

**Gunnison Valley Transportation Authority**

**Financial Report**

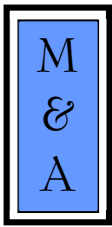
**December 31, 2021**



**Gunnison Valley Transportation Authority  
Financial Report  
December 31, 2021**

**Table of Contents**

	<b>Page</b>
INDEPENDENT AUDITOR'S REPORT	A1 – A3
Management's Discussion and Analysis	B1 – B4
Basic Financial Statements:	
Balance Sheet/Statement of Net Position	C1
Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities	C2
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	C3
Notes to the Financial Statements	D1 – D10
Single Audit Reports and Schedules:	
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 <i>Governmental Auditing Standards</i>	E1 – E2
Independent Auditor's Report on Compliance for Each Major Program; Report on Internal Control over Compliance Required by Uniform Guidance	E3 – E5
Schedule of Findings and Questioned Costs	E6
Schedule of Prior Audit Findings and Questioned Costs	E7
Schedule of Expenditures of Federal Awards	E8



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## INDEPENDENT AUDITOR'S REPORT

**To the Board of Directors  
Gunnison Valley Transportation Authority  
Gunnison, Colorado**

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities and each major fund of Gunnison Valley Transportation Authority GVTA (the "Authority"), as of and for the year ended December 31, 2021, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Gunnison Valley Transportation Authority, as of December 31, 2021 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 Gunnison Valley Transportation Authority 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***

Gunnison Valley Transportation Authority's 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 the Authority's ability to continue as a going concern for one year after the date that the financial statements are issued.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITORS REPORT**  
**To the Board of Directors**  
**Gunnison Valley Transportation Authority**  
**Gunnison, Colorado**

***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 auditing standards generally accepted in the United States of America 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 auditing standards generally accepted in the United States of America, 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 the Authority's 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 the Authority's 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 in Section B 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.

**INDEPENDENT AUDITORS REPORT**  
**To the Board of Directors**  
**Gunnison Valley Transportation Authority**  
**Gunnison, Colorado**

***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Gunnison Valley Transportation Authority's basic financial statements. The individual fund budgetary comparisons in Section E, and the 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* included in Section F are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund budgetary comparisons, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information in Sections E and F are 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 July 11, 2022 on our consideration of the Authority'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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and on compliance.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**July 11, 2022**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**



## **Gunnison Valley Transportation Authority**

### **Management's Discussion and Analysis December 31, 2021**

As management of the Gunnison Valley Transportation Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative summary of the financial activities of the Authority for the fiscal year ended December 31, 2021.

#### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements are comprised of two components: 1) financial statements; and 2) notes to the financial statements. These components are discussed below.

**Financial Statements:** The financial statements are designed to provide readers with an overview of the Authority's finances, from both a short-term fund perspective and a long-term economic perspective.

The Balance Sheet/Statement of Net Position presents information on all the Authority's assets and liabilities (both short-term and long-term), with the difference between the two reported as fund balance or net position. The Balance Sheet column presents the financial position focusing on short-term available resources and is reported on a modified accrual basis of accounting. The Statement of Net Position column presents the financial position focusing on long-term economic resources and is reported on a full accrual basis. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities shows how the Authority's fund balance and net position changed during the most recent fiscal year. Again, the Statement of Revenues, Expenditures and Changes in Fund Balance column focuses on short-term available resources and is reported on a modified accrual basis. The Statement of Activities column focuses on long-term economic resources and is reported on a full accrual basis.

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

The Authority's financial statements can be found in Section C of this report.

**Notes to the Financial Statements:** The notes provide a background of the entity, certain required statutes, and accounting policies utilized by the Authority. They also provide additional information that will aid in the interpretation of the financial statements. The Notes to the Financial Statements can be found in Section D of this report.

**Statutory Information:** The statutory information concerning the Authority is also presented in addition to the basic financial statements and notes. This information can be found at Section E of this report.

## Financial Analysis of the Authority

### Gunnison Valley Transportation Authority's Net Position

	<u>12/31/21</u>	<u>12/31/20</u>
<b>Assets:</b>		
Current assets	7,885,288	4,742,078
Capital assets	8,293,469	6,242,239
<b>Total Assets</b>	<u>16,178,757</u>	<u>10,984,317</u>
<b>Liabilities:</b>		
Current liabilities	1,922,004	197,821
<b>Total Liabilities</b>	<u>1,922,004</u>	<u>197,821</u>
<b>Net Position:</b>		
Investment in capital assets	8,293,469	6,242,239
Restricted	162,000	136,000
Unrestricted	5,801,284	4,408,257
<b>Total Net Position</b>	<u>14,256,753</u>	<u>10,786,496</u>

Between December 31, 2020 and 2021, total assets of the Authority increased by \$5,194,440. Capital assets of the Authority increased by \$2,051,230 during 2021 as additions to capitalized assets exceeded depreciation expense.

Between December 31, 2020 and 2021, total liabilities of the Authority increased by \$1,724,183. This is due to a liability of \$1,540,189 on five unites in Lazy K Development. These liabilities will be paid during 2022.

Approximately 58% of the Authority's net position reflects its investment in capital assets, which include land, improvements and vehicles (e.g., buses). The Authority uses its capital assets to provide transportation services to its citizens; therefore, these assets are not available for future spending. Of the remaining \$5,963,284 of net position, \$162,000 has been restricted for emergencies. The remaining balance of \$5,801,284 may be used to meet the Authority's ongoing obligations relating to its operations.

## Financial Analysis of the Authority (continued)

The Authority's net position increased \$3,470,257 from the prior year. This change is summarized below:

	<u>2021</u>	<u>2020</u>
<b>Revenues:</b>		
Transportation Authority sales tax	5,441,210	4,248,952
Department of Transportation grant	1,808,071	1,271,563
Other revenue	36,389	30,573
Earnings on investments	(16,226)	62,188
Gain (loss) on sale of asset	-	75,754
<b>Total Revenues</b>	<u>7,269,444</u>	<u>5,689,030</u>
<b>Expenses:</b>		
Operating supplies and miscellaneous	70	414
Professional services	600,275	545,754
Auditing	7,400	7,260
Sales tax collection fee	30,540	27,657
Contracted temporary labor	6,680	1,250
Airline guarantees	300,000	805,398
Ground transportation	1,629,385	1,264,180
Advertising and legal notices	11,508	6,910
Insurance and bonds	9,315	10,696
Repairs, maintenance and fuel	536,523	356,457
Meals and lodging	2,641	375
Dues and meetings	8,194	3,231
Building repairs and maintenance	21,857	26,560
Treasurer's fees	59,382	43,371
Capital outlay	-	707
Depreciation	575,417	477,006
Administrative services	-	11,000
Storage rental	-	12,261
<b>Total Expenses</b>	<u>3,799,187</u>	<u>3,600,487</u>
<b>Change in Net Position</b>	3,470,257	2,088,543
<b>Net Position:</b>		
<b>Beginning of the Year</b>	<u>10,786,496</u>	<u>8,697,953</u>
<b>End of the Year</b>	<u>14,256,753</u>	<u>10,786,496</u>

In 2021, revenues increased \$1,580,414 from 2020 levels due to increases in sales taxes for the year, primarily due to an increase in sales tax revenue of \$1,192,258. .

Transportation Authority sales taxes were again the most significant source of income. This revenue stream represents the 1% Transportation Authority sales tax passed by the voters; collections of the tax began in January 2003.

In 2021, expenses increased \$198,700 from 2020 levels, which are a combined result of the increase in depreciation, personal, ground transportation, repairs, and a decrease in airline guarantees.

## Financial Analysis of the Authority (continued)

Expenses in 2021 totaled \$3,799,187. The Authority's costs are approved by the Board. Administration of the Authority is also the responsibility of the Board and its officers. The largest expense during the year was for ground transportation of \$1,629,385. The other significant expenses incurred for 2021 were airline guarantees; professional services; repairs, maintenance, and fuel; and depreciation expense.

### Budget Variances in the General Fund:

The Authority's revenues were \$3,052,765 greater than budget and expenditures were \$172,455 under budget during fiscal year 2021.

Significant budget variances in the General Fund were as follows:

	<u>Final Budget</u>	<u>Actual</u>	<u>Final Budget Variance Positive (Negative)</u>	<u>Reason</u>
<b>Revenues:</b>				
Transportation Authority sales tax	3,294,261	5,441,210	2,146,949	Conservative budgeting
Department of Transportation grant	847,418	1,808,071	960,653	Unexpected CDOT grant received in 2022
<b>Expenditures:</b>				
Professional services	614,982	600,274	14,708	\$265,000 in professional services not originally included in budget
Airline guarantees	417,000	300,000	117,000	Airlines met min. revenue the Authority was not required to pay airlines
Ground transportation	1,673,000	1,629,385	43,615	Fewer trips made than budgeted
Capital outlay	2,592,790	2,626,647	(33,857)	Conservative budgeting

### Capital Assets

The Authority's capital assets increased \$2,051,230 in 2021, as previously discussed, which includes land and bus purchases, and bus stop improvements. Additional information as well as a detailed classification of the Authority's net capital assets can be found in the Notes to the Financial Statements in Section D of this report.

### Next Year's Budget

The Authority's General Fund balance at the end of the 2021 fiscal year totaled \$5,963,284. The Authority's 2022 budget anticipates an ending balance of \$4,505,316. The 2022 budget anticipates revenues of \$7,380,018 and expenditures of \$8,552,480.

### Request for Information

This financial report is designed to provide a general overview of the Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

Gunnison Valley Transportation Authority  
200 E Virginia Gunnison, CO 81230

**BASIC FINANCIAL STATEMENTS**



**Gunnison Valley Transportation Authority**  
**Balance Sheet/Statement of Net Position**  
**December 31, 2021**

	<b>General Fund</b>	<b>Adjustments</b>	<b>Statement of Net Position</b>
<b>Assets:</b>			
Cash and cash equivalents	7,008,081	-	7,008,081
Due from other governments	877,207	-	877,207
Capital assets, net	-	8,293,469	8,293,469
<b>Total Assets</b>	<b>7,885,288</b>	<b>8,293,469</b>	<b>16,178,757</b>
<b>Liabilities:</b>			
Warrants payable	623,833	-	623,833
Accrued liabilities	1,298,171	-	1,298,171
<b>Total Liabilities</b>	<b>1,922,004</b>	<b>-</b>	<b>1,922,004</b>
<b>Fund Balance/Net Position:</b>			
Non-spendable:			
Spendable:			
Restricted for emergencies	162,000	(162,000)	-
Unassigned	5,801,284	(5,801,284)	-
<b>Total Fund Balance</b>	<b>5,963,284</b>	<b>(5,963,284)</b>	<b>-</b>
<b>Total Liabilities and Fund Balance</b>	<b>7,885,288</b>		
<b>Net Position:</b>			
Investment in capital assets		8,293,469	8,293,469
Restricted for emergencies		162,000	162,000
Unrestricted		5,801,284	5,801,284
<b>Total Net Position</b>		<b>14,256,753</b>	<b>14,256,753</b>

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

**Gunnison Valley Transportation Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Statement of Activities**  
**For the Year Ended December 31, 2021**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Activities</u>
<b>Revenues:</b>			
Transportation Authority sales tax	5,441,210	-	5,441,210
Department of Transportation grant	1,808,071	-	1,808,071
Other revenue	36,389	-	36,389
Earnings on investments	(16,226)	-	(16,226)
<b>Total Revenues</b>	<u>7,269,444</u>	<u>-</u>	<u>7,269,444</u>
<b>Expenditures/Expenses:</b>			
Operating supplies and miscellaneous	70	-	70
Professional services	600,275	-	600,275
Auditing	7,400	-	7,400
Sales tax collection fee	30,540	-	30,540
Contracted temporary labor	6,680	-	6,680
Airline guarantees	300,000	-	300,000
Ground transportation	1,629,385	-	1,629,385
Advertising and legal notices	11,508	-	11,508
Insurance and bonds	9,315	-	9,315
Repairs, maintenance, and fuel	536,523	-	536,523
Meals and lodging	2,641	-	2,641
Dues and meetings	8,194	-	8,194
Building repairs and maintenance	21,857	-	21,857
Treasurer's fees	59,382	-	59,382
Depreciation	-	575,417	575,417
Capital outlay	2,626,647	(2,626,647)	-
<b>Total Expenditures/Expenses</b>	<u>5,850,417</u>	<u>(2,051,230)</u>	<u>3,799,187</u>
<b>Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures</b>	1,419,027	(1,419,027)	-
<b>Change Net Position</b>	-	3,470,257	3,470,257
<b>Fund Balance / Net Position:</b>			
Beginning of the year	<u>4,544,257</u>		<u>10,786,496</u>
End of the year	<u>5,963,284</u>		<u>14,256,753</u>

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

**Gunnison Valley Transportation Authority**  
**Statement of Revenues, Expenditures and Changes in Fund Balance**  
**Budget and Actual**  
**General Fund**  
**For the Year Ended December 31, 2021**  
**(With Comparative Actual Amounts For the Year Ended 2020)**

	2021			Final Budget Variance Positive (Negative)	2020
	Original Budget	Final Budget	Actual		Actual
<b>Revenues:</b>					
Transportation Authority sales tax	3,294,261	3,294,261	5,441,210	2,146,949	4,248,952
Department of Transportation grant	847,418	847,418	1,808,071	960,653	1,271,563
Other revenue	35,000	35,000	36,389	1,389	30,573
Earnings on investments	40,000	40,000	(16,226)	(56,226)	62,188
<b>Total Revenues</b>	<u>4,216,679</u>	<u>4,216,679</u>	<u>7,269,444</u>	<u>3,052,765</u>	<u>5,613,276</u>
<b>Expenditures:</b>					
Operating supplies and miscellaneous	250	250	70	180	414
Professional services	614,982	614,982	600,275	14,707	545,754
Auditing	7,500	7,500	7,400	100	7,260
Sales tax collection fee	28,500	28,500	30,540	(2,040)	27,657
Contracted temporary labor	5,000	5,000	6,680	(1,680)	1,250
Airline guarantees	854,303	417,000	300,000	117,000	805,398
Ground transportation	1,372,000	1,673,000	1,629,385	43,615	1,264,180
Advertising and legal notices	20,000	20,000	11,508	8,492	6,910
Insurance and bonds	12,500	12,500	9,315	3,185	10,696
Repairs, maintenance, and fuel	364,000	533,000	536,523	(3,523)	356,457
Meals and lodging	12,000	12,000	2,641	9,359	375
Dues and meetings	15,000	36,000	8,194	27,806	3,231
Building repairs and maintenance	20,000	20,000	21,857	(1,857)	26,560
Treasurer's fees	39,000	39,000	59,382	(20,382)	43,371
Administrative services	11,350	11,350	-	11,350	11,000
Storage rental	-	-	-	-	12,261
Capital outlay	824,000	2,592,790	2,626,647	(33,857)	2,349,410
<b>Total Expenditures</b>	<u>4,200,385</u>	<u>6,022,872</u>	<u>5,850,417</u>	<u>172,455</u>	<u>5,472,184</u>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	16,294	(1,806,193)	1,419,027	3,225,220	141,092
<b>Other Financing Sources (Uses):</b>					
Gain (loss) on disposition of assets	-	-	-	-	834
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-	834
<b>Change in Fund Balance:</b>	<u>16,294</u>	<u>(1,806,193)</u>	1,419,027	<u>3,225,220</u>	141,926
<b>Fund Balance - Beginning of Year</b>			4,544,257		4,402,331
<b>Fund Balance - End of Year</b>			<u>5,963,284</u>		<u>4,544,257</u>

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

**NOTES TO THE FINANCIAL STATEMENTS**



**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**

**I. Summary of Significant Accounting Policies**

The Gunnison Valley Rural Transportation Authority (the "Authority") is a political subdivision incorporated under the laws of the State of Colorado. The purpose of the Authority is to fund and provide expanded mass transit and other transportation services including expanded air service in accordance with an intergovernmental agreement, explained below and in footnote V.A.1. – Intergovernmental Agreement.

The Authority was authorized on November 5, 2002, by Gunnison County's (the "County") electorate in a general election, which also established a sales tax within the Authority's boundaries. In 2015, the Authority's electorate approved to increase the sales tax within the Authority's boundaries to 1%. The Authority's boundaries include unincorporated Gunnison County, the Town of Crested Butte, the Town of Mt. Crested Butte, and the City of Gunnison. In order to improve intergovernmental efficiencies, the Authority has signed an intergovernmental agreement to establish a cooperative approach among the participating municipalities. This agreement is further explained in Note V.A.1. of these financial statements.

The Authority's financial statements are prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), as applied to government units. The Governmental Accounting Standards Board ("GASB") is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). The more significant accounting policies established by GAAP used by the Authority are discussed below.

**A. Reporting Entity**

The Authority is governed by an appointed Board, two by the Board of County Commissioners, two by the Gunnison City Council, two by the Town Council of Crested Butte and two appointed by the Town Council of Mt. Crested Butte. No additional separate governmental units, agencies, or non-profit corporations are included in the financial statements of the Authority since none were discovered to fall within the oversight responsibility based on the application of the following criteria: financial accountability, appointment of a voting majority of the organization's governing body, ability to impose its will on the organization, a potential for the organization to provide specific financial benefits or burdens and fiscal dependency.

The Authority has agreed to have Gunnison County provide administrative functions, including management of the Authority's finances. However, Gunnison County neither receives benefit nor carries any burden of the Authority; therefore, the Authority is not a component unit of Gunnison County.

**B. Government-wide and Fund Financial Statements**

The Authority's basic financial statements include both government-wide (reporting the Authority as a whole) and fund financial statements (reporting the Authority's major funds). Both the government-wide and fund financial statements categorize primary activities as either governmental (i.e., normally supported by taxes and intergovernmental revenues) or business-type (i.e., relying to a significant extent on fees and charges for support) activities. Currently, the Authority performs only governmental activities.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

**B. Government-wide and Fund Financial Statements (continued)**

**1. Government-wide Financial Statements**

In the Balance Sheet/Statement of Net Position, the Statement of Net Position column is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net position is reported in three parts – invested in capital assets, restricted and unrestricted. The government-wide focus is on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

**2. Fund Financial Statements**

The financial transactions of the Authority are reported in individual funds in the fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprises its assets, liabilities, reserves, fund equity, revenues and expenditures/expenses.

The fund focus is on current available resources and budget compliance.

The Authority reports only one fund - the General Fund - which accounts for all activities of the government. Transportation Authority sales tax revenues and other sources of revenue used to finance the fundamental operations of the Authority are included in this fund.

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

Measurement focus refers to whether financial statements measure changes in current resources only (current financial focus) or changes in both current and long-term resources (long-term economic focus). Basis of accounting refers to the point at which revenues, expenditures, or expenses are recognized in the accounts and reported in the financial statements.

**1. Long-term Economic Focus and Accrual Basis**

Governmental activities in the government-wide financial statements use the long-term economic focus and are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred, regardless of the timing of the related cash flows.

**2. Current Financial Focus and Modified Accrual Basis**

The governmental fund financial statements use the current financial focus and are presented on the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual; i.e., both measurable and available. "Available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period (i.e., 60 days). Expenditures are generally recognized when the related liability is incurred. The exception to this general rule is that principal and interest on general long-term debt, if any, is recognized when due.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts**

**1. Cash and Cash Equivalents**

Cash and cash equivalents include amounts in demand deposits as well as short-term investments with a maturity date within 3 months of the date acquired.

**2. Receivables**

Receivables are reported net of an allowance for uncollectible accounts. However, no allowance for uncollectible accounts has been established, as the Authority considers all accounts to be collectible.

**3. Capital Assets**

Capital assets, which include land, improvements, and vehicles, are reported in the government-wide financial statements. Capital assets are defined by the Authority as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Such assets are recorded at historical cost.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital expenditures for projects are capitalized as projects are constructed and completed. Interest incurred during the construction phase, if applicable, is not capitalized as part of the value of the fixed asset.

Improvements are depreciated over forty years and equipment is depreciated over ten years using the straight-line method.

**4. Categories and Classification of Fund Balance, and Net Position**

Governmental accounting standards establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Fund balance classifications, include Non-spendable, Restricted, Committed, Assigned, and Unassigned. These classifications reflect not only the nature of funds, but also provide clarity to the level of restriction placed upon fund balance. Fund Balance can have different levels of restraint, such as external versus internal compliance requirements. Unassigned fund balance is a residual classification within the general fund. The general fund should be the only fund that reports a positive unassigned balance. In all other funds, unassigned is limited to negative residual fund balance.

The Authority classifies governmental fund balances as follows:

**Non-spendable** – includes fund balance amounts inherently non-spendable since they represent inventories, prepaid items, long-term portion of loans receivable, etc.

*Restricted* – includes fund balance amounts that are constrained for specific purposes which are externally imposed by providers, such as creditors or amounts constrained due to constitutional provisions or enabling legislation.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

**D. Financial Statement Accounts (continued)**

**4. Categories and Classification of Fund Balance, and Net Position (continued)**

**Spendable Fund Balance:**

*Committed* – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the government through formal action of the highest level of decision-making authority which is the Board of Directors.

*Assigned* – includes spendable fund balance amounts that are intended to be used for specific purposes that are neither considered restricted or committed. Fund Balance may be assigned by the Board of Directors or its management designee.

*Unassigned* – includes residual positive fund balance within the General Fund which has not been classified within the other categories mentioned above. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

The Authority uses restricted amounts to be spent first when both restricted and unrestricted fund balance is available unless there are legal documents/contracts that prohibit doing this, such as in grant agreements requiring dollar for dollar spending. Additionally, the Authority would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

The Authority does not have a formal minimum fund balance policy. However, the Authority's budget includes a calculation of a targeted reserve positions and management calculates targets and report them annually to the Board of Directors.

In the Balance Sheet/Statement of Net Position, net position represents the difference between assets and liabilities. 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, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the County or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(continued)**

**I. Summary of Significant Accounting Policies (continued)**

**E. Significant Accounting Policies**

**1. Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**II. Reconciliation of Government-wide and Fund Financial Statements**

**A. Explanation of differences between the governmental fund Balance Sheet and the government-wide Statement of Net position**

The governmental fund Balance Sheet/Statement of Net Position includes an adjustment column. Explanations of the adjustments included in this column are as follows:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. \$8,293,469 represents \$10,954,002 of capital assets, net of accumulated depreciation of \$2,660,533 at December 31, 2021.

**B. Explanation of differences between the governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance and the government-wide Statement of Activities**

The governmental fund Statement of Revenues, Expenditures and Changes in Fund Balance/Statement of Activities includes an adjustment column. Explanations of the adjustments included in this column are as follows:

Governmental funds report capital outlays as expenditures when incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. \$575,417 represents depreciation expense related to capital assets and \$2,626,647 related to capital asset additions in the current year.

**III. Stewardship, Compliance, and Accountability**

**A. Budgets and Budgetary Accounting**

In the fall of each year, the Authority's Board of Directors formally adopts a budget with appropriations by fund for the ensuing year pursuant to the Colorado Local Budget Law. The budget for the governmental fund is adopted on a basis consistent with U.S. GAAP. The Authority followed the required timetable noted below in preparing, approving, and enacting its budget for 2021.

- (1) On or before October 15, 2020, the Authority submitted to the Board a recommended budget that detailed the revenues necessary to meet the Authority's operating requirements.
- (2) After appropriate public notice and a required public hearing, the Board adopted the proposed budget and an appropriating resolution that legally appropriated expenditures for the upcoming year on or before December 15, 2020.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(continued)**

**III. Stewardship, Compliance, and Accountability (continued)**

**A. Budgets and Budgetary Accounting (continued)**

- (3) After adoption of the initial budget resolution, the Authority may make the following changes: (a) it may approve supplemental appropriations to the extent of revenues in excess of the estimated in the budget; (b) it may approve emergency appropriations; and (c) it may reduce appropriations for which originally estimated revenues are insufficient.

All appropriations lapse at year end. During the year, supplemental appropriations were necessary. The budgetary comparison statement reflects the original budget and the final budget after legally authorized revisions were made. As a result of the supplementary budget appropriations, the general fund's 2021 appropriations increased from \$4,200,385 to \$6,022,872.

**B. TABOR Amendment**

In November 1992, Colorado voters amended Article X of the Colorado Constitution by adding Section 20, commonly known as the Taxpayer's Bill of Rights ("TABOR"). TABOR contains revenue, spending, tax and debt limitations that apply to the State of Colorado and local governments. TABOR requires, with certain exceptions, advance voter approval for any new tax, tax rate increases, a mill levy above that for the prior year, extension of any expiring tax, or tax policy change directly causing a net tax revenue gain to any local government.

Except for refinancing bonded debt at a lower interest rate or adding new employees to existing pension plans, TABOR requires advance voter approval for the creation of any multiple-fiscal year debt or other financial obligation unless adequate present cash reserves are pledged irrevocably and held for payments in all future fiscal years.

TABOR also requires local governments to establish emergency reserves to be used for declared emergencies only. Emergencies, as defined by TABOR, exclude economic conditions, revenue shortfalls, and salary or fringe benefit increases. These reserves are required to be 3% or more of fiscal year revenue. As required by TABOR, the Authority has reserved \$162,000 of its fund balance in the General Fund for emergencies, which is the approximate required reserve at December 31, 2021.

The ballot question approved by voters on November 3, 2015, which increased the established Transportation Authority sales tax within the Authority's boundaries to 1%, also authorized the Authority to collect and spend the proceeds of the tax, investment income, and all other revenues, without regard to the limitations imposed by TABOR, effective January 1, 2016.

The Authority's management believes it is in compliance with the financial provisions of TABOR. However, TABOR is complex and subject to interpretation. Many of its provisions, including the interpretation of how to calculate fiscal year spending limits, will require judicial interpretation.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(continued)**

**IV. Detailed Notes on All Funds**

**A. Deposits and Investments**

At December 31, 2021, the Authority's cash and cash equivalents were held by the Gunnison County Treasurer as an agent, but not in the Authority's name.

The Gunnison County Treasurer follows Colorado statutes specifying specific investment instruments meeting defined rating criteria in which local governments may invest, which include:

- 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
- Banker's acceptances of certain banks
- Commercial paper
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

Risk to the Authority's deposits is generally limited to Interest Rate Risk, Credit Risk, and Concentration of Credit Risk. The Authority seeks to minimize these risks as follows:

**Interest Rate Risk.** As a means of limiting its exposure to interest rate risk, the Authority, through investment by the County, restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities the Authority has limited its interest rate risk.

**Credit Risk.** State law and Authority policy limit investments to those authorized by State statutes including U.S. Agencies and 2a7-like pools. The Authority's general investment policy is to apply the prudent-person rule: Investments are made as a prudent person would be expected to act, with discretion and intelligence, to seek reasonable income, preserve capital, and, in general, avoid speculative investments.

**Concentration of Credit Risk.** The Authority, through the County diversifies its investments by security type and institution. Investments may only be made in those financial institutions which are insured by the Federal Deposit Insurance Corporation, the Federal Home Mortgage Association, the Federal Savings and Loan Insurance Corporation, Congressionally authorized mortgage lenders and investments that are federally guaranteed.

**B. Receivables**

At December 31, 2021, the Authority's receivables of \$877,207 were comprised primarily of 2021 sales tax remitted to the Authority in 2022.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
(continued)

**IV. Detailed Notes on All Funds (continued)**

**C. Capital Assets**

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

	<u>1/1/21</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/21</u>
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 900,963			\$ 900,963
Construction in progress	-	1,832,351	-	1,832,351
Total capital assets, not being depreciated	<u>900,963</u>	<u>1,832,351</u>	<u>-</u>	<u>2,733,314</u>
<b>Capital assets, being depreciated:</b>				
Improvements	787,083	-	-	787,083
Buildings	843,112	-	-	843,112
Vehicles	5,796,197	794,296	-	6,590,493
Total capital assets, being depreciated	<u>7,426,392</u>	<u>794,296</u>	<u>-</u>	<u>8,220,688</u>
<b>Less accumulated depreciation for:</b>				
Improvements	34,329	19,677	-	54,006
Buildings	27,830	42,156	-	69,986
Vehicles	2,022,957	513,584	-	2,536,541
Total accumulated depreciation	<u>2,085,116</u>	<u>575,417</u>	<u>-</u>	<u>2,660,533</u>
Total capital assets, being depreciated, net	<u>5,341,276</u>	<u>218,879</u>	<u>-</u>	<u>5,560,155</u>
<b>Governmental activities capital assets, net</b>	<u>\$ 6,242,239</u>	<u>\$ 2,051,230</u>	<u>\$ -</u>	<u>\$ 8,293,469</u>

**V. Other Information**

**A. Agreements**

**1. Intergovernmental Agreement**

Effective August 20, 2002, the Authority entered into an intergovernmental agreement (the "Agreement") with the Gunnison County, City of Gunnison, Town of Crested Butte and Town of Mt. Crested Butte pursuant to the Colorado Rural Transportation Authority Law, Title 43, Article 4, Part 6, Colorado Revised Statutes, as amended. This Agreement will remain effective indefinitely, unless the members agree in writing to terminate the Agreement or the Authority is otherwise reauthorized by the registered voters residing within the Authority boundaries.

The basic provision of the agreement is to finance, construct, operate and maintain an efficient, sustainable and regional multi-modal transportation system at any location or locations within or without the boundaries of the Authority, subject to compliance within the Act.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(continued)**

**V. Other Information (continued)**

**A. Agreements (continued)**

**2. Air Service**

During 2020, the Authority entered into agreements with United, and American Airlines, Inc. ("American Airlines"), in which the Authority guarantees that the airlines will receive minimum revenues for certain flights into Gunnison County Airport with contract dates ranging from June 2020 through April 2021. Under the agreements, the maximum guaranteed amount payable per agreement range from \$300,000 to \$560,000

During 2021, the Authority entered into agreements with United, and American Airlines, in which the Authority guarantees that the airlines will receive minimum revenues for certain flights into Gunnison County Airport with contract dates ranging from June 2021 through April 2022. Under the agreements, the maximum guaranteed amount payable per agreement range from \$300,000 to \$440,380.

During 2021, the Authority recorded \$300,000 expense for estimated guarantee payments and received no refunds from previous estimated guarantee payments.

**3. Transportation Service**

In September 2015, the Authority executed an agreement with AEX, Inc. ("AEX"), to provide scheduled bus services between the City of Gunnison and the Town of Mt. Crested Butte. In addition to the transportation services, the agreement includes fees for fuel, bus maintenance, indoor storage for buses and snow removal from bus stops. All fees shall be adjusted annually by the Consumer Price Index ("CPI") for Denver-Aurora-Lakewood. The initial term of the agreement was for November 2015 through November 2016, and automatically renews for nine successive one-year terms. The fees for such services are outlined in the agreement.

During 2021, the Authority incurred \$1,629,385 of expenses with respect to services provided by AEX. The Authority had a balance of \$243,005 payable to AEX at December 31, 2021.

**4. Management**

In March 2018, the Authority executed an agreement with Truex Management Services, Inc. to perform management duties from January 1, 2018 through December 31, 2018. The agreement will automatically renew for four successive one-year terms. The annual management fee for the first year of the agreement is \$140,000, which is subject to an annual increase of 3%. In 2021, the Authority incurred 152,982 relating to management fees.

**Gunnison Valley Transportation Authority**  
**Notes to the Financial Statements**  
**December 31, 2021**  
**(continued)**

**V. Other Information (continued)**

**A. Agreements (continued)**

**5. Senior Transportation Services**

During 2021, the Authority entered into separate agreements with Mountain Express and Gunnison Valley Hospital, to furnish transportation services to seniors of Gunnison County. The terms of both agreements go through December 31, 2021, and were subject to the Authority's Board of Directors making an appropriation during the budgeting process to set aside funds for these agreements. Expenses unless otherwise pre-approved by the Authority's management, were not to exceed certain amounts for the term. For 2021, the set and incurred fee under the Mountain Express agreement was and \$52,000 , respectively. For 2021, the set and incurred fee under the Gunnison Valley Hospital agreement was \$237,000 and \$217,350 , respectively.

**6. Consulting Agreement**

In October 2017, the Authority entered into an agreement with Airplanners, LLC to provide marketing development and air service management and consulting services. The agreement is effected January 1, 2018, and has a term ending December 31, 2021. Compensation under the agreement includes an annual fee of \$82,000 payable in twelve equal monthly installments, reimbursement of reasonable and necessary travel expenses, and a bonus of 10% of any negotiated complementary air tickets for all airline contracts signed by the Authority. For 2021, the Authority incurred \$84,500 in expenses relating to services provided under this agreement.

**B. Legal Claims**

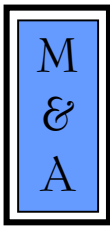
During the normal course of business, the Authority incurs claims and other assertions against it from various agencies and individuals. Management of the Authority and their legal counsel feel none of these claims or assertions are significant enough that they would materially affect the fairness of the presentation of the financial statements at December 31, 2021.

**C. Risk Management**

The Authority is exposed to various risks of loss related to torts; theft of; damage to and destruction of assets; and errors and omissions. The Authority has obtained coverage through contracting with an outside insurance agency for these risks and claims, if any, which are not expected to exceed covered amounts.

**SINGLE AUDIT REPORTS AND SCHEDULES**





# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, Avon, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

## **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**

**To the Board of Directors  
Gunnison Valley Transportation Authority  
Authority, Colorado**

We have audited, 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 financial statements of the governmental activities, and each major fund of Gunnison Valley Transportation Authority (the "Authority") as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated .

### ***Internal Control Over Financial Reporting***

In planning and performing our audit on the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority'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 combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority'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 may exist that have not been identified.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR'S REPORT**  
**To the Board of Directors**  
**Gunnison Valley Transportation Authority**

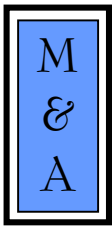
***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of 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*.

***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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*McMahan and Associates, L.L.C.*  
**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**July 11, 2022**



# MCMAHAN AND ASSOCIATES, L.L.C.

*Certified Public Accountants and Consultants*

CHAPEL SQUARE, BLDG C  
245 CHAPEL PLACE, SUITE 300  
P.O. Box 5850, AVON, CO 81620

WEB SITE: WWW.MCMAHANCPA.COM  
MAIN OFFICE: (970) 845-8800  
FACSIMILE: (970) 845-8108  
E-MAIL: MCMAHAN@MCMAHANCPA.COM

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

**To the Board of Directors  
Gunnison Valley Transportation Authority  
Authority, Colorado**

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

We have audited the Gunnison Valley Transportation Authority's (the "Authority") 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 Authority's major federal programs for the year ended December 31, 2021. The Authority's 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, the Authority 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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 the Authority 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 the Authority's 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 the Authority's federal programs.

*Member: American Institute of Certified Public Accountants*

PAUL J. BACKES, CPA, CGMA  
MICHAEL N. JENKINS, CA, CPA, CGMA  
MATTHEW D. MILLER, CPA

AVON: (970) 845-8800  
ASPEN: (970) 544-3996  
FRISCO: (970) 668-3481

**INDEPENDENT AUDITOR's REPORT  
To the Board of Directors  
Gunnison Valley Transportation Authority**

***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 the Authority's 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 in accordance with GAAS, *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 the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's 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 the Authority's 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 or 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 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 the 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.

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.

**INDEPENDENT AUDITOR's REPOR**  
**To the Board of Directors**  
**Gunnison Valley Transportation Authority**

The purpose of this report in 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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*McMahan and Associates, L.L.C.*

**McMahan and Associates, L.L.C.**  
**Avon, Colorado**  
**July 11, 2022**

**Gunnison Valley Transportation Authority, Colorado**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2021**

**Part I – Summary of Auditor’s Results**

*Financial Statements:*

Type of auditor’s report issued Unmodified

Internal control over financial reporting:

Material weakness identified	None noted
Significant deficiency identified	None noted
Noncompliance material to financial statements noted	None noted

*Federal Awards:*

Internal control over major programs:

Material weakness identified	None noted
Significant deficiency identified	None noted
Type of auditor’s report issued on compliance for major programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations Part 200	No

Major programs:

Formula Grants for Rural Areas Section 5311	ALN 20.509
---	------------

Dollar threshold used to identify Type A from Type B programs: \$750,000

Identified as low-risk auditee Yes

**Part II – Findings Related to Financial Statements**

Findings related to financial statements as required by *Government Auditing Standards* None noted

Auditor-assigned reference number Not applicable

**Part III – Findings Related to Federal Awards**

Internal control findings None noted

Compliance findings None noted

Questioned costs None noted

Auditor-assigned reference number Not applicable

**Gunnison Valley Transportation Authority**  
**SCHEDULE OF PRIOR AUDIT FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended December 31, 2021**

The Authority had no findings for the year ended December 31, 2020.

**Gunnison Valley Transportation Authority  
Schedule of Expenditures of Federal Awards  
For the Year Ended December 31, 2021**

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Grant/Project Code</u>	<u>Expenditures</u>
<b>U.S. Department of Transportation:</b>			
<b>Passed through Colorado Department of Transportation</b>			
<u>Formula Grants for Rural Areas - Section 5311:</u>			
Formula Grants for Rural Areas - Section 5311	20.509	21-HTR-ZL-00263	242,618
COVID-19 - Formula Grants for Rural Areas - Section 5311	20.509	21-HTR-ZL-00295	897,944
Total - Formula Grants for Rural Areas - Section 5311			<u>1,140,562</u>
<b>Total - U.S. Department of Transportation</b>			<u>1,140,562</u>
<b>Total</b>			<u>\$ 1,140,562</u>

**Notes to the Schedule of Expenditures of Federal Awards for the Year Ended December 31, 2021**

**Note 1. Basis of Presentation:**

The Schedule of Expenditures of Federal Awards includes the Federal grant activity of Gunnison Valley Transportation Authority (the "Authority") and is presented on the modified accrual basis of accounting. The information in this 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* (the "Uniform Guidance"). Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the general purpose financial statements.

**Note 2. Pass Through Sub Recipients:**

The Authority had no sub recipients as of December 31, 2021.

**Note 3. Indirect Facilities and Administration Costs:**

The Authority has elected not to use the 10% de minimis cost rate allowed in Title 2 U.S. Code of Federal Regulations (CFR) §200.414, *Indirect (F&A) Costs*. Instead, the Authority prepares an annual cost allocation plan to allocate indirect costs.