Express, as of and for the years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Mountain Express' basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, and the major fund of Mountain Express, as of December 31, 2021 and 2020, and the respective changes in financial position, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our 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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Mountain Express and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Express' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally



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accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Mountain Express' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Mountain Express' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information on pages 4–7 and 20 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.



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Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Mountain Express' basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information 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. 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 Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 8, 2022 on our consideration of Mountain Express' 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 the 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' internal control over financial reporting and compliance.

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

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

April 8, 2022

Mountain Express

Management's Discussion and Analysis Year Ended December 31, 2021

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, 2021. 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 \$6,109,025 at the end of the year, an increase of \$1,180,868 from the prior year.
- Governmental funds reported an ending fund balance of \$3,021,130, an increase of \$1,240,191 from the prior year.
- Mountain Express continues to maintain a position free of any long-term debt obligations.

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.

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, 2021, total net position was \$6,109,025, an increase of \$1,180,868. This increase was largely due to the growth of grant revenue received from federal program in response to the COVID19 pandemic. A portion of this grant funding was used immediately to expand operations in response to the COVID19 pandemic.

The following table summarizes governmental activities net position for Mountain Express:

Statements of Net Position				
	Governmental Activities		Total	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Current and other assets	\$ 3,146,212	\$ 1,880,784	\$ 3,146,212	\$ 1,880,784
Capital assets	\$ 3,132,716	\$ 3,188,876	\$ 3,132,716	\$ 3,188,876
<u>Total Assets</u>	<u>\$ 6,278,928</u>	<u>\$ 5,069,660</u>	<u>\$ 6,278,928</u>	<u>\$ 5,069,660</u>
Current liabilities	\$ 107,082	\$ 99,845	\$ 107,082	\$ 99,845
Other liabilities	\$ 44,821	\$ 41,685	\$ 44,821	\$ 41,685
<u>Total Liabilities</u>	<u>\$ 169,903</u>	<u>\$ 141,503</u>	<u>\$ 169,903</u>	<u>\$ 141,503</u>
Net Position:				
Net investment in capital ass	\$ 3,132,716	\$ 3,188,876	\$ 3,132,716	\$ 3,188,876
<u>Unrestricted</u>	<u>\$ 2,976,309</u>	<u>\$ 1,739,281</u>	<u>\$ 2,976,309</u>	<u>\$ 1,739,281</u>
<u>Total Net Position</u>	<u>\$ 6,109,025</u>	<u>\$ 4,928,157</u>	<u>\$ 6,109,025</u>	<u>\$ 4,928,157</u>

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

Changes in Net Position				
	Governmental Activities		Total	
	2021	2020	2021	2020
Revenues				
Program Revenues:				
Operating grants & contributions	\$ 3,686,191	\$ 2,356,067	\$ 3,686,191	\$ 2,356,067
Capital grants & contributions	\$ 38,063	\$ 48,000	\$ 38,603	\$ 48,000
Charges for services	\$ 77,397	\$ 47,382	\$ 77,397	\$ 47,382
General Revenues:				
Investment earnings	\$ 8,031	\$ 8,520	\$ 8,031	\$ 8,520
Other				
Total Revenues	<u>\$ 3,809,682</u>	<u>\$ 2,459,969</u>	<u>\$ 3,809,682</u>	<u>\$ 2,459,969</u>
Expenses				
General government	\$ 117,357	\$ 80,107	\$ 117,357	\$ 80,107
Transportation	\$ 2,511,457	\$ 2,136,870	\$ 2,511,457	\$ 2,136,870
Total Expenses	<u>\$ 2,628,814</u>	<u>\$ 2,216,977</u>	<u>\$ 2,628,814</u>	<u>\$ 2,216,977</u>
Increase (decrease) in net position	<u>\$ 1,180,868</u>	<u>\$ 242,992</u>	<u>\$ 1,180,868</u>	<u>\$ 242,992</u>

D. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

Governmental funds. The focus of governmental 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, 2021 Mountain Express governmental fund balance was \$3,021,130 which represented an increase of \$1,240,191. The fund balance is approximately 120% 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 2021 there was one amendment to the budget, to account for both extra revenue and expenses related to the management of the COVID19 pandemic. Governmental revenues were \$785,628 over budget. This significant over budget figure was due to additional federal grant money and a significant growth in local sales tax collections. There were several significant variances in expenditures from budget to actual in 2 categories, both Salaries/Wages and Gas/Oil. Salaries/Wages was due to the operational

response to COVID19 and Gas/Oil due to the current inflationary economy. The overall revenues and expenditures positive variance were \$679,507.

F. CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets. During 2021, Mountain Express capital assets were stable with the addition of just one vehicle to our asset profile. 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 up significantly in 2021 and over budget by \$648,783. Intergovernmental revenues were also received in the form of operating grants from the Federal Transportation Authority. Those revenues did increase in 2021 with \$1,118,801 in CRRSAA funds, but expected to return to usual levels in 2022.

The budget in 2022 shows a return to more typical financials, an expected net income deficit of \$35,800 after capital expenditures.

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	
	2021	2020
ASSETS		
Cash and investments	\$ 2,517,401	\$ 1,236,515
Accounts receivable	151,331	243,556
Due from:		
Town of Mt. Crested Butte	205,316	166,245
Town of Crested Butte	247,948	231,562
Prepaid expenses	24,216	2,906
Non-current assets		
Capital assets (net of accumulated depreciation)		
Land, nondepreciable	977,643	977,643
Construction in process	68,200	68,200
Buildings	713,525	754,890
Vehicles	1,341,996	1,354,007
Equipment	31,352	34,136
Total assets	<u>6,278,928</u>	<u>5,069,660</u>
LIABILITIES		
Accounts payable	48,650	51,838
Accrued liabilities	58,432	48,007
Compensated absences	44,821	41,658
Unearned revenues	18,000	-
Total liabilities	<u>169,903</u>	<u>141,503</u>
NET POSITION		
Net investment in capital assets	3,132,716	3,188,876
Unrestricted	2,976,309	1,739,281
Total net position	<u>\$ 6,109,025</u>	<u>\$ 4,928,157</u>

The accompanying notes are an integral part of this statement.

Mountain Express

STATEMENT OF ACTIVITIES

Year ended December 31, 2021

Function/Programs	Expenses	Program Revenues			Governmental Activities, Net
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental activities:					
General government	\$ 117,357	\$ -	\$ 117,357	\$ -	\$ -
Transportation	2,511,457	77,397	3,568,834	38,063	1,172,837
Total governmental activities	<u>\$ 2,628,814</u>	<u>\$ 77,397</u>	<u>\$ 3,686,191</u>	<u>\$ 38,063</u>	<u>1,172,837</u>
			General revenues:		
			Unrestricted investment earnings	8,031	
			Change in net position	1,180,868	
			Net position at beginning of year	4,928,157	
			Net position at end of year	<u>\$ 6,109,025</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	4,685,164	
			Net position at end of year	<u>\$ 4,928,156</u>	

The accompanying notes are an integral part of this statement.

Mountain Express

BALANCE SHEETS - GOVERNMENTAL FUND

December 31,

	2021	2020
ASSETS		
Cash and investments	\$ 2,517,401	\$ 1,236,515
Accounts receivable	151,331	243,556
Due from:		
Town of Mt. Crested Butte	205,316	166,245
Town of Crested Butte	247,948	231,562
Prepaid expenses	24,216	2,906
Total assets	\$ 3,146,212	\$ 1,880,784
 LIABILITIES AND FUND BALANCE		
Liabilities		
Accounts payable	\$ 48,650	\$ 51,838
Accrued liabilities	58,432	48,007
Unearned revenues	18,000	-
Total liabilities	125,082	99,845
 Fund balance		
Nonspendable	24,216	2,906
Assigned for capital reserve	600,000	400,000
Unassigned:		
Operating reserve	1,000,000	800,000
Other unassigned	1,396,914	578,033
Total fund balance	3,021,130	1,780,939
Total liabilities and fund balance	\$ 3,146,212	\$ 1,880,784
 Amounts reported for governmental activities in the Statement of Net Position are different because:		
Total fund balance - governmental funds	\$ 3,021,130	\$ 1,780,939
Accrued compensated absences payable are not due and payable in the current year and, therefore, are not reported in the Fund	(44,821)	(41,658)
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	3,132,716	3,188,876
Net position of Governmental Activities	\$ 6,109,025	\$ 4,928,157

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,

	2021	2020
Revenues		
Intergovernmental revenue	\$ 3,686,191	\$ 2,404,067
Charges for services	77,397	47,382
Interest income	8,031	8,520
Total revenue	3,771,619	2,459,969
Expenditures		
General government	117,357	80,107
Transportation	2,414,071	2,173,791
Total expenditures	2,531,428	2,253,898
Change in fund balance	1,240,191	206,071
Fund balance, beginning	1,780,939	1,574,868
Fund balance, ending	\$ 3,021,130	\$ 1,780,939
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - governmental fund	\$ 1,240,191	\$ 206,071
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.		
Purchased capital asset additions	194,029	368,997
Depreciation expense	(288,252)	(347,174)
Contribution income for donated capital assets	38,063	-
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.		
	(3,163)	15,098
Change in Net Position of Governmental Activities	\$ 1,180,868	\$ 242,992

The accompanying notes are an integral part of this statement.

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

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, 2021 and 2020

NOTE B – CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2021 was as follows:

	<u>Balance</u> <u>12/31/2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>12/31/2021</u>
Capital assets not depreciated:				
Land	\$ 977,643	\$ -	\$ -	\$ 977,643
Construction in process	<u>68,200</u>	<u>-</u>	<u>-</u>	<u>68,200</u>
	1,045,843	-	-	1,045,843
Capital assets being depreciated:				
Buildings	1,211,355	-	-	1,211,355
Vehicles	3,341,260	231,679	-	3,572,939
Equipment	<u>108,343</u>	<u>-</u>	<u>-</u>	<u>108,343</u>
	4,660,958	231,679	-	4,892,637
Accumulated depreciation:				
Buildings	(456,465)	(41,365)	-	(497,830)
Vehicles	(1,987,253)	(243,690)	-	(2,230,943)
Equipment	<u>(74,208)</u>	<u>(2,783)</u>	<u>-</u>	<u>(76,991)</u>
Total accumulated depreciation	<u>(2,517,926)</u>	<u>(287,838)</u>	<u>-</u>	<u>(2,805,764)</u>
Total capital assets being depreciated	<u>2,143,032</u>	<u>(56,159)</u>	<u>-</u>	<u>2,086,873</u>
Total capital assets, net of depreciation	<u>\$ 3,188,875</u>	<u>\$ (56,159)</u>	<u>\$ -</u>	<u>\$ 3,132,716</u>

Depreciation expense was charged to governmental functions as follows:

Transportation	<u>\$ 287,838</u>
Total depreciation	<u>\$ 287,838</u>

NOTE C – LONG-TERM LIABILITES

Changes in long-term liabilities for the year ended December 31, 2021 were as follows:

	<u>December 31,</u> <u>2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>December 31,</u> <u>2021</u>	<u>Due Within</u> <u>One Year</u>
Compensated absences	<u>\$ 41,658</u>	<u>\$ 3,160</u>	<u>\$ -</u>	<u>\$ 44,821</u>	<u>\$ 44,821</u>

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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, 2021, consisted of the following:

Insured by FDIC	\$ 354,992
Collateralized as noted above	2,173,513
Outstanding deposits	-
Less outstanding checks	<u>(11,104)</u>
Cash and investments per financial report	<u>\$ 2,517,401</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, 2021 is as follows:

	<u>Amounts</u>	<u>Maturities</u>	
		<u>Less than 1 year</u>	<u>1-5 years</u>
Checking	\$ 7,689		
Money market	2,094,481		
Certificates of deposit	<u>415,231</u>	110,239	304,992
	<u>\$ 2,517,401</u>		

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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 2021 and 2020, total government contributions to the retirement plan were \$44,149 and \$45,896, 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.

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2021 and 2020

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 \$600,000 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 \$1,000,000 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. Mountain Express has engaged architects and has developed preliminary plans and a corresponding budget for the building project. The cost estimate was updated in fall 2021 to reflect changes in the local construction market. Mountain Express plans to move ahead on the project when an appropriate government funding opportunity presents itself.

NOTE J – COMPLIANCE

Mountain Express had expenditures in excess of budgeted appropriations in the amount of \$135,849. This may be a violation of State budget law.

Mountain Express

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

Year ended December 31, 2021

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)	2020 Actual
Revenues					
Grant revenues	\$ 743,800	\$ 1,440,800	\$ 1,577,555	\$ 136,755	\$ 802,624
Town of Mt. Crested Butte					
Contribution	639,200	650,495	915,913	265,418	633,971
Town of Crested Butte					
Contribution	796,000	809,268	1,192,723	383,455	967,472
Charges for services	54,900	54,900	77,397	22,497	47,382
Interest income	800	800	8,031	7,231	8,520
Total revenues	<u>2,234,700</u>	<u>2,956,263</u>	<u>3,771,619</u>	<u>815,356</u>	<u>2,459,969</u>
Expenditures					
Salaries and wages	1,023,500	1,040,500	1,217,855	(177,355)	1,017,336
Retirement and benefits	457,500	548,500	583,699	(35,199)	443,744
Supplies	18,250	23,450	23,020	430	20,380
Travel and education	3,000	3,000	10,612	(7,612)	2,359
Insurance	65,000	65,000	58,640	6,360	50,428
Professional services	93,300	93,300	62,420	30,880	30,752
Utilities	17,600	17,600	17,657	(57)	15,869
Repairs and maintenance	95,900	127,700	140,640	(12,940)	103,541
Building rent	4,100	4,100	3,838	262	3,838
Telephone	6,800	6,800	7,588	(788)	6,668
Gas and oil	131,688	131,688	172,621	(40,933)	104,922
Tires	30,000	30,000	32,058	(2,058)	27,195
Trash removal	1,500	1,500	2,410	(910)	1,355
Capital outlay	302,441	302,441	198,370	104,071	425,511
Total expenditures	<u>2,250,579</u>	<u>2,395,579</u>	<u>2,531,428</u>	<u>(135,849)</u>	<u>2,253,898</u>
Change in fund balance	(15,879)	560,684	1,240,191	679,507	206,071
Fund balance - beginning	<u>1,780,939</u>	<u>1,780,939</u>	<u>1,780,939</u>	-	<u>1,574,868</u>
Fund balance - ending	<u>\$ 1,765,060</u>	<u>\$ 2,341,623</u>	<u>\$ 3,021,130</u>	<u>\$ 679,507</u>	<u>\$ 1,780,939</u>

SINGLE AUDIT SECTION

Mountain Express

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year ended December 31, 2021

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>State Pass-thru ID</u>	<u>2021 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	20.509	20-HTR-ZL-00307	\$ 1,118,801
Formula Grants for Rural Areas and Tribal Transit Program	20.509	20-HTR-ZL-00238	<u>300,800</u>
Total U.S. Department of Transportation			<u>1,419,601</u>
		Total federal awards expended	<u>\$ 1,419,601</u>

Mountain Express

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

December 31, 2021

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, 2021. 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*

Board of Directors
Mountain Express
Crested Butte, Colorado

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 years ended December 31, 2021 and 2020, and the related notes to the financial statements, which collectively comprise Mountain Express' basic financial statements, and have issued our report thereon dated April 8, 2022.

Report on 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) as a basis for designing 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' internal control. Accordingly, we do not express an opinion on the effectiveness of Mountain Express' 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. 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Mountain Express' 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 financial statements. 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.

April 8, 2022



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

Board of Directors
Mountain Express
Crested Butte, Colorado

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Mountain Express' compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of Mountain Express' major federal programs for the year ended December 31, 2021. Mountain Express' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2021.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Mountain Express and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Mountain Express' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Mountain Express' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Mountain Express' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted



Board of Directors
Mountain Express

in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Mountain Express' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Mountain Express' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Mountain Express' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Mountain Express' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to



Board of Directors
Mountain Express

be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

April 8, 2022

Mountain Express

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year ended December 31, 2021

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: Unmodified Opinion

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>
20.509	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, 2021

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, 2021

There were no prior year audit findings.