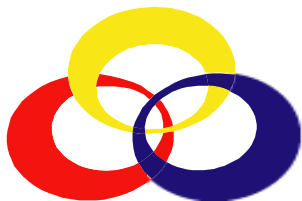


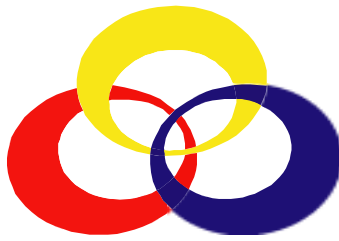
**COMMUNITY COORDINATED  
TRANSPORTATION SYSTEM  
d/b/a  
RIVER CITIES PUBLIC TRANSIT  
PIERRE, SOUTH DAKOTA  
FINANCIAL REPORT  
SEPTEMBER 30, 2023 AND 2022**



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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM**  
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**SEPTEMBER 30, 2023 AND 2022**

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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 Audit of the Financial Statements**

**Opinion**

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, 2023 and 2022, and the related statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements 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, 2023 and 2022, 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

**Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Community Coordinated Transportation System d/b/a, River Cities Public Transit and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

**Responsibilities of Management for the Financial Statements**

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Coordinated Transportation System d/b/a, River Cities Public Transit's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Community Coordinated Transportation System d/b/a, River Cities Public Transit's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Community Coordinated Transportation System d/b/a, River Cities Public Transit's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### **Supplementary 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 auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 February 7, 2024, 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 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

February 7, 2024

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM**  
**STATEMENTS OF FINANCIAL POSITION**  
**SEPTEMBER 30, 2023 AND 2022**

ASSETS

	<b>2023</b>	<b>2022</b>
Current Assets		
Cash and Cash Equivalents	\$ 2,111,550	\$ 2,610,558
Accounts Receivable	209,178	364,951
Grants Receivable	582,145	398,575
Prepaid Expenses	66,828	51,628
Total Current Assets	2,969,701	3,425,712
Property and Equipment		
Right of Use Asset, Net	68,200	-
Building Improvements	1,560,539	235,326
Buses	5,597,011	5,303,908
Shop Equipment	459,591	319,741
Equipment-Fixtures	390,197	435,202
Construction in Progress	23,800	57,800
Accumulated Depreciation	(4,545,067)	(3,899,377)
Total Property and Equipment	3,554,271	2,452,600
Total Assets	\$ 6,523,972	\$ 5,878,312

LIABILITIES AND NET ASSETS

Current Liabilities		
Accounts Payable	\$ 126,037	\$ 142,261
Accrued Salaries	64,402	51,306
Accrued Vacation	166,648	174,458
Lease Liability	37,200	-
Payroll Liabilities	245	-
Total Current Liabilities	394,531	368,024
Non Current Liabilities		
Lease Liability	31,000	-
Total Non Current Liabilities	31,000	-
Net Assets		
Without Donor Restrictions	6,098,441	5,510,288
Total Net Assets	6,098,441	5,510,288
Total Liabilities and Net Assets	\$ 6,523,972	\$ 5,878,312

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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED SEPTEMBER 30, 2023 AND 2022**

	<b>Without Donor Restrictions</b>	
	<b>2023</b>	<b>2022</b>
<b>Revenue &amp; Other Support</b>		
Grant Income	\$ 4,457,865	\$ 3,939,008
Fares	433,947	397,082
Contributions and Donations	203,512	211,082
State / City / County / Tribal Funds	367,411	365,451
Contracts	2,855,705	2,530,015
Marketing / Advertising	1,988	13,352
Other Revenues	59,237	11,973
Reimbursements & Refunds	39,105	42,622
Interest Income	31,425	2,010
Gain (Loss) on Sale of Assets	(24,650)	8,512
<b>Total Revenue &amp; Other Support</b>	<b>8,425,544</b>	<b>7,521,108</b>
<b>Expenses</b>		
Program	\$ 6,903,624	\$ 5,948,607
Management & General	933,767	849,540
<b>Total Functional Expenses</b>	<b>7,837,391</b>	<b>6,798,147</b>
<b>Increase (Decrease) in Net Assets</b>	<b>588,153</b>	<b>722,961</b>
Net Assets Beginning Balance	5,510,288	4,787,327
Net Assets Ending Balance	<u>\$ 6,098,441</u>	<u>\$ 5,510,288</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, 2023 AND 2022**

<b>September 30, 2023</b>	Total	Program Services	Management & General
Advertising / Marketing	\$ 16,031	\$ -	\$ 16,031
Depreciation and Amortization	813,630	813,630	-
Drug Testing	10,220	-	10,220
Employee Benefits	555,873	555,873	-
Supplies	536,478	536,478	-
Fuel	501,315	501,315	-
Insurance & Bond	231,195	231,195	-
Maintenance	220,921	220,921	-
Miscellaneous	266,530	266,530	-
Payroll Tax Expense	247,092	197,673	49,418
Professional Fees	101,909	101,909	-
Rent	156,876	156,876	-
Salaries/Wages	4,003,417	3,202,733	800,683
Training	10,552	10,552	-
Travel	57,415	-	57,415
Utilities	107,940	107,940	-
<b>Totals</b>	<b>\$ 7,837,391</b>	<b>\$ 6,903,624</b>	<b>\$ 933,767</b>

<b>September 30, 2022</b>	Total	Program Services	Management & General
Advertising / Marketing	\$ 13,719	\$ -	\$ 13,719
Depreciation	741,905	741,905	-
Drug Testing	11,422	-	11,422
Employee Benefits	480,944	480,944	-
Supplies	281,492	281,492	-
Fuel	492,183	492,183	-
Insurance & Bond	291,850	291,850	-
Maintenance	126,952	126,952	-
Miscellaneous	240,894	240,894	-
Payroll Tax Expense	218,673	174,939	43,735
Professional Fees	64,765	64,765	-
Rent	183,890	183,890	-
Salaries/Wages	3,446,155	2,756,924	689,231
Training	6,367	6,367	-
Travel	91,433	-	91,433
Utilities	105,502	105,502	-
<b>Totals</b>	<b>\$ 6,798,147</b>	<b>\$ 5,948,607</b>	<b>\$ 849,540</b>

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, 2023 AND 2022**

	<b>2023</b>	<b>2022</b>
Cash flows from operating activities:		
Cash inflows		
From government grants	\$ 2,811,374	\$ 3,177,233
From state and local governments	367,411	365,451
From donations, goods and services	3,648,936	2,982,234
From interest	31,425	2,010
From other sources	100,329	67,947
Cash outflows		
To employees for services	4,554,003	3,900,757
To the government for payroll taxes	246,847	220,854
To others for expenditures	2,248,804	1,845,841
<b>Net cash provided (used) by operating activities</b>	<b>(90,178)</b>	<b>625,424</b>
Cash flows from investing activities:		
Cash inflows		
From sale of assets	-	28,861
Cash outflows		
Lease Liability	(37,200)	-
To State of SD for sale of vehicle	(5,900)	-
To purchase equipment	(365,730)	(225,096)
<b>Cash flows from investing activities</b>	<b>(408,830)</b>	<b>(196,235)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	(499,008)	429,189
Cash and cash equivalents at beginning of year	2,610,558	2,181,370
<b>Cash and cash equivalents at end of year</b>	<b>\$ 2,111,550</b>	<b>\$ 2,610,558</b>

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

Net Increase (Decrease) in net assets	\$ 625,353	\$ 722,961
Adjustments to reconcile net increase in net assets to cash flows by operating activities:		
Depreciation	776,430	741,905
(Gain) Loss on sale of assets	24,650	(8,512)
Non-Cash Grants/Contributions	(1,462,921)	(530,321)
Change in assets and liabilities:		
(Increase) decrease in accounts receivable	155,773	(155,946)
(Increase) decrease in grants receivable	(183,570)	(231,454)
(Increase) decrease in prepaid insurance	(15,200)	-
Increase (decrease) in accounts payable	(16,224)	64,628
Increase (decrease) in accrued salaries	13,096	25,615
Increase (decrease) in accrued vacation	(7,810)	727
Increase (decrease) in payroll liabilities	245	(4,181)
Total adjustments	(715,531)	(97,538)
<b>Net cash provided (used) by operating activities</b>	<b>\$ (90,178)</b>	<b>\$ 625,424</b>

**Supplemental Schedule of Noncash Investing and Financing Activities**

Right of Use Asset	68,200	-
Lease Liability	(68,200)	-
Rent Contribution from the City of Pierre	150,000	150,000
Grant received in the form of fixed assets	1,462,921	530,321
Receivable from sale of fixed assets	-	16,722

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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**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 AND FINANCIAL STATEMENT PRESENTATION

The accompanying financial statements are presented on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. On the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred. The Organization is required to report information regarding its financial position and activities according to two classes of net assets. Net assets, revenues, and expenses are classified based on the existence or absence of donor- or grantor-imposed restrictions. Accordingly, net assets, and changes therein, are classified as follows:

- Net Assets Without Donor Restrictions - Net assets available for use in general operations and not subject to donor or grantor restrictions.
- Net Assets With Donor Restrictions - Net assets subject to donor- or grantor-imposed restrictions. Some donor- or grantor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor or grantor. Other donor- or grantor-imposed restrictions are perpetual in nature, where the donor or grantor stipulates those resources be maintained in perpetuity. The Organization reports contributions and grants by donors and grantors, and revenues earned off those contributions and grants, as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the assets. When a restriction expires, that is, when a stipulated time restriction ends, or purpose restriction accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. There are no donor restrictions as of 09/30/2023.

REVENUE RECOGNITION

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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

REVENUE RECOGNITION(CONTINUED)

Contributions received and unconditional promises to give are measured at their fair values and are reported as an increase in net assets. Conditional promises to give are not recognized until they become unconditional. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stimulations that limit the use of the assets, or if they are designated as support for future periods. When a donor restriction expires, that is when a stipulated time restriction ends or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. Donor imposed contributions whose restrictions are met in the same reporting period are reported as net assets without donor restrictions. Donor-imposed contributions are reported as nets assets with donor restrictions, even if it is anticipated such restrictions will be met in the current reporting period.

Net assets restricted for acquisition of buildings or equipment are reported as net assets with donor restrictions until the specified asset is placed in service by the Organization when the restrictions are released.

Contributed materials are recorded as contributions, when received, at fair market value when such value can be objectively and accurately determined.

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 for both 2023 and 2022.

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 30, 2023 and 2022 administrative and operational expenses and repairs and maintenance.

ACCOUNTS PAYABLE

Accounts payable consists of normal operation expenses. The balance as of September 30, 2023 is \$126,037 and \$142,261 on September 30, 2022, respectively.

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.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

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.

INVESTMENTS

Investments in marketable securities with readily determinable fair values are reported at their fair values based on quoted prices in active markets in the statement of financial position. Unrealized gains and losses are included in the change in net deficit in the accompanying statement of activities.

DEPOSITS 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, 2023, and 2022, the bank balance was \$2,383,961 and \$2,679,359 with \$6,614 of the balances as of September 30, 2023 uninsured and all balances were insured as of September 30, 2022. The carrying amount of these deposits as of September 30, 2023 and 2022 was \$2,111,550 and \$2,610,558.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

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. 98.7% and 99.0% of the 2023 and 2022 income was generated by grants, fares and contracts, contributions, and State/City/County/Tribal funds as follows:

	2023		2022	
Grants	52.9	%	52.4	%
Fares and Contracts	39.0	%	38.9	%
Contributions	2.4	%	2.8	%
State/City/County/Tribal Funds	4.4	%	4.9	%

CONTRIBUTED SERVICES

During the years ended September 30, 2023 and 2022, 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

Inventory of supplies is not recorded in the financial statements due to its immaterial nature. Cost of inventories is recorded as expenditures/expenses when purchased rather than as 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 per item. 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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

A summary of changes in fixed assets for the year ended September 30, 2023:

	Balance 9/30/22	Additions	Deletions	Balance 9/30/23
Buses	\$5,303,908	\$293,103	\$0	\$5,597,011
Construction in Progress	57,800	0	34,000	23,800
Equipment- Fixtures	435,202	66,985	111,990	390,197
Building Improvements	235,326	1,325,213	0	1,560,539
Shop Equipment	319,741	177,350	37,500	459,591
Totals	<u>\$6,351,977</u>	<u>\$1,862,651</u>	<u>\$183,490</u>	<u>\$8,031,138</u>
Accumulated Depreciation	<u>(3,899,377)</u>	<u>(776,430)</u>	<u>(130,740)</u>	<u>(4,545,067)</u>
Net Depreciable Assets	<u>\$2,452,600</u>			<u>\$3,554,271</u>

A summary of changes in fixed assets for the year ended September 30, 2022:

	Balance 9/30/21	Additions	Deletions	Balance 9/30/22
Buses	\$4,810,716	\$662,901	\$169,709	\$5,303,908
Construction in Progress	0	57,800	0	57,800
Equipment- Fixtures	416,139	19,063	0	435,202
Building Improvements	220,253	15,655	582	235,326
Shop Equipment	319,741	0	0	319,741
Totals	<u>\$5,766,849</u>	<u>\$755,417</u>	<u>\$170,291</u>	<u>\$6,351,977</u>
Accumulated Depreciation	<u>(3,306,832)</u>	<u>(741,905)</u>	<u>(149,361)</u>	<u>(3,899,377)</u>
Net Depreciable Assets	<u>\$2,460,017</u>			<u>\$2,452,600</u>

**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.

**BUILDING IN KIND RENT**

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, 2023 and 2022, \$150,000 is included in contributions income and rent expense.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

OAHE FOUNDATION

In fiscal year September 30, 2021, Community Coordinated Transportation System entered into an endowment agreement with the Oahe Foundation. The fund is for charitable, religious, educational or scientific purpose and should be used as local match for the ongoing provision of transportation services for people with disabilities, older adults, veterans, school age children and the general public. Community Coordinated Transportation System establishes under the Oahe Foundation to receive gifts in whatever form that is acceptable to the Oahe Foundation and to administer the same in accordance with the guidelines as approved from time to time by the Oahe Foundation Board of Directors. Community Coordinated Transportation System should provide a “letter of direction” to the Foundation detailing the method of distribution from the fund. This fund will share proportionately in the total administrative cost of the Oahe Foundation. Contributions to this fund may be commingled with other Oahe Foundation property for administrative and investment purposes.

Activity for the September 30, 2023 year is as follows:

Beginning Balance 09/30/2022		\$	7,943	
Dividends			585	
Admin Fees			(58)	
Realized Gain (Loss)			(29)	
Unrealized Gain (Loss)			843	
Ending Balance 09/30/2023			\$ 9,285	
Cash and Cash Equivalents	\$	200	2.15	%
Equity		9,085	97.85	%
Total Balance	\$	9,285	100.00	%

Activity for the September 30, 2022 year is as follows:

Beginning Balance 09/30/2021		\$	9,925	
Dividends			702	
Admin Fees			61	
Realized Gain (Loss)			(4)	
Unrealized Gain (Loss)			(2,619)	
Ending Balance 09/30/2022			\$ 7,943	
Cash and Cash Equivalents	\$	212	2.67	%
Equity		7,731	97.33	%
Total Balance	\$	7,943	100.00	%

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

ACCUMULATED LEAVE

Employees are allowed to accumulate and receive compensation for their annual vacation and sick leave. 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.

Years of Service	Fulltime PTO Per year	Max Hours to Accrue FT	Max Hours to accrue PT
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, 2023 and 2022 is \$166,648 and \$174,458, respectively. No provision was made for accrued sick leave in the financial statements in September 30, 2023 as sick leave is not paid out to the employee at the time the employee leaves the Organization.

RETIREMENT PLAN

The Organization started a 401(k) plan during the year ended September 30, 2023. Employees are eligible to participate after 60 days of continued employment. The Organization matches employee salary deferrals up to 6% of their annual compensation. The Organization's matching contributions for the year ended September 30, 2023 totaled \$104,056.

In prior years, the Organization had a SIMPLE IRA retirement plan, providing a 3% match to eligible employees. The Organization's matching contributions for the year ended September 30, 2022 totaled \$104,056. \$47,460.

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, 2023 and 2022 53.0% and 53.0% 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, 2023 and 2022, the balance due on the line of credit is \$0 and \$0, respectively.



**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**3. FUNCTIONAL EXPENSE ALLOCATIONS**

The Statements of Functional Expenses show total expenses for the year ended September 30, 2023 and 2022. The allocation of expenses among program services, management and general, and fundraising is allocated based on grant expenditures, time and efforts.

**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 is 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.

**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, 2023 AND 2022**

**7. RIGHT OF USE ASSET**

The Organization leases office/shop space in Sioux Falls, SD for \$3,100 per month. The lease agreement covers August 2022 through July 2025. Total lease expense during the years end September 30, 2023 and 2022 is \$37,200 and \$26,200, respectively.

Total Right of Use Asset, Net at 09/30/2023 is \$68,200.

Minimum future lease expenses under the foregoing leases are:

<u>September 30,</u>		
2024	\$37,200	Current Lease Liability
2025	\$31,000	Non Current Lease Liability

**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.

	2023	2022
Cash and Cash Equivalents	\$ 2,111,550	\$ 2,610,558
Receivables	791,323	763,526
Financial Assets available to meet cash needs for expenditures within one year	\$ 2,902,873	\$ 3,374,084

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 a line of credit if assets are not available to meet obligations.

**9. RELATED PARTY TRANSACTIONS**

The board approved the surplus of the 1995 Ford 0930 Loader/Tractor to Executive Director Ron Baumgart for \$1, noted as additional compensation. The market value of the equipment was \$15,000.

Three checks were made to Ryan Baumgart Repair, son of Executive Director Ron Baumgart, for repairs of vehicles and buses throughout the year. Amounts were \$10,601, \$8,184 and \$7,172.

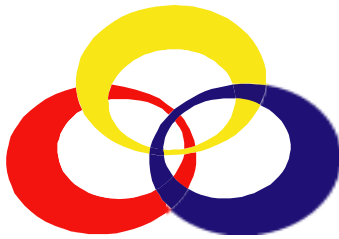
**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO THE FINANCIAL STATEMENTS  
SEPTEMBER 30, 2023 AND 2022**

**10. NEW ACCOUNTING STANDARDS UPDATE**

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 was implemented during the fiscal year ending September 30, 2023.

**11. SUBSEQUENT EVENTS**

The Organization did not have any subsequent events through February 7, 2024, 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, 2023.



**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, 2023, and the related statements of activities and changes in net assets, 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 February 7, 2024.

**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 the Organization'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 and, therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of prior and current findings and responses as item 2023-001 that we consider to be a material weakness.

### **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's Response to Findings**

Community Coordinated Transportation System's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Community Coordinated Transportation System'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.

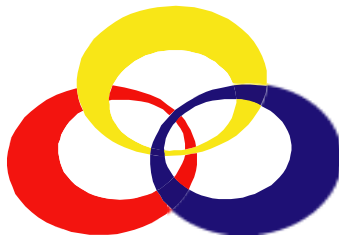
### **Purpose of this Report**

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

February 7, 2024



**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**

**Opinion on 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, 2023. 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.

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, 2023.

**Basis for Opinion on Each Major Federal Program**

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Community Coordinated Transportation System d/b/a, River Cities Public Transit and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Community Coordinated Transportation System d/b/a, River Cities Public Transit's compliance with the compliance requirements referred to above.

## **Responsibilities of Management for Compliance**

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Community Coordinated Transportation System d/b/a, River Cities Public Transit's federal programs.

## **Auditor's Responsibilities for the Audit of Compliance**

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Community Coordinated Transportation System d/b/a, River Cities Public Transit's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Community Coordinated Transportation System d/b/a, River Cities Public Transit's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Community Coordinated Transportation System d/b/a, River Cities Public Transit's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Community Coordinated Transportation System d/b/a, River Cities Public Transit's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Community Coordinated Transportation System d/b/a, River Cities Public Transit's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

## Report on Internal Control over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

February 7, 2024



**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
NOTES TO SCHEDULE OF FEDERAL EXPENDITURES  
SEPTEMBER 30, 2023 AND 2022**

**1. BASIS OF ACCOUNTING SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of expenditures of federal awards includes the federal award 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. Because the schedule presents only a selected portion of the operations of the Organization, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Organization.

**2. SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported in the schedule are reported on the accrual basis of accounting. When applicable, 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. No federal financial assistance has been provided to a subrecipient.

**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  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
SEPTEMBER 30, 2023**

Contractor/Grantor	Federal Contract Number	Federal Assistance Listing Number	Grant Contract Period	Current Period Expenditures
<b>US Department of Transportation</b>				
Pass Through - South Dakota Department of Transportation				
<b>Formula Grants for Rural Areas</b>				
Formula Grants for Rural Areas-Section 5311- Rural Admin/Operating	812095	20.509	* 10/01/22-09/30/2023	\$ 2,404,086
Formula Grants for Rural Areas-Section 5311- Rural Admin/Operating ARPA FY 21	812095	20.509	* 10/01/22-09/30/2023	33,624
Formula Grants for Rural Areas-Section 5311 Rural Admin/Operating- FY 20	812095	20.509	* 10/01/22-09/30/2023	126,252
Formula Grants for Rural Areas-FY2021 RTAP	UMAR22 37949	20.509	* 10/01/22-09/30/2023	27,376
<b>Total Formula Grants for Rural Areas</b>				<b><u>2,591,338</u></b>
<b>Transit Services Programs Cluster</b>				
Section 5310, Enhanced Mobility of Seniors and Individuals with Disabilities - Pierre	811927, 812063, 812071, 812106	20.513	05/18/21-09/31/2024	14,642
<b>Total Transit Services Programs Cluster</b>				<b><u>14,642</u></b>
<b>Federal Transit Cluster</b>				
Section 5339- Buses and Bus Facilities	812075, 812084, 811937, 811773 811990, 811991, 811992, 811993 811994, 811995, 811996, 811997	20.526	10/01/22 - 09/30/2023	1,725,231
<b>Total Federal Transit Cluster</b>				<b><u>1,725,231</u></b>
<b>Total US Department of Transportation</b>				<b><u>\$ 4,331,211</u></b>
<b>US Department of Health &amp; Human Services</b>				
Pass Through - State of South Dakota				
Special Programs for the Aging Title IIIB		93.044	10/01/21 - 09/30/2022	\$ 51,869
<b>Total US Department of Health &amp; Human Services</b>				<b><u>\$ 51,869</u></b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>				<b><u>\$ 4,383,080</u></b>

\* Denotes Major Programs

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
SUMMARY OF AUDITOR'S RESULTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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Section I - Summary of Auditor's Results

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**Financial Statements**

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? No

**Federal Awards**

Internal control over major programs:

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

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 program:

20.509 U.S. 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: No

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

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Section II - Financial Statement Findings

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**Prior Findings:**

**Finding 2022-001**

**Finding Summary:** Kinner & Company, Ltd prepared our draft financial statements, accompanying notes to the financial statements, and schedule of expenditures of federal awards which also included certain auditor proposed material adjusting journal entries and passed audit adjustments.

Status: Ongoing

**Current Findings:**

**Finding 2023-001: Material Weakness – Preparation of Financial Statements, Schedule of Expenditures of Federal Awards and Footnotes**

**Condition:** Community Coordinated Transportation System does not have an internal control system designed to provide for the preparation of the financial statements being audited, including required footnotes and all necessary material audit adjustments, in accordance with generally accepted accounting principles (GAAP). In conjunction with the completion of our audit, the Organization requested the external auditors to prepare the financial statements, related footnotes and disclosures, and the schedule of expenditures of federal awards for the year ended September 30, 2023. We identified certain audit adjustments that were proposed and corrected by management, as well as certain management-elected passed audit adjustments related to financial misstatements considered immaterial, both individually and in the aggregate.

**Criteria:** The Organization's internal control structure should be designed to provide for the preparation of the financial statements, footnotes, and the schedule of expenditures of federal awards in accordance with generally accepted accounting principles and the Uniform Guidance, as well as provide for the recording and review of all necessary adjusting journal entries for materially correct financial statements.

**Cause:** The Organization does not have the resources available to draft the financial statements, schedule of expenditures of federal and awards and note disclosures.

**Effect:** Although this circumstance is not unusual for an organization of your size, the preparation of financial statements as a part of the audit engagement may result in financial statements and related information included in financial statement disclosures not being available for management purposes as timely as it would be if prepared by Organizational personnel. This condition may affect the Organization's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements.

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
SCHEDULE OF FINDINGS, RESPONSES AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2023**

**Recommendation:** This condition is not unusual in an organization of your size. However, based on auditing standards, it is our responsibility to inform management and those charged with governance that this deficiency could result in a misstatement to the financial statements that could have been prevented or detected by the Organization’s management. We have instructed management to review a draft of the auditor prepared financials in detail for their accuracy; we have answered any questions management might have, and encouraged research of any accounting guidance in connection with the adequacy and appropriateness of classification and disclosure in the financial statements. We are satisfied that the appropriate steps have been taken to provide management and those charged with governance with the completed financial statements.

It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

**Views of Responsible Officials:** Management agrees with the finding.

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Section III – Federal Award Findings and Questioned Cost

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**Current Federal Audit Findings and Questioned Costs**

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

**COMMUNITY COORDINATED TRANSPORTATION SYSTEM  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**Finding 2023-001**

**Finding Summary:** Kinner & Company, Ltd prepared our draft financial statements, accompanying notes to the financial statements, and schedule of expenditures of federal awards which also included certain auditor proposed adjusting journal entries and passed audit adjustments.

**Responsible Individuals:** Ronald Baumgart, Executive Director

**Corrective Action Plan:** It is not cost effective to have an internal control system designed to provide for the preparation of the financial statements, accompanying notes, and schedule of expenditures of federal awards. We requested that our auditors, Kinner & Company, Ltd, prepared the financial statements and the accompanying notes to the financial statements as a part of their annual audit. We have designated a member of management to review the drafted financial statements, accompanying notes, and schedule of expenditures of federal awards, and any adjusting and passed journal entries prepared or identified by the auditor.

**Anticipated Completion Date:** Ongoing