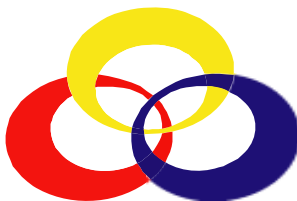


**COMMUNITY COORDINATED
TRANSPORTATION SYSTEM
d/b/a
RIVER CITIES PUBLIC TRANSIT
PIERRE, SOUTH DAKOTA
FINANCIAL REPORT
SEPTEMBER 30, 2020 AND 2019**



Kinner & Company Ltd
Certified Public Accountants
Taxes, QuickBooks &
Investments

COMMUNITY COORDINATED TRANSPORTATION SYSTEM
BOARD OF DIRECTORS
SEPTEMBER 30, 2020

Kevin Hipple – President

Carl Rathbun – Vice President

Open- Secretary /Treasurer

Connie Hohn

Blake Barringer

Kelly Hansen

Aaron Fabel

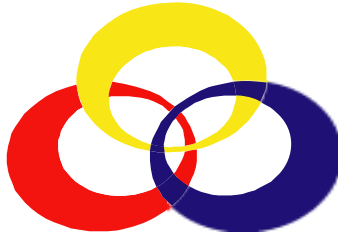
Mitch Kleinsasser

Karen Gallagher

Ron Baumgart – Ex-Officio

COMMUNITY COORDINATED TRANSPORTATION SYSTEM
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SEPTEMBER 30, 2020 AND 2019

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Kinner & Company Ltd
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Community Coordinated Transportation System
d/b/a, River Cities Public Transit
Pierre, South Dakota

Report on the Financial Statements

We have audited the accompanying financial statements of Community Coordinated Transportation System d/b/a, River Cities Public Transit (a nonprofit organization), which comprise the statements of financial position as of September 30, 2020 and 2019, and the related statements of activities and cash flows and statement of functional expenses for the years then ended, and the related notes to the financial statements.

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 an opinion 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Coordinated Transportation System d/b/a, River Cities Public Transit as of September 30, 2020 and 2019, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with the auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the 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 18, 2021 on our consideration of Community Coordinated Transportation System d/b/a, River Cities Public Transit'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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Community Coordinated Transportation System d/b/a, River Cities Public Transit's 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 Community Coordinated Transportation System d/b/a, River Cities Public Transit's internal control over financial reporting and compliance.

Kinner + Company Ltd.

Kinner & Company Ltd
Certified Public Accountants
Brookings, South Dakota

January 18, 2021

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2020 AND 2019**

ASSETS		
	2020	2019
Current Assets		
Cash and Cash Equivalents	\$ 1,296,713	\$ 191,293
Accounts Receivable	141,330	155,461
Grants Receivable	469,170	176,897
Prepaid Expenses	24,820	28,828
Total Current Assets	1,932,033	552,480
Property and Equipment		
Building Improvements	219,673	219,673
Buses	3,687,463	3,316,807
Shop Equipment	285,101	163,899
Equipment-Fixtures	416,139	1,837,430
Accumulated Depreciation	(2,951,645)	(4,420,785)
Total Property and Equipment	1,656,731	1,117,024
Non Current Assets		
SD Community Foundation Endowment	\$ 54	\$ -
Total Assets	\$ 3,588,819	\$ 1,669,504
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts Payable	31,197	52,536
Accrued Salaries	15,974	109,921
Accrued Vacation	174,824	132,718
Payroll Liabilities	26,567	-
Payroll Protection Program Loan	315,000	-
Total Current Liabilities	563,562	295,175
Net Assets		
With Donor Restrictions	\$ 54	\$ -
Without Donor Restrictions	3,025,202	1,374,329
Total Net Assets	3,025,257	1,374,329
Total Liabilities and Net Assets	\$ 3,588,819	\$ 1,669,504

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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	Without Donor Restrictions 2020	With Donor Restrictions 2020	Totals 2020	Total Without Donor Restrictions 2019
Revenue & Other Support				
Grant Income	\$ 4,526,967		\$ 4,526,967	\$ 2,602,874
Fares	344,897		344,897	469,106
Contributions and Donations	151,000	50	151,050	150,000
State / City / County / Tribal Funds	391,385		391,385	342,784
Contracts	1,668,925		1,668,925	1,930,840
Marketing / Advertising	2,370		2,370	2,595
Other Revenues	53,590		53,590	61,067
Reimbursements & Refunds	15,609		15,609	35,635
Interest Income	387	1	388	-
Gain (Loss) on Sale of Assets	9,660		9,660	25,793
Unrealized Gain /Loss		3	3	
Total Revenue & Other Support	7,164,791	54	7,164,845	5,620,693
Expenses				
Program	\$ 4,798,076		\$ 4,798,076	\$ 4,587,325
Management & General	715,842		715,842	619,515
Fundraising	-		-	-
Total Functional Expenses	5,513,917	-	5,513,917	5,206,840
Increase (Decrease) in Net Assets	1,650,873	54	1,650,928	413,853
Net Assets Beginning Balance	1,374,329	-	1,374,329	918,158
Net Assets Ending Balance	<u>\$ 3,025,202</u>	<u>\$ 54</u>	<u>\$ 3,025,257</u>	<u>\$ 1,332,011</u>

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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
STATEMENTS OF FUNCTIONAL EXPENSE
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

September 30, 2020	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
Advertising / Marketing	\$ 11,581	\$ -	\$ 11,581	\$ -
Depreciation	493,967	493,967	-	-
Drug Testing	7,502	-	7,502	-
Employee Benefits	425,519	425,519	-	-
Equipment & Radio Fees	266,207	266,207	-	-
Fuel	217,751	217,751	-	-
Insurance & Bond	181,771	181,771	-	-
Interest Expense	4,162	4,162	-	-
Maintenance	147,605	147,605	-	-
Miscellaneous	86,820	86,820	-	-
Payroll Tax Expense	192,810	154,248	38,562	-
Professional Fees	46,064	46,064	-	-
Program Expenses	3,366	3,366	-	-
Rent	179,422	179,422	-	-
Salaries/Wages	3,109,603	2,487,683	621,921	-
Training	1,555	1,555	-	-
Travel	36,276	-	36,276	-
Utilities	101,934	101,934	-	-
Totals	<u><u>\$ 5,513,917</u></u>	<u><u>\$ 4,798,076</u></u>	<u><u>\$ 715,842</u></u>	<u><u>\$ -</u></u>

September 30, 2019	<u>Total</u>	<u>Program Services</u>	<u>Management & General</u>	<u>Fundraising</u>
Advertising / Marketing	\$ 3,763	\$ -	\$ 3,763	\$ -
Depreciation	485,614	485,614	-	-
Drug Testing	7,694	-	7,694	-
Employee Benefits	495,812	495,812	-	-
Equipment & Radio Fees	194,101	194,101	-	-
Fuel	348,802	348,802	-	-
Insurance & Bond	167,569	167,569	-	-
Interest Expense	7,411	7,411	-	-
Maintenance	169,707	169,707	-	-
Miscellaneous	91,625	91,625	-	-
Payroll Tax Expense	207,642	166,113	41,528	-
Professional Fees	64,357	64,357	-	-
Program Expenses	10,101	10,101	-	-
Rent	178,715	178,715	-	-
Salaries/Wages	2,633,956	2,107,165	526,791	-
Training	5,395	5,395	-	-
Travel	39,739	-	39,739	-
Utilities	94,838	94,838	-	-
Totals	<u><u>\$ 5,206,840</u></u>	<u><u>\$ 4,587,325</u></u>	<u><u>\$ 619,515</u></u>	<u><u>\$ -</u></u>

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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Cash flows from operating activities:		
Cash inflows		
From government grants	\$ 4,191,413	\$ 2,216,215
From state and local governments	391,385	342,784
From donations, goods and services	2,178,954	2,523,654
From interest	387	-
From other sources	71,569	99,297
Cash outflows		
To employees for services	3,586,963	3,054,238
To the government for payroll taxes	166,243	208,899
For program expenses	3,366	10,101
For interest expense	4,162	7,411
To others for expenditures	1,301,821	1,382,603
Net cash provided (used) by operating activities	<u>1,771,153</u>	<u>518,698</u>
Cash flows from financing activities:		
Cash inflows		
From contributions for endowment fund	50	-
From issuance of note payable	735,000	1,369,756
Cash outflows		
For payment on debt principal	(420,000)	(1,483,148)
Cash flows from financing activities	<u>315,050</u>	<u>(113,392)</u>
Cash flows from investing activities:		
Cash inflows		
From sale of assets	38,484	28,058
Cash outflows		
To purchase equipment	(1,019,267)	(237,312)
Cash flows from investing activities	<u>(980,783)</u>	<u>(209,254)</u>
Net increase (decrease) in cash and cash equivalents	1,105,420	196,051
Cash and cash equivalents at beginning of year	191,293	(4,758)
Cash and cash equivalents at end of year	<u>\$ 1,296,713</u>	<u>\$ 191,293</u>

RECONCILIATION OF NET INCREASE (DECREASE) IN NET ASSETS
TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES

Net Increase (Decrease) in net assets	\$ 1,650,873	\$ 456,171
Adjustments to reconcile net increase in net assets to cash flows by operating activities:		
Depreciation	493,967	485,614
(Gain) Loss on sale of assets	(9,660)	(25,793)
Non-Cash Grants/Contributions	(43,282)	(262,408)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	14,132	(68,610)
(Increase) decrease in grants receivable	(292,272)	(124,250)
(Increase) decrease in prepaid insurance	4,008	(26,001)
Increase (decrease) in accounts payable	(21,339)	9,702
Increase (decrease) in accrued salaries	(93,947)	12,343
Increase (decrease) in accrued vacation	42,106	63,187
Increase (decrease) in payroll liabilities	26,567	(1,257)
Total adjustments	120,280	62,527
Net cash provided (used) by operating activities	<u>\$ 1,771,153</u>	<u>\$ 518,698</u>

Supplemental Schedule of Noncash Investing and Financing Activities		
Rent Contribution from the City of Pierre	150,000	150,000
Grant received in the form of fixed assets	43,282	262,408
Receivable from sale of fixed assets	25,010	-

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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

1. NATURE OF ACTIVITIES

The Community Coordinated Transportation System was established in 2001 to provide public transportation operations for all citizens of Pierre, South Dakota and the surrounding area of central South Dakota.

Funding sources are diversified and include monies from Grants, the State of South Dakota, bus fees, and service contracts with local communities and Indian tribes.

The Community Coordinated Transportation System is governed by an eight-person Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIS OF ACCOUNTING

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements.

The Community Coordinated Transportation System uses the accrual basis of accounting. Under the accrual basis of accounting revenues are recognized when they are earned, and expenses are recognized when they are incurred.

BASIS OF PRESENTATION

The Organization's financial statements have been prepared on the accrual method in compliance with generally accepted accounting principles (GAAP). Revenues are recognized when earned and expenses are recognized when incurred. Revenues are accrued through the end of the accounting period. As of September 30, 2019, the net asset classification has changed due to the implementation of FASB issued ASU 2016-14, *Not-for-Profit Entities* (Topic 958): *Presentation of Financial Statements of Not-for-Profit Entities*. This guidance amends the requirements for financial statements and notes presented by a not-for-profit entity to: a) present on the face of the statement of financial position amounts for two classes of net assets at the end of the period, rather than for the previously required three classes; b) present on the face of the statement of activities the amount of the change in either of the two classes of net assets rather than that of the previously required three classes; c) provide enhanced disclosures in the notes to the financial statements; d) report investment return net of external and direct internal investment expenses; e) provide enhanced disclosures of the amounts of expenses by both their natural classification and their functional classification; and f) utilize in the absence of explicit donor stipulations, the placed in service approach for reporting expirations of restrictions of gifts of cash or other assets to be used to acquire or construct a long-lived asset.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

BASIS OF PRESENTATION(Continued)

Net assets of the organization and changes therein are classified and reported as follows:

Without donor restrictions: – Net assets that are not subject to donor-imposed stipulations.

With donor restrictions:

Purpose restricted – Net assets subject to donor-imposed stipulations that will be met either by the Organization and/or passage of time. As of September 30, 2020, there are \$54 of donor restrictions due to the endowment.

Revenues are reported as increases to net assets without donor restrictions unless use of the related assets is limited by donor-imposed restrictions. Expenses are reported as decreases in net assets without donor restrictions. Gains and losses on assets or liabilities are reported as increases or decreases in unrestricted net assets unless their use is restricted by explicit donor stipulation or by law. Expirations of donor restrictions are reported as net assets released from restriction.

Reclassification of Opening Balances:

	<u>As of 09/30/19</u>	Reclassification <u>As of 09/30/19</u>	ASU <u>2016-14</u>	
Net Assets:				
Unrestricted		\$1,374,329	\$(1,374,329)	\$ 0
Without donor restrictions _____	0	<u>1,374,329</u>	<u>1,374,329</u>	
Totals	<u>\$1,374,329</u>	<u>\$0</u>	<u>\$1,374,329</u>	

REVENUE RECOGNITION:

Revenue from fares and contracts is reflected in the accounts at the time delivered. Grants and contributions are recognized when earned.

ACCOUNTS RECEIVABLE

The accounts receivable for this audit period consist of amounts due from customers of the Community Coordinated Transportation System. The credit risk associated with this activity is immaterial in nature. Therefore, the allowance for doubtful accounts is set at zero.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

GRANTS RECEIVABLE

The grants receivable for this audit period consist of amounts due from pass through federal grants from the State of South Dakota for reimbursement of September 2020 and 2019 administrative and operational expenses and repairs and maintenance.

INCOME TAX STATUS

The Organization is a not-for-profit organization, which is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue code. In addition, the Organization has been classified as an organization other than a private foundation under Section 509(a)(2). Accordingly, no provision for income taxes has been reflected in the financial statements.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH AND CASH EQUIVALENTS

The Organization recognizes as cash, currency on hand and demand deposits with banks or other financial institutions. It also includes other accounts that have the general characteristics of demand deposits in that the customer may deposit or withdraw funds at any time without prior notice or penalty such as certificates of deposit, which do not have penalties or terms with them, which effectively restrict withdrawal of funds, money market accounts and repurchase agreements.

The Organization recognizes as cash equivalents, short-term, highly liquid investments that (a) are readily convertible to known amounts of cash and (b) are so near to their maturity that they present an insignificant risk of changes in value because of changes in interest rates.

FOUNDATION ENDOWMENT

On September 16, 2019, the entity created a charitable foundation. A fund was established to receive and hold charitable gifts made from individuals and businesses to support building endowed assets for the benefit of the River Cities Transit Foundation. Upon receiving \$80,000 in gifts to this designated fund or any other fund held at the South Dakota Community Foundation designated by the donor(s) to benefit the River Cities Transit Foundation, the South Dakota Community Foundation will award a \$20,000 matching grant to be added to the designated fund(s) with in the South Dakota Community Foundation. Note: \$80,000 in gifts must be received by September 30, 2021 to receive the matching grant of \$20,000. The balance in the Endowment as of September 30, 2020 is \$54.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

FOUNDATION ENDOWMENT(CONTINUED)

Activity for the year was as follows:

Contributions	\$50
Dividends/Interest	1
Capital Gain – Unrealized	<u>3</u>
Balance 09/30/2020	\$54

Distribution Policy

Annual grantmaking distribution be no more than five percent of the average fair market value of the total endowment. The current distribution rate of the restricted fund types managed by the Foundation is 4.5%. The distribution rate on all unrestricted funds managed by the Foundation is 4.0%. In order to make distributions from a fund, the principal balance for such fund must be \$10,000 or above. To ensure charitable objectives are being met, SD Community Foundation must make a distribution every three years. If any funds fails to make a distribution with this timeframe, the Foundation will contact the fund advisor. If the fund is declared inactive, the Foundation will initiate distributions from the fund per policy.

CONCENTRATION OF RISK

Concentration of risk includes operations in a regional geographic area, and the specialized service of this Organization.

The Community Coordinated Transportation System holds cash balances at a single financial institution in Pierre, South Dakota. Accounts at this institution are insured by the Federal Deposit Insurance Corporation (FDIC insured) up to \$250,000. The Organization has not experienced any loss in such accounts. As of September 30, 2020, and 2019, the bank balance was \$1,353,772 and \$267,320 with \$1,103,772 uninsured or uncollateralized as of September 30, 2020 and \$0 for 2019, respectively. The carrying amount of these deposits as of September 30, 2020 and 2019 was \$1,296,713 and \$191,293.

CONCENTRATION OF CONTRIBUTIONS

The revenues for this audit period are generated through grants from the U.S. Department of Transportation and the State of South Dakota and from contributions and fares. Approximately, 99% and 98% of the 2020 and 2019 income was generated by grants, fares and contracts, contributions, and State/City/County/Tribal funds as follows:

	<u>2020</u>	<u>2019</u>
Grants	63.0%	46.0%
Fares and Contracts	28.0%	40.4%
Contributions	2.0%	2.7%
State/City/County/Tribal Funds	5.0%	6.3%

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

CONTRIBUTED SERVICES

During the years ended September 30, 2020 and 2019, the value of contributed services meeting the requirements for recognition in the financial statements was not material and has not been recorded. In addition, many individuals volunteer their time and perform a variety of tasks that assist the Organization, but these services do not meet the criteria for recognition as contributed services.

INVENTORY

The inventory of supplies is not recorded in the financial statements due to its immaterial nature. The cost of inventories is recorded as expenditures/expenses when purchased rather than when consumed.

PROPERTY & EQUIPMENT

It is the Organization's policy to capitalize all property and equipment with a useful life greater than one year, and an initial acquisition cost of \$5,000. Donations of property and equipment are recorded as contributions and are stated at fair market value at the date of receipt. When assets are sold, retired, or otherwise disposed of, the cost and related accumulated depreciation are removed from the assets and accumulated depreciation accounts and any gains or losses are reflected in income for the period. The cost of maintenance and repairs is charged to expense as incurred; significant renewals and betterments are capitalized.

Depreciation is computed by the straight line method based on the estimated service lives of the various assets as follows:

Building Improvements	7-15 Years
Buses	5-7 Years
Equipment	3-7 Years

LONG-LIVED ASSETS

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Determination of recoverability is based on an estimate of undiscounted future cash flows resulting from the use of the asset and its eventual disposition. Measurement of an impairment loss for long-lived assets is based on the fair value of the asset. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

BUILDING

On October 1, 2002 Community Coordinated Transportation System’s and the City of Pierre executed an agreement for the construction of a bus facility funded by a grant provided by the state of South Dakota. The building is owned by the City of Pierre and leased to the organization for \$1 per year for the life of the lease. The lease runs concurrent with the fiscal year and renews annually until terminated. In 2012, the City of Pierre received a grant to expand the Transit’s facility by an additional 24,000 square feet. The fair rental value of the bus facility was adjusted after completion of the building. For the years ended September 30, 2020 and 2019, \$150,000 is included in contributions income and rent expense.

ACCUMULATED LEAVE

Employees are allowed to accumulate and receive compensation for their annual vacation and sick leave. In January 2019, there was a change in benefits, and now full and part time employees are eligible for paid time off (PTO). This balance will include both sick and vacation time off. The following is the new schedule based on the number of hours worked in the pay period. Full time (FT) employees are working 40 hours per week and part time (PT) employees are working 20 hours per week.

<u>Years of Service</u>	<u>Fulltime PTO Per year</u>	<u>Max Hours to Accrue-FT</u>	<u>Max Hours to accrue-PT</u>
1-2	120	240	180
3-7	160	320	240
8+	200	400	300

Full time employees may sell their PTO hours accrued down to a minimum of 80 hours and part time employees to 40 hours. The balance of PTO will be paid in the employee’s last paycheck if they have given and fulfilled a 2-week written notice and all RCPT property has been returned.

Accumulated leave is paid out at the employee’s salary rate per their last day of employment. The accrued vacation balance as of September 30, 2020 and 2019 is \$174,824 and \$132,718, respectively. No provision was made for accrued sick leave in the financial statements in September 30, 2020 as sick leave is not paid out to the employee at the time the employee leaves the Organization.

RETIREMENT PLAN

The Organization has a SIMPLE retirement plan available to all employees who earn at least \$5,000 for the year. Employees are eligible to participate after 60 days of continued employment. The Organization matches employee salary deferrals up to 3% of their annual salary. The Organization's matching contributions for the years ended September 30, 2020 and 2019 totaled \$32,490 and \$32,790, respectively.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

RISKS AND UNCERTANTIES

The COVID-19 pandemic has created significant uncertainties. The organization does not know how it will affect next years financial position and has no way of knowing how it will affect future years.

ECONOMIC DEPENDENCE

The Organization is dependent on federal funding passed through the State of South Dakota. The loss of the funding would have an adverse effect on the ability to continue operations. For the years ended September 30, 2020 and 2019 approximately 63.0% and 46.0% of the total revenues were attributable to federal funding.

LINE OF CREDIT

The Organization has a \$200,000 line of credit at 5.50% interest annually with American Bank & Trust in Pierre, SD. As of September 30, 2020 and 2019, the balance due on the line of credit is \$0 and \$0, respectively.

DEBT

In April 2020, RCT received a Payroll Protection Program (PPP) Loan from American Bank Trust of Pierre, SD for \$615,000- a payment was made on 05/19/2020 for \$300,000. Interest Rate is 1%. Balance at September 30, 2020 is \$315,000. Recent guidance suggests that it may be partly or fully forgiven in the following fiscal year.

3. FUNCTIONAL EXPENSE ALLOCATIONS

The Statements of Functional Expenses show total expenses for the year ended September 30, 2020 and 2019. The allocation of expenses among program services, management and general, and fundraising is allocated based on grant expenditures, time and efforts.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

4. RISK MANAGEMENT

The Organization is exposed to various risks of loss related to torts; theft of, damage to and the destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year, the organization managed its risks as follows:

Employee Health Insurance – The Organization purchases health insurance for its employees from a commercial insurance carrier.

Liability Insurance – The Organization purchases liability insurance for risks related to torts; theft and damage to vehicles and property.

Vehicle Insurance – The Organization purchases vehicle insurance for damage and liability related to the operations of the transit vehicles.

Workmen's Compensation – The Organization purchases liability insurance for workmen's compensation from a commercial carrier.

Unemployment Benefits – The Organization provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

5. COMMITMENTS AND CONTINGENCIES

Grant Program Involvement

In the normal course of operations, the Organization participates in various federal or state grant programs from year to year. The grant programs are often subject to additional audits by agents of the granting authority, the purpose of which is to ensure compliance with the specific conditions of the grant. Any liability for reimbursement, which may arise as the result of these audits cannot be reasonably determined at this time, although it is believed the amount, if any, would not be material.

Litigation

The Organization is party to various legal proceedings, which normally occur in the course of operations. The financial statements do not include accrual or provisions for loss contingencies that may result from these proceedings.

While the outcome of the above noted proceedings cannot be predicted, due to the insurance coverage maintained by the Organization, the Organization feels that any settlement or judgment not covered by insurance would not have a material adverse effect on the financial condition of the Organization.

6. ADVERTISING COSTS

The Organization expenses its advertising costs in the year they are incurred.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

7. LEASES

The Organization leases office/shop space in Sioux Falls, SD for \$2,000 per month under an operating lease through January 2021. Total lease expense during the years end September 30, 2020 and 2019 is \$24,000 and \$24,000, respectively.

Minimum future lease expenses under the foregoing leases are:

<u>September 30,</u>	
2021	\$2,000

8. LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS

The following reflects the Organization’s financial assets as of the statement of financial position date, reduced by amounts not available for general use within one year. Financial assets are considered unavailable when illiquid or not convertible to cash within one year, because of contractual or donor-imposed restrictions or internal restrictions.

Cash and Cash Equivalents	\$ 1,296,713
Receivables	<u>610,500</u>
Financial Assets available to meet cash needs For expenditures within one year	<u>\$ 1,907,213</u>

The Organization has a policy to structure its financial assets to be available as general expenses, liabilities and other obligations come due. The Organization has also considered the availability of securing a line of credit if assets are not available to meet obligations.

9. RELATED PARTY TRANSACTIONS

The Organization paid Ron Baumgart, Executive Director, \$8,000 for an equipment rental agreement of a Ford Tractor. During the September 30, 2019 year, \$4,000 was a prepaid expense for services August 2019-August 2020.

As of September 30, 2020, the Organization traded a 2015 Sprinter for the tractor that they were leasing from Ron Baumgart, Executive Director. It is included on the fixed asset schedule at a value of \$37,500.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
SEPTEMBER 30, 2020 AND 2019**

10. NEW ACCOUNTING STANDARDS UPDATE

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2014-09, *Revenue from Contracts with Customers* (Topic 606), as amended by subsequent ASUs (collectively, ASC 606) which amends the existing standards for revenue recognition and establishes principles for recognizing revenue upon the transfer of promised goods or services to customers based on expected consideration to be received in exchange for those goods and services. The Organization adopted ASU 2014-09 effective October 1, 2019 using the modified retrospective transition method. The adoption of ASU 2014-09 did not materially impact the timing and measurement of revenue recognition. As a result, the Organization did not recognize a cumulative effect adjustment to the opening balance of net assets.

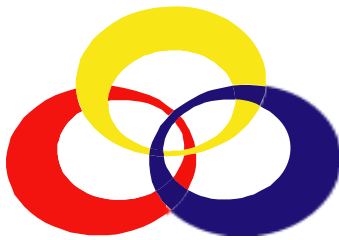
In February 2016, The FASB issued ASU 2016-02, *Leases* (Topic 842). The guidance in this ASU supersedes the leasing guidance in Topic 840, Leases. Under the new guidance, lessees are required to recognize lease assets and lease liabilities on the consolidated statements of financial position for all leases with terms longer than 12 months. Leases will be classified as either finance or operating, with classification affecting the pattern of expense recognition in the consolidated statement of activities. The new standard is effect for the Organization's year ending September 30, 2021. The Organization is currently evaluating the impact of the adoption of this standard on its financials, currently the Organization does not have leases under the new guidance.

FASB issued ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions received and Contributions Made*. This standard assists entities in evaluating whether transactions should be accounted for as contributions or exchange transactions and determining whether a contribution is conditional. We have implemented the provisions of ASU 2018-08 applicable to both contributions received and to contributions made in the accompanying financial statements under a modified prospective basis. Accordingly, there is no effect on net assets in connection with our implementation of ASU 2018-08

The organization is presently evaluating the effects that these accounting standards will have on its future financial statements, including related disclosures.

11. SUBSEQUENT EVENTS

The Organization did not have any subsequent events through January 18, 2021, which is the date the financial statements were available to be issued, for events requiring recording or disclosure in the financial statements for the fiscal year ended September 30, 2020.



Kinner & Company Ltd
Certified Public Accountants

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

To the Board of Directors of
Community Coordinated Transportation System
d/b/a, River Cities Public Transit

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 Community Coordinated Transportation System d/b/a, River Cities Public Transit (a nonprofit organization), which comprise the statement of financial position as of September 30, 2020, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated January 18, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Community Coordinated Transportation System d/b/a, River Cities Public Transit'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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Coordinated Transportation System d/b/a, River Cities Public Transit's internal control. Accordingly, we do not express an opinion on the effectiveness of Community Coordinated Transportation System d/b/a, River Cities Public Transit'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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies. 2020-001

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Coordinated Transportation System d/b/a, River Cities Public Transit'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*.

Community Coordinated Transportation System d/b/a, River Cities Public Transit's Response to Finding

Community Coordinated Transportation System d/b/a, River Cities Public Transit's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Coordinated Transportation System d/b/a, River Cities Public Transit's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

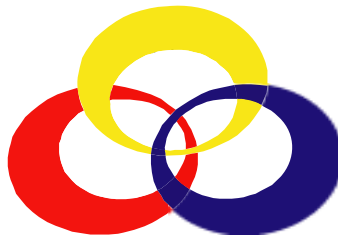
Purpose of this Report

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

Kinner + Company Ltd.

Kinner & Company Ltd
Certified Public Accountants
Brookings, South Dakota

January 18, 2021



Kinner & Company Ltd
Certified Public Accountants

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

To the Board of Directors
Community Coordinated Transportation System
d/b/a, River Cities Public Transit

Report on Compliance for Each Major Federal Program

We have audited Community Coordinated Transportation System d/b/a, River Cities Public Transit'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 Community Coordinated Transportation System d/b/a, River Cities Public Transit's major federal programs for the year ended September 30, 2020. Community Coordinated Transportation System d/b/a, River Cities Public Transit'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 Community Coordinated Transportation System d/b/a, River Cities Public Transit'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 the 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 Community Coordinated Transportation System d/b/a, River Cities Public Transit'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 Community Coordinated Transportation System d/b/a, River Cities Public Transit's compliance.

Opinion on Each Major Federal Program

In our opinion, Community Coordinated Transportation System d/b/a, River Cities Public Transit 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.

Report on Internal Control Over Compliance

Management of Community Coordinated Transportation System d/b/a, River Cities Public Transit 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 Community Coordinated Transportation System d/b/a, River Cities Public Transit'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 Community Coordinated Transportation System d/b/a, River Cities Public Transit'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.

Kinner + Company Ltd.

Kinner & Company Ltd
Certified Public Accountants
Brookings, South Dakota

January 18, 2021

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
SEPTEMBER 30, 2020**

Contractor/Grantor	Federal Contract Number	Federal CFDA Number	Grant Contract Period	Pass-Through to Subrecipients	Current Period Expenditures
US Department of Transportation					
Pass Through - State of South Dakota - DOT					
Formula Grants for Rural Areas					
Formula Grants for Rural Areas (Admin/Operating Funds)	811775	20.509	* 10/01/19 - 09/30/20	\$ 3,366	\$ 751,198
CARES-Coronavirus Aid, Relief and Economic Security Act	811874	20.509	* 01/20/20-12/31/2020		\$ 2,723,121
Formula Grants for Rural Areas (RTAP)		20.509	10/01/19 - 09/30/20		10,000
Total Formula Grants for Rural Areas				3,366	3,484,319
Transit Services Programs Cluster					
Section 5310, Enhanced Mobility of Seniors and Individuals with Disabilities - Pierre		20.513	10/01/18 - 09/30/20		12,780
Section 5310, Enhanced Mobility of Seniors and Individuals with Disabilities - Sioux Falls	811770	20.513	10/01/19 - 09/30/20		98,421
Total Transit Services Programs Cluster				-	111,200
Federal Transit Cluster					
Section 5339- Buses and Bus Facilities	811764, 811686, 811687, 811685 811684, 811643, 811618, 811688 811765, 811765	20.526	* 10/01/19 - 09/30/20		825,817
Total Federal Transit Cluster				-	825,817
Federal Transit Capital Investment Grant					
Section 5304, Planning Grant	811555, 811728	20.500	10/01/19 - 09/30/20		26,194
Total Federal Transit Capital Investment Grant				-	26,194
Total US Department of Transportation				3,366	4,447,531
US Department of Health & Human Services					
Pass Through - State of South Dakota					
Special Programs for the Aging Title IIIB	811454	93.044	10/01/18 - 09/30/2020		51,869
Total US Department of Health & Human Services				-	51,869
Total				\$ 3,366	\$ 4,499,400

* Denotes Major Programs

COMMUNITY COORDINATED TRANSPORTATION SYSTEM NOTES TO SCHEUDLE OF EXPENDITURES OF FEDERAL AWARDS SEPTEMBER 30, 2020

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the Community Coordinated Transportation System and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

2. SUB-RECIPIENTS

The Community Coordinated Transportation System provided federal awards to sub-recipients. Community Coordinated Transportation system submits the requested reimbursement of qualified expenses for a small public transit organization in the state combined with that of the organization. Upon receipt of the reimbursement grant funds from the State, Community Coordinated Transportation System remits the amounts to the sub-recipients. In fiscal year 2020, the amount of these payments was \$3,366.

3. INDIRECT COST RATE

The Community Coordinated Transportation System has not elected to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
SUMMARY OF AUDITOR'S RESULTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness (es) identified? No
- Significant deficiencies identified? Yes

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness (es) identified? No
- Significant deficiencies identified? 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 2 CFR section 200.516(a)?
No

Major programs:

- 20.526 Department of Transportation
Buses and Buses Facilities Formula
CARES Coronavirus Aid, Relief and Economic Security Act
- 20.509 Department of Transportation,
Formula Grants For Rural Areas

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

Auditee qualified as low-risk auditee: Yes

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Section II - Financial Statement Findings

Current Audit Findings

The current audit report contains one audit finding.

2020-001. FINDING: Material Adjustments

Condition:

Material audit adjustments were required to prevent the Organization's financial statements from being materially misstated.

Criteria:

Management is responsible for reconciling the accounts at the end of the year.

Effect:

Could result in undetected errors or irregularities and misstated interim financial reports.

Recommendation:

Improve internal controls to prevent these types of adjustments.

Management's Response/Corrective Action Plan:

CCTS will improve our internal controls to prevent these types of adjustments. The adjustments have decreased from last year's finding. An Accounting Manager was hired to oversee our daily financial transactions and help with year end entries. Ron and Shellie Baumgart will be responsible for the corrective action plan.

Section III – Federal Award Findings and Questioned Cost

Current Audit Findings and Questioned Costs

The current audit report contains no audit findings or questioned costs.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

PRIOR YEAR FINANCIAL STATEMENT FINDINGS

2019-001. FINDING: Material Adjustments

Condition:

This finding was a significant deficiency stating that material audit adjustments were required to prevent the Organization's financial statements from being materially misstated.

Recommendation:

The auditor recommended the Organization improve internal controls to prevent these types of adjustments.

Current Status:

There is a repeat finding in the current audit.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

FINDING 2019-001 and 2020-001:

Name of Contact Person: Shellie Baumgart

Corrective Action Plan: The accounting department will review the financials before presenting them to the auditor for next year's audit. The accounting department will review the journal entries received for the September 30, 2020 audit. The adjustments have decreased from last year's finding. An Accounting manager was hired to oversee the year end entries.

Anticipated Completion Date: September 30, 2021