MOUNTAIN EXPRESS
(*An Intergovernmental Transportation Agency*)

Financial Statements

December 31, 2025



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McMahan and Associates, L.L.C.
Certified Public Accountants and Consultants

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Mountain Express
Crested Butte, Colorado

Opinions

We have audited the accompanying financial statements of the governmental activities and the General Fund of Mountain Express, an intergovernmental transportation agency, as of and for the year ended December 31, 2025, 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 General Fund of Mountain Express as of December 31, 2025, 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 ("U.S. GAAP").

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America ("U.S. GAAS"). 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

Mountain Express' management is responsible for the preparation and fair presentation of the financial statements in accordance with U.S. GAAP, 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 one year after the date that the financial statements are issued.

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 U.S. GAAS 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 U.S. GAAS, 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

U.S. GAAP require that 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 section B in accordance with U.S. GAAS, 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 AUDITOR'S REPORT
To the Board of Directors
Mountain Express
Crested Butte, Colorado

Required Supplementary Information (continued)

The budgetary comparison information in section E is not a required part of the basic financial statements but is supplementary information required by U.S. GAAP. The budgetary comparison information in section E is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the 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 U.S. GAAS. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

McMahan and Associates, L.L.C.

McMahan and Associates, L.L.C.
Avon, Colorado
July 21, 2026

MANAGEMENT'S DISCUSSION AND ANALYSIS



Mountain Express

Management's Discussion and Analysis
December 31, 2025

As management of the Mountain Express, we offer readers of Mountain Express' financial statements this narrative overview and analysis of the financial activities of Mountain Express for the fiscal year ended December 31, 2025.

Financial Highlights:

- The assets of Mountain Express exceeded its liabilities and deferred inflows at the close of the 2025 fiscal year by $5,556,877 (net position). Of this amount, the unrestricted net position of $2,908,176 may be used to meet Mountain Express' ongoing obligations to citizens and creditors.

- Mountain Express' total net position decreased in the 2025 fiscal year by $305,990.

- At December 31, 2025, the unassigned fund balance of the General Fund was $1,461,954, or approximately 37% of fiscal year 2025 General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Mountain Express' basic financial statements. Mountain Express' basic financial statements are comprised of three components: 1) government-wide financial statements; 2) fund financial statements; and 3) notes to the financial statements. This report also contains other required supplementary information and supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements: The government-wide financial statements are designed to provide readers with a broad overview of Mountain Express' finances, in a manner similar to a private-sector business.

The Statement of Net Position presents information on all Mountain Express' 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 the financial position of Mountain Express is improving or deteriorating.

The Statement of Activities presents information showing how the government's 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 related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Mountain Express that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Mountain Express include general government, public safety, public works, and culture and recreation. Mountain Express currently has no business-type activities.

The government-wide financial statements can be found on pages C1 and C2 of this report.

Fund Financial Statements: A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Mountain Express, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. Currently, Mountain Express has governmental funds but does not have activities reported in proprietary funds.

Overview of the Financial Statements (continued)

Governmental Funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of expendable resources, as well as on balances of expendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Reconciliations are provided for both the governmental funds Balance Sheet and the governmental funds Statement of Revenues, Expenditures and Changes in Fund Balances to facilitate this comparison between governmental funds and government-wide governmental activities.

As required by Colorado statutes, Mountain Express is required to adopt an annual appropriated budget for all of its funds. Budgetary comparison schedules have been provided for the General Fund and all other funds to demonstrate compliance.

The basic governmental fund financial statements – together with reconciliations to the government-wide financial statements – can be found on pages C1 and C2 of this report.

Notes to the Financial Statements: The notes provide additional information (e.g., background of entity, accounting policies used by the Entity, etc.) that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The Notes to the Financial Statements can be found in Section D of this report.

Other Information: As previously discussed, Mountain Express adopts annual appropriated budgets for all its funds in accordance with Colorado statues. The budgetary comparison schedules have been provided for all its funds to demonstrate compliance with the budget law and are found on page E1.

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Government-wide Financial Analysis

As previously mentioned, the government-wide financial statements are designed to provide readers with a broad overview and long-term analysis of Mountain Express' finances, in a manner similar to a private-sector business.

The following schedule shows Mountain Express' net position at December 31, 2025 and 2024:

	Governmental Activities	
	2025	**2024**
Assets:		
Current and other assets	$ 3,223,169	3,343,047
Capital assets, net	2,648,701	2,856,882
Total Assets	5,871,870	6,199,929
Liabilities:		
Long-term liabilities	109,204	112,625
Other liabilities	205,789	224,437
Total Liabilities	314,993	337,062
Net Position:		
Net investment in capital assets	2,648,701	2,856,882
Unrestricted	2,908,176	3,005,985
Total Net Position	$ 5,556,877	5,862,867

Net position may serve over time as a useful indicator of a government's financial position. For Mountain Express, governmental assets exceeded liabilities and deferred inflows of resources by $5,556,877 at December 31, 2025. Traditionally, the largest portion of any municipality's investments is in its capital assets used to deliver and provide services to its residents and visitors. Thus, Mountain Express' investment in capital assets accounted for 48% of its total net position at the end of 2025. Net investment in capital assets is not an available source of payment for future spending. The remaining $2,908,176 in net position at December 31, 2025 is unrestricted and available to meet Mountain Express' ongoing operating obligations.

At the end of the 2025 fiscal year, Mountain Express is able to report positive net position balances for the government as a whole in all categories. This same report can also be made for the prior fiscal year.

Government-wide Financial Analysis (continued)

The following table summarizes information relating to Mountain Express' Statement of Activities for fiscal years 2025 and 2024:

	Governmental Activities	
	2025	**2024**
Revenues:		
Program revenues:		
Charges for services	$ 396,888	300,182
Grants and contributions	3,403,752	3,283,620
General revenues:		
Interest	74,073	80,805
Total Revenues	3,874,713	3,664,607
Expenses:		
General government	78,152	63,200
Transportation	4,102,551	3,930,266
Total Expenses	4,180,703	3,993,466
Change in Net Position	(305,990)	(328,859)
Net Position - Beginning of Year	5,862,867	6,191,726
Net Position - End of Year	$ 5,556,877	5,862,867

Both 2024 and 2025 resulted in decreases in net position, as expenses exceeded revenues in both years; however, the decrease was slightly smaller in 2025 due to the increased revenues partially offsetting higher transportation expenses.

Revenues increased by $210,106 or 6% between 2024 and 2025, primarily due to increases in sales tax and admissions tax contributed from the Towns' increased economic activity.

Mountain Express' total 2025 expenses increased by $187,237 or 5% from 2024 largely due to a significant increase in salaries and wages.

Budget Amendments: Mountain Express did not adopt budget amendments during 2025.

Financial Analysis of Mountain Express' Funds

Budget Variances in the General Fund: In total, Mountain Express' General Fund ended 2025 $302,260 higher than budgeted, as revenues were $99,387 lower than anticipated, while expenditures were $401,647 less than budgeted. The General Fund budgetary comparison schedule can be found on page E1 in the 2025 financial report.

Significant Variances in the General Fund:

Resources	Final Budget	Actual Amounts	Variance Positive (Negative)	Reason
Revenues:				
Charges for services - Transportation	$ 359,100	$ 396,888	37,788	Organic growth of on-demand services
Operating Grants:				
Transportation	339,000	428,065	89,065	Grants received for Senior Van. FTA Grant received was not included in budget.
Contributions:				
Town of Mount Crested Butte	1,462,500	1,389,202	(73,298)	Low snowfall in December led to decrease in economic activity
Town of Crested Butte	1,350,500	1,506,725	156,225	Increase in economic activity
Expenditures:				
Transportation:				
Salaries and wages	1,539,900	1,575,460	(35,560)	Increased usage of overtime, late night, and sick leave bank
Contracted services	757,000	799,458	(42,458)	Approved extra hours for holiday demand
Capital outlay	703,600	235,430	468,170	Expected buses not received

Capital Assets: During 2025, capital assets decreased by $208,181 on a net basis. Additional information, as well as a detailed classification of Mountain Express' net capital assets, can be found in the Notes to the Financial Statements in section D of this report.

Long-term Liabilities: As of the end of the 2025 fiscal year, Mountain Express' long-term liabilities decreased by $3,421 from 2024, due to a decrease in accrued compensated absences during 2025. Additional information, as well as a detailed classification of Mountain Express' long-term liabilities, can be found in the Notes to the Financial Statements in section D of this report.

Next Year's Budget and Rates: Mountain Express' General Fund balance at the end of the fiscal year 2025 was $3,017,380; a decrease of $101,230 from 2024. Mountain Express' budget appropriation for 2026 anticipates a net decrease of $123,710 in the General Fund balance, with budgeted revenues of $3,856,060 and expenditures of $3,979,770.

Economic and Other Factors: While national macro-economic trends have generally affected the Gunnison Valley in predictable ways, the recent acquisition of the ski resort by Vail Properties, the migration patterns caused by the COVID-19 pandemic, and general inflationary trends have impacted MX in new ways for us. A recent study concluded that from 2019 to 2024, revenue grew by 81%, but expenses rose by a staggering 98%. Budgeting exercises for 2025 and 2026 have mimicked this trend. The largest area of growth for expenses have been labor wages, healthcare costs and needed modernization of the organization. And while our current operating reserves remain strong, we have difficult conversations annually to drive at balance budgets that serve our organizational mission. For the fiscal year of 2025, revenue and expenses both performed very well against our target budget. Our long-term vision, cash position, financial controls and expense management practices remain strong, ensuring a bright financial future for Mountain Express.

Request for Information: This financial report is designed to provide a general overview of Mountain Express' finances for all those with an interest in such matters. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Mountain Express
2 North Eighth Street, Building D
P.O. Box 3482
Crested Butte, Colorado 81224

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BASIC FINANCIAL STATEMENTS



Mountain Express
(An Intergovernmental Transportation Agency)
Governmental Fund Balance Sheet / Government-wide Statement of Net Position
December 31, 2025

	Governmental Fund Balance Sheet		Government-wide Statement of Net Position
	General Fund	Adjustments	Governmental Activities
Assets:			
Cash - Unrestricted	924,843	-	924,843
Investments - Unrestricted	1,610,212	-	1,610,212
Accounts receivable, net	48,856	-	48,856
Contributions receivable, net:			
Town of Mount Crested Butte	379,297	-	379,297
Town of Crested Butte	206,240	-	206,240
Prepaid expenses	53,721	-	53,721
Capital assets, not being depreciated	-	1,117,245	1,117,245
Capital assets, net of accumulated depreciation	-	1,531,456	1,531,456
Total Assets	3,223,169	2,648,701	5,871,870
Liabilities:			
Accounts payable and accrued liabilities	90,451	-	90,451
Accrued salaries and benefits	115,338	-	115,338
Accrued compensated absences:			
Due in more than one year	-	109,204	109,204
Total Liabilities	205,789	109,204	314,993
Fund Balance / Net Position:			
Fund Balance:			
Nonspendable	53,721		
Assigned	1,501,705		
Unassigned	1,461,954		
Total Fund Balance	3,017,380		
Total Liabilities and Fund Balance	3,223,169		
Net Position:			
Net investment in capital assets			2,648,701
Unrestricted			2,908,176
Total Net Position			5,556,877

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

Mountain Express
(An Intergovernmental Transportation Agency)
Governmental Fund Statement of Revenues, Expenditures,
and Changes in Fund Balance / Government-wide Statement of Activities
For the Year Ended December 31, 2025

	Governmental Fund		Government-wide Statement of Activities
	General Fund	Adjustments	Governmental Activities
Revenues			
Charges for services - Transportation	396,888	-	396,888
Operating grants and contributions:			
Operating grants:			
Transportation	428,065	-	428,065
Contributions:			
Town of Mount Crested Butte	1,389,202	-	1,389,202
Town of Crested Butte	1,506,725	-	1,506,725
Total - Contributions	2,895,927	-	2,895,927
Total - Operating grants and contributions	3,323,992	-	3,323,992
Capital grants and contributions:			
Transportation	79,760	-	79,760
Investment earnings:			
Interest income	74,073	-	74,073
Total Revenues	3,874,713	-	3,874,713
Expenditures / Expenses:			
General government:			
Professional services	37,570	-	37,570
Office and general	40,582	-	40,582
Total - General government	78,152	-	78,152
Transportation:			
Salaries and wages	1,575,460	(3,421)	1,572,039
Employee benefits	752,009	-	752,009
Supplies	19,088	-	19,088
Insurance	124,973	-	124,973
Contracted services	799,458	-	799,458
Utilities	35,096	-	35,096
Repairs and maintenance	135,283	-	135,283
Gas, oil, and tires	190,719	-	190,719
Other transportation operating expenses	30,275	-	30,275
Capital outlay	235,430	(108,960)	126,470
Depreciation	-	317,141	317,141
Total - Transportation	3,897,791	204,760	4,102,551
Total Expenditures / Expenses	3,975,943	409,520	4,180,703
Change in Fund Balance - - Governmental Fund / Government-wide Change in Net Position - Governmental Activities	(101,230)	(409,520)	(305,990)
Fund Balance / Net Position - Beginning of Year	3,118,610		5,862,867
Fund Balance / Net Position - End of Year	3,017,380		5,556,877

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

NOTES TO THE FINANCIAL STATEMENTS



MOUNTAIN EXPRESS
(An Intergovernmental Transportation Agency)
Notes to the Financial Statements
December 31, 2025

I. Summary of Significant Accounting Policies

Mountain Express was established as an intergovernmental agency formed by the towns of Crested Butte, Colorado ("Crested Butte") and Mount Crested Butte, Colorado ("Mt. Crested Butte") (collectively, the "Towns") to provide bus service to the Crested Butte ski area and throughout the Towns. Mountain Express has operated continuously since 1990 to provide transportation services pursuant to intergovernmental agreements between the Towns; the current agreement (the "Intergovernmental Agreement") was effective in September 2017 and runs through August 2027 but automatically renews for successive 1-year terms unless subsequently amended or terminated. As stated in the Intergovernmental Agreement, the Towns each contribute 95% of their respective 1% sales tax designated for transportation services. Mt. Crested Butte also contributes 25% of the proceeds of its 4% admissions tax designated for transportation.

Mountain Express is governed by a five-member Board of Directors (the "Board"): two are appointed by the Town Council of Crested Butte, two are appointed by the Town Council of Mt. Crested Butte, and one is nominated by a majority of the other four members of the Board.

Mountain Express' 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 Mountain Express are discussed below.

A. Reporting Entity

The reporting entity consists of (a) the primary government (i.e., Mountain Express) and (b) organizations for which Mountain Express is financially accountable. Mountain Express is considered financially accountable for legally separate organizations if it is able to appoint a voting majority of an organization's governing body and is either able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on, Mountain Express. Consideration is also given to other organizations, which are fiscally dependent; i.e., unable to adopt a budget, levy taxes, or issue debt without approval by Mountain Express. Organizations for which the nature and significance of their relationship with Mountain Express are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete are also included in the reporting entity.

Based on the criteria above, Mountain Express is not financially accountable for any other entity, nor is Mountain Express a component unit of any other government.

B. Government-wide and Fund Financial Statements

Mountain Express' basic financial statements include both government-wide (reporting Mountain Express as a whole) and fund financial statements (reporting Mountain Express' major fund). Both the government-wide and fund financial statements categorize primary activities as either governmental or business-type. Currently, Mountain Express has only governmental activities, due to the nature of funding from federal grants and contributions by the Towns.

I. Summary of Significant Accounting Policies (continued)

B. Government-Wide and Fund Financial Statements (continued)

1. Government-Wide Financial Statements

In the Governmental Fund Balance Sheet / Government-wide Statement of Net Position, the government-wide 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. Mountain Express' net position is reported in three parts—net investment in capital assets; restricted net position; and unrestricted net position, as applicable. The government-wide focus is on the sustainability of Mountain Express as an entity and the change in its net position resulting from the current year's activities.

2. Fund Financial Statements

The financial transactions of Mountain Express 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 comprise its assets, liabilities, reserves, fund equity, revenues, and expenditures/expenses. The fund focus is on current available resources and budget compliance.

The Mountain Express reports one governmental fund. The General Fund is Mountain Express' primary operating fund, and accounts for all financial resources not required to be accounted for in another fund.

C. Measurement Focus and Basis of Accounting

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. Financial Statement Presentation

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. 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.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts

1. Cash, Cash Equivalents and Investments

Cash and cash equivalents are defined as deposits that can be withdrawn at any time without notice or penalty and investments with maturities of three months or less.

Investments are stated at fair value or net asset value. The change in fair value of investments is recognized as an increase or decrease to investment assets and investment income.

Mountain Express follows Colorado state 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
- FDIC-insured certificates of deposit
- Written repurchase agreements collateralized by certain authorized securities
- Certain money market mutual funds
- Guaranteed investment contract
- Local government investment pools

2. Receivables

Receivables are reported net of an allowance for uncollectible accounts. As of December 31, 2025, Mountain Express established an allowance for uncollectible accounts of $0.

3. Prepaid Expenses

Certain payments to vendors which reflect costs applicable to future accounting periods are recorded as prepaid items in both the government-wide and fund financial statement columns.

4. Capital Assets

Capital assets, which include land, buildings, other improvements, vehicles, and furniture and equipment, are reported in the government-wide Statement of Net Position. Mountain Express defines capital assets as assets with an initial cost of $5,000 or more and an estimated useful life in excess of two years. Such assets are recorded at cost where historical records are available and at an estimated cost where no such records exist. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset life are not capitalized but expensed when incurred. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

4. Capital Assets (continued)

Capital outlay for projects is capitalized as projects are constructed. Interest incurred during the construction phase is expensed as incurred.

Mountain Express' capital assets (excluding land and construction in progress) are depreciated using the straight-line method over the following estimated useful lives:

Asset Class	Useful Life
Buildings	30 years
Other improvements	10-20 years
Vehicles	5-10 years
Furniture and equipment	5-15 years

5. Compensated Absences

Mountain Express allows employees to accumulate earned but unused vacation and sick pay benefits. A liability and corresponding expense for accrued, unused vacation or sick leave is recorded in the government-wide Statement of Net Position and Statement of Activities, respectively. In the governmental fund statements, vacation or sick leave is reported as an expenditure and liability to the General Fund when used. Mountain Express estimates how much earned but unused leave is more likely than not to be used as paid leave and recognizes that portion as a liability for compensated absences.

6. Deferred Inflows and Outflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. Mountain Express does not have any items that qualify for reporting in this category at December 31, 2025.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Mountain Express does not have any items that qualify for reporting in this category at December 31, 2025.

7. Use of Estimates

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

I. Summary of Significant Accounting Policies (continued)

D. Financial Statement Accounts (continued)

8. Categories and Classification of Fund Balance

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, 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 fund balance is limited to negative residual fund balance. Further details on the various fund balance classifications are provided in Note IV.D.

9. Net Position

Net position represents the difference between assets and liabilities on the government-wide Statement of Net Position. 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. At December 31, 2025, Mountain Express reported no restricted net position.

10. Restricted and Unrestricted Resources

When both restricted and unrestricted resources are available for use, it is Mountain Express' policy to use restricted resources first, then unrestricted resources as they are needed, unless there are legal documents or contracts that prohibit this, such as in grant agreements requiring dollar-for-dollar spending.

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 / Government-wide Statement of Net Position includes an adjustment column. Explanations of adjustments included in this column are as follows:

- Capital assets, net of accumulated depreciation, used in governmental activities totaling $2,648,701 are not financial resources and are, therefore, not reported in the fund.

- Long-term liabilities – including accrued compensated absences of $109,204 – are not due and payable in the current period and are, therefore, not reported in the fund.

II. Reconciliation of Government-wide and Fund Financial Statements (continued)

B. Explanation of differences between the Governmental Fund Statement of Revenues, Expenditures, and Changes in Fund Balance and the Government-wide Statement of Net Position

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

- Some expenses reported in the Statement of Activities – such as the net change in accrued compensated absences – do not require the use of current financial resources and are, therefore, not recorded as expenditures in governmental funds.

- Governmental funds report capital outlay 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.

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

In the fall of each year, the Board formally adopts a budget with appropriations by fund for the following year pursuant to the *Colorado Local Budget Law*. Annual appropriations are adopted for all funds. Expenditures may not legally exceed appropriations at the fund level and all appropriations lapse at year-end.

The budget for Mountain Express' sole fund – the General Fund – is adopted on a GAAP basis.

Mountain Express followed the timetable noted below in preparing, approving, and enacting its budget for 2025.

1. For the 2025 budget year, the Managing Director of Mountain Express submitted, before December 31, 2024, a recommended budget that detailed the necessary property taxes needed along with other available revenues to meet Mountain Express' operating requirements.

2. Prior to December 31, 2024, after a required publication of "Notice of Proposed Budget" and a public hearing, the Board approved and adopted the proposed budget, appropriating expenditures for the upcoming year.

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

III. Stewardship, Compliance, and Accountability (continued)

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 increase, 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.

Because Mountain Express is an intergovernmental agency formed by the Towns, each Town records their 50% share of Mountain Express' financial position and results of operations on their respective books, which is thereby included when each Town determines their respective TABOR emergency reserve.

Mountain Express' 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.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Mountain Express held deposits and investments with the following ratings and maturities at December 31, 2025:

	Standard & Poors rating	Carrying amounts	Maturities: Less than one year	Maturities: More than one year
Deposits:				
Checking - Interest-bearing	Not rated	$ 753,830	753,830	-
Savings and money market	Not rated	171,013	171,013	-
Total deposits		924,843	924,843	-
Investments:				
Certificates of deposit - Non-negotiable	Not rated	1,610,212	965,905	644,307
Total investments		1,610,212	965,905	644,307
Total cash and investments		$ 2,535,055	1,890,748	644,307

Mountain Express' deposits are entirely covered by federal depository insurance ("FDIC") or by collateral held under Colorado's Public Deposit Protection Act ("PDPA"). Amounts on deposit in excess of $250,000 – the FDIC-insured limit at each participating institution – must be collateralized. The eligible collateral is determined by the PDPA. The PDPA allows the institution to create a single collateral pool for all public funds. The collateral pool is to be maintained by another institution or held in trust for all the uninsured public as a group. The fair value of the collateral must equal or exceed 102% of the uninsured deposits.

IV. Detailed Notes on All Funds (continued)

A. Deposits and Investments (continued)

At December 31, 2025, the carrying value of Mountain Express' deposits was $924,843 and the bank balance of these accounts was $1,033,906.

Mountain Express measures and records its investments using fair value measurement guidelines established by generally accepted accounting principles. These guidelines recognize a three-tiered fair value hierarchy, as follows:

- Level 1: Quoted prices for identical investments in active markets;
- Level 2: Observable inputs other than quoted market prices; and,
- Level 3: Unobservable inputs.

At December 31, 2025, Mountain Express did not have any investments requiring fair value measurement.

Interest Rate Risk. As a means of limiting its exposure to interest rate risk, Mountain Express coordinates its investment maturities to closely match cash flow needs and restricts the maximum investment term to less than five years from the purchase date. As a result of the limited length of maturities, Mountain Express has limited its interest rate risk.

Credit Risk. Mountain Express limits its investments to those authorized by Colorado statutes, as outlined in Note I.D.1. Mountain Express' 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. Mountain Express diversifies its investments by security type and institution. Financial institutions holding Mountain Express' funds must provide Mountain Express with a copy of the certificate from the Banking Authority that states that the institution is an eligible public depository. At December 31, 2025, Mountain Express' investments in certificates of deposit was 100% of its total portfolio.

IV. Detailed Notes on All Funds (continued)

B. Capital Assets

Capital asset activity for 2025 was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	$ 977,643	-	-	977,643
Construction in progress	139,602	-	-	139,602
Total capital assets, not being depreciated	1,117,245	-	-	1,117,245
Capital assets, being depreciated:				
Buildings and improvements	1,289,966	-	-	1,289,966
Equipment	127,722	-	-	127,722
Vehicles	3,667,799	108,960	(144,590)	3,632,169
Total capital assets, being depreciated	5,085,487	108,960	(144,590)	5,049,857
Less accumulated depreciation for:				
Buildings and improvements	(619,130)	(43,771)	-	(662,901)
Equipment	(96,944)	(7,068)	-	(104,012)
Vehicles	(2,629,776)	(266,302)	144,590	(2,751,488)
Total accumulated depreciation	(3,345,850)	(317,141)	144,590	(3,518,401)
Total capital assets, being depreciated, net	1,739,637	(208,181)	-	1,531,456
Governmental activities capital assets, net	$ 2,856,882	(208,181)	-	2,648,701

Depreciation expense of $317,141 was charged to governmental functions for 2025.

C. Long-term Liabilities

Changes in Mountain Express' long-term liabilities for 2025 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Governmental Activities:					
Accrued compensated absences *	112,625	-	(3,421)	109,204	27,301
Total governmental activities long-term liabilities	$ 112,625	-	(3,421)	109,204	27,301

* The change in the compensated absences liability is presented as a net change.

IV. Detailed Notes on All Funds (continued)

D. Fund Balance

Mountain Express classifies governmental fund balances as follows:

- Non-spendable: includes fund balance amounts that inherently cannot be spent because they are not in spendable form; such as inventories, prepaid items, or long-term receivables.

- *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.

- *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.

- *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 or its management designees. At the February 2025 board meeting, the Board discussed the 2024 fiscal year deficit and recommended reducing the capital reserves, while also seeking outside funding to help bolster resources for future projects. The reserve was reduced to $1,501,705 for capital projects.

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

Mountain Express first uses committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when expenditures are made.

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 $1,500,000 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 approximates 50% of annual core expenditures.

V. Other Information

A. Risk Management

Mountain Express is also exposed to the risks of loss related to torts; theft of, damage to, and destruction of assets; and errors and omissions. To address such risks, Mountain Express is a participant in a public entity risk pool administered by Colorado Intergovernmental Risk Sharing Agency (“CIRSA”).

V. Other Information (continued)

A. Risk Management (continued)

CIRSA's operations are funded by contributions from member governments. Coverage is provided in the amount of $500,000 per claim or occurrence for property, $600,000 per claim or occurrence for liability, and $150,000 per claim or occurrence for crime. CIRSA has also acquired additional excess coverage from outside sources. While Mountain Express may be liable for any losses in excess of this coverage, Mountain Express does not anticipate such losses at December 31, 2025. The deductible amount paid by Mountain Express for each incident in 2025 was $1,000; there is no change in coverage from past years. All settlements for the year ended December 31, 2025 were under the maximum coverage allowed.

Surpluses or deficits realized by CIRSA for any given year are subject to change for such reasons as interest earnings on invested amounts for those years and funds, re-estimation of losses for those years and funds, and credits or distributions from surplus for those years and funds.

CIRSA's combined financial information as of and for the year ended December 31, 2025 (the latest year for which audited data is available) is summarized as follows:

Assets:	
Cash and investments	$125,102,408
Other assets	4,232,594
Total assets	129,335,002
Total liabilities	72,659,266
Net position	$ 56,675,736
Total contributions and other revenues	$ 64,322,044
Total expenses and distributions	(44,716,249)
Change in net position	$ 19,605,795

B. Retirement Plans

1. Section 401 (a) Defined Contribution Plan

Mountain Express participates in the Colorado Retirement Association ("CRA"), a multiple-employer public employee retirement system, which is a qualified plan as defined by Internal Revenue Code section 401(a), and Colorado Revised Statutes section 24-54. The plan provides retirement benefits through a defined contribution plan to participating Colorado counties, municipalities, and special districts. In a defined contribution plan, benefits depend solely on amounts contributed to the plan, plus investment earnings. CRA administers this plan on behalf of Mountain Express.

State statute assigns the authority to establish and amend the benefit provisions of the plans that participate in CRA to the respective employer governments.

V. Other Information (continued)

B. Retirement Plans (continued)

1. Section 401 (a) Defined Contribution Plan (continued)

Plan 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 all participant contributions 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.

For 2025, Mountain Express and employees each contributed $36,569 to the plan.

As Mountain Express is not the trustee and does not administer the plan, the plan is not included in the financial statements. Mountain Express has no liability for losses under the plan but does have the duty of due care that would be required of an ordinary prudent investor.

2. Section 457 Deferred Compensation Plan

Mountain Express offers its employees a deferred compensation plan (the "457 Plan") created in accordance with Internal Revenue Code section 457 and administered by CRA. The 457 Plan, available to all employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. All amounts of compensation deferred under the 457 Plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property, or rights are to be held in trust for the exclusive benefit of plan participants and their beneficiaries.

During 2025, employee contributions to the 457 Plan totaled $49,274 and employer contributions totaled $15,351

C. Claims and Contingencies

1. Legal Claims

During the normal course of business, Mountain Express may incur claims and other assertions against it from various parties, which Mountain Express and its legal counsel would vigorously defend. In the opinion of Mountain Express' management, such claims would not have a material effect on any of the financial statements of the individual funds or on the overall financial position of Mountain Express at December 31, 2025.

2. Federal and State Grants and Financial Sources

Mountain Express participates in federal and state grant programs, which may be subject to program compliance audits by grantors or their representatives. The amount, if any, of expenditures which might be disallowed by granting agencies cannot be determined at this time, although Mountain Express expects such amounts, if any, to be immaterial.

V. Other Information (continued)

D. Whetstone Project

In June 2020, two lots owned by Mountain Express in the Whetstone Industrial Park, located in Crested Butte, were clustered with a lot owned by Gunnison Valley Transportation Authority ("GVTA") 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. In September 2020, Mountain Express and GVTA 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. After 4 years of consecutive applications to the Federal Transit Administration, Mountain Express received notice of award for the project in fall of 2025, for an assumed cost of $18,000,000. Mountain Express is current with CDOT and FTA to begin planning of the project, with a likely completion in spring of 2029.

REQUIRED SUPPLEMENTARY INFORMATION



Mountain Express
(An Intergovernmental Transportation Agency)
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget (GAAP Basis) and Actual - General Fund
For the Year Ended December 31, 2025
(With Comparative Actual Amounts For the Year Ended December 31, 2024)

	2025			2024
	Original and Final Budget	Actual	Budget Variance: Positive / (Negative)	Actual
Revenues				
Charges for services - Transportation	359,100	396,888	37,788	300,182
Operating grants and contributions:				
Operating grants:				
Transportation	339,000	428,065	89,065	309,811
Contributions:				
Town of Mount Crested Butte	1,462,500	1,389,202	(73,298)	1,418,946
Town of Crested Butte	1,350,500	1,506,725	156,225	1,426,463
Total - Operating grants and contributions	3,152,000	3,323,992	171,992	2,845,409
Capital grants and contributions:				
Transportation	385,000	79,760	(305,240)	128,400
Total - Capital grants and contributions	385,000	79,760	(305,240)	128,400
Investment earnings:				
Interest income	78,000	74,073	(3,927)	80,805
Total Revenues	3,974,100	3,874,713	(99,387)	3,664,607
Expenditures:				
General government:				
Professional services	34,890	37,570	(2,680)	33,117
Office and general	38,500	40,582	(2,082)	30,083
Total - General government	73,390	78,152	(4,762)	63,200
Transportation:				
Salaries and wages	1,539,900	1,575,460	(35,560)	1,452,606
Employee benefits	763,800	752,009	11,791	681,780
Supplies	16,500	19,088	(2,588)	20,288
Insurance	110,900	124,973	(14,073)	106,970
Contracted services	757,000	799,458	(42,458)	850,513
Utilities	38,200	35,096	3,104	32,166
Repairs and maintenance	136,000	135,283	717	143,848
Gas, oil, and tires	203,300	190,719	12,581	213,921
Other transportation operating expenses	35,000	30,275	4,725	29,762
Capital outlay	703,600	235,430	468,170	299,254
Total - Transportation	4,304,200	3,897,791	406,409	3,831,108
Total Expenditures	4,377,590	3,975,943	401,647	3,894,308
Change in Fund Balance	(403,490)	(101,230)	302,260	(229,701)
Fund Balance - Beginning of Year		3,118,610		3,348,311
Fund Balance - End of Year		3,017,380		3,118,610