

**Cumberland-Dauphin-Harrisburg
Transit Authority**



CAPITAL AREA TRANSIT

Single Audit Report

June 30, 2017



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Cumberland-Dauphin-Harrisburg Transit Authority

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Cumberland-Dauphin-Harrisburg Transit Authority

Report Distribution List

June 30, 2017

Board of Directors
Cumberland-Dauphin-Harrisburg Transit
Authority
901 N. Cameron Street
Harrisburg, PA 17105-1571

Federal Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

U.S. Department of Transportation
Federal Transit Administration
TBP-24 Room 9424
400 7th Street, N.W.
Washington, DC 20590

U.S. Department of Transportation
Federal Transit Authority
Region 3 Office
1760 Market Street
Suite 500
Philadelphia, PA 19103

Commonwealth of Pennsylvania
Bureau of Audits
Special Audit Services Division
Forum Place, 8th Floor
555 Walnut Street
Harrisburg, PA 17101

Tri County Regional Planning Commission
Dauphin County Veterans Memorial Office
Building
Second Floor
112 Market Street
Harrisburg, PA 17101-2015

Dauphin County
Department of Human Services
Dauphin County Administration Building
2 South Second Street, 5th Floor
Harrisburg, PA 17101



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* and the Audit Requirements of the Pennsylvania Department of Transportation

Independent Auditor's Report

To the Board of Directors
Cumberland-Dauphin-Harrisburg Transit Authority
Harrisburg, Pennsylvania

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 and the audit requirements of the Pennsylvania Department of Transportation, the financial statements of the Cumberland-Dauphin-Harrisburg Transit Authority, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Cumberland-Dauphin-Harrisburg Transit Authority's basic financial statements, and have issued our report thereon dated November 2, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Cumberland-Dauphin-Harrisburg 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 opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cumberland-Dauphin-Harrisburg Transit Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Cumberland-Dauphin-Harrisburg 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.

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 Cumberland-Dauphin-Harrisburg 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and the audit requirements of the Pennsylvania Department of Transportation.

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* and the audit requirements of the Pennsylvania Department of Transportation in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Handwritten signature in black ink that reads "RKL LLP". The letters are cursive and somewhat stylized.

November 2, 2017
Lancaster, Pennsylvania



Report on Compliance for Each Major Federal and DHS Program; Report on Internal Control over Compliance; and Report on the Schedules of Expenditures of Federal Awards and DHS Awards as Required by the Uniform Guidance and the Pennsylvania Department of Human Services

Independent Auditor's Report

To the Board of Directors
Cumberland-Dauphin-Harrisburg Transit Authority
Harrisburg, Pennsylvania

Report on Compliance for Each Major Federal and DHS Program

We have audited the Cumberland-Dauphin-Harrisburg Transit Authority's compliance with the types of compliance requirements described in the OMB, *Compliance Supplement*, and the Pennsylvania Department of Human Services (DHS), *Single Audit Supplement* (the Supplement), that could have a direct and material effect on each of the Cumberland-Dauphin-Harrisburg Transit Authority's major federal and DHS programs for the year ended June 30, 2017. The Cumberland-Dauphin-Harrisburg Transit Authority's major federal and DHS programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal and DHS awards applicable to its federal and DHS programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cumberland-Dauphin-Harrisburg Transit Authority's major federal and DHS 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 audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance and the Supplement). Those standards, the Uniform Guidance, and the Supplement 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 or DHS program occurred. An audit includes examining, on a test basis, evidence about Cumberland-Dauphin-Harrisburg Transit Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

Auditor's Responsibility (continued)

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and DHS program. However, our audit does not provide a legal determination of the Cumberland-Dauphin-Harrisburg Transit Authority's compliance.

Opinion on Each Major Federal and Pennsylvania DHS Program

In our opinion, the Cumberland-Dauphin-Harrisburg 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 and DHS programs for the year ended June 30, 2017.

Report on Internal Control over Compliance

Management of Cumberland-Dauphin-Harrisburg 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 Cumberland-Dauphin-Harrisburg Transit Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and DHS 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 and DHS program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the Supplement, 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 Cumberland-Dauphin-Harrisburg 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 or DHS 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 or DHS 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 or DHS 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 and DHS. Accordingly, this report is not suitable for any other purpose.

Report on the Schedules of Expenditures of Federal Awards and DHS Awards as Required by the Uniform Guidance and the Pennsylvania Department of Human Services

We have audited the financial statements of Cumberland-Dauphin-Harrisburg Transit Authority as of and for the year ended June 30, 2017, and have issued our report thereon, dated November 2, 2017, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedules of expenditures of federal awards and DHS expenditures are presented for purposes of additional analysis as required by the Uniform Guidance and DHS and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal awards and DHS expenditures are fairly stated in all material respects in relation to the financial statements as a whole.

RKL LLP

November 2, 2017
Lancaster, Pennsylvania

Cumberland-Dauphin-Harrisburg Transit Authority

Schedule of Expenditures of Federal Awards

June 30, 2017

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation, Federal Transit Administration			
Passed through the Pennsylvania Department of Transportation			
Formula Grants for Rural Areas	20.509	EG00002430	<u>\$ 47,947</u>
Federal Transit Grants Cluster			
Federal Transit-Formula Grants	20.507	N/A	26,285
Federal Transit-Formula Grants	20.507	PA-90-X806	6,145
Federal Transit-Formula Grants	20.507	PA-90-X778	53,916
Federal Transit-Formula Grants	20.507	PA-95-X104	1,368,163
Federal Transit-Formula Grants	20.507	PA-95-X112	346,827
Federal Transit-Formula Grants	20.507	PA-2016-004-00	138,651
Federal Transit-Formula Grants	20.507	PA-2016-010-00	3,894,251
Federal Transit-Formula Grants	20.507	PA-2016-024-00	673,768
Bus and Bus Facilities Formula Program	20.526	PA-2016-024-00	<u>29,551</u>
Total Federal Transit Cluster			<u>6,537,557*</u>
Transit Services Programs Cluster			
Passed through the Pennsylvania Department of Transportation			
Enhanced Mobility for Seniors and Individuals with Disabilities	20.513	PA-17-X002	<u>566,832</u>
Passed through the Commonwealth of Pennsylvania, Department of Transportation			
Passed through the Tri-County Regional Planning Commission			
Highway Planning and Construction (CMAQ)	20.205	N/A	<u>24,664</u>
Total U.S. Department of Transportation, Federal Transit Administration			<u>7,177,000</u>
U.S. Department of Health and Human Services			
Medicaid Cluster			
Passed through the Pennsylvania Department of Human Services			
Passed through Dauphin County Medical Assistance Transportation Program	93.778	N/A	<u>967,459*</u>
Total U.S. Department of Health and Human Services			<u>967,459</u>
Total Federal Awards Expended			<u>\$ 8,144,459</u>

* Denotes major programs as defined by the Uniform Guidance.

Cumberland-Dauphin-Harrisburg Transit Authority

Schedule of Pennsylvania Department of Human Services Expenditures
June 30, 2017

Program (as Defined in the Pennsylvania Department of Human Services, <i>Single Audit Supplement</i>)	Combined Federal/State Expenditures for Fiscal Year Ended June 30, 2017
Medical Assistance Transportation Program	<u>\$ 1,934,918*</u>

* Major Pennsylvania Department of Human Services program. The 2017 threshold for major programs under the federal definition is \$300,000 (the greater of 3% of total federal expenditures or \$300,000). The amount expended under major Pennsylvania Department of Human Services programs for the fiscal year ended June 30, 2017 was \$1,934,918 or 100% of total Pennsylvania Department of Human Services program financial assistance.

Cumberland-Dauphin-Harrisburg Transit Authority

Notes to Schedule of Expenditures of Federal Awards and Schedule of Pennsylvania
Department of Human Services Expenditures
June 30, 2017

Note 1 - Significant Accounting Policies

The Cumberland-Dauphin-Harrisburg Transit Authority (the Authority) maintains its accounting records in accordance with accounting principles generally accepted in the United States of America. The financial information contained in the schedule of expenditures of federal awards has been prepared on the basis of accounting practices prescribed under the terms of Operating Assistance, Planning, and Capital Grants with the Federal Transit Administration. The practices differ from accounting principles generally accepted in the United States of America as follows:

1. Depreciation is not allowed as a project cost.
2. Certain expenditures that would not normally be included in the determination of net income are either allowable or unallowable for project purposes.

Note 2 - Indirect Cost Rate

Indirect cost of the Authority was based on actual time. The Authority did not elect to utilize the ten percent de minimis indirect cost rate.

Note 3 - Program Clusters

The following program cluster, as defined by the Uniform Guidance, was treated as a single program for determining major programs:

	<u>CFDA Number</u>	<u>Expenditures</u>
Federal Transit Cluster	20.507 and 20.526	\$ 6,537,557

Cumberland-Dauphin-Harrisburg Transit Authority

Summary Schedule of Prior Audit Findings

June 30, 2017

Section I - Financial Statement Findings

None.

Section II - Federal Award Findings and Questioned Costs

None.

Cumberland-Dauphin-Harrisburg Transit Authority

Schedule of Findings and Questioned Costs

June 30, 2017

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 No

Significant deficiency(ies) identified? Yes None Reported

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs

Material weakness(es) identified? Yes No

Significant deficiency(ies) identified? Yes None Reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)? Yes No

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program</u>	<u>Amount Expended</u>
93.778	Medical Assistance Transportation Program	\$ 967,459
20.507 and 20.526	Federal Transit Cluster	6,537,557
Dollar threshold used to distinguish between Type A and Type B programs:		\$ 750,000
Auditee qualified as low-risk auditee?	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	

Cumberland-Dauphin-Harrisburg Transit Authority

Schedule of Findings and Questioned Costs (continued)

June 30, 2017

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.