



**County of Lackawanna
Transit System Authority**
A Component Unit of Lackawanna County



Single Audit Report

June 30, 2023



County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Table of Contents
June 30, 2023

	Page
Report Distribution List	1
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> and the Audit Requirements of the Pennsylvania Department of Transportation	2 and 3
Report on Compliance for Each Major Federal Program; Report on Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	4 to 6
Schedule of Expenditures of Federal Awards	7
Schedule of Pennsylvania Department of Human Services Expenditures	8
Notes to Schedule of Expenditures of Federal Awards and Schedule of Pennsylvania Department of Human Services Expenditures	9
Summary Schedule of Prior Audit Findings	10
Schedule of Findings and Questioned Costs	11 and 12

County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Report Distribution List
June 30, 2023

Board of Directors
County of Lackawanna Transit System Authority
800 North South Road
Scranton, PA 18504

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

U.S. Department of Transportation
Federal Transit Administration
1200 New Jersey Avenue, SE
Washington, DC 20590

U.S. Department of Transportation
Federal Transit Administration
Region 3 Office
1835 Market Street
Suite 1910
Philadelphia, PA 19103-2968

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

Lackawanna County Planning Department
Attention: Steven Pitoniak
Lackawanna County Gateway Center
135 Jefferson Avenue
Scranton, PA 18503

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
County of Lackawanna Transit System Authority
Scranton, 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 business-type activities and aggregate remaining fund information of the County of Lackawanna Transit System Authority (the Authority) as of and for the years ended June 30, 2023 and December 31, 2022, respectively, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon, dated December 12, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing 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 Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 Authority'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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 financial statements. 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 Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

RKL LLP

December 12, 2023
Lancaster, Pennsylvania

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

Independent Auditor's Report

To the Board of Directors
County of Lackawanna Transit System Authority
Scranton, Pennsylvania

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the County of Lackawanna Transit System Authority's (the Authority) compliance with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the years ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Authority's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above have occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance, but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2023, and have issued our report thereon, dated December 12, 2023, which contained an unmodified opinion on those financial statements. Our audit was performed for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis required by the Uniform Guidance, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the financial statements as a whole.

RKL LLP

December 12, 2023
Lancaster, Pennsylvania

**County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County**

Schedule of Expenditures of Federal Awards
June 30, 2023

Federal Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. Department of Transportation, Federal Transit Administration			
Federal Transit Cluster			
Federal Transit-Formula Grants	20.507	PA-2022-047	<u>\$ 1,135,685</u>
Total Federal Transit Cluster			<u>1,135,685*</u>
Transit Services Programs Cluster			
Job Access and Reverse Commute Program	20.516	PA-37-X032	<u>117,531</u>
Total Transit Services Programs Cluster			<u>117,531</u>
Total U.S. Department of Transportation, Federal Transit Administration			<u>1,253,216</u>
U.S. Department of Health and Human Services			
Medicaid Cluster			
Passed through the Pennsylvania Department of Human Services Passed through Lackawanna County Medical Assistance Transportation Program	93.778	N/A	<u>401,316</u>
Total U.S. Department of Health and Human Services			<u>401,316</u>
Total Federal Awards Expended			<u>\$ 1,654,532</u>

* Denotes major programs as defined by the Uniform Guidance.

**County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County**

Schedule of Pennsylvania Department of Human Services Expenditures
June 30, 2023

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, 2023
Medical Assistance Transportation Program	<u>\$ 802,632</u>

County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Notes to Schedule of Expenditures of Federal Awards and the Schedule of Pennsylvania
Department of Human Services Expenditures
June 30, 2023

Note 1 - Significant Accounting Policies

The County of Lackawanna Transit System 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 and the schedule of Pennsylvania Department of Human Services expenditures have 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 Cluster

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	<u>\$ 1,135,685</u>
Transit Services Programs Cluster	20.516	<u>\$ 117,531</u>
Medicaid Cluster	93.778	<u>\$ 401,316</u>

County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Summary Schedule of Prior Audit Findings
June 30, 2022

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.

County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County

Schedule of Findings and Questioned Costs
 June 30, 2023

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

CFDA Numbers	Name of Federal Program	Amount Expended
20.507	Federal Transit Cluster	\$ 1,135,685
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

**County of Lackawanna Transit System Authority
A Component Unit of Lackawanna County**

Schedule of Findings and Questioned Costs (continued)
June 30, 2023

Section II - Financial Statement Findings

None.

Section III - Federal Award Findings and Questioned Costs

None.