



Single Audit Report

June 30, 2012

Red Rose Transit Authority

Single Audit Report

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Red Rose Transit Authority

Report Distribution List

June 30, 2012

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Lancaster, PA 17601

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Federal Transit Administration
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Washington, DC 20590

Federal Audit Clearinghouse
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Special Audit Services Division
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Lancaster, PA 17608-3480

Lancaster County Office of Aging
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Lancaster County Office of Mental Health
and Mental Retardation
50 N. Duke Street
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Lancaster, PA 17608-3480



Independent Auditors' Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of
Financial Statements Performed in Accordance with
Government Auditing Standards

To the Board of Directors
Red Rose Transit Authority
Lancaster, Pennsylvania

We have audited the financial statements of Red Rose Transit Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012. 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.

Internal Control over Financial Reporting

Management of Red Rose Transit Authority is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Red Rose Transit Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Red Rose Transit Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Red Rose Transit Authority's internal control over financial reporting.

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 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Red Rose Transit Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities, and is not intended to be, and should not be, used by anyone other than these specified parties.

Reinsel Kintz Leshen LLP

December 18, 2012



Independent Auditors' Report on Compliance with Requirements that Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

To the Board of Directors
Red Rose Transit Authority
Lancaster, Pennsylvania

Compliance

We have audited Red Rose Transit Authority's compliance with the types of compliance requirements described in the OMB Circular A-133, *Compliance Supplement*, that could have a direct and material effect on each of Red Rose Transit Authority's federal programs for the year ended June 30, 2012. Red Rose Transit Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Red Rose Transit Authority's management. Our responsibility is to express an opinion on Red Rose Transit Authority's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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 Red Rose 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. Our audit does not provide a legal determination of Red Rose Transit Authority's compliance with those requirements.

In our opinion, Red Rose Transit Authority complied, in all material respects, with the 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, 2012.

Internal Control Over Compliance

Management of Red Rose Transit Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Red Rose Transit Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Red Rose 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 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.

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

Schedule of Expenditures of Federal Awards

We have audited the basic financial statements of Red Rose Transit Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated December 18, 2012, which contained an unqualified opinion on those financial statements. Our audit was conducted for the purpose of forming our opinions on the financial statements that collectively comprise Red Rose Transit Authority's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

This report is intended solely for the information and use of the Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

Reinsel Kintz Lesher LLP

December 18, 2012

Red Rose Transit Authority
Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation, Federal Transit Administration:			
ARRA - Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-96-0005	\$ 334,851
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0638	147
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0688	883,278
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-04-0009	67,195
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0678	66,710
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0710	1,627,569
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-95-0043	126,072
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0522	6,613
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0589	11,285
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0729	1,766,357
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-8710	411,078
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0729	595,000
Federal Transit Capital and Operating Assistance Formula Grants	20.507	PA-90-0588	<u>26,925</u>
			5,923,080*

Red Rose Transit Authority

Schedule of Expenditures of Federal Awards (continued)

Year Ended June 30, 2012

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation, Federal Transit Administration (continued):			
Job Access Reverse Commute	20.516	PA-37-4038	47,753
ARRA - Capital Assistance Program for Reducing Energy Consumption and Greenhouse Gas Emissions	20.523	PA-77-0001	38,457
Passed through Lancaster County -			
Metropolitan Planning Grant	20.505	N/A	<u>26,400</u>
Total U.S. Department of Transportation, Federal Transit Administration			6,035,690
U.S. Department of Health and Human Services:			
Passed through the Commonwealth of Pennsylvania, Department of Public Welfare -			
Passed through Lancaster County -			
Medical Assistance Transportation Program	93.778	N/A	1,299,244*
Passed through the Lancaster County Office of Mental Health/Mental Retardation -			
Medical Assistance Transportation Program	93.778	N/A	<u>679,254*</u>
Total U.S. Department of Health and Human Services			<u>1,978,498</u>
Total Federal Awards Expended			<u>\$8,014,188</u>

* Denotes major programs as defined by OMB Circular A-133.

Red Rose Transit Authority
Note to Schedule of Expenditures of Federal Awards
Year Ended June 30, 2012

Note 1 - Significant Accounting Policies

The Red Rose Transit 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 Federal Operating Assistance 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.

Red Rose Transit Authority
Summary Schedule of Prior Audit Findings
Year Ended June 30, 2012

The prior year single audit disclosed no findings in the schedule of findings and questioned costs.

Red Rose Transit Authority
 Schedule of Findings and Questioned Costs
 Year Ended June 30, 2012

Section I - Summary of Auditors' Results:

Financial Statements:

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? _____ Yes X No

Significant deficiency(ies) identified not considered to be (a) material weakness(es)? _____ Yes X None Reported

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 not considered to be (a) material weakness(es)? _____ Yes X None Reported

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

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133, Section .510(a)? _____ Yes X No

Identification of major programs:

<u>CFDA Number</u>	<u>Name of Federal Program</u>	<u>Amount Expended</u>
20.500 and 20.507	Transit Capital Grants Cluster	\$5,923,080
93.778	Medical Assistance Transportation Program	\$1,978,498

Dollar threshold used to distinguish between Type A and Type B programs: **\$300,000**

Auditee qualified as low-risk auditee? X Yes _____ No

Red Rose Transit Authority

Schedule of Findings and Questioned Costs (continued)

Year Ended June 30, 2012

Section II - Financial Statement Findings:

No matters were noted.

Section III - Federal Award Findings and Questioned Costs:

No matters were noted.