



To the Board of Directors
Monroe County Transportation Authority
Scotrun, Pennsylvania

Attention: Mr. Richard Mutchler, Board Chair
Ms. Peggy Howarth, Executive Director
Ms. Joan Davidge, Chief Financial Officer

This letter is to inform the Board of Directors and management of Monroe County Transportation Authority (the Authority) about significant matters related to the conduct of our audit as of and for the year ended June 30, 2020, so that they can appropriately discharge their oversight responsibility and we comply with our professional responsibilities.

The following summarizes various matters that must be communicated to you under auditing standards generally accepted in the United States of America.

The Respective Responsibilities of the Auditor and Management

Our responsibilities under auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States of America have been described to you in our arrangement letter dated June 4, 2020. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities, which are also described in that letter.

Overview of the Planned Scope and Timing of the Financial Statement Audit

We have issued a separate communication, dated June 4, 2020, regarding the planned scope and timing of our audit and have discussed with you our identification of and planned audit response to significant risks of material misstatement.

Significant Accounting Practices, Including Policies, Estimates, and Disclosures

In our meeting with you, we will discuss our views about the qualitative aspects of the Authority's significant accounting practices, including accounting policies, accounting estimates, and financial statement disclosures.

- Summary information about the process used by management in formulating particularly sensitive accounting estimates is as follows:
 - Estimated useful lives of capital assets - Depreciation of capital assets is based on the Authority's fixed asset policies. Management reviews the estimated useful lives of capital assets annually and makes any required adjustments.

Significant Accounting Practices, Including Policies, Estimates, and Disclosures (continued)

- Grants receivable - The Authority utilizes the accrual method. The Authority recognizes grants as a receivable and records the related revenues when management is reasonably certain the Authority will (a) comply with any conditions attached to them and (b) the grants will be received.
- Allowance for uncollectible accounts receivable - Management reviews the accounts receivable aging on a regular basis and makes the determination if any of the uncollected accounts receivable should have a reserve established against the respective balance.

Audit Adjustments

Professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. The material misstatements that we identified as a result of our audit procedures, which were brought to the attention of and corrected by management are provided as an attachment.

Uncorrected Misstatements

We are not aware of any uncorrected misstatements other than misstatements that are clearly trivial.

Consultation with Other Accountants

We are not aware of any consultations management had with other accountants about accounting or auditing matters.

Management Representations

Attached is a copy of the management representation letter.

Closing

We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to Monroe County Transportation Authority.

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



November 18, 2020
Lancaster, Pennsylvania

MCTA

Year End: June 30, 2020

Journal Entries: Adjusting

Date: 7/1/2019 To 6/30/2020

Number	Date	Name	Account No	Reference	Annotation	Debit	Credit	Recurrence	Misstatement
AJE #1	6/30/2020	Grant Rec Capital Federal	1245-0-0 GF01				449,485.00		
AJE #1	6/30/2020	Grant Receivable - State 1516 PWD	1250-0-0 GF01				323,067.00		
AJE #1	6/30/2020	Due to Capital Acct - FR	2020-0-1 GF01			772,552.00			
		To remove capital receivables already collected and correct due to/from capital account							
AJE #2	6/30/2020	Grants Rec Local FR	1237-0-1 GF01				725.00		
AJE #2	6/30/2020	Grants Receivable - Local Capital	1240-0-1 GF01				3,797.00		
AJE #2	6/30/2020	Due to Capital Acct - FR	2020-0-1 GF01			59,915.00			
AJE #2	6/30/2020	Due to Capital Acct - FR	2020-0-1 GF01			4,522.00			
AJE #2	6/30/2020	Restricted Disposition Proceeds-Unallocated FR	3120-0-0 GF01				59,915.00		
		To adjust the vehicle proceeds							
AJE #3	6/30/2020	Deferred Revenue-Grants	2135-0-1 GF01			34,751.00			
AJE #3	6/30/2020	Grants State Act 44-FR	4520-0-1 GF01				23,297.00		
AJE #3	6/30/2020	Grants State Act 44-SR	4520-0-2 GF01				11,454.00		
		Final funding adjustment							
AJE #4	6/30/2020	Fixed Route Checking	1035-0-1 GF01			183.00			
AJE #4	6/30/2020	Fixed Route Checking	1035-0-1 GF01				366.00		
AJE #4	6/30/2020	EE Medical Co-Pay	2272-0-0 GF01			125.00			
AJE #4	6/30/2020	Supp Ins. Withheld	2278-0-0 GF01			58.00			
		To adjust bank reconciliation difference.							
						872,106.00	872,106.00		
		Net Income (Loss)	(2.00)						



November 18, 2020

RKL LLP
1800 Fruitville Pike
P.O. Box 8408
Lancaster, PA 17604

This representation letter is provided in connection with your audits of the basic financial statements of Monroe County Transportation Authority (the Authority) as of and for the years ended June 30, 2020 and 2019 for the purpose of expressing an opinion on whether the financial statements are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America (U.S. GAAP).

We confirm, to the best of our knowledge and belief, that as of date of this letter:

Financial Statements

1. We have fulfilled our responsibilities, as set out in the terms of the audit arrangement letter dated June 4, 2020, for the preparation and fair presentation of the financial statements referred to above in accordance with U.S. GAAP.
2. We acknowledge our responsibility for 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.
3. We acknowledge our responsibility for the design, implementation, and maintenance of internal control to prevent and detect fraud.
4. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable and reflect our judgment based on our knowledge and experience about past and current events, and our assumptions about conditions we expect to exist and courses of action we expect to take.
5. Related-party relationships and transactions have been recorded in accordance with the economic substance of the transaction and appropriately accounted for and disclosed in accordance with the requirements of U.S. GAAP.
6. All events subsequent to the date of the financial statements, and for which U.S. GAAP requires adjustment or disclosure, have been adjusted or disclosed.

7. The effects of all known actual or possible litigation and claims have been accounted for and disclosed in accordance with U.S. GAAP.
8. We have set our fare structure so that the rate charged elderly persons with disabilities during non-peak hours for transportation utilizing or involving the facilities and equipment of the project financed with FTA funds will not exceed one-half of the rates generally applicable to other persons at peak hours.
9. We have not provided charter service with FTA funded equipment.
10. We have no direct or indirect legal or moral obligation for any debt of any organization, public or private, that is not disclosed in the financial statements.
11. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of noncompliance.
12. We have informed you of all uncorrected misstatements.

Information Provided

13. We have provided you with:
 - a. Access to all information of which we are aware that is relevant to the preparation and fair presentation of the financial statements such as records, documentation, and other matters;
 - b. Additional information that you have requested from us for the purpose of the audits;
 - c. Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence; and
 - d. Minutes of the meetings of the Board of Directors, or summaries of actions of recent meetings for which minutes have not yet been prepared.
14. All transactions have been recorded in the accounting records and are reflected in the financial statements.
15. We have disclosed to you the results of our assessment of risk that the financial statements may be materially misstated as a result of fraud.
16. We have no knowledge of allegations of fraud or suspected fraud affecting the Authority's financial statements involving:
 - a. Management;
 - b. Employees who have significant roles in internal control; or
 - c. Others where the fraud could have a material effect on the financial statements.
17. We have no knowledge of any allegations of fraud or suspected fraud affecting the Authority's financial statements received in communications from employees, former employees, analysts, regulators, short sellers, or others.
18. We have no knowledge of noncompliance or suspected noncompliance with laws and regulations whose effects were considered when preparing financial statements.
19. We are not aware of any pending or threatened litigation and claims whose effects should be considered when preparing the financial statements.

20. We have disclosed to you the identity of the Authority's related parties and all the related-party relationships and transactions of which we are aware.
21. We are aware of no significant deficiencies, including material weaknesses, in the design or operation of internal controls that could adversely affect the Authority's ability to record, process, summarize, and report financial data.
22. We are aware of no communications from regulatory agencies concerning noncompliance with, or deficiencies in, financial reporting practices.
23. During the course of your audits, you may have accumulated records containing data that should be reflected in our books and records. All such data have been so reflected. Accordingly, copies of such records in your possession are no longer needed by us.

Supplementary Information

24. With respect to supplementary information presented in relation to the financial statements as a whole:
 - a. We acknowledge our responsibility for the presentation of such information.
 - b. We believe such information, including its form and content, is fairly presented in accordance with U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.
25. With respect to required supplementary information presented as required by GASB to supplement the basic financial statements:
 - a. We acknowledge our responsibility for the presentation of such required supplementary information.
 - b. We believe such required supplementary information is measured and presented in accordance with guidelines prescribed by U.S. GAAP.
 - c. The methods of measurement or presentation have not changed from those used in the prior period.

Compliance Considerations

In connection with your audit conducted in accordance with *Government Auditing Standards*, we confirm that management:

26. Is responsible for the preparation and fair presentation of the financial statements in accordance with the applicable financial reporting framework.
27. Is responsible for compliance with the laws, regulations, and provisions of contracts and grant agreements applicable to the auditee.
28. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of fraud and noncompliance with provisions of laws and regulations that have a material effect on the financial statements or other financial data significant to the audit objectives, and any other instances that warrant the attention of those charged with governance.
29. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of noncompliance with provisions of contracts and grant agreements that have a material effect on the determination of financial statement amounts.

30. Has identified and disclosed to the auditor all instances that have occurred, or are likely to have occurred, of abuse that could be quantitatively or qualitatively material to the financial statements.
31. Is responsible for 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.
32. Acknowledges its responsibility for the design, implementation, and maintenance of internal controls to prevent and detect fraud.
33. Has taken timely and appropriate steps to remedy fraud; noncompliance with provisions of laws, regulations, contracts and grant agreements; or abuse that the auditor reports.
34. Has a process to track the status of audit findings and recommendations.
35. Has identified for the auditor previous audits, attestation engagements and other studies related to the audit objectives and whether related recommendations have been implemented.
36. Has provided views on the auditor's reported findings, conclusions, and recommendations, as well as management's planned corrective actions, for the report.
37. Acknowledges its responsibilities as it relates to non-audit services performed by the auditor, including a statement that it assumes all management responsibilities; that it oversees the services by designating an individual, preferably within senior management, who possesses suitable skill, knowledge, or experience; that it evaluates the adequacy and results of the services performed; and that it accepts responsibility for the results of the services.

In connection with your audit of federal awards conducted in accordance with Subpart F 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), we confirm:

38. Management is responsible for complying, and has complied, with the requirements of Uniform Guidance.
39. Management is responsible for understanding and complying with the requirements of laws, regulations, and the provisions of contracts and grant agreements related to each of its federal programs.
40. Management is responsible for establishing and maintaining, and has established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that the auditee is managing federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on its federal programs.
41. Management has prepared the schedule of expenditures of federal awards in accordance with Uniform Guidance and has included expenditures made during the period being audited for all awards provided by federal agencies in the form of grants, federal cost reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other assistance.
42. Management has identified and disclosed all of its government programs and related activities subject to the Uniform Guidance compliance audit.
43. Management has identified and disclosed to the auditor the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.

44. Management has made available all federal awards (including amendments, if any) and any other correspondence relevant to federal programs and related activities that have taken place with federal agencies or pass-through entities.
45. Management has identified and disclosed to the auditor all amounts questioned and all known noncompliance with the direct and material compliance requirements of federal awards or stated that there was not such noncompliance.
46. Management believes that the auditee has complied with the direct and material compliance requirements (except for noncompliance it has disclosed to the auditor).
47. Management has made available all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
48. Management has provided to the auditor its interpretations of any compliance requirements that are subject to varying interpretations.
49. Management has disclosed to the auditor any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
50. Management has disclosed the nature of any subsequent events that provide additional evidence with respect to conditions that existed at the end of the reporting period that affect noncompliance during the reporting period.
51. Management is aware of no known noncompliance with direct and material compliance requirements occurring subsequent to the period covered by the auditor's report or stated that there were no such known instances.
52. Management has disclosed whether any changes in internal control over compliance or other factors that might significantly affect internal control, including any corrective action taken by management with regard to significant deficiencies and material weaknesses in internal control over compliance, have occurred subsequent to the period covered by the auditor's report.
53. Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
54. The copies of federal program financial reports provided to the auditor are true copies of the reports submitted, or electronically transmitted, to the federal agency or pass-through entity, as applicable.
55. Management has charged costs to federal awards in accordance with applicable cost principles.
56. The reporting package does not contain protected personally identifiable information.
57. Management has accurately completed the appropriate sections of the data collection form.
58. If applicable, management has disclosed all contracts or other agreements with service organizations.

59. If applicable, management has disclosed to the auditor all communications from service organizations relating to noncompliance at those organizations.

MONROE COUNTY TRANSPORTATION AUTHORITY



Richard Mutchler
Board Chair



Peggy Howarth
Executive Director



Joan D. Davidge
Chief Financial Officer