

**GREATER ATTLEBORO-TAUNTON  
REGIONAL TRANSIT AUTHORITY**  
(a component Unit of the Commonwealth of Massachusetts)

Auditor's Report as Required by OMB Circular A-133 and  
Government Auditing Standards and Related Information

Year Ended June 30, 2010

**GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY**  
**(a Component Unit of the Commonwealth of Massachusetts)**

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# Bruce D. Norling, CPA, P.C.

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE AND THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH OMB CIRCULAR A-133

The Advisory Board  
Greater Attleboro-Taunton Regional Transit Authority

### Compliance

We have audited the compliance of the Greater Attleboro-Taunton Regional Transit Authority (the Authority), with the types of compliance requirements described in the U.S. *Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2010. The Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements referred to above is the responsibility the Authority's management. Our responsibility is to express an opinion on the 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 A133, *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 identified in the accompanying schedule of findings and questioned costs 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. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority, complied, in all material respects, with the compliance requirements referred to above that are applicable to its major federal program identified in the accompanying schedule of findings and questioned costs for the year ended June 30, 2010.

### Internal Control Over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit, we considered the Authority's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our 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 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, 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 not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses in internal control over compliance. 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 the Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated September 30, 2010. Our audit was performed for the purpose of forming an opinion on the basic financial statements taken as a whole. 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 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of 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 information 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 Advisory Board, management, Federal and Commonwealth awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

***Bruce D. Norling, CPA, P.C.***

September 30, 2010

Schedule of Expenditures of Federal Awards

For the year ended June 30, 2010

	<u>Type Program</u>	<u>Federal CFDA Number</u>	<u>Agency or Pass-through Number</u>	<u>Total Federal Awards Expended</u>
Federal Agency				
U.S. Department of Transportation				
Federal Agency Subdivision				
Federal Transit Administration				
Federal Transit Cluster				
Federal Transit Capital Investment Grants	A	20.500	FTA	\$ 189,550
Federal Transit Formula Grants	A	20.507	FTA	<u>4,343,726</u>
				4,533,276
American Recovery and Reinvestment Act	A	20.507	FTA	<u>4,896,321</u>
				9,429,597
Jobs Access-Reverse Commute	B	20.516	FTA	44,774
Public Transportation for Nonurbanized Areas Formula Grants				
Pass Through Program				
Commonwealth of Massachusetts is the Pass Through Entity	B	20.509	FTA	<u>47,306</u>
				\$ 9,521,677
Total Federal Expenditures				<u>\$ 9,521,677</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1) Definition of Reporting Entity

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Greater Attleboro-Taunton Regional Transit Authority (the Authority). The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations.

2) Summary of Significant Accounting Policies

(a) Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards is presented using the economic resources measurement focus and the accrual method of accounting, which is described in note 2 to the financial statements.

(b) Contract Services

The Authority contracts with third parties to provide fixed route and demand response transportation services. The costs associated with these contracts that are funded with federal assistance are presented in the Schedule of Expenditures of Federal Awards as disbursements. The Authority maintains a system to monitor the use of these funds by the contractors to assure compliance with applicable federal regulations.

(c) The Authority identified the larger Federal Programs (Type A programs) as those programs that exceed \$300,000. All other programs are labeled as Type B programs.

# Bruce D. Norling, CPA, P.C.

## 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*

The Advisory Board  
Greater Attleboro-Taunton Regional Transit Authority

We have audited the financial statements of the Greater Attleboro-Taunton Regional Transit Authority (the Authority), as of and for the year ended June 30, 2010, and have issued our report thereon dated September 30, 2010. 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

In planning and performing our audit, we considered the 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 the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, 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 the 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*.

However, we noted other matters involving the internal control over financial reporting, with respect to the Authority's non-federal programs, that we have reported to the management of the Authority in a separate letter dated September 30, 2010.

This report is intended solely for the information and use of the Advisory Board, management, federal awarding agencies and the Commonwealth of Massachusetts and is not intended to be and should not be used by anyone other than these specified parties.

*Bruce D. Norling, CPA, P.C.*

September 30, 2010

**GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY**  
**(a Component Unit of the Commonwealth of Massachusetts)**

**Summary Schedule of Prior Year Findings**  
**Year Ended June 30, 2010**

**DEPARTMENT OF TRANSPORTATION (Federal Transit Administration)**

**All prior year OMB Circular A-133 findings have been resolved.**



GREATER ATTLEBORO-TAUNTON REGIONAL TRANSIT AUTHORITY  
(a Component Unit of the Commonwealth of Massachusetts)

Schedule of Findings and Questioned Costs  
Year Ended June 30, 2010

A. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of Greater Attleboro-Taunton Regional Transit Authority (the Authority).
2. No deficiencies thus, no material weaknesses, relating to the audit of the basic financial statements are reported in the 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.
3. No instances of noncompliance material to the basic financial statements are reported in the 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.
4. No deficiencies thus, no material weaknesses, related to the Authority's major federal award program, are reported in the report on compliance with requirements applicable to each major program and on internal control over compliance in accordance with OMB Circular A-133.
5. The auditors' report on compliance for the major federal award program expresses an unqualified opinion.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in Part C of this Schedule.
7. The Federal Transit Administration program cluster tested as a major program consisted of Federal Transit Capital Investment Grants (CFDA No. 20.500), Federal Transit Formula Grants (CFDA No. 20.507) and the American Recovery and Reinvestment Act (ARRA) (CFDA No. 20.507).
8. The threshold for distinguishing Type A and B programs was \$300,000. Type A programs are those that exceed \$300,000.
9. The Authority was determined to be a low-risk auditee.

B. FINDINGS - FINANCIAL STATEMENTS AUDIT - NONE

C. FINDINGS - MAJOR FEDERAL AWARDS PROGRAMS – NONE

# Bruce D. Norling, CPA, P.C.

## MANAGEMENT LETTER

The Advisory Board  
Greater Attleboro-Taunton Regional Transit Authority

We have audited the financial statements of Greater Attleboro-Taunton Regional Transit Authority (GATRA) for the year ended June 30, 2010, and have issued our report thereon dated September 30, 2010. As part of our audit, we made a study and evaluation of the organization's system of internal accounting control to the extent we considered necessary to evaluate the system as required by auditing standards generally accepted in the United States of America. The purpose of our study and evaluation was to determine the nature, timing, and extent of the auditing procedures necessary for expressing an opinion on the organization's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The management of GATRA is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by management are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide management with reasonable, but not absolute, assurance that assets are safeguarded against loss from unauthorized use or disposition, and that transactions are executed in accordance with management's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may nevertheless occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in condition or that the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the organization taken as a whole. However, our study and evaluation disclosed no condition that we considered to be a material weakness.

During the course of our audit, we noted certain matters involving the internal control structure and other operational matters that are presented in the attached Comments and Recommendations and relate only to non-federal programs. These comments and recommendations, all of which have been discussed with management, are intended to improve the existing internal controls or achieve other operating efficiencies.

*Bruce D. Norling, CPA, P.C.*

September 30, 2010

MANAGEMENT LETTER  
Schedule of Comments and Recommendations  
Year Ended June 30, 2010

AUDITORS' FINDINGS  
6/30/2010

AUTHORITY'S RESPONSE

- 1) New Medical Transportation Computer Program (This is a non-Federal program related condition) 1) The Authority concurs with this recommendation and will pursue action on same.  
Condition: We feel the present PTMS computer program is obsolete and has certain limitations. It is more of a scheduling program rather than a good billing program.  
For example:

- A. The revenue and expense reports used to bill the Commonwealth are generated from Excel spreadsheets. The data is downloaded from the PTMS system and summarized on these sheets. We feel the computer program should generate these reports.
- B. It is a DOS based program (obsolete) rather than a state-of-the-art Windows based program.

It should be noted, that during fiscal year 2010, we did not find any significant errors in our testing of the medical transportation billing procedures or financial results.

Recommendation: The Authority should explore, in conjunction with the Commonwealth, the development of a statewide computer billing program for all the Authorities to use. It would be best if said program be developed by a firm that understands that appropriate accounting controls are needed (eg. a major CPA firm or a large medical billing program firm).

In the interim, the Authority should explore the possibility of correcting these deficiencies with PTMS's programmers. If this route is pursued the present DOS program should be updated to a state-of-the-art Windows program.

- 2) Accounting Manual  
Condition: The Authority has an Accounting manual that is presently out-of-date in certain areas. 2) The Authority concurs with this recommendation and will pursue action on same.

Recommendation: The Authority should update its accounting manual.