



# Rural Community Transportation, Inc.

1677 Industrial Parkway • Lyndonville, Vermont 05851

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*"COMMUNITY IS OUR MIDDLE NAME"*

RCT Board of Directors Meeting  
Monday, January 9, 2023, at 9:00 a.m.  
Video and Teleconference

Present: Emily Rosenbaum, Doug Morton, Tin Barton-Caplin, Carole O'Connell, Kitty Toll,  
Tasha Wallis, Judy Nommik, Dan Sherman  
Clerk: Jessy Pelow  
Guests: Caleb Grant, Tim Bradshaw, Steve Veroff

Meeting called to order at 9:01 a.m. by Emily Rosenbaum.

1. Introductions, Opportunity for Public Comment, and Modifications to the Agenda.  
No members of the public for comments.

December 12, 2022, board minutes will be approved at the February meeting.

2. Committee Reports and Updates:

VTrans Update: See attached VTrans report and performance appendices. Tim also discussed three underperforming RCT routes, the Burke route, Twin City-Littleton route and the 14-15 route. All three routes have low ridership and are underperforming. The Littleton route has been underperforming for years, and the 14-15 is reaching the end of its 3-year pilot period and has not met ridership expectations. Burke is still in the pilot period but underperforming significantly. He elaborated that VTrans is evaluating service cuts statewide to reduce operating costs.

The board asked questions regarding the underperformance of the routes. Tim addressed the initial board questions and stated that he will have further discussion with Caleb and Ross.

Caleb stated that the Burke route is a new route as of 2022 and he is working to implement improvements to the route that include a continuous hour on hour loop.

Executive Director Update: See attached Executive Director report.

Caleb addressed the three underperforming routes. He is identifying what changes could be made to the routes to improve overall performance. He noted there is a

three-month extension to correct the underperforming routes. Caleb will meet with VTrans in the upcoming week to discuss further. After the VTrans meeting, he will meet with the Executive Committee to determine the need for a special board meeting.

Caleb mentioned that E&D (Elderly and Disabled) program is far ahead in spending due to trip increase, traveling longer distances and significant wheelchair access needs. He said that two wheelchair accessible vans have been ordered.

Tasha expressed her concerns regarding expansion of service at a time when public transit providers are seeing increased costs and reductions in service.

Financial Update: No update.

Marketing Committee: No meeting this cycle. Emily told Caleb that the committee is available if there is a need.

Personnel Committee: No Update.

Nominating Committee: Judy is looking for additional members.

Finance Committee: No update.

3. Financial Audit Overview- Steve Veroff & Austin, PLLC: Steve Veroff briefly discussed the financial audit. See attached copy. He noted that Rural Community Transportations financials present fairly and in accordance with accounting principles accepted by the USA. Board approval of form 990 will be at the February meeting. The board will review the financial audit report and vote for approval at the February meeting.
4. Executive Director fundraising asks/needs and goal creation: Caleb discussed and identified three fundraising areas. First being service gap funding: fundraise to provide rides to those not fitting into current funding programs. Second, infrastructure: ways to reduce operational costs through fundraising. Third, operational local match: build up local match and capitalize on state and local funding.  
  
Caleb noted he will share updates regarding any funding shortfalls due to route reductions.
5. Employee Handbook Update: Tin made the motion to approve the updated Employee Handbook dated October 2022. Judy seconded the motion. All approved.

6. Strategic Planning Update: Initial funding was \$10,000 and Caleb added an additional \$15,000. Once funding is approved it will be put to bid. Caleb said he is looking for a confident and driven planner.

The Strategic Planning Committee members include Emily, Tin and Judy.

7. Bylaw Update: Tin shared a Power Point slideshow with the bylaw updates & survey results. See attached.

There was a lot of board discussion around whether RCT is subject to open meeting laws. Emily gathered board opinions to determine whether to have the bylaw updates reviewed by a lawyer. Board opinions were divided equally.

Dan made a motion for the Executive Director to determine the need for lawyer review of the bylaw updates. Kitty seconded the motion. All approved.

8. Determination of Need for Executive Session per 1 VSA 313(a)(1) \* Caleb suggested executive session to update the board about the Medicaid contract.

Tin made a motion for the need of executive session. Kitty seconded the motion. All approved.

Tin moved that the board enter executive session with Caleb Grant and Jessy Pelow invited. Kitty seconded the motion. All approved. Executive session entered at 10:48 a.m. and exited at 10:59 a.m.

9. Other Business: none.

Adjourn. Tin made a motion that the meeting be adjourned; Carole seconded the motion. All approved, the meeting adjourned at 11:00 a.m.

Next Meeting: February 13, 2023.

\*Action item and/or Board Vote



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Justin Barton-Caplin, Secretary

February 13, 2023

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Date



**State of Vermont**  
**Policy, Planning & Intermodal Development Division**  
219 North Main Street  
Barre, VT 05641  
[Timothy.bradshaw@vermont.gov](mailto:Timothy.bradshaw@vermont.gov)

*Agency of Transportation*  
**Public Transit**  
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### **VTrans report for RCT Board Meeting for 01/09/2023**

Tri-Valley Transit (TVT) has now signed a contract with HBSS for a new scheduling and dispatch software to replace the current RouteMatch system. VTrans has hired a consultant to manage the implementation process. They will be establishing a statewide implementation timeline and reaching out to each transit provider once the timeline is established.

VTrans continues to meet with Caleb Grant on a weekly basis. We are currently working on the mid-year adjustments for consideration which include some additional capital request and potentially some more E&D funding.

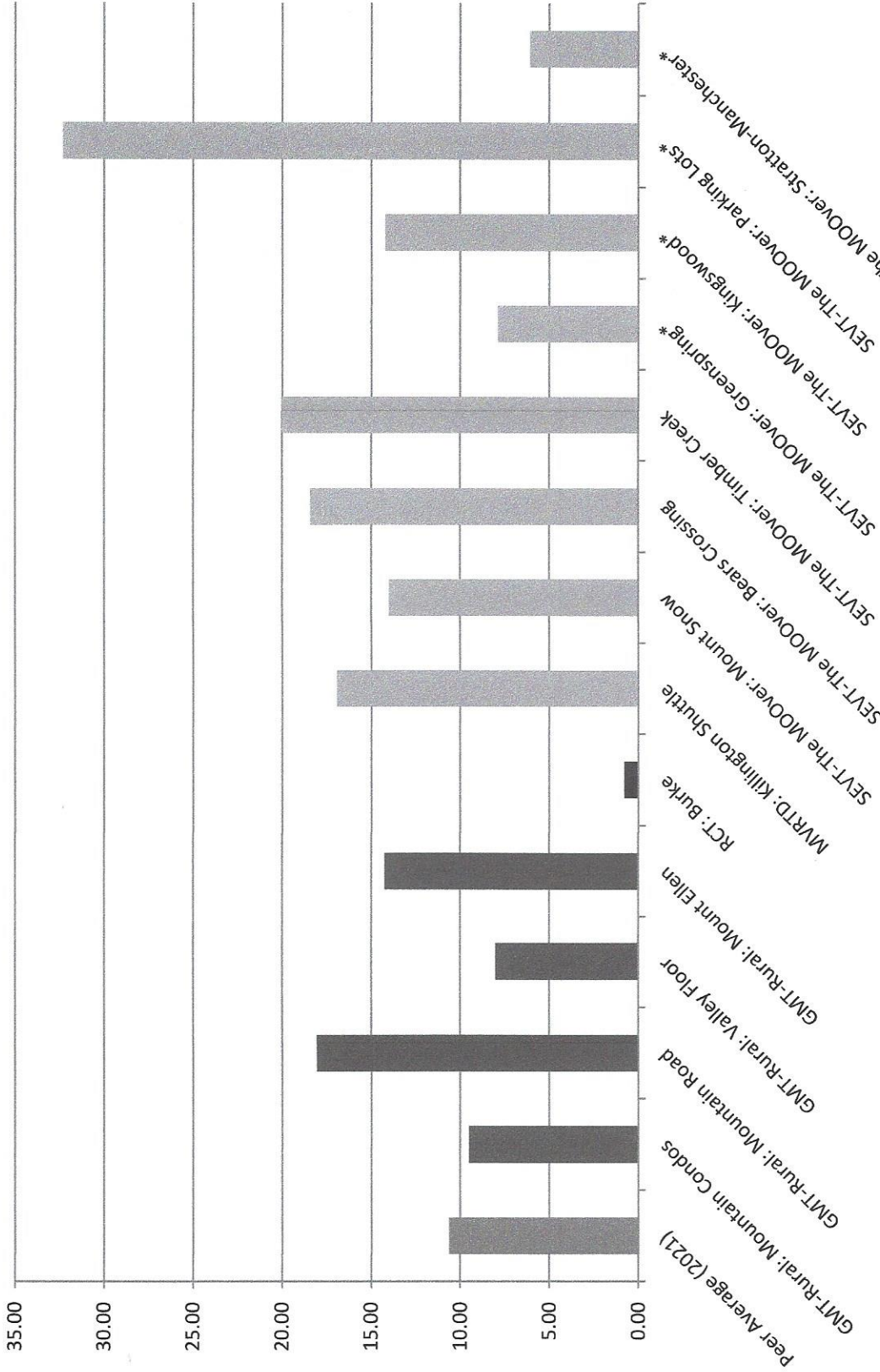
RCT continues to provide substantial ride volumes under the Recovery and Job Access transportation funding. RCT received \$85,260 in new funding through a second Memorandum of Understanding between VTrans and the Agency of Human Services. This funding was provided at 100% by VTrans using a 50% Federal and 50% State match.

On Friday December 23<sup>rd</sup> RCT and other Vermont transit providers implemented transit service suspensions related to high winds and fallen trees making many roads unsafe for travel. RCT kept VTrans informed and the riding public.





### SFY 2022 Tourism Boardings per Hour



\*Privately funded operations; no state or federal funds





# Rural Community Transportation, Inc.

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## Executive Report

January 2023

Snow day has become a four-letter word in our household. As schools shut down and many businesses close their doors, our drivers are scrapping windshields. I was incredibly impressed with the dedication and professional abilities of the entire RCT organization, specifically the drivers, during our last round of winter storms. One volunteer driver had his tree struck on his way to pick up a client and was still in later that day getting itineraries for the holiday trips. When the governor asked people to be home by 4, our drivers were out on the roads making sure that everyone we serve could do that.

I have found two constants in this job: 1. There will be challenges. 2. The incredible people who work for this organization will find a way past those challenges.

### Rolling Stock

- We lost another vehicle(rear-load minivan)
  - Sandy located 2 which we are pursuing as part of the mid-year adjustments

### Fiscal Health

- Appeal for retroactive correction with VPTA and Medicaid was denied.
- 6-month extension was signed by VPTA to continue Medicaid services.

### Recruitment

- 1 new call center hire

### Initiatives

- Micro-transit
  - Public hearings set:
    - Morrisville Centennial Library
      - January 10, 11am
      - January 18, 5:30pm
- Pending Grant Applications
  - Lamoille County Health Equity
    - \$50,000 to upgrade bike racks to be E-bike capable
- Low/No
  - Electrician for charging stations has been selected
- HBSS
  - HBSS is the replacement software for routematch

- The contract is finalized and a timeline for implementation is pending



**RURAL COMMUNITY TRANSPORTATION, INC.**

Audited Financial Statements,  
Supplemental Financial Information, and  
Reports on Compliance and Internal Control

June 30, 2022 and 2021

RURAL COMMUNITY TRANSPORTATION, INC.

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## Veroff & Austin

Certified Public Accountants  
Business Advisors & Management Consultants

**The Solution Group**

### Independent Auditors' Report

To the Board of Directors of  
Rural Community Transportation, Inc.  
Lyndonville, Vermont

#### Report on the Audit of the Financial Statements

##### *Opinion*

We have audited the accompanying financial statements of Rural Community Transportation, Inc. (a Vermont nonprofit organization), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities, functional expenses, and cash flows for the year 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 Rural Community Transportation, Inc. as of June 30, 2022, and the changes in its net assets and its cash flows for the year 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 Rural Community Transportation, Inc. 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 Rural Community Transportation, Inc.'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.

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Certified Public Accountants  
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**The Solution Group**

- 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 Rural Community Transportation, Inc.'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 Rural Community Transportation, Inc.'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 September 28, 2022, on our consideration of Rural Community Transportation, Inc.'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 Rural Community Transportation, Inc.'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 Rural Community Transportation, Inc.'s internal control over financial reporting and compliance.

*Veroff & Austin*

Veroff & Austin PLLC  
Springfield, Vermont  
September 28, 2022  
VT Reg. #092.13574

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RURAL COMMUNITY TRANSPORTATION, INC.  
 STATEMENTS OF FINANCIAL POSITION  
 June 30, 2022 and 2021

<b>ASSETS</b>		2022	2021
<b>CURRENT ASSETS</b>			
Cash - note 3	\$	582,966	\$ 1,287,299
Accounts receivable, net - note 4		405,554	182,672
Grants receivable		391,441	388,950
Prepaid expenses		136,102	180,308
Unemployment reserve		14,145	17,096
Total current assets		<u>1,530,208</u>	<u>2,056,325</u>
<b>PROPERTY AND EQUIPMENT</b>			
Land		70,000	70,000
Building		501,046	493,518
Furniture and equipment		303,052	333,227
Vehicles		2,552,610	2,483,734
		<u>3,426,708</u>	<u>3,380,479</u>
Accumulated depreciation		(1,498,947)	(1,538,890)
Property and equipment, net		<u>1,927,761</u>	<u>1,841,589</u>
<b>TOTAL ASSETS</b>	<b>\$</b>	<b><u>3,457,969</u></b>	<b>\$ <u>3,897,914</u></b>
<b>LIABILITIES AND NET ASSETS</b>			
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$	91,931	\$ 369,727
Accrued salaries and payroll taxes payable		87,278	73,681
Accrued vacation		70,935	62,601
Grant award advances		9,787	72,085
Current portion of long-term debt - note 6		11,138	10,705
Total Current liabilities		<u>271,069</u>	<u>588,799</u>
<b>NON-CURRENT LIABILITIES</b>			
Long-term debt - note 6		167,770	178,941
Total non-current liabilities		<u>167,770</u>	<u>178,941</u>
Total liabilities		<u>438,839</u>	<u>767,740</u>
<b>NET ASSETS</b>			
Without donor restrictions			
Undesignated		1,645,279	1,908,490
Total net assets without restrictions		<u>1,645,279</u>	<u>1,908,490</u>
Net assets with donor restrictions - note 7		1,373,851	1,221,684
Total net assets		<u>3,019,130</u>	<u>3,130,174</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>\$</b>	<b><u>3,457,969</u></b>	<b>\$ <u>3,897,914</u></b>

The accompanying notes are an integral part of this statement.

RURAL COMMUNITY TRANSPORTATION, INC.  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
Year ended June 30, 2022

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contract revenue	\$ 296,318	\$ -	\$ 296,318
Direct trip revenue	2,206,068	-	2,206,068
Grant revenue	2,394,920	-	2,394,920
Capital grant revenue	57,892	365,582	423,474
Municipal appropriations	137,239	-	137,239
Donations	7,570	-	7,570
Interest income	2,747	-	2,747
Miscellaneous income	2,802	-	2,802
Net assets released from restrictions - note 8	309,991	(309,991)	-
Total revenue and support	<u>5,415,547</u>	<u>55,591</u>	<u>5,471,138</u>
<b>EXPENSES</b>			
Program services			
Public and other transportation	<u>4,960,677</u>	<u>-</u>	<u>4,960,677</u>
Total program services	<u>4,960,677</u>	<u>-</u>	<u>4,960,677</u>
Support Services			
General and Administrative	597,172	-	597,172
Fundraising	24,333	-	24,333
Total support services	<u>621,505</u>	<u>-</u>	<u>621,505</u>
Total expenses	<u>5,582,182</u>	<u>-</u>	<u>5,582,182</u>
Change in net assets before transfers	(166,635)	55,591	(111,044)
Transfer of local/state capital match	<u>(96,576)</u>	<u>96,576</u>	<u>-</u>
Change in net assets	(263,211)	152,167	(111,044)
Net assets, beginning of year	<u>1,908,490</u>	<u>1,221,684</u>	<u>3,130,174</u>
Net assets, end of year	<u>\$ 1,645,279</u>	<u>\$ 1,373,851</u>	<u>\$ 3,019,130</u>

The accompanying notes are an integral part of this statement.

RURAL COMMUNITY TRANSPORTATION, INC.  
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
 Year ended June 30, 2021

	<u>Without Donor Restrictions</u>	<u>With Donor Restrictions</u>	<u>Total</u>
<b>REVENUE AND SUPPORT</b>			
Contract revenue	\$ 354,127	\$ -	\$ 354,127
Direct trip revenue	2,215,272	-	2,215,272
Grant revenue	2,297,817	-	2,297,817
Capital grant revenue	94,860	161,700	256,560
Municipal appropriations	136,798	-	136,798
Donations	190,599	-	190,599
Interest income	5,161	-	5,161
Miscellaneous income	40,423	-	40,423
Net assets released from restrictions - note 8	256,551	(256,551)	-
Total revenue and support	<u>5,591,608</u>	<u>(94,851)</u>	<u>5,496,757</u>
<b>EXPENSES</b>			
Program services			
Public and other transportation	<u>4,747,500</u>	-	<u>4,747,500</u>
Total program services	<u>4,747,500</u>	<u>-</u>	<u>4,747,500</u>
Support Services			
General and Administrative	497,094	-	497,094
Fundraising	<u>13,279</u>	-	<u>13,279</u>
Total support services	<u>510,373</u>	<u>-</u>	<u>510,373</u>
Total expenses	<u>5,257,873</u>	<u>-</u>	<u>5,257,873</u>
Change in net assets before transfers	333,735	(94,851)	238,884
Transfer of capital match	<u>(176,448)</u>	<u>176,448</u>	<u>-</u>
Change in net assets	157,287	81,597	238,884
Net assets, beginning of year	<u>1,751,203</u>	<u>1,140,087</u>	<u>2,891,290</u>
Net assets, end of year	<u>\$ 1,908,490</u>	<u>\$ 1,221,684</u>	<u>\$ 3,130,174</u>

The accompanying notes are an integral part of this statement.

RURAL COMMUNITY TRANSPORTATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2022

	Program Services		Supporting Services		Total
	Public and Other Transportation	General and Administrative	Fundraising		
Expenses:					
Salaries and related taxes	\$ 2,072,488	\$ 433,970	\$ 22,841	\$	2,529,299
Benefits	176,116	79,447	-	-	255,563
Legal	-	5,093	-	-	5,093
Property taxes	-	15,934	-	-	15,934
Office supplies	31,176	3,167	-	-	34,343
Telephone	48,946	-	-	-	48,946
Postage	4,474	-	1,492	-	5,966
Travel	2,357	-	-	-	2,357
Photocopy	3,912	-	-	-	3,912
Rent	61,032	-	-	-	61,032
Utilities	26,038	-	-	-	26,038
Building maintenance	5,138	-	-	-	5,138
Audit	20,480	-	-	-	20,480
Technical support	42,443	-	-	-	42,443
Outside services	39,177	-	-	-	39,177
Uniforms	4,410	-	-	-	4,410
Training	1,237	-	-	-	1,237
Insurance	113,279	-	-	-	113,279
Fees	26,962	-	-	-	26,962
CDL fees	773	-	-	-	773
Marketing	13,608	-	-	-	13,608
Interest	-	7,373	-	-	7,373
Depreciation	231,824	50,636	-	-	282,460
Vehicle expense	619,341	-	-	-	619,341
Volunteer reimbursement	1,248,529	-	-	-	1,248,529
In-kind E&D	21,414	-	-	-	21,414
Lodging	1,899	-	-	-	1,899
Route match	49,689	-	-	-	49,689
Capital non-vehicle expense	36,955	-	-	-	36,955
Ride to Wellness expenses	2,360	-	-	-	2,360
Bad debt	-	695	-	-	695
General fund	54,620	-	-	-	54,620
Bank charges	-	857	-	-	857
Total expenses	<u>\$ 4,960,677</u>	<u>\$ 597,172</u>	<u>\$ 24,333</u>	<u>\$</u>	<u>5,582,182</u>

The accompanying notes are an integral part of this statement.



RURAL COMMUNITY TRANSPORTATION, INC.  
STATEMENT OF FUNCTIONAL EXPENSES  
Year ended June 30, 2021

	Program Services		Supporting Services		Total
	Public and Other Transportation	General and Administrative	Fundraising		
Expenses:					
Salaries	\$ 1,833,990	\$ 335,151	\$ 11,985	\$	2,181,126
Benefits	123,024	61,160	-		184,184
Legal	-	3,234	-		3,234
Property taxes	-	15,337	-		15,337
Office supplies	34,784	27,277	-		62,061
Telephone	45,626	-	-		45,626
Postage	3,882	-	1,294		5,176
Travel	161	-	-		161
Photocopy	9,282	-	-		9,282
Rent	59,994	-	-		59,994
Utilities	38,405	-	-		38,405
Building maintenance	9,851	-	-		9,851
Audit	18,820	-	-		18,820
Technical support	49,768	-	-		49,768
Outside services	23,267	-	-		23,267
Uniforms	1,836	-	-		1,836
Training	855	-	-		855
Insurance	147,570	-	-		147,570
Fees	74,348	-	-		74,348
CDL fees	977	-	-		977
Marketing	33,183	-	-		33,183
Board meetings	-	1,331	-		1,331
Interest	-	9,241	-		9,241
Depreciation	249,901	43,642	-		293,543
Vehicle expense	467,894	-	-		467,894
Volunteer reimbursement	1,186,868	-	-		1,186,868
In-Kind E&D	188,884	-	-		188,884
Lodging	4,029	-	-		4,029
Route match	45,676	-	-		45,676
Capital non-vehicle expense	90,633	-	-		90,633
Ride to Wellness expenses	643	-	-		643
Bad debt	-	106	-		106
General fund	3,349	-	-		3,349
Bank charges	-	615	-		615
Total expenses	<u>\$ 4,747,500</u>	<u>\$ 497,094</u>	<u>\$ 13,279</u>	<u>\$</u>	<u>5,257,873</u>

The accompanying notes are an integral part of this statement.

RURAL COMMUNITY TRANSPORTATION, INC.  
STATEMENTS OF CASH FLOWS  
Year ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in net assets	\$ (111,044)	\$ 238,884
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	282,460	293,543
(Gain) loss on disposal of vehicles	14,490	-
(Increase) decrease in accounts receivable	(222,882)	32,584
(Increase) decrease in grants receivable	(2,491)	(262,856)
(Increase) decrease in prepaid expenses	44,206	45,438
(Increase) decrease in unemployment reserve	2,951	(17,096)
Increase (decrease) in accounts payable	(277,796)	313,215
Increase (decrease) in accrued salaries and payroll taxes payable	13,597	2,379
Increase (decrease) in accrued vacation	8,334	15,053
Increase (decrease) in deferred revenue	(62,298)	(40,793)
Total adjustments	<u>(199,429)</u>	<u>381,467</u>
Net cash provided by (used in) operating activities	<u>(310,473)</u>	<u>620,351</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchases of equipment	(446,799)	(406,972)
Proceeds from sale of vehicles	63,677	-
Net cash used in investing activities	<u>(383,122)</u>	<u>(406,972)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of long-term debt	(10,738)	(9,735)
Net cash used in financing activities	<u>(10,738)</u>	<u>(9,735)</u>
NET INCREASE (DECREASE) IN CASH	(704,333)	203,644
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>1,287,299</u>	<u>1,083,655</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 582,966</u>	<u>\$ 1,287,299</u>
Supplemental Disclosures of Cash Flow Information:		
Cash paid for interest	<u>\$ 7,373</u>	<u>\$ 9,241</u>

The accompanying notes are an integral part of this statement.

**RURAL COMMUNITY TRANSPORTATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 1 – NATURE OF ACTIVITIES**

Rural Community Transportation, Inc. (the “Organization”) is a voluntary, not-for-profit corporation incorporated under the laws of the State of Vermont in November 1991 and is organized exclusively for charitable and educational purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended. Its mission is to provide public transit services to the Essex, Caledonia, Orleans and Lamoille counties.

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES**

Basis of Accounting

The financial statements of the Organization are prepared on the accrual basis. Under the accrual basis, revenues and gains are recognized when earned, and expenses and losses are recognized when incurred. The significant accounting policies followed by the Organization are described below to enhance the usefulness of the financial statements to the reader.

Basis of Presentation

The Organization adheres to the Presentation of Financial Statements for not-for-profit organizations topic of the Financial Accounting Standards Board (“FASB”) Accounting Standards Codification (FASB ASC 958 205). Under FASB ASC 958-205, the Organization is required to report information regarding its financial position and activities according to two classes of net assets. Descriptions of the two net asset categories are as follows:

*Without donor restrictions* – Those resources not subject to donor-imposed restrictions. The Board of Directors has discretionary control over these resources. Designated amounts represent those net assets that the board has set aside for a particular purpose.

*With donor restrictions* – Those resources subject to donor-imposed restrictions that will be satisfied by action of the Organization or by the passage of time.

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.

Revenue Recognition

A substantial portion of the Organization’s revenue and support is derived from Medicaid direct trip reimbursements and cost reimbursement contracts with the State of Vermont. Revenue and support is recognized when reimbursable expenditures are incurred. Payments are received, up to each of the contracts’ respective price limitations upon the Organization’s submittal of written requests for reimbursement of allowable expenditures.

**RURAL COMMUNITY TRANSPORTATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Unconditional promises to give are recognized as revenues in the period received and as assets, decreases of liabilities, or expenses depending on the form of the benefits received. Promises to give are recorded at net realizable value if expected to be collected in one year and at fair value if expected to be collected in more than one year. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Management provides for probable uncollectible amounts through a provision for bad debt expense and an adjustment to an allowance based on its assessment of the amounts deemed collectible. It is the Organization's policy to charge off uncollectible receivables when management determines that the receivable will not be collected.

In order to ensure observance of limitations and restrictions placed on the use of resources available to Rural Community Transportation, Inc., separate accounts are maintained for each activity. They are as follows:

*Public and other Transportation* – accounts for revenue and expenses involved with operating fixed public transportation routes as well as other non-fixed routes open to the public and expenses for administration and direct trip reimbursement subcontracted by other agencies or programs.

Cash and Cash Equivalents

Cash includes amounts in demand deposits as well as short-term investments with a maturity date within three (3) months of the date acquired by the Organization.

Receivables

Receivables are due from customers that were provided with contract services (i.e., individuals, school districts and other service organizations) and from the State of Vermont for Medicaid trip reimbursements. Management determines all receivables past one (1) month or greater of the due date to be past due. The Organization does not charge interest on late receivables. Management reviews the age of the accounts periodically and establishes an allowance, if necessary. Delinquent receivables are written off only after all efforts at collection have been attempted.

Allowance for Doubtful Accounts

The Organization has adopted the allowance method for accounting for uncollectible accounts receivable. The Allowance at June 30, 2022 and 2021 amounted to \$4,000. The Organization has not established an allowance for grants receivable or contributions receivable as of June 30, 2022 as management believes all amounts receivables will be collected in full.

Prepaid Expenses

Prepaid expenses are expenses that are paid in advance of the fiscal year to which they relate.

**RURAL COMMUNITY TRANSPORTATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES (Cont'd)**

Property and Equipment

The Organization follows the policy of charging to expenses annual amounts of depreciation which allocates the cost of property and equipment over the estimated useful lives of the assets. Purchases of property and equipment are recorded at cost. Donations of property and equipment are recorded as contributions at their estimated fair value at the date of the donation. Expenditures for property and equipment with a cost or fair market value greater than \$5,000 are capitalized and depreciated using the straight-line method over their estimated useful lives.

The depreciable lives of property and equipment are as follows:

	<u>Years</u>
Land	N/A
Building	50
Furniture and equipment	3 - 15
Vehicles	3 - 10

Income Taxes

The Organization is a not-for-profit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation.

The Organization has adopted the provisions of FASB ASC 740, *Accounting for Income Taxes*. Accordingly, management has evaluated the Organization's tax positions and concluded that the Organization had maintained its tax-exempt status, does not have any significant unrelated business income and had taken no uncertain tax positions that require adjustment or disclosure in the financial statements.

The Organization's Forms 990, *Return of Organization Exempt from Income Tax*, for the years ending June 30, 2021, 2020, and 2019 are subject to examination by the IRS, generally for three years after they were filed.

Donated Services

The Organization utilizes the services of volunteer drivers who use their own vehicles and receive no payment for their time but are reimbursed for using their own personal vehicles at the General Services Administration standard mileage rate. Income and expense is recognized in the financial statements for the mileage driven by the volunteer drivers at the standard mileage rate allowable, however no net income or expense is recognized for the value of donated time by the volunteer drivers as the cost of that donated time does not meet criteria for recognition as contributed services under generally accepted accounting principles.

Advertising Costs

The Organization follows the policy of charging the costs of advertising to expense as incurred. Total advertising costs for the years ended June 30, 2022 and 2021 amounted to \$13,608 and \$33,183, respectively.

**RURAL COMMUNITY TRANSPORTATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 3 – CASH AND CATEGORIZED RISK**

The cash and certificates of deposit in the Organization’s accounts as of June 30, 2022 and 2021 consisted of the following:

	2022	2021
Cash held with financial institutions	\$ 653,336	\$ 1,120,937
Investments – certificates of deposit	-	204,057
Total	\$ 653,336	\$ 1,324,937

Custodial Credit Risk

The custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Organization will not be able to recover its deposits. The Organization’s policy is to limit its custodial credit risk by keeping its balance under the federally insured amount. In instances where the Organization’s deposits are greater than the federally insured limits, the Organization is aware of the financial institution’s stability and adjusts as deemed necessary. The Organization’s net uninsured cash balances are collateralized by the financial securities of its primary bank, therefore the Organization has no uninsured cash balances as of June 30, 2022 and 2021.

**NOTE 4 – ACCOUNTS RECEIVABLE**

Accounts receivable as of June 30, 2022 and 2021 consisted of the following:

	2022	2021
Medicaid – direct costs	\$ 246,509	\$ 55,926
Municipal appropriations	117,620	11,000
Other	45,425	119,746
Total	409,554	186,672
Allowance for doubtful accounts	(4,000)	(4,000)
Accounts receivable, net	\$ 405,554	\$ 182,672

**NOTE 5 – LINE OF CREDIT**

The Organization has available a bank line of credit for any amount up to \$100,000 at June 30, 2022. The line of credit is due on demand and secured by the business assets of the Organization. Draws on the line of credit bear interest based on the Wall Street Journal Prime Rate plus 1.0% for the year ended June 30, 2022. The line of credit matures on January 1, 2023. There were no outstanding balances on this line of credit as of June 30, 2022.

**NOTE 6 – LONG TERM DEBT**

Long-term debt as of June 30, 2022 and 2021 consists of the following:

	2022	2021
Note Payable – Passumpsic Savings Bank, secured by real estate, monthly principal and interest payments of \$1,502, interest rate of 3.99%, maturing January 1, 2035	\$ 178,908	\$ 189,646
Less current maturities	11,138	10,705
Long-term portion	\$ 167,770	\$ 178,941

**RURAL COMMUNITY TRANSPORTATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 6 – LONG TERM DEBT (continued)**

The estimated principal maturities required on long-term debt as of June 30, 2022 are as follows:

<u>Year</u>	<u>Amount</u>
2023	\$ 11,138
2024	11,589
2025	12,058
2026	12,546
2027	13,054
Thereafter	118,523
Total	<u>\$ 178,908</u>

**NOTE 7 – NET ASSETS WITH DONOR RESTRICTIONS**

Net assets with donor restrictions consists of equipment and vehicles purchased with restricted resources, thereby limiting the assets use to specified purposes throughout the useful life of the assets.

Net assets with donor restrictions are comprised of the following:

	<u>2022</u>	<u>2021</u>
Net property, plant and equipment funded with restricted resources	\$ 1,324,401	\$ 1,221,684
Cash from insurance restricted for vehicle purchase	49,450	-
	<u>\$ 1,373,851</u>	<u>\$ 1,221,684</u>

**NOTE 8 – NET ASSETS RELEASED FROM RESTRICTIONS**

Net assets released from restrictions during the fiscal year ended June 30, 2022 and 2021 are as follows:

	<u>2022</u>	<u>2021</u>
Expiration of use restrictions due to depreciation of property and equipment	\$ 231,824	\$ 256,551
Expiration of use restrictions due to sale of vehicle or insurance loss	78,167	-
	<u>\$ 309,991</u>	<u>\$ 256,551</u>

**NOTE 9 – OPERATING LEASES**

In August 2016, the Organization entered into a five-year lease with a local business for the lease of a building and parking located on Harrell Street in Morrisville, Vermont. The lease requires monthly payments of \$1,800 per month with a 2.5% increase in lease payments each year until expiration on August 1, 2021. Total lease payments for the years ended June 30, 2022 and 2021 amounted to \$23,256 and \$22,140, respectively.

In August 2016, the Organization renewed its lease with the property owner for the lease of an office building and parking located on Sias Avenue in Newport, Vermont. The lease requires monthly payments determined by an annual lease agreement until terminated by the respective parties. Total lease payments for the year ended June 30, 2022 and 2021 amounted to \$19,200 and \$19,100, respectively.

**RURAL COMMUNITY TRANSPORTATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2022 AND 2021**

**NOTE 9 – OPERATING LEASES (continued)**

Effective January 31, 2020, the Organization entered into a month-to-month lease with a local business for the use of a garage bay located in Danville, Vermont for the purposes of parking and washing the Organization's buses. The lease requires monthly payments determined by a short-term lease agreement until terminated by the respective parties. Total lease payments for the year ended June 30, 2022 amounted to \$18,000.

The Organization leases several office copiers. The copier leases require total monthly payments of \$661 and expire through December 10, 2021. The leases also include additional monthly fees for maintenance costs. Total lease payments for the year ended June 30, 2022 amounted to \$1,374.

**NOTE 10 – FUNCTIONAL ALLOCATION OF EXPENSES**

The costs of providing the various programs and other activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**NOTE 11 – ECONOMIC DEPENDENCE**

The Organization receives substantial grant/contract funds from the Vermont Agency of Transportation and Medicaid funds through the Department of Vermont Health Access (DVHA) and is dependent upon this funding to support most of its activities and operations. This funding is renegotiated each year and is not guaranteed for future years beyond the financial statement date of June 30, 2022. Loss of these funds could jeopardize the Organization's ability to continue its activities and operations.

**NOTE 12—LIQUIDITY AND AVAILABILITY OF FINANCIAL ASSETS**

The following reflects the Organization's financial assets as of the balance sheet date, reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the balance sheet date.

	2022	2021
Financial assets consist of:		
Cash and cash equivalents	\$ 582,966	\$ 1,287,299
Accounts, municipal and grants receivable	796,995	571,622
Total financial assets	1,379,961	1,858,921
Less those unavailable for general expenditures within one year, due to:		
Grant award advances	9,787	72,085
Medicaid adjustments	-	255,983
Total amounts unavailable	9,787	328,068
Financial assets available to meet cash needs within one year	\$ 1,370,174	\$ 1,530,853

**NOTE 13 – SUBSEQUENT EVENTS**

Management has evaluated subsequent events through September 28, 2022, which is the date the financial statements were available to be issued and determined that no subsequent events have occurred that would require recognition or disclosure in the financial statements.



RURAL COMMUNITY TRANSPORTATION, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
Year ended June 30, 2022

Federal Grantor Agency and Program Title	CFDA Number	Pass-Through Identifying Number	Program or Award Amount	Awards Expended
<b>U.S. Department of Transportation</b>				
Major Program:				
Passed through the State of Vermont Agency of Transportation				
<i>Formula Grants for Rural Areas:</i>				
5311 CARES ACT Operating Funds	20.509	CRRSAA22-905	\$ 355,000	\$ 355,000
5311 Non-Urbanized Transportation Admin Funds	20.509	CRRSAA22-405	95,000	77,719
5311 Capital/HR & Benefits Module and Time and Attendance Module	20.509	FT202101-065	7,200	6,131
5311 Non-Urbanized Transportation Operating Funds (Formula 50%)	20.509	FT202201-985	114,000	114,000
5311 Non-Urbanized Transportation PM Funds	20.509	CRRSAA22-505	160,000	160,000
5311 Non-Urbanized Transportation E&D Funds	20.509	CRRSAA22-995	804,000	804,000
5311 Non-Urbanized Transportation Congestion Mitigation Air Quality Program (CMAQ)	20.509	CRRSAA22-805	450,000	450,000
5311 Rural Transit Assistance Program (RTAP)	20.509	FT202103-705	3,000	2,449
5311 Capital/LED fog and headlights for vehicle fleet & installation	20.509	FT202204-065	11,520	1,363
5311 Capital/Heated Powerwash for each location	20.509	FT202204-065	4,320	4,320
5311 Capital/Computers	20.509	FT202204-065	9,600	9,600
5311 Capital/Electric adjustable standing desks	20.509	FT202204-065	8,320	1,037
5311 Capital/Driver breakroom renovation	20.509	FT202204-065	8,000	2,347
5311 Capital/Heated Powerwash for each location (additional funds for actual cost of \$7,850)	20.509	FT202209-065	1,960	1,954
5311 Capital/Computers-additional purchases	20.509	FT202209-065	3,200	2,283
5311 Capital/RCT Technical support for Boarding software	20.509	FT202209-065	2,923	2,297
5311 Non-Urbanized Transportation PM Funds Amended	20.509	FT202209-565	90,180	88,980
5311 Non-Urbanized Transportation Congestion Mitigation Air Quality Program (CMAQ) Amended	20.509	FT202209-855	90,000	90,000
5311 Non-Urbanized Transportation E&D Funds Amended	20.509	FT202209-995	85,658	85,658
5311 Capital/Bus Wifi equipment, installation & service	20.509	FT202204-065	30,000	2,735
Total Major Programs				<u>2,261,873</u>
Other Programs:				
Passed through the State of Vermont Agency of Transportation				
<i>Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research</i>				
5304 Planning (Littleton Route Improvement Study)	20.505	FT202206-075	10,000	2,492
Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research				<u>2,492</u>
<i>Public Transportation Research, Technical Assistance, and Training</i>				
5312 Recovery and Job Access(FY20 Carryover)	20.514	FT202002-925	19,904	19,904
5312 Recovery and Job Access(SFY21 Additional Award)	20.514	FT202208-925	15,000	15,000
Total Public Transportation Research, Technical Assistance, and Training Program				<u>34,904</u>
<i>Transit Services Program Cluster:</i>				
5310 Rides to Wellness	20.513	FT201702-945	10,571	4,158
Total Enhanced Mobility of Seniors and Individuals with Disabilities				<u>4,158</u>
<b>Total Transit Services Program Cluster</b>				
				<b><u>4,158</u></b>
<i>Federal Transit Cluster:</i>				
5339 Capital Vehicles/Medium-size light-duty buses, including "cutaway" vehicles <30'	20.526	FT202203-075	84,150	73,638
5339 Capital Vehicles/Medium-size medium duty transit buses, including "cutaway" vehicles 30'	20.526	FT202203-075	93,500	73,638
5339 Capital Vehicles/Medium-size medium duty transit buses, including "cutaway" vehicles 30'	20.526	FT202203-075	93,500	87,243
5339 Capital Vehicles/Depot chargers for Two (2) Battery Electric Cutaway Buses	20.526	FT202210-085	2,500	2,500
5339 Capital Non-Vehicle/Engine replacement	20.526	FT202203-065	6,977	6,977
Total Buses and Bus Facilities Formula, Competitive, and Low or No Emissions Programs				<u>243,996</u>
5309 Annual cloud service (3 additional licenses RM Support)	20.500	FT040021-065	1,800	1,800
5309 Statewide Paratransit Dispatch Software (Tablet data charges for 12 months)	20.500	FT040021-065	3,360	3,360
Total Federal Transit Capital Investment Grants				<u>5,160</u>
<b>Total Federal Transit Cluster</b>				
				<b><u>249,156</u></b>
Total U.S. Department of Transportation				<u>2,552,583</u>
<b>Total Expenditures of Federal Awards</b>				<b>\$ <u>2,552,583</u></b>

See accompanying notes to the schedule of expenditures of federal awards

**RURAL COMMUNITY TRANSPORTATION, INC.**  
Notes to Schedule of Expenditures of Federal Awards  
Year Ended June 30, 2022

**NOTE 1 – REPORTING ENTITY**

Rural Community Transportation, Inc., Inc. (the “Organization”) is a voluntary, not-for-profit organization incorporated under the laws of the State of Vermont and is engaged to provide coordinated medicaid and other transportation services to medicaid eligible residents in the Caledonia, Essex, Lamoille, and Orleans Counties as well as to the general public and to promote the planning and development of public transportation. The Organization was founded in November 1991 and is headquartered in Lyndonville, Vermont.

**NOTE 2 – SCOPE OF THE AUDIT PURSUANT TO THE UNIFORM GUIDANCE**

The Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of all Federal award programs of Rural Community Transportation, Inc. All Federal awards are received directly from Federal agencies as well as Federal awards passed through other government agencies or other entities are included in the schedule.

**NOTE 3 – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards has been prepared in the format as set forth in *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

The Schedule is presented using the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. It includes all Federal awards to the Organization which had expenditure activity during the year ended June 30, 2022. Several programs are jointly funded by State of Vermont appropriations in addition to Federal Awards. The Schedule reflects only that part of the grant activity funded by Federal Awards. The Organization has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**NOTE 4 – CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS**

The program titles and CFDA numbers were obtained from the Catalog of Federal Domestic Assistance.

## Veroff & Austin

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Business Advisors & Management Consultants

**The Solution Group**

### **Independent Auditors' 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  
Rural Community Transportation, Inc.  
Lyndonville, Vermont

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standard*, issued by the Comptroller General of the United States, the financial statements of Rural Community Transportation, Inc. (the "Organization"), which comprise the statement of financial position as of June 30, 2022, and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 28, 2022.

#### **Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Organization'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 the Organization'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

**Veroff & Austin**

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**Independent Auditors' 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* (Continued)**

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Organization's financial statements are free of 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*.

**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.

*Veroff & Austin*

Veroff & Austin PLLC

Springfield, Vermont

September 28, 2022

VT Registration #092.13574

**Veroff & Austin**

Certified Public Accountants  
Business Advisors & Management Consultants

**The Solution Group**

**Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance***

To the Board of Directors  
Rural Community Transportation, Inc.  
Lyndonville, Vermont

**Report on Compliance for Each Major Federal Program**

We have audited Rural Community Transportation, Inc.'s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2022. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, Rural Community Transportation, Inc. 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 June 30, 2022.

**Veroff & Austin**

Certified Public Accountants  
Business Advisors & Management Consultants

**The Solution Group**

**Independent Auditors' Report on Compliance for Each Major Federal Program and on Internal Control over Compliance and Report on the Schedule of Expenditures of Federal Awards Required by the *Uniform Guidance* (Continued)**

**Report on Internal Control over Compliance**

Management of the Organization is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Organization'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 Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Organization'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

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 Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Veroff & Austin*

Veroff & Austin PLLC

Springfield, Vermont

September 28, 2022

VT Registration #092.13574

**RURAL COMMUNITY TRANSPORTATION, INC.**  
Schedule of Findings and Questioned Costs  
Year Ended June 30, 2022

**Section I – Summary of Auditors’ Report**

***Financial Statements***

Type of auditors’ report issued: **Unqualified**

Internal control over financial reporting:

- Material Weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weaknesses. **No**

Non-compliance material to the financial statements noted? **No**

***Federal Awards***

Internal control over major programs:

- Material weakness(es) identified? **No**
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? **No**

Type of auditors’ report issued on compliance for major programs: **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 200.516 of the Uniform Guidance? **No**

***Identification of Major Programs***

Name of program or cluster	CFDA number
U.S. Department of Transportation – Formula Grants for Rural Areas	20.509
Dollar threshold used to distinguish between Type A and Type B programs:	\$ 750,000
Auditee qualified as a low-risk auditee under Section 200.520 of the Uniform Guidance:	<b>Yes</b>

**Section II – Financial Statement Findings**

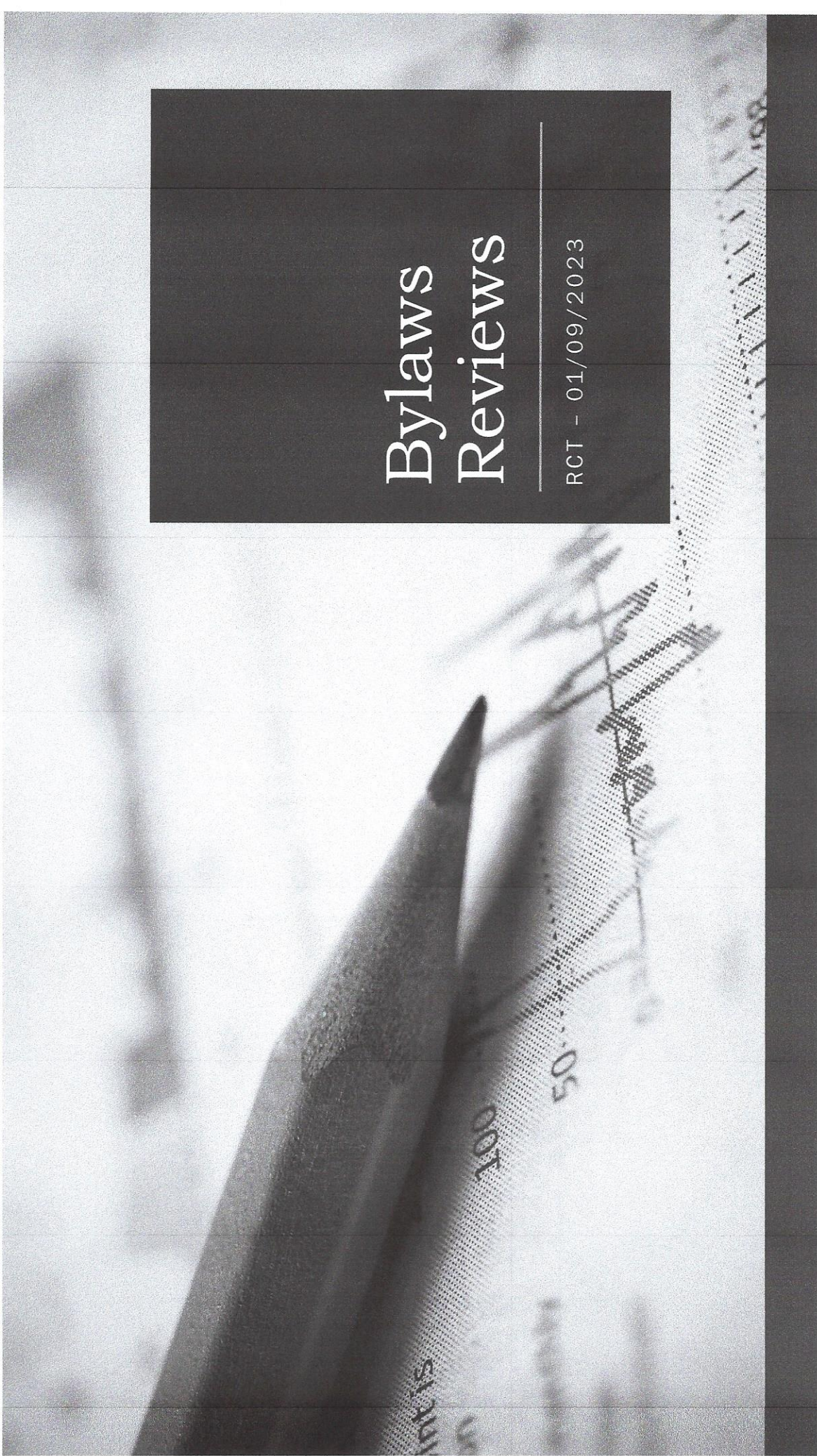
No current year findings.

**Section III – Federal Award Findings and Questioned Costs**

No current or prior year findings

# Bylaws Reviews

RCT - 01/09/2023



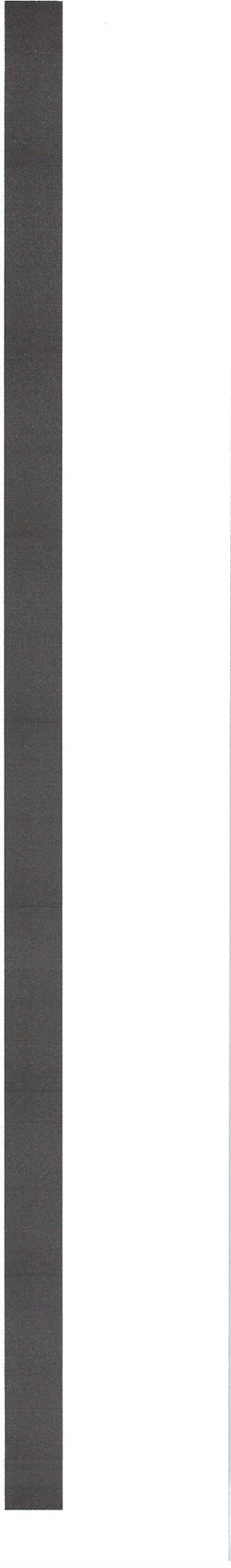


# Bylaws Survey Results Overview

ARTICLES	THEMES	RECOMMENDED NEXT STEPS
I (Name), II (Offices), and III (Members & Non-Profit)	None	None
Article IV (Board of Directors)	<ul style="list-style-type: none"> <li>• Explore RPC positions as advisory / non-voting members</li> <li>• Change Timeline for Deciding What Municipalities Will Have A Board Member</li> <li>• Update Quorum Rule</li> <li>• Explore Having Alternates Be Full Members</li> <li>• Alternates Works Well</li> <li>• Clarify / simplify staggered terms rotation</li> <li>• Allow limited email voting &amp; zoom</li> </ul>	<p>Propose language for all of these except Alternates—unless the board wants to change alternate structure</p> <p>Get a legal opinion if RCT is subject to open meeting laws</p>

# Bylaws Survey Results Overview

ARTICLES	THEMES	RECOMMENDED NEXT STEPS
<p>Article IV (Board of Directors) cont'd</p>	<ul style="list-style-type: none"> <li>Remove requirement to replace Board Members within 90 days</li> <li>Clarify "cause" for removal of a board member</li> </ul>	<p>Propose language for all of these except Alternates—unless the board wants to change alternate structure</p>
<p>Article V (Officers)</p>	<ul style="list-style-type: none"> <li>Minor language corrections &amp; clarifications</li> </ul>	<p>Propose language for all of these except Alternates—unless the board wants to change alternate structure</p>



# Bylaws Survey Results Overview

ARTICLES	THEMES	RECOMMENDED NEXT STEPS
<p>Article VI (Committees)</p>	<ul style="list-style-type: none"> <li>• Add finance committee</li> <li>• Are alternates required to be on a committee?</li> <li>• Add Executive Director as ex officio member of all committees and/or delegate</li> </ul>	<p>Propose language for all of these except Alternates—unless the board wants to change alternate structure</p>
<p>Article VII (Staff)</p>	<ul style="list-style-type: none"> <li>• Need to clarify that most staffing is Executive Director domain unless new positions exceeds approved budget – most of section should be updated</li> </ul>	<p>Propose language for all of these except Alternates—unless the board wants to change alternate structure</p>

# Bylaws Survey Results Overview

ARTICLES	THEMES	RECOMMENDED NEXT STEPS
<p>Article VIII (Accountability of Funds)</p>	<ul style="list-style-type: none"> <li>Needs some clarifications and focus more on Board Authority in this arena and move some of this language to fiscal policies</li> </ul>	<p>Propose language for all of these except Alternates—unless the board wants to change alternate structure</p>
<p>Article IX (Conflict of Interest)</p>	<ul style="list-style-type: none"> <li>Remove prohibition on state/federal employees</li> <li>Clarify reasonable expenses for board member reimbursement</li> </ul>	<p>Propose language for all of these except Alternates—unless the board wants to change alternate structure</p>



# Bylaws Survey Results Overview

ARTICLES	THEMES	RECOMMENDED NEXT STEPS
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Article X (Amendments and Dissolution)

- Delete reference to waiver of notice

Propose language for all of these except Alternates—unless the board wants to change alternate structure



# Reminder of Timeline

DEC	JAN-FEB	MAR	APRIL
<p>Need input from Board Members</p> <p>Survey or work with an ad hoc committee or Executive Committee (including Caleb)</p> <p>--Are we following the by laws? If not, why not?</p> <p>--Are there constraints in the by laws that hinder the board or organization?</p> <p>Question: Work with a lawyer?</p>	<p>Compile comments/input</p> <p>Develop recommended edits for the by laws</p>	<p>Review by law recommendations with Board</p> <p>Explore any areas of conflict - try and build consensus</p>	<p>Vote at board meeting</p> <p>Seek any final edits or suggestions for final recommendations</p> <p>If consensus, wait by law changes for April</p>

# Reminder of Timeline

**ON TRACK!**

DEC	JAN-FEB	MAR	APRIL
<p>Need input from Board Members</p> <p>Survey or work with an ad hoc committee or Executive Committee (including Caleb)</p> <p>--Are we following the by laws? If not, why not?</p> <p>--Are there constraints in the by laws that hinder the board or organization?</p> <p>Question: Work with a lawyer?</p>	<p>Compile comments/input</p> <p>Develop recommended edits for the by laws</p>	<p>Review by law recommendations with Board</p> <p>Explore any areas of conflict - try and build consensus</p>	<p>Vote at board meeting</p> <p>Seek any final edits or suggestions for final recommendations</p> <p>If consensus, warn by law changes for April</p>

## RCT Bylaws Survey Results – 4 responses

**Articles I (Name), II (Offices), and III (Members & Non-Profit):** Please indicate any recommended changes or errors that you would like to note in these articles. If none, please write NONE.

None

None

NONE

None

**Article IV (Board of Directors) Sections 1, 2, & 3:** Please indicate any changes in the number or composition of Board Members as stated in sections 1, 2, and 3 of this article. This could include changes to the at large or regional planning commission board positions. The municipal board positions seem to be required by statute. If suggesting changes, it would be helpful to also note your reasons for the changes. Changes could also include If none, please write NONE.

Reduce to 7 voting & quorum board members. Make the RPC positions advisory, nonvoting, and not counting towards quorum. If the municipal positions can be changed to not require us to decide by May 1 which municipalities, we should do that.

This section is a bit unclear, and not sure that it needs be included. "The initial Board will serve for staggered terms as follows: three to serve for a period of one year, three to serve for a period of two years; and three to serve for a period of three years."

This whole process seems to be unnecessarily complicated and in my view, should be simplified. The terms of service alone are confusing.

I would recommend that considering having the RPC positions be non-voting board members. This would open up two at large slots from the service area and would allow for input from RPC partners without worrying about quorum requirements. Would also add the possibility of more diversity/geographic representation on the board.

**Article IV (Board of Directors) Section 4:** This section focuses on having Board Alternates to help maintain quorums for Board Meetings. Please indicate if you think the current Board alternate structure works well or if you would recommend an different method to help ensure Board quorums.

Works well

I think that the alternate board members should be maintained and alternates should be voting members whenever they attend a meeting, regardless of whether their municipal representative is present or not.

Instead of alternates, which kind of implies the use of placeholders for "real" Board members, I would suggest that all Board members be either municipal or at-large . Maybe we just need more Board members?



I personally would re-visit the idea of alternates. I find it confusing as its not a typical Board configuration. I'd recommend just having a set number of full voting members and have the Chair or Executive Committee address any ongoing issues related to attendance and/or quorums.

**Article IV (Board of Directors) Section 5:** This section reaffirms the staggering of Board Member terms. Please indicate any recommended changes you have for board member terms. If none, please write NONE.

We haven't been really following staggering. We need to figure out how to do that. We've just been filling holes.

The staggering rotation is confusing, although I understand the intent is to ensure that the entire board doesn't complete their three years at the same time. I would advise that each municipality represented adopt a staggered three year nomination policy. i.e. 2023 Caledonia, Orleans, Lamoille: 2024 Essex, Barton, Lyndon, etc

This section needs to be revisited. Who keeps track of all the terms? This seems to complicate the timely recruitment of Board members and does not guarantee that all Board positions will be filled at any one time. I don't even know what my term is as an "alternate"!

No changes to the bylaws. Only recommendation would be in terms of process to have terms posted on the website with the Board Members names so terms aren't unintentionally lost with transitions of secretaries or other officers.

**Article IV (Board of Directors) Section 6:** This section describes that the Board will operate with Robert's Rules of Order using the special rules for small boards. Please indicate if you feel like you have been adequately oriented to Robert Rules of Order's special rules for small boards. If so, do you feel like our Board adheres to these rules regularly?

I happen to love Robert's Rules. However, it may be too onerous for some people.

Our board adheres to the rules of order, but I feel that there are nuances which are often overlooked. I think we could all benefit from a refresher.

It never hurts to have a refresher course, as members probably have varying experience with Robert's Rules.

Yes. I think we do a good job mostly with this. Would recommend a brief orientation to them for new members.

**Article IV (Board of Directors) Section 8 & 9:** This section specifies that the Board will adopt an annual schedule of regular meetings and how it will call a special meeting. Please indicate if you believe the board follows these sections regularly and/or if you have any recommended changes to these sections. If none, please write NONE.

Mailing notice to municipalities? Really?

Yes, 8 & 9 are followed.

We have in the past, convened special meetings without adequate notice, but this has not happened recently.

NONE

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This language implies that the board will adopt or approve an annual calendar. I don't believe we've done this since being on the board. Could just be a quick motion at the next board meeting after the Annual Meeting. Or change the language to say that the Board will meet regularly at a set time (i.e. delete the reference to annual resolution)

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**Article IV (Board of Directors) Section 10 & 11:** These sections delineate a quorum and that a majority of the board when a quorum is present is required to take action. Please indicate if you have any recommended changes to these sections. If none, please write NONE.

QUorum should be a simple majority of current voting board members.

None

NONE

None.

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**Article IV (Board of Directors) Section 12:** This section allows participation by telephone at Board Meetings. Please indicate any recommended changes to this section to either expand or reduce participation options. If none, please write NONE.

NONE

None

Telephone or virtual attendance via Zoom, Google Teams, etc.

I would expand this to allow for email voting on time sensitive items and only used sparingly.

---

**Article IV (Board of Directors) Sections 13, 14, & 15:** These sections focus on absenteeism, removal of a board director, and filling vacancies. Please indicate if you have any recommended changes to these sections. If none, please write NONE.

NONE

It has been a bit challenging to adhere to the 90 days to fill a vacancy.

Define "cause" in Section 14, as standing alone it is pretty broad. Section 15, Vacancies, is also confusing. By what process will the vacancies be filled? What if the person filling a vacancy has a term of less than a year? Can they be reappointed for a full term?

Only suggestion would be to delete the 90 day requirement. Sometimes replacing a board member takes longer than this, especially if municipal approval is needed. Provides more flexibility for the Board and reduces opportunities when we're out of compliance with the bylaws. May wish to add a section on the resignation process of a Board Member.

---

**Article V (Officers):** This article focuses on the roles of the officers of the board. Please indicate any recommended changes to any of these sections. If none, please write NONE.

Why president instead of chair?

None

Section 3 - What does qualified mean? Section 4A - Who presides if the President is absent? If the VP, this should be included in (B).

Would just change the language in Section 1 from "Secretary/Treasurer" which implies a single person to "Secretary and Treasurer" and perhaps add a section that the Secretary and Treasurer roles may be held by the same board member (if we want that possibility).

**Article VI (Committees):** This article focuses on the standing and ad hoc committees of the board, including authority/mandates of committees as well as the requirement that all board members serve on at least one committee. Please indicate any recommended changes to any of these sections. If none, please write NONE.

NONE. Let's not add more committees.

None

Section 6 - Does this include alternate Board members? If so, we are not in compliance since I am not on a committee.

All: Executive Director would be an ex officio member of each committee and/or name a delegate.

Nominating: would delete reference to the President and would make the language more generic like "whenever possible the committee will have representation from all the counties served"

Would add finance committee and require that they recommend the Treasurer report of finances and reviews/recommends changes to fiscal policies that will ultimately be approved by the board.

**Article VII (Staff):** This article focuses on the staff positions of the organization. Please indicate any recommended changes to these sections. If none, please write NONE.

We do not review duties and compensation each year by 11/1.

Does the board really determine the necessary staff and the duties and compensation for each position? I think that the ED, under oversight of the board, should be responsible to determine staffing needs.

NONE

Would delete "The duties and compensation of each position will be determined by the Board and subject to review by the Board by November 1 each year."

Rather, the Executive Director will submit an amended budget for approval if the creation of any new positions would exceed the approved budget or something to that effect.

**Article VIII (Accountability of Funds):** This article focuses on organizational funds and the oversight or authority the Board has. Please indicate any recommended changes to these sections. If none, please write NONE.

NONE

None

Section 2 - Does this mean employment contracts or contracts for services and supplies with outside vendors? If so, shouldn't these contracts be the purview of the Personnel and/or Finance Committees?

This section needs an overall. Would recommend focusing on Board Authority such as requiring a resolution for indebtedness or sale/transfer/purchase of real property, and approval of fiscal policies. Some of the language in here is more suited for financial policies vs bylaws. Given the amount of public funding received we may wish to require an annual audit in the bylaws (vs "conduct regular audits")

**Article IX (Conflict of Interest):** These sections identifies what constitutes conflicts of interest for board members, the organizational policy on conflict of interests, and that no board member may be compensated to be on the board beyond reasonable expenses. Please indicate any recommended changes to these sections. If none, please write NONE.

NONE

None

Section 3 - What are some examples of "reasonable expenses"?

State employee ban philosophically makes sense, but we may wish to narrow the prohibition here to Vtrans employees and require a board member who are other state employees recuse themselves from any decisions involving funding from their dept/agency.

Additionally, since we have municipal appointees and we accept appropriations from municipalities we may wish to make a note that this generally does not constitute a conflict of interest.

If a board member has a conflict of interest, I think we could want to delete the paragraph about "the foregoing policy" and make it clear that this board member should not participate in the discussion where a conflict arises--this is primarily to avoid any perception of a conflict of interest even if they don't vote.

**Article X (Amendments and Dissolution):** This article identifies how to make by law amendments and how to appropriate dissolve the organization. Please indicate any recommended changes to these sections. If none, please write NONE.

NONE

None

NONE

I would delete the waiver option for the notice of bylaws changes. I can't think of a situation where this would come into play. Also, might add a minimum notice period of proposed changes prior to the vote.

**Additional comments:** Please indicate if you would recommend any additional changes that don't relate to any of the above articles / sections. If none, please write NONE.

NONE

None

Ensure that each section is reviewed for clarity. Examples should be used to reduce confusion about the meaning of terms used in the document.

None.