

**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

SEPTEMBER 30, 2016 AND 2015



WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
SEPTEMBER 30, 2016 AND 2015

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**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
West River Transit Authority, Inc.
dba Prairie Hills Transit

Report on Compliance for Each Major Federal Program

We have audited West River Transit Authority, Inc. dba Prairie Hills Transit's (the Organization) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Organization's major federal program for the year ended September 30, 2016. The Organization's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Organization's major federal program 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.

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

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

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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.



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

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

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

David Pummel & Associates, LLP

Belle Fourche, South Dakota
January 12, 2017





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
West River Transit Authority, Inc.
dba Prairie Hills 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 West River Transit Authority, Inc. dba Prairie Hills Transit (the Organization) (a non-profit organization), which comprise the statement of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated January 12, 2017.

Internal Control Over Financial Reporting

In planning and performing our audits 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

**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 (CONTINUED)**

the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

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.

David Pummel & Associates, LLP

Belle Fourche, South Dakota
January 12, 2017



**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS
YEAR ENDED SEPTEMBER 30, 2016**

AUDIT FINDINGS AND QUESTIONED COSTS

Summary of Audit Results

A. Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency identified not considered to be material weaknesses?	No
Noncompliance material to the financial statements noted?	No

B. Federal Awards

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency identified not considered to be material weaknesses?	No
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings that are required to be reported in accordance with 2CFR 200.516(a)?	No

C. The program tested as a major program is Formula Grants for Rural Areas, CFDA No. 20.509.

D. The threshold for distinguishing Types A and B programs was \$750,000.

E. West River Transit Authority, Inc. did qualify as a low-risk auditee.

Current Financial Statement Audit Findings

There are no current year audit findings to report.

Prior Financial Statement Audit Findings

The prior audit report contained no audit findings.





INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
West River Transit Authority, Inc.
dba Prairie Hills Transit

Report on the Financial Statements

We have audited the accompanying financial statements of West River Transit Authority, Inc. dba Prairie Hills Transit (the Organization) (a non-profit organization), which comprise the statement of financial position as of September 30, 2016 and 2015, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) 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



INDEPENDENT AUDITOR'S REPORT (CONCLUDED)

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 information is fairly stated, in all material respects, in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 12, 2017, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

David Pummel & Associates, LLP

Belle Fourche, South Dakota
January 12, 2017



**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015**

	2016	2015
ASSETS		
Cash	\$ 472,816	\$ 976,309
Accounts receivable	231,528	252,415
Inventory	6,926	7,880
Prepaid expenses	2,863	3,897
Prepaid insurance	1,944	74
Investments - short-term	5,354	--
Investments - long-term	701,628	--
Property and equipment, net	4,197,613	4,294,523
Patronage dividends receivable	8,093	7,064
TOTAL ASSETS	\$ 5,628,765	\$ 5,542,162
 LIABILITIES		
Accounts payable	\$ 157,456	\$ 17,824
Accrued payroll	41,955	36,575
Payroll taxes payable	1,420	10,517
Other employee payables	2,737	1,135
Accrued PTO payable	45,421	43,386
Deferred revenue	--	217,441
TOTAL LIABILITIES	248,989	326,878
 NET ASSETS		
Unrestricted net assets	5,379,776	5,215,284
TOTAL NET ASSETS	5,379,776	5,215,284
TOTAL LIABILITIES AND NET ASSETS	\$ 5,628,765	\$ 5,542,162

See accompanying notes.



**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015**

	2016	2015
UNRESTRICTED NET ASSETS		
REVENUES, GAINS, AND OTHER SUPPORT		
Child care tuition	\$ 224,691	\$ 228,846
Contributions	169,380	233,805
Contracts and fares	638,318	599,306
Grants	1,144,005	1,307,920
Interest income	1,050	581
Investment income	7,520	--
Gain on investments	22,382	--
Meals	26,440	27,791
Miscellaneous income	8,647	9,781
Rent	35	430
Gain on sale of property and equipment	--	6,482
	2,242,468	2,414,942
TOTAL REVENUES, GAINS, AND OTHER SUPPORT		
EXPENSES		
Program services		
Transportation	1,256,379	1,343,975
Child care	207,923	208,148
Nutrition	71,528	74,009
	1,535,830	1,626,132
Supporting services		
Management and general	542,146	507,166
	2,077,976	2,133,298
TOTAL EXPENSES		
INCREASE IN UNRESTRICTED NET ASSETS	164,492	281,644
UNRESTRICTED NET ASSETS - BEGINNING OF YEAR	5,215,284	4,933,640
UNRESTRICTED NET ASSETS - END OF YEAR	\$ 5,379,776	\$ 5,215,284

See accompanying notes.



WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	<u>Program Services</u>		
	<u>Transportation</u>	<u>Child Care</u>	<u>Nutrition</u>
Salaries	\$ 558,005	\$ 147,372	\$ 23,869
Payroll taxes and benefits	92,481	16,041	2,545
Other employee costs	5,252	860	--
Travel	817	--	--
Reimbursable expenses	15,647	--	--
Utilities	22,091	5	--
Bad debts	--	1,430	--
Grant expense	--	--	--
Dues & licenses	398	--	612
Insurance	62,179	3,550	--
Professional fees	--	--	--
Advertising/publications	82	--	--
Bank charges & credit card fees	1,928	--	--
Computer services	4,473	--	--
Repairs & maintenance	48,252	757	--
RTAP expenses	4,888	--	--
Fuel	104,505	--	--
Contract service	250	--	--
Supplies	7,664	27,142	44,336
Miscellaneous	469	270	166
Depreciation & amortization	326,998	10,496	--
TOTAL EXPENSES	<u>\$ 1,256,379</u>	<u>\$ 207,923</u>	<u>\$ 71,528</u>

See accompanying notes.



<u>Total</u>	<u>Supporting Services Management and General</u>	<u>Total Expenses</u>	
		<u>2016</u>	<u>2015</u>
\$ 729,246	\$ 302,820	\$ 1,032,066	\$ 1,027,263
111,067	75,029	186,096	191,470
6,112	7,354	13,466	10,731
817	9,028	9,845	9,067
15,647	12,550	28,197	33,966
22,096	29,480	51,576	51,392
1,430	256	1,686	127
--	--	--	1,450
1,010	4,558	5,568	6,130
65,729	40,139	105,868	95,483
--	11,850	11,850	11,865
82	3,755	3,837	5,269
1,928	3,404	5,332	3,600
4,473	1,287	5,760	6,059
49,009	18,091	67,100	45,534
4,888	8,245	13,133	13,613
104,505	947	105,452	129,434
--	--	--	10,315
79,142	12,086	91,228	106,484
1,155	1,267	2,422	142
<u>337,494</u>	<u>--</u>	<u>337,494</u>	<u>373,904</u>
<u>\$ 1,535,830</u>	<u>\$ 542,146</u>	<u>\$ 2,077,976</u>	<u>\$ 2,133,298</u>



WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase in net assets	\$ 164,492	\$ 281,644
Adjustments to reconcile increase in Net assets to net cash provided by operating activities		
Depreciation	337,494	373,904
Realized gain on sale of property	(--)	(6,482)
Realized loss on investments	1,314	--
Unrealized gain on investments	(23,696)	--
(Increase) decrease in		
Accounts receivable	20,887	(31,668)
Inventory	954	735
Patronage dividends receivable	(1,029)	(943)
Prepaid expenses	(836)	5,411
Increase (decrease) in		
Accounts payable	139,632	(31,214)
Accrued expenses	(80)	16,497
Deferred revenue	(217,441)	217,441
 NET CASH PROVIDED BY OPERATING ACTIVITIES	 421,691	 825,325
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property	(240,584)	(401,868)
Sale of property and equipment	--	8,400
Purchase of investments	(740,001)	--
Sale of investments	55,401	--
 NET CASH USED IN INVESTING ACTIVITIES	 (925,184)	 (393,468)
 NET INCREASE IN CASH AND CASH EQUIVALENTS	 (503,493)	 431,857
 CASH - BEGINNING OF YEAR	 976,309	 544,452
 CASH - END OF YEAR	 \$ 472,816	 \$ 976,309

See accompanying notes.



**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2016 AND 2015**

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities

West River Transit Authority, Inc. dba Prairie Hills Transit (the Organization) provides rural and specialized public transportation in western South Dakota. Approximately 89% of the Organization's revenues were derived from operations of the transportation program. Approximately 51% of its support came from federal, state and local government agencies in the year ended September 30, 2016. The Organization also includes Prairie Hills Child Care Center which provides child care services for ages 6 weeks to 12 years in Spearfish, SD and Sturgis Nutrition Program which provides meals to the elderly in Sturgis, SD.

Basis of Accounting

The financial statements have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities.

Basis of Presentation

The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has only unrestricted net assets.

Cash and Cash Equivalents

Cash equivalents consist of highly liquid investments with an initial maturity of three months or less. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.



WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016 AND 2015

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes

The Organization is a not-for-profit corporation 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. However, any unrelated business income may be subject to taxation. Currently, the Organization has no obligation for any unrelated business income tax.

Property and Equipment

Property and equipment are stated at cost or fair value at date of contribution. Depreciation is provided using the straight-line method over the estimated useful lives of the assets.

Donated Property and Equipment

Donations of property and equipment are recorded as contributions or grants at their estimated fair value at the date of donation. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted contributions. Absent donor stipulations regarding how long those donated assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. The Organization reclassifies temporarily restricted net assets to unrestricted net assets at that time.

Expense Allocation

The costs of providing 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.



WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016 AND 2015

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

Accounts receivable

The Organization considers accounts receivable to be fully collectible. If amounts become uncollectible, they are charged to operations when the determination is made. The effect of using this method approximates that of the allowance method.

Inventory

Inventory is stated at cost using a first-in, first-out method.

Investments

The Organization reports money market funds as short-term investments in the statement of financial position. Investments in marketable securities with readily determined fair values and all investments in debt securities are carried at their fair values in the statement of financial position.

Restricted and Unrestricted Revenue

Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire (that is, when a stipulated time restriction ends or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in



**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016 AND 2015**

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONCLUDED)

Restricted and Unrestricted Revenue (continued)

temporarily or permanently restricted net assets, depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions.

NOTE B - FINANCIAL INSTRUMENTS

Concentrations of Credit Risk Arising from Cash Deposits in Excess of Insured Limits

The Organization maintains its checking and savings accounts at First Interstate Bank, Black Hills Federal Credit Union, Black Hills Community Bank, and Pioneer Bank and Trust. Accounts at these institutions are insured by the Federal Deposit Insurance Corporation or National Credit Union Administration up to \$250,000 per institution. At September 30, 2016 and 2015, the Organization had uninsured cash balances of \$-0- and \$96,759.

NOTE C - INVESTMENTS

Long-term investments are carried at fair value based on quoted market prices and include the following:

	<u>2016</u>	<u>2015</u>
US Treasury bonds	\$ 221,029	\$ --
Mutual funds	480,599	--
	<u>\$ 701,628</u>	<u>\$ --</u>

Expenses relating to investment revenues, including custodial fees and investment advisory fees were \$2,296 and \$-0- for the years ended September 30, 2016 and 2015, respectively.



**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016 AND 2015**

NOTE D - DESCRIPTION OF PROGRAM SERVICES AND SUPPORTING SERVICES

Transportation

The Organization provides rural and specialized public transportation in western South Dakota.

Childcare

The Organization is providing childcare services for children 6 weeks to 12 years old residing in Spearfish, South Dakota and the surrounding area.

Nutrition

The Organization is providing nutritious meals to the elderly residents of Sturgis, South Dakota.

Management and General

Includes the functions necessary to maintain the Organization's stated purpose and manage the fiscal responsibilities of the entity.

NOTE E - INVENTORIES

Inventories are comprised of the following as of September 30,

	<u>2016</u>	<u>2015</u>
Fleet supplies	\$ 4,812	\$ 5,553
Childcare program food	738	738
Nutrition program food	<u>1,376</u>	<u>1,589</u>
Total inventories	<u>\$ 6,926</u>	<u>\$ 7,880</u>



WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2016 AND 2015

NOTE F - PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>2016</u>	<u>2015</u>
Land	\$ 379,451	\$ 379,451
Land improvements	414,501	407,641
Building	3,368,028	3,368,028
Equipment	459,382	438,041
Software	420,037	418,365
Vehicles	2,482,584	2,276,651
	<u>7,523,983</u>	<u>7,288,177</u>
Less accumulated depreciation	(<u>3,326,370</u>)	(<u>2,993,654</u>)
Net property & equipment	<u>\$ 4,197,613</u>	<u>\$ 4,294,523</u>

All acquisitions of property and equipment in excess of \$1,000 and all expenditures for repairs, maintenance, renewals, and betterments that materially prolong the useful lives of assets are capitalized.

The land, building and several of the vehicles were acquired with federal grants. The land, building and vehicles are considered owned by the Organization while the items continue to be used within the transportation program for which they were purchased or in future authorized programs.

During the year ended September 30, 2015 insurance proceeds of \$217,441 were received for roof replacement from a hail storm. Repairs were completed in the year ended September 30, 2016. Insurance proceeds are included in deferred revenue at September 30, 2015. A payment to the contractor of \$129,583 is included in accounts payable at September 30, 2016.

NOTE G - RELATED PARTIES

A board member of the Organization is a representative on the board of Black Hills Transit. Black Hills Transit is a non-profit organization organized to provide transportation service to the larger population areas that cannot be served by West River Transit dba Prairie Hills Transit. During the year ended September 30, 2015, the South Dakota Department of



WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
NOTES TO FINANCIAL STATEMENTS (CONCLUDED)
SEPTEMBER 30, 2016 AND 2015

NOTE G - RELATED PARTIES (CONTINUED)

Transportation allowed the Organization to transfer title to two of its surplus busses to Black Hills Transit. The busses were fully depreciated. During the year end September 30, 2016, the Organization loaned Black Hills Transit \$10,000 on a short-term basis. This is recorded in accounts receivable at year end.

NOTE H - COMPENSATED ABSENCES

Employees of the Organization are entitled to paid time off based on job classification, length of service, and other factors. The paid time off is recorded as a liability in the financial statements as it is vested and will be paid upon termination of employment. Employees accrued extended sick leave through August 2013. The plan was then terminated for subsequent payrolls. Use is restricted based on a defined criteria and is not payable upon termination of employment. No liability for the extended leave has been recorded in the financial statements as it is impractical to determine the amount of compensation for future absences. It is the policy of the Organization to recognize the costs of extended leave when actually paid to the employees.

NOTE I - SUBSEQUENT EVENTS

The Organization has evaluated subsequent events requiring recording or disclosure in the financial statements through January 12, 2017 the date the financial statements were available for issue.



**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016**

<u>Federal Grantor/Pass-Through Grantor Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Total Federal Expenditures</u>
Federal Transit Cluster:			
US Department of Transportation-Pass through Programs:			
SD Department of Transportation			
Federal Transit - Capital Investment Grants	20.500	NA	\$ 20,774
Bus and Bus Facilities Formula Program	20.526	NA	<u>186,170</u>
Total Federal Transit Cluster			<u>206,944</u>
Other Programs:			
US Department of Transportation-Pass through Programs:			
SD Department of Transportation			
Formula Grants for Rural Areas (Note C)	20.509	NA	<u>669,386</u>
Total US Department of Transportation			<u>876,330</u>
Aging Cluster:			
US Department of Health and Human Services - Pass Through Programs:			
SD Department of Social Services			
Special Program for the Aging: Title III, Part B: Grants for Supportive Services and Senior Centers	93.044	NA	74,201
Special Program for the Aging: Title III, Part C: Nutrition Services	93.045	NA	30,758
Nutrition Services Incentive Program	93.053	NA	<u>8,378</u>
Total Aging Cluster			<u>113,337</u>
Total US Department of Health and Human Services			<u>113,337</u>
US Department of Agriculture Pass-Through Programs:			
SD Department of Education			
Child and Adult Care Food Program	10.558	NA	<u>10,954</u>
Total US Department of Agriculture			<u>10,954</u>
GRAND TOTAL			<u>\$ 1,000,621</u>



**WEST RIVER TRANSIT AUTHORITY, INC.
DBA PRAIRIE HILLS TRANSIT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2016**

NOTE A - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the West River Transit Authority, Inc. dba Prairie Hills Transit (the Organization) and is presented on the 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* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Organization has not elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C - MAJOR FEDERAL FINANCIAL ASSISTANCE PROGRAM

This represents a major federal assistance program.

