

MOUNTAIN EXPRESS  
FINANCIAL STATEMENTS AND REPORT OF  
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS  
December 31, 2022 and 2021

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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, 2022 and 2021, 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, 2022 and 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. 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.



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***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 accepted 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, 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



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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.

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

Chadwick, Steinkirchner, Davis & Co., P.C.  
May 30, 2023

## Mountain Express

### Management's Discussion and Analysis Year Ended December 31, 2022

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, 2022. 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 \$6,207,455 at the end of the year, an increase of \$98,430 from the prior year.
- Governmental funds reported an ending fund balance of \$3,374,075, an increase of \$352,945 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, 2022, total net position was \$6,207,455 an increase of \$98,430.

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

<b>Statements of Net Position</b>				
	<b>Governmental Activities</b>			<b>Total</b>
	2022	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 3,541,678.00	\$ 3,146,212	\$ 3,541,678.00	\$ 3,146,212
Capital assets	\$ 2,874,782.00	\$ 3,132,716	\$ 2,874,782.00	\$ 3,132,716
<u>Total Assets</u>	<u>\$ 6,416,460.00</u>	<u>\$ 6,278,928</u>	<u>\$ 6,416,460.00</u>	<u>\$ 6,278,928</u>
Current liabilities	\$ 171,505.00	\$ 107,082	\$ 171,505.00	\$ 107,082
Other liabilities	\$ 37,500.00	\$ 44,821	\$ 37,500.00	\$ 44,821
<u>Total Liabilities</u>	<u>\$ 209,005.00</u>	<u>\$ 169,903</u>	<u>\$ 209,005.00</u>	<u>\$ 169,903</u>
Net Position:				
Net investment in capital assets	\$ 2,874,782.00	\$ 3,132,716	\$ 2,874,782.00	\$ 3,132,716
<u>Unrestricted</u>	<u>\$ 3,332,673.00</u>	<u>\$ 2,976,309</u>	<u>\$ 3,332,673.00</u>	<u>\$ 2,976,309</u>
<u>Total Net Position</u>	<u>\$ 6,207,455.00</u>	<u>\$ 6,109,025</u>	<u>\$ 6,207,455.00</u>	<u>\$ 6,109,025</u>

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

	<u>Governmental Activities</u>		2022	<u>Total</u>
	2022	2021		
<b>Revenues</b>				
Program Revenues:				
Operating grants & contributions	\$ 3,028,463.00	\$ 3,686,191	\$ 3,028,463.00	\$ 3,686,191
Capital grants & contributions	\$ -	\$ 38,063	\$ -	\$ 38,603
Charges for services	\$ 185,891.00	\$ 77,397	\$ 185,891.00	\$ 77,397
General Revenues:				
Investment earnings	\$ 7,490.00	\$ 8,031	\$ 7,490.00	\$ 8,031
Other				
<b>Total Revenues</b>	<b>\$ 3,221,844.00</b>	<b>\$ 3,809,682</b>	<b>\$ 3,221,844.00</b>	<b>\$ 3,809,682</b>
<b>Expenses</b>				
General government	\$ 116,923.00	\$ 117,357	\$ 116,923.00	\$ 117,357
Transportation	\$ 3,006,491.00	\$ 2,511,457	\$ 3,006,491.00	\$ 2,511,457
<b>Total Expenses</b>	<b>\$ 3,123,414.00</b>	<b>\$ 2,628,814</b>	<b>\$ 3,123,414.00</b>	<b>\$ 2,628,814</b>
<b>Increase (decrease) in net position</b>	<b>\$ 98,430.00</b>	<b>\$ 1,180,868</b>	<b>\$ 98,430.00</b>	<b>\$ 1,180,868</b>

#### **D. FINANCIAL ANALYSIS OF GOVERNMENT FUNDS**

**Governmental funds.** The focus of government funds is to provide information on near term inflows, outflows and balances of spendable resources. 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, 2022 Mountain Express governmental fund balance was \$3,374,075, an increase of \$352,945 from the prior year. The fund balance is approximately %110 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 2022 there was one amendment to the budget, to account for sales tax extra revenue and intentional expenses as directed from our board approved annual strategic plan. Some expense categories were also adjusted to account for inflationary pressures on the organization, specifically in the “Labor and Benefits” and “Repair and Maintenance” categories.

#### **F. CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital Assets.** During 2022, Mountain Express capital assets were stable with the subtraction 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 2022, leading to a midyear re-budget. Those trends continued in the second half of the year, and MX operated with a net income level of \$352,945 for 2022.

The budget in 2023 shows a return to more typical financials, with an expected deficit net income of \$182,740 after capital expenditures. If sales tax collection meets the expectations of both municipalities, MX will leverage its capital reserves to fund an aggressive purchasing year.

**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	
	2022	2021
<b>ASSETS</b>		
Cash and investments	\$ 3,076,033	\$ 2,517,401
Accounts receivable	15,509	151,331
Due from:		
Town of Mt. Crested Butte	251,287	205,316
Town of Crested Butte	189,048	247,948
Prepaid expenses	9,801	24,216
Non-current assets		
Capital assets (net of accumulated depreciation)		
Land, nondepreciable	977,643	977,643
Construction in process	93,765	68,200
Buildings	685,818	713,525
Vehicles	1,071,923	1,341,996
Equipment	45,633	31,352
Total assets	<u>6,416,460</u>	<u>6,278,928</u>
<b>LIABILITIES</b>		
Accounts payable	76,608	48,650
Accrued liabilities	53,495	58,432
Compensated absences	41,402	44,821
Unearned revenues	37,500	18,000
Total liabilities	<u>209,005</u>	<u>169,903</u>
<b>NET POSITION</b>		
Net investment in capital assets	2,874,783	3,132,716
Unrestricted	3,332,672	2,976,309
Total net position	<u>\$ 6,207,455</u>	<u>\$ 6,109,025</u>

The accompanying notes are an integral part of this statement.

Mountain Express

STATEMENT OF ACTIVITIES

Year ended December 31, 2022

Function/Programs	Expenses	Program Revenues		Governmental Activities, Net
		Charges for Services	Operating Grants and Contributions	
Governmental activities:				
General government	\$ 116,923	\$ -	\$ 116,923	\$ -
Transportation	3,006,491	185,891	2,911,540	90,940
Total governmental activities	<u>\$ 3,123,414</u>	<u>\$ 185,891</u>	<u>\$ 3,028,463</u>	<u>\$ 90,940</u>
			General revenues:	
			Unrestricted investment earnings	7,490
			Change in net position	98,430
			Net position at beginning of year	6,109,025
			Net position at end of year	<u>\$ 6,207,455</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	
			Total general revenues	<u>8,031</u>	
			Change in net position	1,180,868	
			Net position at beginning of year	<u>4,928,157</u>	
			Net position at end of year	<u>\$ 6,109,025</u>	

The accompanying notes are an integral part of this statement.

Mountain Express

BALANCE SHEETS - GOVERNMENTAL FUND

December 31,

	2022	2021
<b>ASSETS</b>		
Cash and investments	\$ 3,076,033	\$ 2,517,401
Accounts receivable	15,509	151,331
Due from:		
Town of Mt. Crested Butte	251,287	205,316
Town of Crested Butte	189,048	247,948
Prepaid expenses	9,801	24,216
Total assets	<u>\$ 3,541,678</u>	<u>\$ 3,146,212</u>
<b>LIABILITIES AND FUND BALANCE</b>		
<b>Liabilities</b>		
Accounts payable	\$ 76,608	\$ 48,650
Accrued liabilities	53,495	58,432
Unearned revenues	37,500	18,000
Total liabilities	<u>167,603</u>	<u>125,082</u>
<b>Fund balance</b>		
Nonspendable	9,801	24,216
Assigned for capital reserve	1,000,000	600,000
Unassigned:		
Operating reserve	1,250,000	1,000,000
Other unassigned	1,114,274	1,396,914
Total fund balance	<u>3,374,075</u>	<u>3,021,130</u>
Total liabilities and fund balance	<u>\$ 3,541,678</u>	<u>\$ 3,146,212</u>

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balance - governmental funds	\$ 3,374,075	\$ 3,021,130
Accrued compensated absences payable are not due and payable in the current year and, therefore, are not reported in the Fund	(41,402)	(44,821)
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund.		
Cost of capital assets, net of accumulated depreciation	<u>2,874,782</u>	<u>3,132,716</u>
Net position of Governmental Activities	<u>\$ 6,207,455</u>	<u>\$ 6,109,025</u>

The accompanying notes are an integral part of this statement.

Mountain Express

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

Years ended December 31,

	2022	2021
Revenues		
Intergovernmental revenue	\$ 3,028,463	\$ 3,686,191
Charges for services	185,891	77,397
Interest income	7,490	8,031
Total revenue	<u>3,221,844</u>	<u>3,771,619</u>
Expenditures		
General government	116,923	117,357
Transportation	2,751,976	2,414,071
Total expenditures	<u>2,868,899</u>	<u>2,531,428</u>
Change in fund balance	352,945	1,240,191
Fund balance, beginning	<u>3,021,130</u>	<u>1,780,939</u>
Fund balance, ending	<u><u>\$ 3,374,075</u></u>	<u><u>\$ 3,021,130</u></u>
Amounts reported for governmental activities in the Statement of Activities are different because:		
Net change in fund balance - governmental fund	\$ 352,945	\$ 1,240,191
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	56,113	194,029
Depreciation expense	(314,047)	(288,252)
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.	<u>3,419</u>	<u>(3,163)</u>
Change in Net Position of Governmental Activities	<u><u>\$ 98,430</u></u>	<u><u>\$ 1,180,868</u></u>

The accompanying notes are an integral part of this statement.

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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**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, 2022 and 2021

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**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, 2022 and 2021

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**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, 2022 and 2021

**NOTE B – CAPITAL ASSETS**

Capital asset activity for the year ended December 31, 2022 was as follows:

	Balance 12/31/2021	Increases	Decreases	Balance 12/31/2022
Capital assets not depreciated:				
Land	\$ 977,643	\$ –	\$ –	\$ 977,643
Construction in process	<u>68,200</u>	<u>25,565</u>	<u>–</u>	<u>93,765</u>
	1,045,843	25,565	–	1,071,408
Capital assets being depreciated:				
Buildings	1,211,355	11,169	–	1,222,524
Vehicles	3,572,939	–	(131,449)	3,441,490
Equipment	<u>108,343</u>	<u>19,379</u>	<u>–</u>	<u>127,722</u>
	4,892,637	30,548	(131,449)	4,791,736
Accumulated depreciation:				
Buildings	(497,830)	(39,295)	–	(537,125)
Vehicles	(2,230,943)	(269,652)	131,449	(2,369,146)
Equipment	<u>(76,991)</u>	<u>(5,100)</u>	<u>–</u>	<u>(82,091)</u>
Total accumulated depreciation	<u>(2,805,764)</u>	<u>(314,047)</u>	<u>131,449</u>	<u>(2,988,362)</u>
Total capital assets being depreciated	<u>2,086,873</u>	<u>(283,499)</u>	<u>–</u>	<u>1,803,374</u>
Total capital assets, net of depreciation	<u>\$ 3,132,716</u>	<u>\$ (257,934)</u>	<u>\$ –</u>	<u>\$ 2,874,782</u>

Depreciation expense was charged to governmental functions as follows:

Transportation	<u>\$ 314,047</u>
Total depreciation	<u>\$ 314,047</u>

**NOTE C – LONG-TERM LIABILITES**

Changes in long-term liabilities for the year ended December 31, 2022 were as follows:

	December 31, 2021	Increases	Decreases	December 31, 2022	Due Within One Year
Compensated absences	<u>\$ 44,821</u>	<u>\$ –</u>	<u>\$ (3,419)</u>	<u>\$ 41,402</u>	<u>\$ 41,402</u>

Mountain Express

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

**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, 2022, consisted of the following:

Insured by FDIC	\$ 607,113
Collateralized as noted above	2,508,226
Outstanding deposits	20,112
Less outstanding checks	<u>(59,677)</u>
Cash and investments per financial report	<u>\$ 3,075,774</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, 2022 is as follows:

	<u>Amounts</u>	<u>Maturities</u>	
		<u>Less than 1 year</u>	<u>1-5 years</u>
Checking	\$ 360,017		
Money market	1,214,480		
Certificates of deposit	<u>1,501,277</u>	300,504	1,200,773
	<u>\$ 3,076,033</u>		

NOTES TO FINANCIAL STATEMENTS

December 31, 2022 and 2021

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**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 2022 and 2021, total government contributions to the retirement plan were \$43,612 and \$44,149, 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 Pinnacle 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, 2022 and 2021

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**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 \$1,000,000 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 \$1,250,000 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.

Mountain Express

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

Year ended December 31, 2022

	Original Budget	Final Budget	Actual	Variance With Final Budget Favorable (Unfavorable)	2021 Actual
<b>Revenues</b>					
Grant revenues	\$ 1,089,800	\$ 655,500	\$ 446,923	\$ (208,577)	\$ 1,577,555
Town of Mt. Crested Butte					
Contribution	872,000	1,233,000	1,245,437	12,437	915,913
Town of Crested Butte					
Contribution	1,100,000	1,189,000	1,336,103	147,103	1,192,723
Charges for services	73,600	73,600	185,891	112,291	77,397
Interest income	10,000	36,000	7,490	(28,510)	8,031
Total revenues	<u>3,145,400</u>	<u>3,187,100</u>	<u>3,221,844</u>	<u>34,744</u>	<u>3,771,619</u>
<b>Expenditures</b>					
Salaries and wages	1,213,500	1,319,500	1,322,332	(2,832)	1,217,855
Retirement and benefits	633,700	711,700	678,091	33,609	583,699
Supplies	12,200	43,700	37,660	6,040	23,020
Travel and education	39,750	30,600	9,471	21,129	10,612
Insurance	69,000	78,000	59,865	18,135	58,640
Professional services	109,600	100,400	214,480	(114,080)	62,420
Utilities	16,000	16,000	21,819	(5,819)	17,657
Repairs and maintenance	192,700	217,700	162,816	54,884	140,640
Building rent	4,200	4,200	6,584	(2,384)	3,838
Telephone	7,000	9,000	9,489	(489)	7,588
Gas and oil	182,000	215,000	220,429	(5,429)	172,621
Tires	35,000	35,000	38,424	(3,424)	32,058
Trash removal	1,550	1,550	3,127	(1,577)	2,410
Capital outlay	665,000	246,000	84,312	161,688	198,370
Total expenditures	<u>3,181,200</u>	<u>3,028,350</u>	<u>2,868,899</u>	<u>159,451</u>	<u>2,531,428</u>
Change in fund balance	(35,800)	158,750	352,945	194,195	1,240,191
Fund balance - beginning	<u>3,021,130</u>	<u>3,021,130</u>	<u>3,021,130</u>	-	<u>1,780,939</u>
Fund balance - ending	<u>\$ 2,985,330</u>	<u>\$ 3,179,880</u>	<u>\$ 3,374,075</u>	<u>\$ 194,195</u>	<u>\$ 3,021,130</u>