

**MOUNTAIN RIDES
TRANSPORTATION AUTHORITY**

Financial Statements

Year Ended September 30, 2020

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Financial Statements
For the year ended September 30, 2020

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INDEPENDENT AUDITOR'S REPORT

January 12, 2021

Board of Directors
Mountain Rides Transportation Authority
Ketchum, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mountain Rides Transportation Authority, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Mountain Rides Transportation Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Mountain Rides Transportation Authority, as of September 30, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report Continued—

Other Matters

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 3–8 and 19–21 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Mountain Rides Transportation Authority's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2021, on our consideration of the Mountain Rides Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Mountain Rides Transportation Authority's internal control over financial reporting and compliance.

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)
YEAR ENDED SEPTEMBER 30, 2020**

This discussion and analysis is intended to provide an overview of Mountain Rides Transportation Authority's financial activities for the fiscal year ended September 30, 2020 (FY2020). Since this information is designed to focus on the current year's activities, resulting changes, and currently known facts, it should be read in conjunction with the Independent Auditor's Report and the Basic Financial Statements that accompany this MD&A.

FINANCIAL HIGHLIGHTS

1. In FY2020, Mountain Rides, as a provider of public transportation services in Blaine County, continued to receive, as a sub-recipient of the Idaho Transportation Department (ITD), significant funding from the Federal Transit Administration (FTA) to underwrite the operation of public transportation services in a rural area (5311 Rural Transportation Grant Funding). In FY2020, Mountain Rides' received \$1,268,063 in regular, anticipated and budgeted 5311 funds plus \$1,167,726 in additional, unbudgeted 5311 CARES funds.
2. With a two-year funding cycle that commenced October 1, 2020 in effect, Mountain Rides anticipates receiving, as a sub-recipient of the ITD, 5311 federal funding in FY2021 of \$1,631,386, an increase of 29% over FY2020.
3. In FY2020, Local Funding, from local tax receipts, provided by the cities of Ketchum, Hailey, Sun Valley, Bellevue and Blaine County, had no increase over FY2019 levels. Mountain Rides relies on Local Funding to help underwrite operations and maintain service levels and to provide the local match required for receipt of federal funding (all federal transit funding programs require that local entities share in the cost of operating and maintaining transit systems). In FY2020, Local Funding was allocated to operating needs and capital needs at a ratio of 88% to operations and 12% to capital accounts.
4. Capital equipment vehicle replacements and refurbishments accelerated in FY2020. Mountain Rides acquired three (3) 35ft heavy duty buses, one (1) medium duty bus, two (2) light duty buses, and three (3) new vanpool vans funded through the FTA's 5339 funding program and the State's Vehicle Investment Program (VIP).
5. The Coronavirus pandemic declared in March 2020 did not have a material financial impact on Mountain Rides in the fiscal year 2020. Management believes that there will be no material impact of the ongoing pandemic on future revenues, expenses or net assets.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of two parts: management's discussion and analysis (this section) and the basic financial statements. The basic financial statements include a series of financial statements. The Statement of Net Position and the Statement of Activities (on pages 9 and 10) provide information about the activities of Mountain Rides as a whole and present a longer-term view of its finances. Fund financial statements start on page 11. These statements indicate how capital programs and services were financed in the short term as well as what remains for future spending.

FINANCIAL ANALYSIS

Government-wide Financial Statements

Mountain Rides' analysis of its operations as a whole begins on page 9. The Statement of Net Position and the Statement of Activities report information about Mountain Rides' activities and include all assets and liabilities using the modified accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report Mountain Rides' net position and changes in them. Net Position – the difference between assets and liabilities – is one way to measure Mountain Rides' financial health, or financial position. Over time, increases or decreases in net assets are one indicator of whether financial health is improving or deteriorating. Other nonfinancial factors, however, such as changes in revenue sources and the overall condition of MR's fleet, aid in assessing overall health. The Net (Expense) Revenue and Changes in Net Position column on the Statement of Activities (on page 10) helps determine whether there are more or fewer financial resources that can be spent in the near future to finance Mountain Rides' programs. Mountain Rides' financial resources for FY2020 were higher over the prior year. This accumulation of funding was largely due to CARES 5311 funding but done purposefully in anticipation of future electric bus purchases and infrastructure.

Fund Financial Statements

The fund financial statements begin on page 11. The Balance Sheets – Governmental funds provides information about Mountain Rides consolidated position, including its Operations Fund and all Capital funds. The Statement of Revenues, Expenditures, and Changes in Fund Balance provides information on the activities of each category of Mountain Rides Funds; its operational activities in General Operations, Capital activities in Capital Projects and its Workforce Housing activities in Work Force Housing. All of Mountain Rides' basic services are reported in General Operations Fund. All funds are reported using an accounting method called modified accrual accounting. This method measures cash and all other financial assets that can be readily converted to cash.

Mountain Rides position as a whole

From FY2019 to FY2020, Mountain Rides' combined net position (Total Assets less Total Liabilities) increased by \$2,253,653, from \$6,520,668 in FY2019 to \$8,774,321 in FY2020, with a substantial increase in Total Assets offset slightly by a small increase in Total Liabilities. (See Table 1 below.) The increase in Total Assets is primarily the result of an unbudgeted receipt of 5311 CARES funds of \$1,167,726. Unrestricted net position – the part of net position available to finance day-to-day operations without constraints – rose from \$1,482,044 at the end of FY2019 to \$2,243,415 at the end of 2020, an increase of 66%. A share of this unrestricted net position will be carried over into FY2021 to support operations and capital needs, while an additional portion will be held on-hand as contingency funds to support cash flow needs that may be triggered by delays in receiving federal or local funding, as well as those instigated as a result of unforeseen emergencies. Mountain Rides does not currently have any amount of restricted net position.

The contingency fund in FY2020 remained at ten percent (10%) of annual operating expenses, however it is budgeted to increase to fifteen percent (15%) in FY2021. Mountain Rides intends to increase its capital fund balances in subsequent years in order to ensure adequate levels of local matching funds for underwriting future capital projects, including vehicle replacements and additions, facility maintenance, and bus stop improvements.

**Table 1: Condensed Statement of Net Position - Compared
As of September 30, 2020 and 2019**

	<u>FY 2020</u>	<u>FY 2019</u>
Current Assets:		
Cash and Deposits	\$ 1,302,314	\$ 1,190,631
Receivables	1,315,248	356,493
Inventories	<u>78,726</u>	<u>81,633</u>
Total Current Assets	2,696,288	1,628,757
Capital Assets:		
Capital Assets (Net of Depreciation)	<u>6,530,906</u>	<u>5,038,624</u>
Total Assets	\$ <u>9,227,194</u>	\$ <u>6,667,381</u>
Current Liabilities	\$ 392,419	\$ 100,779
Long-term liabilities	<u>60,454</u>	<u>45,934</u>
Total Liabilities	<u>452,873</u>	<u>146,713</u>
Net assets:		
Invested in capital assets net of related debt	6,530,906	5,038,624
Restricted		
Unrestricted	<u>2,243,415</u>	<u>1,482,044</u>
Total Net Position	\$ <u>8,774,321</u>	\$ <u>6,520,668</u>

Year-over-year, Mountain Rides' Total Revenues increased by fifty-eight percent (58%), attributable mainly to an unbudgeted receipt of 5311 CARES funds of \$1,167,726. Resulting largely from a year-over-year increase in Capital Expenditures, Total Expenditures, the total cost of all programs and services, increased by sixty-one percent (61%) in FY2020 versus FY2019. (See Table 2.)

**Table 2: Statement of Revenues, Expenses,
and Changes in Fund Balance - Compared
For the Fiscal Years Ended September 30, 2020 and 2019**

	FY 2020	FY 2019
Revenues:		
Federal Funding	\$ 4,052,798	\$ 1,779,774
State Funding	74,329	0
Local Funding	1,447,500	1,437,982
Fare Revenues	235,974	387,729
Charter Bus and Bike Share		
Revenues	2,215	28,574
Workforce Housing Revenues	32,400	29,150
Advertising	87,313	76,150
Interest from Investments	19,508	19,107
Other Revenues	13,989	19,992
Totals	<u>5,966,026</u>	<u>3,778,458</u>
Expenditures:		
Wages	2,302,635	2,114,663
Fuel	188,693	249,202
Repairs and Maintenance	180,631	232,799
Utilities	26,633	25,848
Contracted Services	41,024	32,968
Marketing and Promotion	36,287	36,744
Insurance	137,854	117,725
Capital Expenditures	2,156,330	293,197
Supplies	43,748	20,125
Traveling and Training	14,361	27,986
Business Expenses	9,662	14,663
Printing and Reproduction	13,023	12,861
Communication Expense	36,347	34,515
Totals	<u>5,187,228</u>	<u>3,213,296</u>
Excess (Deficiency)	\$ <u>778,798</u>	\$ <u>565,162</u>

General Fund Budgetary Highlights

Mountain Rides was awarded 5311 CARES funding of \$3,262,771 in FY2020 to be used over the next five (5) years. This was unexpected and unbudgeted in FY2020, but will be budgeted in future years.

The actual excess of revenues over expenses exceeded the budget by \$1,096,709; overtime management, tight expense control, and 5311 CARES funding being the primary contributors. This excess will be used to underwrite future operations and capital projects.

Capital Funds Budgetary Highlights

Mountain Rides has begun the process of implementing a fleet electrification program. Installation of bus charging infrastructure began in FY2020. See table 3 Construction in Progress.

Workforce Housing Fund Budgetary Highlights

Mountain Rides maintains five (5) workforce housing units; all were fully occupied for FY2020.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of FY2020 Mountain Rides had \$6,530,906 invested in a broad range of capital assets, including its Ketchum and South Valley buildings, various bus shelters, vehicles, tools, and equipment. This amount represents a net increase of \$1,492,282, or thirty percent (30%), as compared to last year. Purchases of Buses, Vans and Land accounted for the majority of the changes. (See Table 3)

Table 3: Capital Assets for all Funds

	<u>FY 2020</u>	<u>FY 2019</u>
Governmental Activities:		
Land	\$ 441,608	\$ 210,000
Construction in Progress	77,441	17,614
Depreciable Capital Assets:		
Buildings and Improvements	4,308,575	4,294,628
Buses and Vehicles	6,745,496	4,946,861
Equipment	145,882	145,882
Totals	<u>11,719,002</u>	<u>9,614,985</u>
Less: Accumulated Depreciation		
Buildings and Improvements	1,369,613	1,249,710
Buses and Vehicles	3,730,033	3,259,026
Equipment	88,450	67,625
Totals	<u>5,188,096</u>	<u>4,576,361</u>
Net Capital Assets	\$ <u>6,530,906</u>	\$ <u>5,038,624</u>

Mountain Rides FY2020 capital budget included \$2,331,000 for vehicles, equipment, land, and facility upgrades. Funding for these projects is in place and consists of federal funds, Mountain Rides' cash reserves, and local funds.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND FARES

Mountain Rides board of directors considered many factors when setting the FY2021 budget. With the confirmation of 5311 federal funding for operations locked in through FY2022 and 5311 CARES funding to support unforeseen needs during the Covid-19 pandemic, MRTA is able to maintain service levels. MRTA intends to expand only service that is sustainable, as increasing and then decreasing service leads to reduced ridership as a result of inconsistency and confusion surrounding schedules.

Local funding will see a twenty-five percent (-25%) decrease in FY2021 versus FY2020. The award of 5311 CARES funding allows Mountain Rides to maintain service levels and offer a discount to its funding partners during the pandemic. Mountain Rides will continue to pursue all possible funding opportunities for capital needs and will tailor its capital improvement plan to potential sources of funds.

As part of Mountain Rides Covid-19 mitigation efforts the system is now fare free. This enables rear-door boarding to allow social distancing between the drivers and passengers. Mountain Rides experienced a decrease of thirty-nine percent (-39%) in fare revenue in FY2020. The board intends to continue zero-fare fixed-route bus service into the future as long as financially feasible. In October 2020, the board adopted a Zero Fare Resolution.

CONTACTING FINANCIAL MANAGEMENT

This financial report is designed to provide all Blaine County citizens and taxpayers, Mountain Rides' customers, and its financial partners with a general overview of its finances and to show accountability for the money it receives. If you have questions about this report or need additional financial information, contact Tucker Van Law, Finance and Administration Director at (208) 788-7433 or tucker@mountainrides.org.

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Statement of Net Position
at September 30, 2020

<u>ASSETS</u>	<u>Governmental Activities</u>
Current Assets:	
Cash and Deposits	\$ 1,302,314
Accounts Receivable	543
Federal Grants Receivable	1,314,705
Inventories	<u>78,726</u>
Total Current Assets	\$ 2,696,288
Non-Current Assets:	
Land	441,608
Buildings and Improvements	4,386,016
Vehicles and Equipment	<u>6,891,378</u>
Totals	11,719,002
Accumulated Deprecation	<u>(5,188,096)</u>
Total Non-Current Assets	<u>6,530,906</u>
Total Assets	\$ <u>9,227,194</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 372,025
Other Accrued Liabilities	14,594
Deferred Revenues	<u>5,800</u>
Total Current Liabilities	\$ 392,419
Long-term Liabilities:	
Compensated Absences	<u>60,454</u>
Total Liabilities	<u>452,873</u>
<u>NET POSITION</u>	
Invested in Capital Assets - net of related debt	6,530,906
Unrestricted	<u>2,243,415</u>
Total Net Position	\$ <u>8,774,321</u>

The accompanying notes are a part of these financial statements.

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Statement of Activities
For the Year Ended September 30, 2020

Activities:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Position Governmental Activities
		Charges for Services	Capital Grants and Contributions	
Governmental:				
General Operations	\$ 3,683,178	\$ 325,502	\$ 2,504,145	\$ (853,531)
Special Services:				
Capital Projects	16,088		1,622,982	1,606,894
Work Force Housing	<u>13,107</u>	<u>32,400</u>	<u> </u>	<u>19,293</u>
Total MRTA	<u>\$ 3,712,373</u>	<u>\$ 357,902</u>	<u>\$ 4,127,127</u>	<u>772,656</u>

General Revenues:

Local Government Funding	1,447,500
Private Donations	3,740
Interest Income	19,508
Gain (Loss) on Disposition of Assets	9,303
Miscellaneous	<u>946</u>
Total general revenues and transfers	<u>1,480,997</u>
Changes in net assets	2,253,653
Net Position - Beginning	<u>6,520,668</u>
Net Position - Ending	<u>\$ 8,774,321</u>

The accompanying notes are a part of these financial statements.

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Balance Sheet
Governmental Funds
for the year ended September 30, 2020

	General Fund	Capital Reserve Fund	Work Force Housing Fund	Total
ASSETS:				
Cash and Cash Deposits	\$ 1,013,017	\$ 267,784	\$ 21,513	\$ 1,302,314
Accounts Receivable	543			543
Federal Grants Receivable	1,094,012	220,693		1,314,705
Prepaid Expenses				0
Due From Other Funds				0
Total Assets	\$ 2,107,572	\$ 488,477	\$ 21,513	2,617,562
LIABILITIES:				
Accounts Payable	57,791	313,162	1,072	372,025
Accrued Payroll Expenses	14,594			14,594
Tenant Deposits			5,800	5,800
Due To Other Funds				0
				0
Total Liabilities	72,385	313,162	6,872	392,419
FUND BALANCE:				
Non-spendable				0
Restricted				0
Committed		175,315		175,315
Assigned	304,656		14,641	319,297
Unassigned	1,730,531			1,730,531
Total Fund Balance	2,035,187	175,315	14,641	2,225,143
Total Liabilities and Fund Balance	\$ 2,107,572	\$ 488,477	\$ 21,513	\$ 2,617,562

Amounts reported for governmental activities in the Statement of Net Position (page 9) are different because:

Governmental fund capital assets are not financial resources and therefore are not reported in the funds. The cost of assets is \$ 11,719,002 and the accumulated depreciation is \$ 5,188,096	6,530,906
Inventory	78,726
Compensated absences	(60,454)
Net Position of Governmental Funds	\$ 8,774,321

The accompanying notes are a part of these financial statements.

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
for the year ended September 30, 2020

	<u>General Fund</u>	<u>Capital Reserve Fund</u>	<u>Work Force Housing Fund</u>	<u>Totals</u>
REVENUE:				
Federal Funding	\$ 2,504,145	\$ 1,548,653	\$	\$ 4,052,798
State Funding		74,329		74,329
Local Funding	1,277,100	170,400		1,447,500
Fare Revenues	235,974			235,974
Charter Bus and Bike Share Revenue	2,215			2,215
Workforce Housing Revenue			32,400	32,400
Advertising	87,313			87,313
Interest Income	11,935	7,370	203	19,508
Proceeds on Sale of Assets		9,303		9,303
Other Revenues	3,765		921	4,686
	<u>4,122,447</u>	<u>1,810,055</u>	<u>33,524</u>	<u>5,966,026</u>
Total Revenue				
EXPENDITURES:				
Wages and Benefits	2,302,635			2,302,635
Fuel	188,693			188,693
Repairs and Maintenance	173,409		7,222	180,631
Utilities	20,748		5,885	26,633
Contracted Services	41,024			41,024
Marketing and Promotion	36,287			36,287
Insurance	137,854			137,854
Capital Expenditures	8,275	2,148,055		2,156,330
Supplies	43,748			43,748
Travel and Training	14,361			14,361
Business Expenses	9,334	328		9,662
Printing and Reproduction	13,023			13,023
Communication Expense	36,347			36,347
	<u>3,025,738</u>	<u>2,148,383</u>	<u>13,107</u>	<u>5,187,228</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	1,096,709	(338,328)	20,417	778,798
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	15,000	94,572		109,572
Operating transfers (to) other funds	(94,572)		(15,000)	(109,572)
NET CHANGE IN FUND BALANCES	1,017,137	(243,756)	5,417	778,798
FUND BALANCE - BEGINNING	1,018,050	419,071	9,224	1,446,345
FUND BALANCE - ENDING	<u>\$ 2,035,187</u>	<u>\$ 175,315</u>	<u>\$ 14,641</u>	<u>\$ 2,225,143</u>

The accompanying notes are a part of these financial statements.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
 Reconciliation of the Statement of Revenues,
 Expenditures, and Changes in Fund Balances of Governmental Funds
 To the Statement of Activities
 for the year ended September 30, 2020**

Net Change in Fund Balance - Total Governmental Funds (Page12)	\$ 778,798
<p>Governmental funds report capital outlays as current year expenditures. In the Statement of Activities, the cost of these assets is allocated over their estimated useful lives as depreciation expense. This is the amount of current capital outlay for new fixed assets.</p>	
This is the amount of current year depreciation.	(611,735)
This is the amount of new assets acquired in the Government Funds.	2,104,017
This is the amount of gain (loss) on disposal of Governmental Fund assets.	9,093
This is the amount of proceeds from the sale of assets included in the change in the Net Change in Fund Balance	(9,093)
Change in inventory is not included in the governmental fund statements	(2,907)
<p>Liability for personal leave days are not recorded in Governmental Funds.</p>	
This is the increase in compensated leave during the year	(14,520)
Change in Net Position of Governmental Activities (Page 10)	<u>\$ 2,253,653</u>

The accompanying notes are a part of these financial statements.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Introduction

The Mountain Rides Transportation Authority (MRTA) is a local government entity created by a joint powers agreement between Blaine County and the Cities of Ketchum, Sun Valley, Hailey, and Bellevue – as prescribed under Idaho code. MRTA was formerly known as the Ketchum-Sun Valley Public Transit Authority. MRTA serves transportation needs in the Wood River Valley, extending along the valley corridor from Ketchum/Sun Valley on the north to Bellevue on the south.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND PROCEDURES

Scope of Entity

The Authority's financial statements include the accounts of all operations under the oversight authority of the Board. Oversight responsibility is derived from the governmental unit's authority and includes, but is not limited to, financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters. Based on the foregoing criteria, no component units are included in the Authority's financial statements.

Basis of Accounting/Measurement Focus

The accounts of MRTA are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, reserves, fund balance, revenues, and expenditures. MRTA has a general operating fund, a capital reserve fund, and a work force housing fund.

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the Authority as a whole. These statements include the financial activities of the Authority.

The statement of net position presents the financial condition of the governmental activities of the Authority at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each activity. Direct expenses are those that are specifically associated with a service, program, or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program. Revenues that are not classified as program revenues are presented as general revenues of the Authority. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the Authority.

Fund Financial Statements:

Governmental funds are accounted for using the modified accrual basis of accounting. Accordingly, only current assets and current liabilities are included on the balance sheet. Under modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Available for purposes of revenue recognition is defined as sixty days. Revenue sources susceptible to accrual include advertising, charter, state, federal and intergovernmental revenues. Expenditures are recognized when the related fund liability is incurred. Exceptions to this general rule include the accrual of payroll and related payroll liabilities.

The accounts of the Authority are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds is maintained consistent with legal and managerial requirements.

The Authority has adopted GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" (GASB 54) which defines how fund balances of the governmental funds are presented in the financial statements. There are five classifications of fund balances as presented below:

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Note 1 – Continued

Non-spendable – These funds are not available for expenditures based on legal or contractual requirements. In this category, one would see inventory, long-term receivables, unless proceeds are restricted, committed, or assigned and legally or contractually required to be maintained intact (corpus or a permanent fund).

Restricted – These funds are governed by externally enforceable restrictions. In this category, one would see restricted purpose grant funds, debt service or capital projects.

Committed – Fund balances in this category are limited by the governments' highest level of decision making. Any changes of designation must be done in the same manner that it was implemented and should occur prior to end of the fiscal year, though the exact amount may be determined subsequently.

Assigned – These funds are intended to be used for specific purposes, intent is expressed by governing body or an official delegated by the governing body.

Unassigned – This classification is the default for all funds that do not fit into the other categories. This, however, should not be a negative number for the general fund. If it is, the assigned fund balance must be adjusted.

Order of Use of Fund Balance – The Authority's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined.

Capitalizing Assets

Tangible and/or intangible assets used in operations with an initial useful life that extends beyond one year are capitalized. Capital assets are recorded at their historical cost and are depreciated using the straight-line method of depreciation over their estimated useful lives. They are reported net of accumulated depreciation on the Statements of Net Position. The Authority has established a capitalization threshold of items costing in excess of \$5,000.

Depreciation of buildings, buses, and machinery and equipment is computed using the straight-line method over the following estimated useful lives:

Buildings and Improvements	20-40 Years
Buses	10-12 Years
Machinery and Equipment	5-15 Years

Restricted Net Assets

Restricted net assets are those for which a constraint has been imposed either externally or by law. MRTA recognized the use of restricted resources or expenditures that comply with the specific restrictions. Restricted resources are exhausted before unrestricted net assets are used. MRTA did not have any restricted net assets as of the financial statement date.

Budgets and Budgetary Accounting

Annual appropriated budgets are adopted for each fund before October 1 of each year in accordance with Idaho code. The budgets are prepared in accordance with the modified accrual basis of accounting. Budgeted amounts shown are as originally adopted and as amended by MRTA.

Cash and Cash Equivalents

MRTA's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with maturities of less than 90 days.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Note 1 - Continued

Investments

State statutes authorize MRTA to invest in obligations of U.S. Treasury, commercial paper, corporate bonds and repurchase agreements, and the Idaho State Treasurer Local Government Investment Pool. All investments of MRTA are placed in the State Investment Pool and stated at fair value as provided by the Pool.

Inventories

Inventory is valued at cost using the first in, first out method. Inventory consists of expendable supplies held for future consumption or capitalization. The cost is recorded as an expense as inventory items are consumed and is reflected in the government-wide financial statements only. Inventory items are reported as expenditures in the fund statements when purchased.

NOTE 2 – CASH AND CASH DEPOSITS

Cash and cash deposit balances at September 30, 2020:

	<u>Book Balance</u>	<u>Bank Balance</u>
Petty cash/undeposited funds	\$ 76	\$ 0
Mountain West Bank checking accounts	324,407	337,469
State of Idaho Local Government Investment Pool	<u>977,831</u>	<u>977,831</u>
Total Cash/Cash Deposit	<u>\$ 1,302,314</u>	<u>\$ 1,315,300</u>

Investments in the Local Government Investment Pool are valued at fair value. The Local Government Investment Pool is managed by the State of Idaho Treasurer's office. The funds of the pool are invested in certificates of deposit, repurchase agreements, and U.S. government securities. The certificates of deposit are federally insured. The U.S. government securities and the collateral for the repurchase agreements are held in trust by a safekeeping bank.

Risk Exposure

Interest Rate Risk – MRTA does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk – MRTA has no formal investment policy which would further limit its investment choices beyond those stated in the Idaho Code.

MRTA does not currently have any outside investments. Excess cash is deposited into the Idaho Local Government Investment Pool.

Concentration of Credit Risk – MRTA places no formal limits on the amount the Treasurer may invest in any one issuer.

Custodial Credit Risk, Deposits – Custodial credit risk is the risk that funds would be lost in the event of bank failure. MRTA does not have a formal deposit policy to limit custodial credit risk.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE 3 – CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2020, is as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Land	\$ 210,000	\$ 231,608	\$	\$ 441,608
Construction in Progress	17,614	59,827		77,441
<i>Capital Assets being depreciated:</i>				
Buildings and Improvements	4,294,628	13,947		4,308,575
Vehicles	4,946,861	1,826,913	(28,278)	6,745,496
Office Equipment	28,831			28,831
Other Machinery and Equipment	117,051			117,051
Total	<u>9,614,985</u>	<u>2,132,295</u>	<u>(28,278)</u>	<u>11,719,002</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	(1,249,710)	(119,903)		(1,369,613)
Vehicles	(3,259,026)	(499,285)	28,278	(3,730,033)
Office Equipment	(17,277)	(1,916)		(19,193)
Other Machinery and Equipment	(50,348)	(18,909)		(69,257)
Total Accumulated Depreciation	<u>(4,576,361)</u>	<u>(640,013)</u>	<u>28,278</u>	<u>(5,188,096)</u>
Governmental capital assets, net	<u>\$ 5,038,624</u>	<u>\$ 1,492,282</u>	<u>\$ 0</u>	<u>\$ 6,530,906</u>

NOTE 4 – ACCRUED COMPENSATED ABSENCES

This amount includes personal leave time earned by employees, but not used as of fiscal year end.

NOTE 5 – EMPLOYEE RETIREMENT PLAN

MRTA has a noncontributory defined contribution pension plan covering substantially all employees who have been employed for the lesser of twelve months or 1,000 hours. MRTA's contributions are made at the discretion of the board of directors. Vesting of accrued benefits occurs at the rate of 20% after two years of service, plus 20% for each year of service, thereafter. Contributions to the plan for the years ended September 30, 2020, 2019 and 2018 were \$142,351, \$123,236 and \$107,426, respectively.

NOTE 6 – COMMITMENTS AND CONTINGENCIES

MRTA receives a significant portion of its support from the cities of Ketchum and Sun Valley. Should the cities decrease their share of participation, MRTA would be forced to find other sources of revenue or make a significant reduction in services.

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

NOTE 7 – RISK MANAGEMENT

The Authority 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. During the fiscal year, the Authority contracted with Idaho County Risk Management Program (ICRMP) for property, crime and fleet insurance and the State Insurance Fund for Worker's compensation. The current year policy expires October 1, 2020 and has been renewed with ICRMP. The policy coverages include property, crime, general liability, automobile liability and public officials.

NOTE 8 – ENVIRONMENTAL FACTORS

MRTA owns land and facilities to provide repair and maintenance of their transportation equipment. These items carry a responsibility for environmental issues, which, if violated, would be a liability to MRTA. There has been no environmental study to determine the existence of any such liabilities.

NOTE 9 – SUBSEQUENT EVENTS

Subsequent events were evaluated through the date of the auditor's report, which is the date the financial statements were available to be issued.

**REQUIRED
SUPPLEMENTARY INFORMATION**

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- General Fund
for the year ended September 30, 2020

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
Federal Funding	\$ 1,348,065	\$ 1,348,065	\$ 2,504,145	\$ 1,156,080
State Funding				0
Local Funding	1,268,300	1,268,300	1,277,100	8,800
Fare Revenues	375,960	375,960	235,974	(139,986)
Charter Bus and Bike Share Revenue	15,300	15,300	2,215	(13,085)
Workforce Housing Revenue				0
Advertising	72,000	72,000	87,313	15,313
Interest Income	7,000	7,000	11,935	4,935
Proceeds on Sale of Assets				0
Other Revenues	<u>1,000</u>	<u>1,000</u>	<u>3,765</u>	<u>2,765</u>
Total Revenue	<u>3,087,625</u>	<u>3,087,625</u>	<u>4,122,447</u>	<u>1,034,822</u>
EXPENDITURES:				
Wages and Benefits	2,269,970	2,269,970	2,302,635	(32,665)
Fuel	294,190	294,190	188,693	105,497
Repairs and Maintenance	231,000	231,000	173,409	57,591
Utilities	22,440	22,440	20,748	1,692
Contracted Services	40,940	40,940	41,024	(84)
Marketing and Promotion	41,000	41,000	36,287	4,713
Insurance	129,505	129,505	137,854	(8,349)
Capital Expenditures	9,180	9,180	8,275	905
Supplies	22,010	22,010	43,748	(21,738)
Travel and Training	25,590	25,590	14,361	11,229
Business Expenses	8,700	8,700	9,334	(634)
Printing and Reproduction	10,500	10,500	13,023	(2,523)
Communications	<u>41,600</u>	<u>41,600</u>	<u>36,347</u>	<u>5,253</u>
Total Expenditures	<u>3,146,625</u>	<u>3,146,625</u>	<u>3,025,738</u>	<u>120,887</u>
EXCESS REVENUE (EXPENDITURES)	(59,000)	(59,000)	1,096,709	1,155,709
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	15,000	15,000	15,000	0
Operating transfers (to) other funds	<u>(94,572)</u>	<u>(94,572)</u>	<u>(94,572)</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(138,572)	(138,572)	1,017,137	1,155,709
FUND BALANCE - BEGINNING	<u>1,018,050</u>	<u>1,018,050</u>	<u>1,018,050</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 879,478</u>	<u>\$ 879,478</u>	<u>\$ 2,035,187</u>	<u>\$ 1,155,709</u>

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Capital Reserve Fund
for the year ended September 30, 2020

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
Federal Funding	\$ 1,604,000	\$ 1,604,000	\$ 1,548,653	\$ (55,347)
State Funding	112,000	112,000	74,329	(37,671)
Local Funding	170,400	170,400	170,400	0
Fare Revenues				0
Charter Bus and Bike Share Revenue				0
Workforce Housing Revenue				0
Advertising				0
Interest Income	300	300	7,370	7,070
Proceeds on Sale of Assets	20,000	20,000	9,303	(10,697)
Other Revenues				0
	<u>1,906,700</u>	<u>1,906,700</u>	<u>1,810,055</u>	<u>(96,645)</u>
Total Revenue				
EXPENDITURES:				
Wages and Benefits				0
Fuel				0
Repairs and Maintenance				0
Utilities				0
Contracted Services				0
Marketing and Promotion				0
Insurance				0
Capital Expenditures	2,226,000	2,331,000	2,148,055	182,945
Supplies				0
Travel and Training				0
Printing and Reproduction				0
Miscellaneous			328	(328)
	<u>2,226,000</u>	<u>2,331,000</u>	<u>2,148,383</u>	<u>182,617</u>
Total Expenditures				
EXCESS REVENUE (EXPENDITURES)	(319,300)	(424,300)	(338,328)	85,972
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds	94,572	94,572	94,572	0
Operating transfers (to) other funds				0
	<u>94,572</u>	<u>94,572</u>	<u>94,572</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	(224,728)	(329,728)	(243,756)	85,972
FUND BALANCE - BEGINNING	<u>419,071</u>	<u>419,071</u>	<u>419,071</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 194,343</u>	<u>\$ 89,343</u>	<u>\$ 175,315</u>	<u>\$ 85,972</u>

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual -- Work Force Housing Fund
for the year ended September 30, 2020

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
REVENUE:				
Federal Funding	\$	\$	\$	\$ 0
State Funding				0
Local Funding				0
Fare Revenues				0
Charter Bus and Bike Share Revenue				0
Workforce Housing Revenue	32,400	32,400	32,400	0
Advertising				0
Interest Income	100	100	203	103
Proceeds on Sale of Assets				0
Other Revenues	<u>700</u>	<u>700</u>	<u>921</u>	<u>221</u>
Total Revenue	<u>33,200</u>	<u>33,200</u>	<u>33,524</u>	<u>324</u>
EXPENDITURES:				
Wages and Benefits				0
Fuel				0
Repairs and Maintenance	12,200	12,200	7,222	4,978
Utilities	6,000	6,000	5,885	115
Contracted Services				0
Marketing and Promotion				0
Insurance				0
Capital Expenditures				0
Supplies				0
Travel and Training				0
Printing and Reproduction				0
Miscellaneous				0
Total Expenditures	<u>18,200</u>	<u>18,200</u>	<u>13,107</u>	<u>5,093</u>
EXCESS REVENUE (EXPENDITURES)	15,000	15,000	20,417	5,417
OTHER FINANCING SOURCES (USES):				
Operating transfers from other funds				0
Operating transfers (to) other funds	<u>(15,000)</u>	<u>(15,000)</u>	<u>(15,000)</u>	<u>0</u>
NET CHANGE IN FUND BALANCES	0	0	5,417	5,417
FUND BALANCE - BEGINNING	<u>9,224</u>	<u>9,224</u>	<u>9,224</u>	<u>0</u>
FUND BALANCE - ENDING	<u>\$ 9,224</u>	<u>\$ 9,224</u>	<u>\$ 14,641</u>	<u>\$ 5,417</u>

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
BLAINE COUNTY, IDAHO**

**Schedule of Expenditures of Federal Awards
for the year ended September 30, 2020**

Federal Grantor/Pass-through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures During Audit Period	Totals
<i>Highway Planning and Construction - Cluster</i>			
U.S. Department of Transportation:			
Highway Planning and Construction	20.205	\$ <u>60,000</u>	
Total			\$ 60,000
<i>Federal Transit - Cluster</i>			
U.S. Department of Transportation:			
Bus and Bus Facilities Formula and Discretionary Program	20.526	<u>1,557,286</u>	
Total			1,557,286
<i>Other Programs</i>			
U.S. Department of Transportation:			
Formula Grants for Rural Areas	20.509	1,276,419	
U.S. Department of Transportation:			
CARES Grant for Rural Areas	20.509	1,167,726	
Total			<u>2,444,145</u>
Total All Programs			<u>\$ 4,061,431</u>

**MOUNTAIN RIDES TRANSPORTATION AUTHORITY
BLAINE COUNTY, IDAHO**

**Schedule of Expenditures of Federal Awards
for the year ended September 30, 2020**

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Mountain Rides Transportation Authority. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Costs Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the Mountain Rides Transportation Authority, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Authority.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3 - DE MINIMIS INDIRECT COST RATE

The Mountain Rides Transportation Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

The examination of the records of the Mountain Rides Transportation Authority for the year ended September 30, 2019 revealed no areas of comments, findings or questioned costs.

SUMMARY SCHEDULE OF FINDINGS AND QUESTIONED COSTS

The examination of the records of the Mountain Rides Transportation Authority for the year ended September 30, 2020 revealed no areas of comments, findings or questioned costs.

MOUNTAIN RIDES TRANSPORTATION AUTHORITY
Year Ended September 30, 2020
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section 1 – Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes No

Significant deficiencies identified that are not considered to be material weakness(es) yes None reported

Noncompliance material to financial statements noted? yes No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes No

Significant deficiencies identified that are not considered to be material weakness(es) yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes No

Identification of major programs:

Other Programs

Federal CFDA Number

U.S. Department of Transportation	
Formula Grants for Rural Areas	20.509
Bus and Bus Facilities Formula Grants	20.526

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? Yes no

Section II – Financial Statement Findings

No significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements were reported.

Section III – Federal Award Findings and Questioned Costs

No significant deficiencies, material weaknesses, fraud, noncompliance with provisions of laws, regulations, contracts, and grant agreements were reported.

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**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

January 12, 2021

Board of Directors
Mountain Rides Transportation Authority
Ketchum, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Mountain Rides Transportation Authority (Authority), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated January 12, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

Report Continued—

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho

2190 Village Park Avenue, Suite 300 • Twin Falls, ID 83301 • 208.733.1161 • Fax: 208.733.6100

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

January 12, 2021

Board of Directors
Mountain Rides Transportation Authority
Ketchum, Idaho

Report on Compliance for Each Major Federal Program

We have audited the Mountain Rides Transportation Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Mountain Rides Transportation Authority's major federal programs for the year ended September 30, 2020. Mountain Rides Transportation Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Mountain Rides Transportation Authority, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

Other Matters

The results of our auditing procedures disclosed no instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance.

Report on Internal Control over Compliance

Management of the Mountain Rides Transportation Authority, is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Mountain Rides Transportation Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Mountain Rides Transportation Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Workman & Company

WORKMAN AND COMPANY
Certified Public Accountants
Twin Falls, Idaho