

Stark Area Regional Transit Authority

**Single Audit Reports
For the Year Ended December 31, 2016**

Stark Area Regional Transit Authority

For the Year Ended December 31, 2016

Table of Contents

<u>Title</u>	<u>Page</u>
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1-2
Independent Auditor's Report on Compliance for Each Major Program; Internal Control over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	3-5
Schedule of Expenditures of Federal Awards	6-7
Notes to the Schedule of Expenditures of Federal Awards	8
Schedule of Findings and Questioned Costs	9-10
Schedule of Prior Audit Findings and Questioned Costs	11-12



CPAs and Business Advisors
Expect More*

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

Board of Trustees
Stark Area Regional Transit Authority


We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business-type activities of the Stark Area Regional Transit Authority (the "Authority"), as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated May 31, 2017.

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) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the 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 may exist that have not been identified.

 **C&P Advisors, LLC**
Ciuni & Panichi, Inc.
C&P Wealth Management, LLC



25201 Chagrin Boulevard
Cleveland, Ohio 44122.5683
p. 216.831.7171
f. 216.831.3020
www.cp-advisors.com
Independent Member of
Geneva Group International

Board of Trustees
Stark Area Regional Transit Authority

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority'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 Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Cianni + Panichi, Inc.

Cleveland, Ohio
May 31, 2017



CPAs and Business Advisors
Expect More*

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

Board of Trustees
Stark Area Regional Transit Authority

Report on Compliance for Each Major Federal Program

We have audited the Stark Area Regional Transit Authority's (the "Authority") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the Authority's major federal program for the year ended December 31, 2016. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2016.

Report on Internal Control over Compliance

Management of the 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 the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on its major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the 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. *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 report is not suitable for any other purpose.

Board of Trustees
Stark Area Regional Transit Authority

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

We have audited the financial statements of the business-type activities of the Authority as of and for the year ended December 31, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated May 31, 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 that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic 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 basic 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 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 expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Ciuni + Panichi, Inc.

Cleveland, Ohio
May 31, 2017

Stark Area Regional Transit Authority

Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Grant Number	Federal Expenditures
U.S. Department of Transportation:			
Federal Transit Cluster:			
Federal Transit Administration Capital Investment Grants	20.500	OH-04-0069	\$ 22,484
	20.500	OH-04-0084	<u>9,994</u>
			32,478
Federal Transit Formula Grants	20.507	OH-90-X714	227,340
	20.507	OH-90-X764	471,143
	20.507	OH-90-X785	38,925
	20.507	OH-90-X797	35,938
	20.507	OH-90-0818	1,586,787
	20.507	OH-95-0184	218,076
	20.507	OH-95-X172	596,419
	20.507	OH-95-0200	32,514
	20.507	OH-2016-023-00	351,905
	20.507	OH-2016-028-00	909,718
	20.507	OH-2016-029-00	1,018,129
	20.507	OH-2016-030-00	3,057,426
	20.507	OH-2016-031-00	<u>369,998</u>
			8,914,318
Bus and Bus Facilities Formula Program	20.526	OH-34-0006	169,727
	20.526	OH-34-0017	<u>401,249</u>
			<u>570,976</u>
Total Federal Transit Cluster			9,517,772
Public Transportation, Research, Technical Assistance, and Training:			
National Research Programs	20.514	OH-26-008	7,834,011
Passed-through from CALSTART, Inc.			
Ohio American Fuel Cell Bus Project	20.514	CA-04-7009	1,485,578
Upper Ohio Large Fleet Integration Demonstration Project	20.514	CA-04-7004-01	<u>1,210,944</u>
Total Public Transportation, Research, Technical Assistance, and Training			10,530,533

Stark Area Regional Transit Authority

Schedule of Expenditures of Federal Awards (continued)

For the Year Ended December 31, 2016

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Grant Number	Federal Expenditures
Transit Services Programs Cluster:			
Enhanced Mobility of Seniors and Individuals with Disabilities	20.513	OH-2016-059-00	77,312
Enhanced Mobility of Seniors and Individuals with Disabilities – passed-through to subrecipients	20.513	OH-2016-059-00	236,448
Enhanced Mobility of Seniors and Individuals with Disabilities – passed-through to subrecipients	20.513	OH-16-X013	<u>6,828</u>
Subtotal Enhanced Mobility of Seniors and Individuals with Disabilities – passed-through to subrecipients			<u>243,276</u>
Total Enhanced Mobility of Seniors and Individuals with Disabilities			320,588
Job Access and Reverse Commute Program	20.516	OH-37-X094	9,213
New Freedom Program	20.521	OH-57-X054	<u>15,228</u>
Total Transit Services Programs Cluster			<u>345,029</u>
Total U.S. Department of Transportation			\$ <u>20,393,334</u>

Stark Area Regional Transit Authority

Notes to the Schedule of Expenditures of Federal Awards

For the Year Ended December 31, 2016

Note 1: Summary of Significant Accounting Policies

The accompanying schedule of expenditures of federal awards ("Schedule") reflects the expenditures of the Stark Area Regional Transit Authority (the "Authority") under programs financed by the U.S. government for the year ended December 31, 2016. The Schedule has been prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

For purposes of the Schedule, federal awards include all grants, contracts, loans, and loan guarantee agreements entered into directly and indirectly (passed-through) between the Authority and agencies and departments of the federal government.

Note 2: Indirect Cost Rate

The Authority did not elect to use the 10% de minimis indirect cost rate.

Note 3: Subrecipients

The Authority passes certain federal awards received from the United States Department of Transportation to other governments or not-for-profit agencies (subrecipients). As Note 1 describes, the Authority reports expenditures of federal awards to subrecipients on the accrual basis.

As a pass-through entity, the Authority has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals.

During 2016, the Authority provided \$243,276 of the Enhanced Mobility of Seniors and Individuals with Disabilities grant, to a subrecipient.

Stark Area Regional Transit Authority

Schedule of Findings and Questioned Costs

For the Year Ended December 31, 2016

1. Summary of Auditor's Results

(d)(I)(i)	Type of Financial Statement Opinion	Unmodified
(d)(I)(ii)	Were there any material control weakness reported at the financial statement level (GAGAS)?	No
(d)(I)(ii)	Were there any significant control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(I)(iii)	Was there any material noncompliance reported at the financial statement level (GAGAS)?	No
(d)(I)(iv)	Was there any material internal control weakness reported for major federal programs?	No
(d)(I)(iv)	Were there any significant control deficiencies reported for major federal programs?	No
(d)(I)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(I)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(I)(vii)	Major Program	Public Transportation, Research, Technical Assistance, and Training - CFDA # 20.514
(d)(I)(viii)	Dollar Threshold: Type A/B Programs	Type A: >\$ 750,000 Type B: All Others
(d)(I)(ix)	Low Risk Auditee?	No

Stark Area Regional Transit Authority

Schedule of Findings and Questioned Costs (continued)

For the Year Ended December 31, 2016

**2. Findings Related to the Financial Statements Required to be
Reported in Accordance With GAGAS**

None noted.

3. Findings for Federal Audits

None noted.

Stark Area Regional Transit Authority

Schedule of Prior Audit Findings and Questioned Costs

For the Year Ended December 31, 2016

Finding No.	Finding Summary	Fully Corrected	Explanation
2015-001	<p>Material Weakness in internal control over financial reporting:</p> <p>Condition: We noted the Authority improperly excluded accounts payable and accrual balances resulting from improper cutoff procedures which resulted in material adjustments made to these liabilities and the related expense accounts. Additionally, timely reconciliations were not performed from the general ledger to the schedule of expenditures of federal awards resulting in an unreconciled difference at year-end.</p> <p>Criteria: The internal control structure and processes should provide for the accurate cutoff procedures at year-end and timely reconciliations of the schedule of expenditures of federal awards.</p> <p>Cause: Controls were not in place to ensure compliance with the Authority's cutoff and reconciliation procedures.</p> <p>Effect: The lack of controls over the cutoff procedures relating to liabilities and timely reconciliation of expenses to be reported on the schedule of expenditures of federal awards may go undetected and decrease the reliability of financial data throughout the year.</p> <p>Recommendation: We recommend the Authority adopt procedures for controls over the year-end cutoff and reconciliation procedures to help ensure the information accurately reflects the policies of the Authority thereby increasing the reliability of the financial data at year-end.</p> <p>Management's Response: The Authority is taking the necessary steps to ensure proper cutoff procedures and timely reconciliations of general ledger balances.</p>	Yes	No audit adjustments were required related to this matter in 2016.