

# Federal Compliance Audit

## Green Mountain Transit Authority

June 30, 2018



*Proven Expertise and Integrity*

GREEN MOUNTAIN TRANSIT AUTHORITY

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JUNE 30, 2018

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## INDEPENDENT AUDITORS' REPORT

Board of Commissioners  
Green Mountain Transit Authority  
Burlington, Vermont

### Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the major fund of Green Mountain Transit Authority, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

### Management's Responsibility for the Financial Statements

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

### Auditors' Responsibility

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

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

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reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

### Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the major fund of Green Mountain Transit Authority as of June 30, 2018, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

### Other Matters

#### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

#### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Green Mountain Transit Authority's basic financial statements. The Schedule of Operating Revenues and Subsidies and Schedule of Expenses are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The Schedule of Operating Revenues and Subsidies, Schedule of Expenses and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and related directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Operating Revenues and Subsidies, Schedule of Expenses and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2019, on our consideration of Green Mountain Transit Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants 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* and should be read in considering the Green Mountain Transit Authority's internal control over financial reporting and compliance.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 7, 2019

**REQUIRED SUPPLEMENTARY INFORMATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
JUNE 30, 2018**

**(UNAUDITED)**

The following management's discussion and analysis of Green Mountain Transit Authority's financial performance provides an overview of the Authority's financial activities for the fiscal year ended June 30, 2018. Please read it in conjunction with the Authority's financial statements.

**Financial Statement Overview**

The Authority's basic financial statements include the following components: 1) government-wide financial statements and 2) notes to the financial statements. This report also includes required supplementary information which consists of other supplementary information including combining and other schedules.

**Basic Financial Statements**

The basic financial statements include financial information in the government-wide financial statements. These basic financial statements also include the notes to financial statements that explain in more detail certain information in the financial statements and also provide the user with the accounting policies used in the preparation of the financial statements.

**Government-Wide Financial Statements**

The government-wide financial statements provide a broad view of the Authority's operations in a manner that is similar to private businesses. These statements provide both short-term as well as long-term information in regards to the Authority's financial position. These financial statements are prepared using the accrual basis of accounting. This measurement focus takes into account all revenues and expenses associated with the fiscal year regardless of when cash is received or paid. The government-wide financial statements include the following two statements:

The Statement of Net Position – this statement presents *all* of the government's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference being reported as net position.

The Statement of Activities – this statement presents information that shows how the government's net position changed during the period. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows.

Both of the above mentioned financial statements have one column for the Authority's activities. The type of activity presented for the Authority is:

- *Business-type activities* - These activities are normally intended to recover all or a significant portion of their costs through user fees and/or charges to external users for goods and/or services.

### **Notes to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide Financial Statements. The Notes to Financial Statements can be found following the Statements of Cash Flows.

### **Other Supplementary Information**

Other supplementary information follows the notes to the financial statements. These combining and other schedules provide information in regards to operating revenues and subsidies and expenses.

### **Government-Wide Financial Analysis**

Our analysis below focuses on the net position and changes in net position of the Authority's business-type activities. The Authority's net position increased by \$1,527,005 from \$31.80 million to \$33.23 million.

**Table 1**  
**Green Mountain Transit Authority**  
**Net Position**  
**June 30,**

	<u>2018</u>	<u>2017</u>
Assets:		
Current Assets	\$ 4,494,632	\$ 6,106,729
Capital Assets	30,628,967	28,031,330
Total Assets	<u>\$ 35,123,599</u>	<u>\$ 34,138,059</u>
Liabilities:		
Current Liabilities	\$ 911,971	\$ 1,516,828
Long-term Debt Outstanding	836,689	808,572
Total Liabilities	<u>\$ 1,748,660</u>	<u>\$ 2,325,400</u>
Deferred Inflows of Resources:		
Deferred Revenue	\$ 48,635	\$ 13,360
Total Deferred Inflows of Resources	<u>\$ 48,635</u>	<u>\$ 13,360</u>
Net Position:		
Net Investment in Capital Assets	\$ 30,628,967	\$ 28,031,330
Restricted	957,675	1,547,482
Unrestricted	1,739,662	2,220,487
Total Net Position	<u>\$ 33,326,304</u>	<u>\$ 31,799,299</u>

Unrestricted net position - the part of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements - decreased by \$480,825 from \$2,220,487 to a balance of \$1,739,662 at the end of this year.

**Table 2**  
**Green Mountain Transit Authority**  
**Changes in Net Position**  
**For the Years Ended June 30,**

	<u>2018</u>	<u>2017</u>
Operating Revenues:		
Purchase of services	\$ 4,075,932	\$ 4,257,846
Intergovernmental	16,158,523	15,175,415
Other income	121,080	228,460
Total Operating Revenues	<u>20,355,535</u>	<u>19,661,721</u>
Operating Expenses:		
Transportation	<u>20,558,400</u>	<u>19,679,335</u>
Operating income (loss)	<u>(202,865)</u>	<u>(17,614)</u>
Nonoperating revenues (expenses)		
Contributions	5,949,821	3,667,103
Other nonoperating revenue	(37,908)	13,941
Nonoperating expense	(4,095,299)	(4,824,165)
Change in deferred cost pool	<u>(86,744)</u>	<u>(61,055)</u>
Total non-operating revenues (expenses)	<u>1,729,870</u>	<u>(1,204,176)</u>
Change in net position	1,527,005	(1,221,790)
Net Position - July 1	<u>31,799,299</u>	<u>33,021,089</u>
Net Position - June 30	<u>\$ 33,326,304</u>	<u>\$ 31,799,299</u>

### Revenues and Expenses

The Authority's operating revenues and expenses increased over last year's amounts. Operating revenues increased by 3.53% and operating expenses increased by 4.47%.

### Capital Asset and Long-Term Debt Activity

#### Capital Assets

As of June 30, 2018, the net book value of capital assets recorded by the Authority increased by \$2,597,637 over the prior year. Capital additions of \$6,110,775 were recorded while net disposals of \$175,750 were removed from the books. Depreciation expense in the amount of \$3,337,388 was recorded.

All capital assets and capital improvements with an original cost of \$5,000 or more are capitalized and depreciated, if necessary, in accordance with Government Accounting Standards Board Statement No. 34. More information on capital assets is included in Note 3 of Notes to Financial Statements.

**Table 3**  
**Green Mountain Transit Authority**  
**Capital Assets (Net of Depreciation)**  
**June 30,**

	<u>2018</u>	<u>2017</u>
Land	\$ 775,000	\$ 775,000
Construction in progress	244,348	122,892
Land easement - right of way	278,687	281,552
Buildings and improvements	14,830,330	15,290,248
Bus stops and shelters	970,790	1,132,087
Revenue vehicles	13,144,931	10,061,978
Non-revenue vehicles	118,133	69,868
Office equipment	32,905	29,693
Shop equipment	233,843	268,012
Total	<u>\$ 30,628,967</u>	<u>\$ 28,031,330</u>

### **Currently Known Facts, Decisions, or Conditions**

#### **Economic Factors and Next Year's Budgets and Rates**

The Authority has steadily maintained a sufficient unrestricted net position to sustain government operations for a period of approximately one month, while also maintaining significant reserve accounts for future capital and program needs. However, several factors including the following will have an impact on that balance:

- Fuel market volatility
- Expansion of services and service routes
- Purchases of additional buses
- Rising medical, workers' compensation and other insurance costs
- Declining State revenues and its effect on agency allocations
- Declining and/or level funded Federal grants

#### **Contacting the Authority's Financial Management**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Authority's Finance Department at 15 Industrial Parkway, Burlington, Vermont 05401.

## GREEN MOUNTAIN TRANSIT AUTHORITY

STATEMENTS OF NET POSITION  
JUNE 30,

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,232,473	\$ 1,936,055
Receivables (net of allowance for uncollectibles):		
Grants	1,624,956	2,134,753
Other	812,796	1,334,700
Deferred cost pool (Note 10)	(267,263)	(180,519)
Inventories	662,976	638,426
Prepaid items	428,694	243,314
Total current assets	<u>4,494,632</u>	<u>6,106,729</u>
Noncurrent assets:		
Land, structures and equipment - net of accumulated depreciation and amortization (Note 3)	<u>30,628,967</u>	<u>28,031,330</u>
<b>TOTAL ASSETS</b>	<u><b>\$35,123,599</b></u>	<u><b>\$34,138,059</b></u>
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable	\$ 619,168	\$ 1,255,523
Accrued payroll expenses	182,827	152,669
Other accrued liabilities	109,976	108,636
Total current liabilities	<u>911,971</u>	<u>1,516,828</u>
Long-term liabilities:		
Accrued compensated absences (Note 4)	<u>836,689</u>	<u>808,572</u>
Total long-term liabilities	<u>836,689</u>	<u>808,572</u>
<b>TOTAL LIABILITIES</b>	<u><b>1,748,660</b></u>	<u><b>2,325,400</b></u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred revenue	<u>48,635</u>	<u>13,360</u>
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<u><b>48,635</b></u>	<u><b>13,360</b></u>
<b>NET POSITION</b>		
Net investment in capital assets	30,628,967	28,031,330
Restricted (Note 5)	957,675	1,547,482
Unrestricted (Note 6)	<u>1,739,662</u>	<u>2,220,487</u>
<b>TOTAL NET POSITION</b>	<u><b>33,326,304</b></u>	<u><b>31,799,299</b></u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND NET POSITION</b>	<u><b>\$35,123,599</b></u>	<u><b>\$34,138,059</b></u>

See accompanying independent auditors' report and notes to financial statements.

## GREEN MOUNTAIN TRANSIT AUTHORITY

STATEMENTS OF ACTIVITIES  
FOR THE YEARS ENDED JUNE 30,

	2018		Total	2017
	Urban	Rural		
<b>OPERATING REVENUES</b>				
Purchase of services	\$ 2,301,633	\$ 1,774,299	\$ 4,075,932	\$ 4,257,846
Other income	103,813	17,267	121,080	228,460
Local subsidies	2,990,675	488,919	3,479,594	3,341,522
State subsidies	2,437,612	900,000	3,337,612	3,237,179
Federal subsidies	3,106,471	1,180,000	4,286,471	3,519,124
Other grants	3,063,175	1,991,671	5,054,846	5,077,590
<b>TOTAL OPERATING REVENUES</b>	<b>14,003,379</b>	<b>6,352,156</b>	<b>20,355,535</b>	<b>19,661,721</b>
<b>OPERATING EXPENSES</b>				
Transportation	13,764,445	6,793,955	20,558,400	19,679,335
<b>OPERATING INCOME (LOSS)</b>	<b>238,934</b>	<b>(441,799)</b>	<b>(202,865)</b>	<b>(17,614)</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>				
SSTA lease payments	-	3,736	3,736	55,057
Interest income	988	3,811	4,799	5,326
Lease payments	(46,443)	-	(46,443)	(46,442)
Capital fund expense	(607,736)	(150,175)	(757,911)	(1,494,337)
Depreciation expense	(2,698,347)	(639,041)	(3,337,388)	(3,329,828)
<b>TOTAL NONOPERATING REVENUES (EXPENSES)</b>	<b>(3,351,538)</b>	<b>(781,669)</b>	<b>(4,133,207)</b>	<b>(4,810,224)</b>
<b>CHANGE IN NET POSITION BEFORE CAPITAL CONTRIBUTIONS</b>	<b>(3,112,604)</b>	<b>(1,223,468)</b>	<b>(4,336,072)</b>	<b>(4,827,838)</b>
<b>CAPITAL CONTRIBUTIONS</b>				
Capital contributions - grants	5,699,600	250,221	5,949,821	3,667,103
<b>TOTAL CAPITAL CONTRIBUTIONS</b>	<b>5,699,600</b>	<b>250,221</b>	<b>5,949,821</b>	<b>3,667,103</b>
<b>CHANGE IN DEFERRED COST POOL</b>	<b>(86,744)</b>	<b>-</b>	<b>(86,744)</b>	<b>(61,055)</b>
<b>CHANGE IN NET POSITION</b>	<b>2,500,252</b>	<b>(973,247)</b>	<b>1,527,005</b>	<b>(1,221,790)</b>
<b>NET POSITION - JULY 1</b>	<b>28,680,349</b>	<b>3,118,950</b>	<b>31,799,299</b>	<b>33,021,089</b>
<b>NET POSITION - JUNE 30</b>	<b>\$31,180,601</b>	<b>\$ 2,145,703</b>	<b>\$33,326,304</b>	<b>\$ 31,799,299</b>

See accompanying independent auditors' report and notes to financial statements

## GREEN MOUNTAIN TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

	<u>2018</u>	<u>2017</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 8,198,510	\$ 7,802,447
Receipts from operating grants	13,224,001	12,727,394
Payments to vendors	(8,086,591)	(8,588,662)
Payments to employees	<u>(13,258,479)</u>	<u>(12,888,948)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>77,441</u>	<u>(947,769)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest income	<u>4,799</u>	<u>5,326</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>4,799</u>	<u>5,326</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
(Increase) decrease in land, structure and equipment	(5,935,025)	(1,824,067)
Payments for capital fund expenses	(757,911)	(1,494,337)
Proceeds from SSTA lease payments	3,736	55,057
Payments on leases	(46,443)	(46,442)
Proceeds from capital grants and contributions	<u>5,949,821</u>	<u>3,667,103</u>
NET CASH PROVIDED (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(785,822)</u>	<u>357,314</u>
NET INCREASE (DECREASE) IN CASH	(703,582)	(585,129)
CASH AND CASH EQUIVALENTS - JULY 1	<u>1,936,055</u>	<u>2,521,184</u>
CASH AND CASH EQUIVALENTS - JUNE 30	<u>\$ 1,232,473</u>	<u>\$ 1,936,055</u>

STATEMENT C (CONTINUED)

GREEN MOUNTAIN TRANSIT AUTHORITY

STATEMENTS OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30,

	2018	2017
RECONCILIATION OF OPERATING INCOME (LOSS) TO		
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (202,865)	\$ (17,614)
Changes in operating assets and liabilities:		
(Increase) decrease in grants receivables	509,797	948,269
(Increase) decrease in other receivables	521,904	(25,381)
(Increase) decrease in inventories	(24,550)	1,603
(Increase) decrease in prepaid items	(185,380)	86,657
(Decrease) increase in accounts payable	(636,355)	(1,814,119)
(Decrease) increase in accrued payroll expenses	30,158	(182,831)
(Decrease) increase in deferred revenue	35,275	(54,768)
(Decrease) increase in other accrued liabilities	1,340	14,309
(Decrease) increase in accrued compensated absences	28,117	96,106
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	\$ 77,441	\$ (947,769)

See accompanying independent auditors' report and notes to financial statements.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

**Reporting Entity**

Green Mountain Transit Authority was created in 1973 under the name Chittenden County Transportation Authority as a municipal corporation by an Act of the General Assembly of the State of Vermont. The Authority was formed for the purpose of providing public transportation services in Chittenden County. Fixed route (bus) transportation is provided in the following GMTA member communities: Burlington, Essex, Hinesburg, Milton, Shelburne, South Burlington, Williston, and Winooski. Paratransit service for people with disabilities is provided in those communities where it is required and Colchester. GMTA is governed by a Board of Commissioners consisting of one commissioner from each member community with the exception of Burlington who has two. The name of the Authority was changed to Green Mountain Transit Authority in the current fiscal year.

With the addition of Green Mountain Transit Agency on July 1, 2011, GMTA now also provides public transportation in Washington, Lamoille, Franklin and Grand Isle Counties in Vermont and the municipalities of Washington, Williamstown and Orange in Orange County, Vermont. GMTA currently provides a variety of transportation options including deviated fixed route bus service in Montpelier and Barre, Medicaid brokering for eligible recipients, commuter routes to Waterbury, Montpelier, Burlington, Morristown, Richford, Alburg, St. Albans City and St. Albans Town, volunteer drivers and Ticket-To-Ride program. In addition, GMTA participates with the Central Vermont Council on Aging, Barre Project Independence, Care Partners, Vermont Center for Independent Living, CIDER, Central Vermont Area Aging and the Franklin County Senior Center, in the Elderly and Disabled Program.

The Authority's financial statements are prepared in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. Although the Authority has the option to apply FASB pronouncements issued after that date to its business-type activities and enterprise funds, the Authority has chosen not to do so.

The Authority's combined financial statements include all accounts and all operations of the Authority. We have determined that the Authority has no component units as described in GASB Statement No. 14 and amended by GASB Statements No. 39 and No. 61.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Implementation of New Accounting Standards**

During the year ended June 30, 2018, the following statements of financial accounting standards issued by the Governmental Accounting Standards Board became effective:

Statement No. 75, “*Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.*” The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for postemployment benefits other than pensions (other postemployment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all postemployment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and interperiod equity, and creating additional transparency. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 81, “*Irrevocable Split-Interest Agreements*”. The objective of this Statement is to improve accounting and financial reporting for irrevocable split-interest agreements by providing recognition and measurement guidance for situations in which a government is a beneficiary of the agreement. Split-interest agreements are a type of giving agreement used by donors to provide resources to two or more beneficiaries, including governments. Split-interest agreements can be created through trusts or other legally enforceable agreements with characteristics that are equivalent to split-interest agreements in which a donor transfers resources to an intermediary to hold and administer for the benefit of a government and at least one other beneficiary. Examples of these types of agreements include charitable lead trusts, charitable remainder trusts, and life-interests in real estate. As such, this Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Management has determined the impact of this Statement is not material to the financial statements.

Statement No. 85, “*Omnibus 2017.*” The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). Management has determined the impact of this Statement is not material to the financial statements.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Statement No. 86, "Certain Debt Extinguishment Issues." The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources - resources other than the proceeds of refunding debt - are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. Management has determined the impact of this Statement is not material to the financial statements.

**Government-Wide and Fund Financial Statements**

In the government-wide Statement of Net Position, the business-type activities are (a) presented on a consolidated basis, and (b) is reported on a full accrual, economic resources basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Authority's net position is reported in three parts - net investment in capital assets; restricted net position; and unrestricted net position. The Authority first utilizes restricted resources to finance qualifying activities.

The net costs (by function) are normally covered by general revenue (certain intergovernmental revenues and charges for services, etc.).

The government-wide focus is more on the sustainability of the Authority as an entity and the change in the Authority's net position resulting from the current year's activities.

**Measurement Focus - Basic Financial Statements & Fund Financial Statements**

The financial transactions of the Authority are reported in one fund in the financial statements. This fund is accounted for by providing self-balancing accounts that comprise its assets, deferred outflows of resources, liabilities, deferred inflows of resources, net position, revenues and expenditures/expenses. The following fund type is used by the Authority:

1. Proprietary Fund

The focus of proprietary fund measurement is upon determination of operating income, changes in net position, financial position, and cash flows. The generally accepted accounting principles applicable are those similar to businesses in the private sector. Operating revenues include charges for services, intergovernmental reimbursements and other miscellaneous fees which are a direct result of the proprietary activity. Nonoperating revenues are any revenues which are generated outside of the general proprietary activity, i.e. interest income. The following is a description of the proprietary fund of the Authority:

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Major Fund

- a. Enterprise Funds are required to be used to account for operations for which a fee is charged to external users for goods or services and the activity (a) is financed with debt that is solely secured by a pledge of net revenues, (b) has third party requirements that the cost of providing services, including capital costs, be recovered with fees and charges or (c) established fees and charges based on a pricing policy designed to recover similar costs.

The emphasis in fund financial statements is on the major funds in either the governmental or business-type activities categories. Nonmajor funds by category are summarized into a single column. GASB Statement No. 34 sets forth minimum criteria (percentage of the assets, deferred outflows of resources, liabilities, deferred inflows of resources, revenues, or expenses of either the fund category or the governmental and enterprise combined) for the determination of major funds. The activity of the Authority is in one major fund and there are no nonmajor funds.

**Basis of Accounting**

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus applied.

1. Accrual

Business-type activities in the government-wide financial statements are presented on the accrual basis of accounting. Revenues are recognized when earned and expenses are recognized when incurred.

**Deposits and Investments**

The Authority's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

It is the Authority's policy to value investments at fair value. None of the Authority's investments are reported at amortized cost. The Authority's Treasurer is authorized by State Statutes to invest all excess funds in the following:

- Obligations of the U.S. Government, its agencies and instrumentalities
- Certificates of deposits and other evidences of deposits at banks, savings and loan associations, and credit unions
- Repurchase agreements
- Money market mutual funds

**Inventories**

Inventories consist of expendable supplies held for consumption and are valued at cost which approximates market, using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when used (consumption method). Inventory of the Authority consists of tickets, fuel, oil, materials and supplies.

**Prepaid Items**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in the government-wide financial statements.

**Receivables**

Receivables include amounts due from governmental agencies and local businesses. All receivables are current and therefore due within one year. Receivables are reported net of an allowance for uncollectible accounts and revenues net of uncollectibles. Allowances are reported when accounts are proven to be uncollectible. Allowances for uncollectible accounts netted with accounts receivable were \$812,796 for the year ended June 30, 2018. The allowance for uncollectible accounts is estimated to be \$0 as of June 30, 2018. Allowances for uncollectible accounts netted with grants receivable were \$1,624,956 for the year ended June 30, 2018. The allowance for uncollectible accounts for grants receivable is estimated to be \$0 as of June 30, 2018.

**Capital Assets**

Capital assets purchased or acquired with an original cost of \$5,000 or more and a useful life longer than one year are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The assets are valued at historical cost when available and estimated historical cost where actual invoices or budgetary data was unavailable. Donated fixed assets are valued at their estimated fair market value on the date received. All retirements have been recorded by eliminating the net carrying values.

Estimated useful lives are as follows:

Land easement - right of way	99 years
Buildings and improvements	10-50 years
Bus stops and shelters	5-20 years
Office equipment	5-10 years
Revenue vehicles	7-12 years
Shop equipment	7-20 years
Non-revenue vehicles	4-12 years
Computer equipment/software	3 years

**Long-term Obligations**

All long-term debt to be repaid from business-type resources is reported as liabilities in government-wide statements. The long-term debt consists of accrued compensated absences.

**Compensated Absences**

The Authority's policies regarding combined time off permit employees to accumulate earned but unused combined time off. The liability for these compensated absences is recorded as long-term debt in the government-wide financial statements.

**Net Position**

Net position represents the difference between assets and liabilities. Net position invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for those assets, and adding back unspent proceeds. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Authority or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Unrestricted net position is the net amount of the assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or restricted net position.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Program Revenues**

Program revenues include all directly related income items applicable to a particular program (charges to customers or applicants for goods, services, or privileges provided; operating or capital grants and contributions, including special assessments).

**Operating/Nonoperating Proprietary Fund Revenues**

Operating revenues consist mainly of direct revenue sources and/or charges for services applicable to that fund's ongoing operations. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet will at times report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Authority currently has no deferred outflows of resources.

In addition to liabilities, the statement of financial position and or balance sheet will at times report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Deferred revenue qualifies for reporting in this category. This item is reported in both the statements of net position and proprietary funds balance sheet. All items in this category are deferred and recognized as an inflow of resources in the period that the amounts become available.

**Encumbrance Accounting**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, operating budget appropriations lapse at fiscal year-end and capital budget appropriations remain available until appropriations are liquidated. The Authority does not utilize encumbrance accounting for its operations.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

**Use of Estimates**

During the preparation of the Authority's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets, liabilities, and disclosure of contingent items as of the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results may differ from these estimates.

NOTE 2 - DEPOSITS AND INVESTMENTS

State statutes require that all investments made by the Authority consider the safe and sound investment of principal and preservation of capital in the overall portfolio, maintenance of sufficient liquidity to meet day-to-day operations and other cash requirements and maximization of income, within established investment risk guidelines, with consistent cash flows throughout the budgetary cycle. These investment policies apply to all Authority funds.

**Deposits:**

Custodial credit risk for deposits is the risk that, in the event of a failure of a depository financial institution, the Authority will not be able to recover its deposits. The Authority does not have a policy covering custodial credit risk for deposits. However, the Authority maintains deposits in qualifying financial institutions that are a member of the FDIC or NCUSIF. At June 30, 2018, the Authority's cash balances amounting to \$1,232,473 were comprised of deposits of \$1,139,602. Of these bank deposits, \$250,000 was fully insured by federal depository insurance and consequently was not exposed to custodial credit risk and \$889,602 was insured or collateralized with securities held by the financial institution in the Authority's name and consequently were not exposed to custodial credit risk.

<u>Account Type</u>	<u>Bank Balance</u>
Checking accounts	\$ 116,601
Repurchase agreements	<u>1,023,001</u>
	<u>\$1,139,602</u>

**Investments:**

Custodial credit risk for investments is that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in possession of an outside party.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

At June 30, 2018, the Authority did not have any investments.

Credit risk - Statutes for the State of Vermont authorize the Authority to invest in obligations of the U.S. Treasury, agencies and instrumentalities, other states and Canada, provided such securities are rated within the three highest grades by an approved rating service of the State of Vermont, corporate stocks and bonds within statutory limits, financial institutions, mutual funds and repurchase agreements. Generally, the Authority invests excess funds in cash management accounts and various insured certificates of deposit.

Interest rate risk - is the risk that changes in interest rates will adversely affect the fair value of an investment. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from fluctuations in interest rates.

NOTE 3 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18
<u>Primary government:</u>				
<u>Non-depreciated assets:</u>				
Land	\$ 775,000	\$ -	\$ -	\$ 775,000
Construction in progress	122,892	154,445	(32,989)	244,348
	<u>897,892</u>	<u>154,445</u>	<u>(32,989)</u>	<u>1,019,348</u>
<u>Depreciated assets:</u>				
Land easement - right of way	283,600	-	-	283,600
Buildings and improvements	17,667,164	17,736	-	17,684,900
Bus stops and shelters	2,732,918	-	-	2,732,918
Revenue vehicles	31,686,640	5,832,905	(3,062,807)	34,456,738
Non-revenue vehicles	321,711	81,262	(7,776)	395,197
Office equipment	22,939	18,107	(17,261)	23,785
Computer equipment/software	329,126	6,320	(5,208)	330,238
Bus accessories	234,260	-	(106,507)	127,753
Shop equipment	566,919	-	(22,230)	544,689
	<u>53,845,277</u>	<u>5,956,330</u>	<u>(3,221,789)</u>	<u>56,579,818</u>
Less: accumulated depreciation	<u>(26,711,839)</u>	<u>(3,337,388)</u>	<u>3,079,028</u>	<u>(26,970,199)</u>
Net depreciated capital assets	<u>27,133,438</u>	<u>2,618,942</u>	<u>(142,761)</u>	<u>29,609,619</u>
Total net capital assets	<u>\$ 28,031,330</u>	<u>\$ 2,773,387</u>	<u>\$ (175,750)</u>	<u>\$ 30,628,967</u>

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 4 - LONG-TERM DEBT

The following is a summary of changes in the long-term debt for the year ended June 30, 2018:

	Balance, 7/1/17	Additions	Deletions	Balance, 6/30/18
Capital lease payable	\$ 321,970	\$ -	\$ (35,831)	\$ 286,139
Accrued compensated absences	<u>808,572</u>	<u>90,044</u>	<u>(61,927)</u>	<u>836,689</u>
	<u>\$1,130,542</u>	<u>\$ 90,044</u>	<u>\$ (97,758)</u>	<u>\$1,122,828</u>

A summary of the outstanding capital lease payable is as follows:

The Authority entered into a capital lease payable with Municipal Leasing Consultants, LLC dated as of July 2, 2012 to acquire 10 replacement motor coaches. Under the agreement the Authority pays annual principal and interest payments of \$46,443 through July 2, 2024.

\$ 286,139

The following is a summary of outstanding capital lease requirements for the fiscal years ending June 30:

Year Ending June 30:	
2019	\$ 46,443
2020	46,443
2021	46,443
2022	46,443
2023	46,443
2024-2028	<u>92,886</u>
Total minimum lease payment	325,101
Less amount representing interest	<u>(38,962)</u>
Present value of future minimum lease payments	<u>\$ 286,139</u>

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 5 - RESTRICTED NET POSITION

The following net position has been restricted at June 30, for the following purposes:

	<u>2018</u>	<u>2017</u>
Restricted for obligated local match on capital purchases	\$ 66,620	\$ 816,385
Restricted by the Board for future capital match	<u>891,055</u>	<u>731,097</u>
	<u>\$ 957,675</u>	<u>\$ 1,547,482</u>

NOTE 6 - NET POSITION

The following table discloses the composition of net position at June 30, 2018, separated between Rural and Urban programs:

	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
Net investment in capital assets	\$ 28,966,474	\$ 1,662,493	\$ 30,628,967
Restricted net position (Note 5)	683,976	273,699	957,675
Unrestricted net position:			
Unrestricted, operating reserve	<u>1,523,847</u>	<u>215,815</u>	<u>1,739,662</u>
	<u>\$ 31,174,297</u>	<u>\$ 2,152,007</u>	<u>\$ 33,326,304</u>

The Authority currently has approximately one month of operating expenses in unrestricted net position.

NOTE 7 - RETIREMENT PLAN

Green Mountain Transit Authority contributes to a qualified 401(a) plan covering all eligible employees who have completed one year of service and have attained the age of 21. The plan is administered by Future Planning Associates, Inc. Employee contributions vest immediately and employer contributions are 100% vested after three years of service. Normal retirement age is 65, however, the pension plan also provides for early retirement at age 62 with completion of three years of service. GMTA's contribution will be equal to 3% or more of the eligible employees' gross wages for that year. Employee contributions during fiscal years ended June 30, 2018 and 2017, respectively, were \$367,029 and \$350,055. Pension expense for fiscal years ended June 30, 2018 and 2017, respectively, was \$337,220 and \$334,839. Total payroll covered under the plan is \$8,355,012.

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2018 AND 2017

NOTE 8 - CONTINGENCY

The Authority receives federal funds through grants and loans. Closeout of these grants may not happen until subsequent fiscal years. The Authority may be responsible for returning federal funds based upon the close out of these grants.

NOTE 9 - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Authority maintains insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to GMTA. Settled claims have not exceeded this coverage in any of the past three fiscal years.

GMTA is self-insured for unemployment coverage. The Authority must pay the Vermont Department of Labor for any paid claims. GMTA paid \$33,885 and \$38,274 for unemployment claims for the years ended June 30, 2018 and 2017, respectively.

NOTE 10 - DEFERRED COST POOL

For the fiscal years ended June 30, 2018 and 2017, the Authority used a Simplified Allocation Method with a fixed rate and a carryforward provision as prescribed under the Uniform Guidance. This methodology resulted in an under-allocation of general and administration costs at June 30, 2018 of \$86,744 and an under-allocation of general and administration costs at June 30, 2017 of \$61,938.

## GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF OPERATING REVENUES AND SUBSIDIES  
FOR THE YEARS ENDED JUNE 30,

	Urban	Rural	Total	
			2018	2017
Operating Revenues:				
Passenger fares:				
Fixed route	\$ 2,156,654	\$ 99,250	\$ 2,255,904	\$ 2,340,516
Paratransit	97,896	-	97,896	99,511
Subtotal passenger fares	<u>2,254,550</u>	<u>99,250</u>	<u>2,353,800</u>	<u>2,440,027</u>
Purchase of services:				
Fixed route	<u>47,083</u>	<u>1,675,049</u>	<u>1,722,132</u>	<u>1,817,819</u>
Total other purchase of services	<u>2,301,633</u>	<u>1,774,299</u>	<u>4,075,932</u>	<u>4,257,846</u>
Other income:				
Advertising	78,094	9,200	87,294	158,671
Gain (loss) - sale of asset	11,814	7,932	19,746	16,165
Other income	13,905	135	14,040	53,624
Subtotal other income	<u>103,813</u>	<u>17,267</u>	<u>121,080</u>	<u>228,460</u>
Local subsidies:				
Fixed route operating	2,279,717	-	2,279,717	2,182,180
Paratransit operating	627,908	-	627,908	691,231
Municipal donations	83,050	488,919	571,969	468,111
Subtotal local subsidies	<u>2,990,675</u>	<u>488,919</u>	<u>3,479,594</u>	<u>3,341,522</u>
State subsidies - State operating grant	<u>2,437,612</u>	<u>900,000</u>	<u>3,337,612</u>	<u>3,237,179</u>
Federal subsidies - Federal operating grant	<u>3,106,471</u>	<u>1,180,000</u>	<u>4,286,471</u>	<u>3,519,124</u>
Other grants:				
Planning revenue	377,293	38,000	415,293	371,918
Grants - JARC, CMAQ, other	2,685,882	1,953,671	4,639,553	4,705,672
Subtotal other grants	<u>3,063,175</u>	<u>1,991,671</u>	<u>5,054,846</u>	<u>5,077,590</u>
Total operating revenues	<u>14,003,379</u>	<u>6,352,156</u>	<u>20,355,535</u>	<u>19,661,721</u>

SCHEDULE A (CONTINUED)

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF OPERATING REVENUES AND SUBSIDIES  
FOR THE YEARS ENDED JUNE 30,

	Urban	Rural	Total	
			2018	2017
Nonoperating revenues:				
Local contributions:				
SSTA lease payments	-	3,736	3,736	55,057
Interest income	988	3,811	4,799	5,326
Total nonoperating revenue	988	7,547	8,535	60,383
Total revenues from operating grants and subsidies	\$ 14,004,367	\$ 6,359,703	\$ 20,364,070	\$ 19,722,104

See accompanying independent auditors' report and notes to financial statements.

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Urban									
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Urban Total
Operating Expenses:										
Labor:										
Operators' salaries and wages	\$ 218	\$ 4,185,462	\$ 876,502	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5,062,182
Other salaries and wages	730,894	554,252	199,767	-	85,900	151,333	8,416	28,572	20,060	1,779,194
Subtotal labor	731,112	4,739,714	1,076,269	-	85,900	151,333	8,416	28,572	20,060	6,841,376
Fringe benefits:										
Payroll taxes	54,356	362,652	82,105	-	6,130	12,077	524	2,296	1,513	521,653
Pension plan	42,973	169,447	39,584	-	5,516	13,929	-	3,423	-	274,872
Life insurance and short-term disability plan	15,457	69,969	15,475	-	1,812	2,684	51	514	-	105,962
Medical plan	169,945	1,137,991	273,019	-	31,528	38,397	2,251	9,816	3,657	1,666,604
Dental plan	11,133	75,558	16,431	-	1,949	2,484	124	519	193	108,391
Employer flex contribution	1,242	(1,148)	(628)	-	-	-	-	-	-	(534)
Vision reimbursement	500	1,964	84	-	-	-	-	-	-	2,548
Vision plan	1,826	12,013	2,715	-	324	427	21	85	30	17,441
Employee events	-	-	-	-	-	-	-	-	-	-
Employee testing	306	8,777	2,610	-	-	-	-	-	-	11,693
Employee referral program	-	1,800	-	-	-	-	-	-	-	1,800
Unemployment insurance	4,518	11,616	-	-	-	4,660	-	-	-	20,794
Pension admin fees	-	-	-	-	-	-	-	-	-	-
Other employee benefits	11,346	6,298	1,081	-	-	-	-	-	-	18,725
Uniform and work clothing allowance	-	19,839	28,092	-	-	-	-	-	-	47,931
Employee development	32,004	3,736	5,124	6,000	223	-	-	-	-	47,087
Tool allowance	-	-	11,550	-	-	-	-	-	-	11,550
Subtotal fringe benefits	345,606	1,880,512	477,242	6,000	47,482	74,658	2,971	16,653	5,393	2,856,517
Services:										
Legal fees	6,380	7,015	-	-	-	-	-	-	-	13,395
Accounting and audit fees	23,350	-	-	-	-	-	-	-	-	23,350
Cleaning	-	-	15,000	-	-	-	-	-	-	15,000
Consultants	-	-	-	-	-	-	-	7,987	-	7,987
Subtotal services	29,730	7,015	15,000	-	-	-	-	7,987	-	59,732

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Total	2018 Total	2017 Total
Operating Expenses:											
Labor:											
Operators' salaries and wages	\$ 1,448,646	\$ 147,580	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,596,226	\$ 6,658,408	\$ 6,337,911
Other salaries and wages	451,788	47,040	70,365	-	11,302	12,319	356,045	4,447	953,306	2,732,500	2,797,111
Subtotal labor	1,900,434	194,620	70,365	-	11,302	12,319	356,045	4,447	2,549,532	9,390,908	9,135,022
Fringe benefits:											
Payroll taxes	144,203	15,186	5,456	-	906	942	26,959	335	193,987	715,640	688,869
Pension plan	50,846	-	4,175	-	1,192	-	6,135	-	62,348	62,348	334,839
Life insurance and short-term disability plan	29,436	3,346	1,502	-	-	6,435	1,698	-	42,417	148,379	132,361
Medical plan	498,558	44,408	16,309	-	2,602	4,294	86,867	837	653,875	2,320,479	2,059,821
Dental plan	30,197	2,969	865	-	173	234	6,874	45	41,357	149,748	149,241
Employer flex contribution	(159)	(1,502)	-	-	-	-	(216)	-	(1,877)	(2,411)	(9,809)
Vision reimbursement	-	-	-	-	-	-	1,000	-	1,000	3,548	4,771
Vision plan	4,903	419	138	-	31	39	1,081	7	6,618	24,059	24,776
Employee events	-	-	-	-	-	-	-	-	-	-	3,294
Employee testing	9,692	444	-	-	-	-	8,155	-	18,291	29,984	43,368
Employee referral program	-	-	-	-	-	-	-	-	-	1,800	600
Unemployment insurance	13,091	-	-	-	-	-	-	-	13,091	33,885	38,274
Pension admin fees	-	-	-	-	-	-	-	-	-	-	4,853
Other employee benefits	2,812	45	-	-	-	-	167	-	3,024	21,749	30,662
Uniform and work clothing allowance	14,374	4,723	-	-	-	-	-	-	19,097	67,028	100,987
Employee development	1,841	688	-	10,044	-	-	1,328	-	13,901	60,988	49,794
Tool allowance	-	2,200	-	-	-	-	-	-	2,200	13,750	10,500
Subtotal fringe benefits	799,794	72,926	28,445	10,044	4,904	11,944	140,048	1,224	1,069,329	3,925,846	3,667,201
Services:											
Legal fees	-	-	-	-	-	-	-	-	-	13,395	7,987
Accounting and audit fees	-	-	-	-	-	-	-	-	-	23,350	27,750
Cleaning	2,852	9,823	-	-	-	-	1,100	-	13,775	28,775	35,568
Consultants	-	-	-	-	-	-	-	-	-	7,987	11,384
Subtotal services	2,852	9,823	-	-	-	-	1,100	-	13,775	73,507	82,689

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Urban								Urban Total
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	
Materials and supplies:									
Fuels and lubricants	-	939,821	-	-	-	-	-	-	939,821
Tires and tubes	-	-	68,771	-	-	-	-	-	68,771
Other materials and supplies:									
Hardware	-	-	42,421	-	-	-	-	-	42,421
Facility maintenance	-	-	99,739	-	-	-	-	-	99,739
Small tools expense	-	-	10,998	-	-	-	-	-	10,998
Parts expense:									
Service vehicles	-	-	3,180	-	-	-	-	-	3,180
Revenue vehicles	-	-	478,769	-	-	-	-	-	478,769
Maintenance supplies	-	-	39,064	-	-	-	-	-	39,064
Radio maintenance	-	-	4,189	-	-	-	-	-	4,189
Repeater fees	-	23,490	-	-	-	-	-	-	23,490
Safety expense	-	937	-	-	-	-	-	-	937
Kiosk/shelter expense	-	-	2,463	-	-	-	-	-	2,463
Vehicle registrations	-	915	-	-	-	-	-	-	915
Subtotal materials and supplies	-	965,163	749,594	-	-	-	-	-	1,714,757
Utilities:									
Light, heat and water	18,954	5,575	139,135	-	-	-	-	-	163,664
Communications	10,746	28,212	8,688	-	1,191	1,306	-	-	50,143
Subtotal utilities	29,700	33,787	147,823	-	1,191	1,306	-	-	213,807
Casualty and liability costs:									
Insurance premiums	92,473	616,598	120,345	-	6,443	7,234	113	-	843,206
Subtotal casualty and liability costs	92,473	616,598	120,345	-	6,443	7,234	113	-	843,206

## GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Total	2018 Total	2017 Total
Materials and supplies:											
Fuels and lubricants	404,701	-	-	-	-	-	-	-	404,701	1,344,522	1,081,676
Tires and tubes	-	35,574	-	-	-	-	-	-	35,574	104,345	117,176
Other materials and supplies:											
Hardware	-	20,606	-	-	-	-	-	-	20,606	63,027	55,698
Facility maintenance	-	32,092	-	-	-	-	-	-	32,092	131,831	109,860
Small tools expense	-	2,593	-	-	-	-	-	-	2,593	13,591	9,486
Parts expense:											
Service vehicles	-	1,192	-	-	-	-	-	-	1,192	4,372	11,737
Revenue vehicles	-	320,346	-	-	-	-	-	-	320,346	799,115	682,096
Maintenance supplies	-	11,384	-	-	-	-	-	-	11,384	50,448	47,109
Radio maintenance	-	1,667	-	-	-	-	-	-	1,667	5,856	4,383
Repeater fees	17,550	-	-	-	-	-	-	-	17,550	41,040	34,074
Safety expense	61	-	-	-	-	-	-	-	61	998	3,636
Kiosk/shelter expense	-	-	-	-	-	-	-	-	-	2,463	5,498
Vehicle registrations	179	-	-	-	-	-	-	-	179	1,094	839
Subtotal materials and supplies	422,491	425,454	-	-	-	-	-	-	847,945	2,562,702	2,163,268
Utilities:											
Light, heat and water	21,088	27,799	-	-	-	-	6,096	-	54,983	218,647	184,036
Communications	25,781	-	-	-	-	-	7,861	-	33,642	83,785	77,451
Subtotal utilities	46,869	27,799	-	-	-	-	13,957	-	88,625	302,432	261,487
Casualty and liability costs:											
Insurance premiums	266,051	35,064	6,091	-	11,225	-	26,626	-	345,057	1,188,263	1,221,596
Subtotal casualty and liability costs	266,051	35,064	6,091	-	11,225	-	26,626	-	345,057	1,188,263	1,221,596

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Urban								Urban	
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Total
General and administration:										
Dues and subscriptions	32,075	-	-	-	-	-	-	-	-	32,075
Travel, meetings and meals	5,208	43	517	-	200	46	-	-	-	6,014
Marketing expense	-	-	-	-	26,901	-	-	150	-	27,051
Advertising/public information	-	-	-	-	13,260	-	-	-	-	13,260
Office supplies	27,793	536	18	-	-	-	-	-	-	28,347
Fare media	-	-	-	-	22,691	-	-	-	-	22,691
Recruiting	2,240	4,418	10,487	-	-	-	-	-	-	17,145
Computer services	61,571	60	3,440	-	-	-	-	-	-	65,071
Postage and freight	9,832	-	-	-	-	-	-	-	-	9,832
Bank charges	9,733	-	-	-	-	-	-	-	-	9,733
Rent expense	-	-	-	-	-	-	-	-	-	-
Subtotal general and administration	148,452	5,057	14,462	-	63,052	46	-	150	-	231,219

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULES OF EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Total	2018 Total	2017 Total
General and administration:											
Dues and subscriptions	-	-	-	-	-	-	-	-	-	32,075	33,715
Travel, meetings and meals	65	-	272	-	42	-	65	-	444	6,458	7,420
Marketing expense	-	-	32,845	-	-	-	144	-	32,989	60,040	50,568
Advertising/public information	-	-	11,919	-	-	-	-	-	11,919	25,179	63,836
Office supplies	5,743	-	-	-	-	-	1,316	-	7,059	35,406	42,123
Fare media	-	-	1,429	-	-	-	-	-	1,429	24,120	14,584
Recruiting	8,389	144	-	-	-	-	1,205	-	9,738	26,883	33,991
Computer services	-	5,338	-	-	-	-	39	-	5,377	70,448	72,851
Postage and freight	-	-	-	-	-	-	898	-	898	10,730	8,032
Bank charges	-	-	-	-	-	-	-	-	-	9,733	8,363
Rent expense	-	32,100	-	-	-	-	-	-	32,100	32,100	41,446
Subtotal general and administration	14,197	37,582	46,465	-	42	-	3,667	-	101,953	333,172	376,929

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Urban								Urban	
	General Admin.	Transit Operations	Maintenance	Special Projects	Marketing	Planning	ADA	Mobility Manager	Capital Exp./ Depreciation	Total
Miscellaneous expenses:										
Park and ride lease payments	-	25,671	-	1,873	-	-	-	-	-	27,544
Planning expenses	-	-	-	-	-	148,305	-	-	-	148,305
Cash counting expense	4,390	-	-	-	-	-	-	-	-	4,390
Paratransit transportation expense	-	-	-	-	-	-	1,161,518	-	-	1,161,518
Volunteer mileage reimbursements	-	-	-	-	-	-	-	-	-	-
Contracted transportation expense	-	30,837	-	-	-	-	-	-	-	30,837
Other reimbursements	-	-	-	-	-	-	-	-	-	-
Other miscellaneous expenses	-	4,206	-	-	-	-	-	-	-	4,206
Other misc. - parking expense	-	75	-	-	-	-	-	-	-	75
Transfers	-	-	-	-	-	-	-	-	-	-
Subtotal miscellaneous expenses	4,390	60,789	-	1,873	-	148,305	1,161,518	-	-	1,376,875
Total operating expenses	1,381,463	8,308,635	2,600,735	7,873	204,068	382,882	1,173,018	53,362	25,453	14,137,489
Nonoperating expenses:										
Bad debt expense	-	-	-	-	-	-	-	-	-	-
Capital fund expenses	-	-	-	-	-	-	-	-	607,736	607,736
Depreciation expense	-	-	-	-	-	-	-	-	2,698,347	2,698,347
Capital lease expense	46,443	-	-	-	-	-	-	-	-	46,443
Subtotal nonoperating expenses	46,443	-	-	-	-	-	-	-	3,306,083	3,352,526
Total expenses	1,427,906	8,308,635	2,600,735	7,873	204,068	382,882	1,173,018	53,362	3,331,536	17,490,015
General administration allocation	(1,622,656)	988,673	208,783	-	20,121	23,129	1,134	5,262	2,510	(373,044)
Deferred Cost Pool - Current year	86,744	-	-	-	-	-	-	-	-	86,744
Deferred Cost Pool - Prior year	-	-	-	-	-	-	-	-	-	-
Total change in deferred cost pool	86,744	-	-	-	-	-	-	-	-	86,744
Net expenses	\$ (108,006)	\$ 9,297,308	\$ 2,809,518	\$ 7,873	\$ 224,189	\$ 406,011	\$ 1,174,152	\$ 58,624	\$ 3,334,046	\$ 17,203,715

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULE OF EXPENSES  
FOR THE YEARS ENDED JUNE 30,

	Transit Operations	Maintenance	Marketing	RTAP	Planning	Elders & Disabled	Broker Services	Capital Exp./ Depreciation	Rural Total	2018 Total	2017 Total
Miscellaneous expenses:											
Park and ride lease payments	-	-	-	-	-	-	-	-	-	27,544	32,685
Planning expenses	-	-	-	-	75,781	-	-	-	75,781	224,086	150,244
Cash counting expense	-	-	-	-	-	-	-	-	-	4,390	3,865
Paratransit transportation expense	-	-	-	-	-	-	-	-	-	1,161,518	1,156,939
Volunteer mileage reimbursements	-	-	-	-	-	148,294	362,486	-	510,780	510,780	575,416
Contracted transportation expense	-	-	-	-	-	644,812	172,142	-	816,954	847,791	843,865
Other reimbursements	-	-	-	-	-	-	-	-	-	-	-
Other miscellaneous expenses	1,180	-	-	-	-	-	-	-	1,180	5,386	8,063
Other misc. - parking expense	-	-	-	-	-	-	-	-	-	75	66
Transfers	-	-	-	-	-	-	-	-	-	-	-
Subtotal miscellaneous expenses	1,180	-	-	-	75,781	793,106	534,628	-	1,404,695	2,781,570	2,771,143
Total operating expenses	3,453,868	803,268	151,366	10,044	103,254	817,369	1,076,071	5,671	6,420,911	20,558,400	5,274,234
Nonoperating expenses:											
Bad debt expense	-	-	-	-	-	-	-	-	-	-	-
Capital fund expenses	-	-	-	-	-	-	-	150,175	150,175	757,911	1,494,337
Depreciation expense	-	-	-	-	-	-	-	639,041	639,041	3,337,388	3,329,828
Capital lease expense	-	-	-	-	-	-	-	-	-	46,443	46,442
Subtotal nonoperating expenses	-	-	-	-	-	-	-	789,216	789,216	4,141,742	4,870,607
Total expenses	3,453,868	803,268	151,366	10,044	103,254	817,369	1,076,071	794,887	7,210,127	24,700,142	10,144,841
General administration allocation	165,538	126,852	14,925	-	9,392	2,392	53,386	559	373,044	-	-
Deferred Cost Pool - Current year	-	-	-	-	-	-	-	-	-	86,744	61,938
Deferred Cost Pool - Prior year	-	-	-	-	-	-	-	-	-	-	(883)
Total change in deferred cost pool	-	-	-	-	-	-	-	-	-	86,744	61,055
Net expenses	<u>\$ 3,619,406</u>	<u>\$ 930,120</u>	<u>\$ 166,291</u>	<u>\$ 10,044</u>	<u>\$ 112,646</u>	<u>\$ 819,761</u>	<u>\$ 1,129,457</u>	<u>\$ 795,446</u>	<u>\$ 7,583,171</u>	<u>\$ 24,786,886</u>	<u>\$ 10,205,896</u>

See accompanying independent auditors' report and notes to financial statements.

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Grantor Identifying Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. DEPARTMENT OF TRANSPORTATION:				
Federal Transit Cluster:				
Direct Programs:				
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-03-0048	\$ 6,475	\$ -
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0004	166,672	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0011	9,692	-
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0019	5,480	-
Passed through State of Vermont, Agency of Transportation:				
Federal Transit Capital Investment Grants - Capital Assistance Program	20.500	VT-04-0021	1,200	-
			<u>189,519</u>	<u>-</u>
Direct Programs:				
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-90-0072	1,138	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-95-X015	15,200	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2016-001	359,463	-
Federal Transit Formula Grants - Capital Assistance Program	20.507	VT-2016-002	17,342	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2016-001	95,985	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2017-005	1,315,670	-
Federal Transit Formula Grants - Preventive Maintenance	20.507	VT-2018-001	88,345	-
Federal Transit Formula Grants - Operating	20.507	VT-2016-002	2,188,514	-
Federal Transit Formula Grants - Operating	20.507	VT-2017-006	917,957	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-95-X017	224,174	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-2016-001	786,238	-
Federal Transit Formula Grants - CMAQ Operating	20.507	VT-2017-005	76,607	-
			<u>6,086,633</u>	<u>-</u>
Passed through State of Vermont, Agency of Transportation:				
Bus and Bus Facilities Formula Program - Capital Assistance Program	20.526	VT-2016-003	36,001	-
Bus and Bus Facilities Formula Program - Capital Assistance Program	20.526	VT-2017-003	3,844,897	-
Bus and Bus Facilities Formula Program - Capital Assistance Program	20.526	VT-2017-008	373,605	-
Bus and Bus Facilities Formula Program - Capital Assistance Program	20.526	VT-34-0001	343,602	-
Bus and Bus Facilities Formula Program - Capital Assistance Program	20.526	VT-34-0001	62,530	-
			<u>4,660,635</u>	<u>-</u>
Subtotal Federal Transit Cluster			<u>10,936,787</u>	<u>-</u>

GREEN MOUNTAIN TRANSIT AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 2018

Federal Grantor Pass-through Grantor Program Title	Federal CFDA Number	Pass-Through Identifying Grantor Number	Total Federal Expenditures	Expenditures to Subrecipients
Passed through State of Vermont, Agency of Transportation: Highway Planning and Construction - FHWA Capital	20.205	101-TB-LG03	6,245	-
Passed through Chittenden County Regional Planning Commission (CCRPC):				
Highway Planning and Construction - CCRPC	20.505	PL 2018-04	335,372	-
Rural Planning	20.505	VT-2016-006	<u>30,000</u>	<u>-</u>
Subtotal Highway Planning and Construction			<u>371,617</u>	<u>-</u>
Passed through State of Vermont, Agency of Transportation:				
Formula Grants for Rural Areas - Admin	20.509	VT-2017-009	580,000	-
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-85-X010	73,925	-
Formula Grants for Rural Areas - Capital Assistance Program	20.509	VT-85-X011	57,336	-
Formula Grants for Rural Areas - Operating Assistance Program	20.509	VT-2017-007	600,000	-
Formula Grants for Rural Areas - Preventive Maintenance	20.509	VT-2017-009	547,474	-
Formula Grants for Rural Areas - E&D - Chittenden County - Rural	20.509	VT-2017-009	427,990	-
Formula Grants for Rural Areas - E&D - Franklin/Grand Isle County	20.509	VT-2017-009	299,300	-
Formula Grants for Rural Areas - E&D - Washington County	20.509	VT-2017-009	252,710	-
Formula Grants for Rural Areas - CMAQ Operating	20.509	VT-2017-009	138,673	-
Formula Grants for Rural Areas - CMAQ Operating	20.509	VT-2017-009	71,594	-
Formula Grants for Rural Areas - CMAQ Operating	20.509	VT-2017-009	72,588	-
Formula Grants for Rural Areas - Rural Transit Assistance Program	20.509	VT-2017-007	18,000	-
Subtotal Formula Grants for Rural Areas			<u>3,139,590</u>	<u>-</u>
Passed through State of Vermont, Agency of Transportation:				
Enhanced Mobility of Seniors and Individuals with Disabilities - Capital Assistance Program	20.513	VT-2016-005	19,731	-
Enhanced Mobility of Seniors and Individuals with Disabilities - Capital Assistance Program	20.513	VT-16-X048	<u>20,790</u>	<u>-</u>
Subtotal Enhanced Mobility of Seniors and Individuals with Disabilities			<u>40,521</u>	<u>-</u>
Total Federal Expenditures			<u>\$ 14,488,515</u>	<u>\$ -</u>

GREEN MOUNTAIN TRANSIT AUTHORITY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2018

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal awards activity of Green Mountain Transit Authority under programs of the federal government for the year ended June 30, 2018. The federal awards activity presented in the Schedule includes all federal awards received directly from federal agencies as well as federal awards passed through other government agencies. 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). Since the Schedule presents only a selected portion of the operations of the Green Mountain Transit Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Green Mountain Transit Authority.

2. Summary of Significant Accounting Policies

- a. Expenditures presented on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- b. The Green Mountain Transit Authority elected to use a 9.55% fixed indirect cost rate for fiscal year 2018, as approved by the Federal Transit Administration. The approved fixed indirect cost rate used by Green Mountain Transit Authority in fiscal year 2018 is calculated using an indirect cost rate base type of modified total direct costs.

3. Major Programs - Federal

The following programs were considered major programs as defined by the Uniform Guidance and also Type A programs as defined by the Uniform Guidance. These programs were tested due to the Agency being classified as low-risk as defined in the Uniform Guidance:

<u>Program</u>	<u>CFDA #</u>
Federal Transit Cluster	20.500/20.507/20.526



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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

Board of Commissioners  
Green Mountain Transit Authority  
Burlington, Vermont

We have audited, in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the major fund of the Green Mountain Transit Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Green Mountain Transit Authority's basic financial statements, and have issued our report thereon dated January 7, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the 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.

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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 Green Mountain Transit Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instance of noncompliance or other matter 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 7, 2019



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

Board of Commissioners  
Green Mountain Transit Authority  
Burlington, Vermont

Report on Compliance for Each Major Federal Program

We have audited Green Mountain Transit Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Green Mountain Transit Authority's major federal programs for the year ended June 30, 2018. Green Mountain Transit Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Green Mountain Transit Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Award* (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 Green Mountain Transit Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

#### Opinion on Each Major Federal Program

In our opinion, Green Mountain Transit Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2018.

#### Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the 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 communication is not suitable for any other purpose.

*RHR Smith & Company*

Buxton, Maine  
Vermont Registration No. 092.0000697  
January 7, 2019

GREEN MOUNTAIN TRANSIT AUTHORITY  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 FOR THE YEAR ENDED JUNE 30, 2018

**Section I - Summary of Auditor's Results**

• *Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified? \_\_\_\_\_yes        X  no
- Noncompliance material to financial statements noted? \_\_\_\_\_yes        X  no

• *Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? \_\_\_\_\_yes        X  no
- Significant deficiency(ies) identified? \_\_\_\_\_yes        X  no

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

Any audit findings disclosed that are required to be reported  
 In accordance with 2 CFR 200.516(a) \_\_\_\_\_yes        X  no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
20.500/20.507/20.526	Federal Transit Cluster

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

Auditee qualified as low-risk auditee?   X  yes      \_\_\_\_\_no

**Section II – Financial Statement Findings**

None

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

None