

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
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JUNE 30, 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors  
Luzerne County Transportation Authority  
315 Northampton Street  
Kingston, Pennsylvania 18704

We have audited the accompanying financial statements of the Luzerne County Transportation Authority as of June 30, 2012 and for the year then ended as listed in the Table of Contents. These financial statements are the responsibility of the Luzerne County Transportation Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 *Governmental Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described in Note 2, the Luzerne County Transportation Authority, prepares its financial statements on a prescribed basis of accounting that demonstrates compliance with the regulatory basis of accounting and budget laws of the U.S. Department of Transportation and the Commonwealth of Pennsylvania Department of Transportation, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The differences between the regulatory basis of accounting and accounting principles generally accepted in the United States of America are also described in Note 2E.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the assets, liabilities and equities of the Luzerne County Transportation Authority as of June 30, 2012, and the revenue and expenses and changes in equity for the year then ended, on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 27, 2012 on our consideration of the Luzerne County Transportation Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements of the Luzerne County Transportation Authority taken as a whole. The accompanying schedules of revenue and expenditures, capital assistance grants, schedule of consolidation grants, and technical assistance grants on pages 21 – 36 are presented for purposes of additional analysis as required by the Federal Transit Administration and the Pennsylvania Department of Transportation and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards on page 37 is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* and is not a required part of the basic financial statements. The accompanying schedule of expenditures of Pennsylvania Department of Welfare Awards on page 39 is presented for purposes of additional analysis as required by the Commonwealth of Pennsylvania Department of Public Welfare Single Audit Supplement, and is also 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 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole, in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information and use of management and the United States Department of Transportation and other federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 27, 2012

*Prociak & Associates, LLC*

PROCIAK & ASSOCIATES, L.L.C.  
Wilkes-Barre, Pennsylvania

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF ASSETS, LIABILITIES AND EQUITY - REGULATORY BASIS  
JUNE 30, 2012

ASSETS

CURRENT ASSETS

|                                      |                |
|--------------------------------------|----------------|
| Cash                                 | \$ 735,902     |
| Restricted Cash - Act 26             | 1,366,813      |
| Restricted Cash - State Section 1513 | 6,917,427      |
| Accounts Receivable - Trade          | 494,641        |
| Capital Assistance Grants Receivable | 5,411,064      |
| Miscellaneous Receivables            | 11,195         |
| Inventories                          | 297,131        |
| Prepaid Insurance                    | <u>324,088</u> |

TOTAL CURRENT ASSETS 15,558,261

FIXED ASSETS

13,557,838

TOTAL ASSETS \$ 29,116,099

LIABILITIES

CURRENT LIABILITIES

|   |                |
|---|----------------|
| Accounts Payable  |                |
| Trade   | \$ 259,382     |
| Commonwealth of Pennsylvania Medical Assistance Program | 63,082         |
| Accrued Salaries and Wages                              | 269,229        |
| Accrued Payroll Taxes and Employee Funds Withheld       | 61,064         |
| Accrued Pension   | 81,494         |
| Due to Hazleton Public Transit System                   | 646,105        |
| Deferred Revenue  |                |
| Penn DOT Act 26 Capital                                 | 1,125,390      |
| Penn DOT - Act 44                                       | 6,840,454      |
| Luzerne County Act 26 Match                             | 241,423        |
| Luzerne County Act 44 Match                             | 76,973         |
| Luzerne County Unassigned                               | 58,100         |
| Unredeemed Fares  | <u>125,897</u> |

TOTAL CURRENT LIABILITIES 9,848,593

LONG-TERM LIABILITIES

-

TOTAL LIABILITIES 9,848,593

FUND EQUITY

|  |                     |
|--|---------------------|
| Equities Attributable to Capital Grant Funding | 60,360,380          |
| Accumulated Earnings (Losses)                  | <u>(41,092,874)</u> |

TOTAL FUND EQUITY 19,267,506

TOTAL LIABILITIES AND FUND EQUITY \$ 29,116,099

See notes to financial statements.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF OPERATIONS UNDER COMMONWEALTH OF PENNSYLVANIA  
URBAN OPERATING ASSISTANCE PROJECT GRANT AGREEMENT - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING EXPENSES

|                             |    |                  |              |
|-----------------------------|----|------------------|--------------|
| Fixed Route Urban Expenses: |    |                  |              |
| Vehicle Operation           | \$ | 4,476,491        |              |
| Maintenance                 |    | 1,648,993        |              |
| General Administrative      |    | 1,135,285        |              |
| Depreciation                |    | <u>1,386,574</u> | \$ 8,647,343 |

|   |  |               |         |
|---|--|---------------|---------|
| Non-Fixed Route ADA Paratransit Expenses - Urban: |  |               |         |
| Vehicle Operation                                 |  | 224,020       |         |
| Maintenance                                       |  | 68,929        |         |
| General Administrative                            |  | <u>51,697</u> | 344,646 |

|   |  |                |           |
|---|--|----------------|-----------|
| Non-Fixed Route Shared Ride Expenses - Urban: |  |                |           |
| Vehicle Operation                             |  | 2,316,488      |           |
| Maintenance                                   |  | 187,398        |           |
| General Administrative                        |  | 872,408        |           |
| Depreciation                                  |  | <u>331,566</u> | 3,707,860 |

|  |  |                |                |
|--|--|----------------|----------------|
| Non-Public Expenses - Other Transportation |  |                |                |
| MATP Non-Shared Ride Paratransit           |  | 481,041        |                |
| MATP Mileage Reimbursement                 |  | <u>124,191</u> | <u>605,232</u> |

TOTAL OPERATING EXPENSES 13,305,081

OPERATING REVENUES

Fixed Route Transportation Revenues - Urban 1,123,388

|                                   |  |                  |           |
|-----------------------------------|--|------------------|-----------|
| Non-Fixed Route Revenues - Urban: |  |                  |           |
| ADA Paratransit                   |  | 61,281           |           |
| Shared Ride 65+                   |  | 912,800          |           |
| Shared Ride Under 65              |  | <u>2,460,965</u> | 3,435,046 |

Non-Public Revenues - Other Transportation 620,447

TOTAL OPERATING REVENUES 5,178,881

OPERATING DEFICIT (8,126,200)

OPERATING SUBSIDIES

Fixed Route Subsidies - Urban 6,137,381

|                                    |  |          |                |
|------------------------------------|--|----------|----------------|
| Non-Fixed Route Subsidies - Urban: |  |          |                |
| ADA Paratransit                    |  | 283,365  |                |
| Shared Ride                        |  | <u>-</u> | <u>283,365</u> |

TOTAL OPERATING SUBSIDIES 6,420,746

LOSS FROM OPERATIONS \$ (1,705,454)

See notes to financial statements.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF CHANGES IN EQUITY - REGULATORY BASIS  
FOR THE YEAR ENDED JUNE 30, 2012

|   | <u>Equities<br/>Attributable<br/>to Capital<br/>Grant Funding</u> | <u>Accumulated<br/>Earnings<br/>(Losses)</u> | <u>Total Fund<br/>Equities</u> |
|---|---|--|--------------------------------|
| FUND EQUITIES - JULY 1, 2011                                    | \$ 57,697,323   | \$ (37,247,639)                              | \$ 20,449,684                  |
| Prior Period Adjustment Non-Fixed Route                         | -   | 96,087                                       | 96,087                         |
|   | <u>57,697,323</u>   | <u>(37,151,552)</u>                          | <u>20,545,771</u>              |
| For the Year Ended June 30, 2012                                |   |  |                                |
| Net Loss  |   |  |                                |
| Fixed Route - Depreciation                                      |   | (1,386,572)                                  | (1,386,572)                    |
| Non-Fixed Route   | -   | (318,882)                                    | (318,882)                      |
| Total Net Loss  | -   | (1,705,454)                                  | (1,705,454)                    |
| Purchased Transportation Services - ADA                         |   | (283,365)                                    | (283,365)                      |
| Tire Lease and Preventive Maintenance<br>Expenses - Fixed Route |   | (1,952,503)                                  | (1,952,503)                    |
| Net Increases in Capital Grants                                 |   |  |                                |
| Fixed Route   | 2,443,057   |  | 2,443,057                      |
| Non-Fixed Route   | 220,000   | -  | 220,000                        |
|   | <u>2,663,057</u>  | <u>(3,941,322)</u>                           | <u>(1,278,265)</u>             |
| FUND EQUITIES - JUNE 30, 2012                                   | <u>\$ 60,360,380</u>  | <u>\$ (41,092,874)</u>                       | <u>\$ 19,267,506</u>           |

See notes to financial statements.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: NATURE OF OPERATIONS, ORGANIZATION AND CONCENTRATIONS

The Luzerne County Transportation Authority is a municipal authority incorporated under the Pennsylvania Municipal Authorities Act of 1945, approved May 2, 1945, P.L. 382, as amended and supplemented pursuant to a resolution adopted October 2, 1972 by the Board of County Commissioners of the County of Luzerne, Pennsylvania. Under this resolution, the Authority was authorized to organize, acquire, hold, construct, improve, maintain and operate, own, lease, either in the capacity of lessor or lessee, all facilities necessary or incidental thereto for the operation of a mass transportation system, including motor buses, for public use in Luzerne County.

The Authority entered into a transfer of service and provider agreement effective July 1, 2011, with Luzerne County, whereas, Luzerne County transferred to the Authority and designates the Authority as the provider for all shared ride and paratransit service in Luzerne County. The entire operations including all assets, grant agreements, service contracts, employee contracts, lease contracts and the cooperative agreement with Wyoming County were transferred.

The Authority's fixed route revenues come from providing public transportation services in Luzerne County, Pennsylvania. Funding for the fixed route is received from federal, state and county sources.

The Authority's shared ride program provides rural transportation services to the general public in Luzerne and Wyoming counties on a full-fare basis and a reduced-fare basis to senior citizens and persons with disabilities. The overall goal of the program is to provide access to services for individuals who have no other reasonable alternative for transportation, and thus to insure optional independence and care of persons in their own homes and communities.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity:

The Governmental Accounting Standards Board (GASB), established the criteria for determining the activities, organizations and functions of government to be included in the financial statements of the reporting entity. The criteria used in determining whether such organizations would be included in the Authority's financial reporting entity are financial accountability and the nature and significance of the relationship. In determining financial accountability in a given case, the Authority reviews the applicability of the following criteria.



LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

The Authority is financially accountable for:

1. Organizations that make up the legal Authority entity.
2. Legally separate organizations if Authority officials appoint a voting majority of the organizations' governing body and the Authority is able to impose its will on the organization or if there is a potential for the organization to provide specific financial benefits to, or impose specific financial burdens on, the primary government.
  - a. Impose its Will - If the Authority can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.
  - b. Financial Benefit or Burden - Exists if the Authority (1) is entitled to the organization's resources or (2) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide support to, the organization or (3) is obligated in some manner for the debt of the organization.
3. Organizations that are fiscally dependent on the Authority. Fiscal dependency is established if the organization is unable to adopt its budget, levy taxes or set rates or charges, or issue bonded debt without approval by the Authority.

The Authority has determined that it has no potential component units to be evaluated.

**B. Budgets and Budgetary Accounting:**

An operating budget is adopted each year prior to the commencement of the operating year. The budget is prepared on the basis of accounting as described in Note 2-E and the funding is budgeted as described in Note 2-F.

The budget is not required to be filed with any government agency nor is it required to be published in any newspapers.

**C. Fund Accounting:**

The Authority uses fund accounting to report on its financial position and the results of its operations. The Authority has decided that the periodic determination of revenues, expenses and net income is appropriate for capital maintenance, public policy, management control and accountability and, accordingly, the Authority is operated as a proprietary fund. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration.

In accordance with Governmental Accounting Standards, the Authority has elected not to follow FASB pronouncements issued subsequent to November 30, 1989 in accounting and reporting for its proprietary fund activities.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

Proprietary funds distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses result from providing services relating to the primary operations of the proprietary fund. Other revenues and expenses are reported as nonoperating.

D. Measurement Focus:

The proprietary fund is accounted for on a cost of services measurement focus. All assets and liabilities (current and non-current) associated with the activity of the fund are included on its balance sheet. Fund equity is segregated into contributed capital and accumulated earnings (losses) components. Under the accrual basis of accounting, revenues are recognized in the accounting period which they are earned and expenses are recognized in the period incurred.

E. Basis of Accounting:

The records covering transit operations of the Authority are generally maintained on the accrual basis. The presentation of the financial statements is in accordance with requirements of the U.S. Department of Transportation and the Commonwealth of Pennsylvania Department of Transportation. The regulatory basis differs from generally accepted accounting principles as follows, but not limited to:

- Capital grant funding is not reflected as income (Note 2-F)
- Depreciation is not taken as a reduction of capital funding
- Pension Trust Fund and required disclosures are not included
- Accrual for compensated absences is not made
- Management Discussion and Analysis is not included
- Other Required Supplementary Information is not included
- Accrual of post-retirement benefits other than pension is not made.

F. Funding:

1. Operating Assistance – fixed route:

The Authority receives operating assistance from Pennsylvania Department of Transportation Act 44 funding and Luzerne County. It also funds certain allowable operating expenses with Federal Transportation Administration capital assistance grants. Any funding received in excess of the funding needed to subsidize current year's eligible expenses are required to be classified as deferred revenue and used in subsequent fiscal years.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

2. Capital Grant Funding – fixed route:  
Substantially, all of the Authority's fixed assets have been acquired through capital grant funding. Funds received from capital grant projects are not recognized as operating revenues. Expenditures of capital grant funding are capitalized with the costs being recovered via depreciation which is reflected as a decrease in net assets. The primary source of capital grant funding received by the Authority has been from U.S. Department of Transportation, Commonwealth of Pennsylvania Act 26 Dedicated Funds, Commonwealth of Pennsylvania Act 44 Funds, and local grants. Any capital grant funds in excess of grant funds that were received to subsidize the current year's eligible capital expenditures are required to be classified as deferred revenue and used in subsequent fiscal years.
  
  3. Operating Revenue – shared-ride:  
Principle sources of operating revenue for the shared-ride program were user revenues received from agencies and organizations, Medical Assistance Transportation Program (MATP), Human Services Development Fund and Commonwealth of Pennsylvania Department of Transportation revenue replacement shared-ride funds for services rendered to passengers on a user charge basis. The Authority's collected ticket fares for trips provided under the Authority's shared-ride demand responsive reduced fare programs. The Authority also received operating revenue from additional charges for van aides.
  
  4. Capital Funding – shared-ride:  
The Authority receives non-operating revenue from capital equipment grants, interest revenue and gains on vehicle disposals. Non-operating capital grants are used to purchase capital assets primarily vehicles. These capital grants are received from the Pennsylvania Department of Transportation.
  
  5. Restricted Resources:  
When both restricted and unrestricted resources are available for use, it is the Authority's policy to use restricted resources first, then use unrestricted resources as they are needed.
- G. Accounts Receivable  
Included in accounts receivable are the amounts due from other governmental agencies, non-profit organizations and other third party payers under various contractual agreements.
- H. Fixed Assets:  
In accordance with the U.S. Department of Transportation and the Commonwealth of Pennsylvania Department of Transportation guidelines, fixed assets are defined by the Authority as assets with an estimated useful life in excess of one year. Fixed assets are recorded at cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. The provision for depreciation is calculated utilizing the straight-line method over the estimated useful lives as follows:

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2012

| <u>Assets</u>               | <u>Life</u>      |
|-----------------------------|------------------|
| Revenue Vehicles            | 4 - 12    Years  |
| Service Vehicles            | 5        Years   |
| Shelter and Bus Stop Signs  | 10 - 15    Years |
| Structures and Improvements | 5 - 30    Years  |
| Shop and Garage Equipment   | 3 - 10    Years  |
| Radios                      | 10        Years  |
| Fareboxes                   | 10 - 12    Years |
| Office Equipment            | 3 - 10    Years  |
| Communications Equipment    | 10        Years  |
| Installed Equipment         | 10        Years  |
| Computer Equipment          | 5 - 10    Years  |

I. Inventories:

Inventories are stated at the lower of cost or market. Cost is determined using the first-in, first-out (FIFO) method.

J. Compensated Absences:

Employees of the Authority are entitled to paid vacations, paid sick days and personal days off depending on the length of service and other factors. Vacation may not accumulate but sick time may be accumulated. It is impractical to estimate the amount of compensation for future sick days, vacation days and personal time off and, accordingly, no liability for these amounts has been recorded in the accompanying financial statements. The Authority's policy is to recognize the costs of these compensated absences when actually paid to the employee.

K. Equities:

The Authority's fund equities are segregated into two components: Equities Attributable to Capital Grant Funding and Accumulated Earnings (Losses). Accumulated Earnings (Losses) represents an accumulation of unfunded deficits since inception.

L. Use of Estimates:

The preparation of the basic financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

M. Advertising Costs:

The Authority follows the policy of charging the costs of advertising to expense as incurred.

N. Subsequent Events:

The Authority has evaluated subsequent events through December 27, 2012, the date the financial statements were issued.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 3: DEPOSITS

Federal cash management regulations state that funds must be requested only when needed and disbursed upon receipt. Accordingly, there should be no investing of federal funds and any interest earned on federal funds must be returned.

Pennsylvania statutes provide for investment of governmental funds into certain authorized investment types including U.S. Treasury bills, other short-term U.S. and Pennsylvania government obligations, and insured or collateralized time deposits and certificates of deposit. The statutes do not prescribe regulations related to demand deposits; however, they do allow the pooling of governmental funds for investment purposes.

The deposit and investment policy of the Authority adheres to federal and state statutes and prudent business practice. Deposits of the governmental funds are either maintained in demand deposits or collateralized time deposits are captioned as "cash" in the balance sheet.

There are no deposit or investment transactions during the year that were in violation of federal or state statutes or the policy of the Authority.

Custodial credit risk is the risk that, in the event of a financial institution failure, the Authority's deposits may not be returned to it. The Authority does not have a deposit policy for custodial credit risk. As of June 30, 2012, \$9,023,686 of the Authority's financial institution balance of \$9,273,686 was exposed to custodial credit risk as follows:

|  |                    |
|--|--------------------|
| Uninsured and collateral held by pledging bank's trust department not in the Authority's name in accordance with Pennsylvania Act 72 of 1971 | <u>\$9,023,686</u> |
|--|--------------------|

NOTE 4: RESTRICTED CASH

Cash in the amount of \$1,366,813 is restricted to the purchase of capital items in accordance with Commonwealth of Pennsylvania Act 26 of 1991 (See Note 11).

Cash in the amount of \$6,917,427 is restricted to the funding of operating assistance in accordance with Commonwealth of Pennsylvania Act 44 of 2007, State Section 1513 (See Note 12).

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 5: CAPITAL ASSISTANCE GRANTS RECEIVABLE

Upon notification of approval of a capital grant, the Authority records a capital grant receivable and corresponding increase to fund equity. Any amendments (increase or decrease) are also adjusted through the receivable and corresponding equity accounts. When funds are received from various funding agencies, the receivables are reduced. Since the funding is approved and readily available, the receivable is classified as current. The amended project funding at June 30, 2012 is as follows:

|  |                    |
|--|--------------------|
| A. Building Construction, Equipment, Etc.: |                    |
| FTA Share (PA 90-0460)                     | \$6,244,355        |
| Penn DOT Share (Act 3)                     | 81,667             |
| Penn DOT Share (Act 26)                    | 291,017            |
| Penn DOT Share (Capital Project PT-680)    | 833,000            |
| Penn DOT Share (Capital Project PT-681)    | 80,600             |
| Luzerne County Share                       | <u>274,805</u>     |
| TOTAL ANTICIPATED FUNDING                  | <u>\$7,805,444</u> |
|  |                    |
| B. Buses, Preventive Maintenance, Etc.:    |                    |
| FTA Share (PA 90-0507)                     | \$1,631,187        |
| Penn DOT Share (Act 3)                     | 98,334             |
| Penn DOT Share (Act 26)                    | 203,573            |
| Luzerne County Share                       | <u>105,890</u>     |
| TOTAL ANTICIPATED FUNDING                  | <u>\$2,038,984</u> |
|  |                    |
| C. Buses, Preventive Maintenance, Etc.:    |                    |
| FTA Share (PA 90-0755)                     | \$1,891,959        |
| Penn DOT Share (Act 44)                    | 431,209            |
| Luzerne County Share                       | <u>37,415</u>      |
| TOTAL ANTICIPATED FUNDING                  | <u>\$2,360,583</u> |
|  |                    |
| D. Buses, Preventive Maintenance, etc.:    |                    |
| FTA Share (PA 90-0690)                     | \$2,752,948        |
| Penn DOT Share (Act 44)                    | 281,245            |
| Penn DOT Share (Act 26)                    | 97,801             |
| Penn DOT Share (Bond)                      | 144,000            |
| Luzerne County Share                       | <u>125,816</u>     |
| TOTAL ANTICIPATED FUNDING                  | <u>\$3,401,810</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

|   |                    |
|---|--------------------|
| E. Preventive Maintenance, ADA, Transit Enhancements, etc.: |                    |
| FTA Share (PA 90-0703)                                      | \$1,733,338        |
| Penn DOT Share (Act 44)                                     | 312,500            |
| Penn DOT Share (Act 26)                                     | 4,862              |
| Luzerne County Share  | <u>115,973</u>     |
| TOTAL ANTICIPATED FUNDING                                   | <u>\$2,166,673</u> |
| F. Buses, Preventive Maintenance, etc.:                     |                    |
| FTA Share (PA 90-0727)                                      | \$4,113,198        |
| Penn DOT Share (Act 44)                                     | 784,854            |
| Penn DOT Share (Act 26)                                     | 14,125             |
| Luzerne County Share  | <u>125,125</u>     |
| TOTAL ANTICIPATED FUNDING                                   | <u>\$5,037,302</u> |
| G. Penn DOT Technical Assistant                             |                    |
| Penn DOT Share (LCTA-08-09-01-TA)                           | \$ 68,549          |
| Luzerne County Share  | <u>2,284</u>       |
| TOTAL ANTICIPATED FUNDING                                   | <u>\$ 70,833</u>   |
| H. Penn DOT Consolidation Grant                             |                    |
| Penn DOT Share (Research and Planning Project)              | \$ 582,000         |
| Luzerne County Share  | <u>19,395</u>      |
| TOTAL ANTICIPATED FUNDING                                   | <u>\$ 601,395</u>  |
| I. Penn DOT Capital Assistance CCA-G-10-11LUZWYO-00025      |                    |
| Penn DOT Section 1516(b) PWD                                | \$ 120,000         |
| Penn DOT Section 1516(b) CTC                                | <u>100,000</u>     |
| TOTAL ANTICIPATED FUNDING                                   | <u>\$ 220,000</u>  |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

The receivable balances at June 30, 2012 are:

|  |    |               |                    |
|--|----|---------------|--------------------|
| A. Building Construction, Equipment, etc.: |    |               |                    |
| FTA Share (PA 90-0460)                     | \$ | 60,870        |                    |
| Penn DOT Share                             |    | -             |                    |
| Luzerne County Share                       |    | <u>-</u>      | 60,870             |
| B. Buses, Asset Maintenance, etc.:         |    |               |                    |
| FTA Share (PA 90-0507)                     | \$ | 3,424         |                    |
| Penn DOT Share                             |    | 669           |                    |
| Luzerne County Share                       |    | <u>133</u>    | 4,226              |
| C. Buses, Preventive Maintenance, etc.:    |    |               |                    |
| FTA Share (PA 90-0690)                     | \$ | 55,989        |                    |
| Penn DOT Share                             |    | (16,329)      |                    |
| Luzerne County Share                       |    | <u>30,148</u> | 69,808             |
| D. Building Construction, Equipment, etc.: |    |               |                    |
| FTA Share (PA 90-0755)                     | \$ | 1,891,959     |                    |
| Penn DOT Share                             |    | 233,174       |                    |
| Luzerne County Share                       |    | <u>19,405</u> | 2,144,538          |
| E. Research and Planning Grant:            |    |               |                    |
| Penn DOT Share                             | \$ | 58,339        |                    |
| Luzerne County Share                       |    | <u>-</u>      | 58,339             |
| F. Buses, Preventive Maintenance, etc.:    |    |               |                    |
| FTA Share                                  | \$ | 2,587,554     |                    |
| Penn DOT Share                             |    | 430,890       |                    |
| Luzerne County Share                       |    | <u>54,839</u> | <u>3,073,283</u>   |
| TOTAL RECEIVABLE AT JUNE 30, 2012          |    |               | <u>\$5,411,064</u> |



LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 6: INVENTORIES

Components of inventory as of June 30, 2012 are as follows:

|             |                   |
|-------------|-------------------|
| Parts       | \$ 276,470        |
| Diesel Fuel | <u>20,661</u>     |
| Total       | <u>\$ 297,131</u> |

NOTE 7: FIXED ASSETS

The components of fixed assets as of June 30, 2012 are as follows:

| <u>Asset</u>                | <u>Cost</u>          | <u>Accumulated<br/>Depreciation</u> | <u>Book<br/>Value</u> |
|-----------------------------|----------------------|-------------------------------------|-----------------------|
| Land                        | \$ 132,716           | \$ -                                | \$ 132,716            |
| Revenue Vehicles            | 15,984,492           | 8,594,385                           | 7,390,107             |
| Service Vehicles            | 326,884              | 304,027                             | 22,857                |
| Shelters and Bus Stop Signs | 154,796              | 154,796                             | -                     |
| Structures and Improvements | 7,014,211            | 1,885,493                           | 5,128,718             |
| Installed Equipment         | 446,026              | 208,940                             | 237,086               |
| Shop and Garage Equipment   | 188,818              | 136,713                             | 52,105                |
| Radios                      | 105,834              | 67,378                              | 38,456                |
| Fareboxes                   | 658,045              | 320,640                             | 337,405               |
| Office Equipment            | 88,887               | 63,777                              | 25,110                |
| Computer Equipment          | 218,693              | 182,128                             | 36,565                |
| Signs and Enunciator        | 306,461              | 149,748                             | 156,713               |
| Total                       | <u>\$ 25,625,863</u> | <u>\$ 12,068,025</u>                | <u>\$ 13,557,838</u>  |

Total depreciation for the year ended June 30, 2012 was \$1,718,140.

The following schedule summarizes the change in the fixed assets:

|                          | <u>Balance<br/>June 30, 2011</u> | <u>Additions</u>      | <u>Deletions</u>   | <u>Balance<br/>June 30, 2012</u> |
|--------------------------|----------------------------------|-----------------------|--------------------|----------------------------------|
| Property and Equipment   | \$ 25,413,424                    | \$ 453,956            | \$ (241,517)       | \$ 25,625,863                    |
| Accumulated Depreciation | <u>(10,535,211)</u>              | <u>(1,718,140)</u>    | <u>185,326</u>     | <u>(12,068,025)</u>              |
| Total                    | <u>\$ 14,878,213</u>             | <u>\$ (1,264,184)</u> | <u>\$ (56,191)</u> | <u>\$ 13,557,838</u>             |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2012

NOTE 8: ACCOUNTS PAYABLE – MEDICAL ASSISTANCE PROGRAM

The Authority through its shared-ride division has contracted with the Pennsylvania Department of Public Welfare to provide medical transportation to residents eligible for medical assistance in Luzerne County and Wyoming County. Medical transportation services were provided according to the fee-for-service fare structure. MATP funding remaining at June 30, 2012 was included in Accounts Payable – Medical Assistance Program as follows:

|                |                  |
|----------------|------------------|
| Luzerne County | \$ 59,835        |
| Wyoming County | <u>3,247</u>     |
|                | <u>\$ 63,082</u> |

NOTE 9: DUE TO HAZLETON PUBLIC TRANSIT SYSTEM

As part of the Penn DOT Consolidation Plan, funding for the fiscal year ended June 30, 2012 included combined funding for the Luzerne County Transportation Authority, Shared Ride program, and the Hazleton Public Transit System. As of February 2012, Penn DOT instructed the Authority to hold the funds allocated to the Hazleton Transit Authority System. The amount due to Hazleton Transit Authority as of June 30, 2012 was \$646,105.

NOTE 10: DEFERRED REVENUE - PENN DOT AND LUZERNE COUNTY

As of June 30, 2012, the LCTA received from the Commonwealth of Pennsylvania and the County of Luzerne funding in excess of the amount needed to fund the operating deficit. In accordance with the Penn DOT purchase of service agreement, the unexpended funds are to be transferred to and maintained in an interest bearing account until expended on a project cost.

NOTE 11: DEFERRED REVENUE ACT 26 FUNDING

During November 1991, the Commonwealth of Pennsylvania enacted Act 26 of 1991, Dedicated Transit Funding. This provided additional sales taxes which was collected by the state and designated to Public/Mass Transportation. In July 2007, the Commonwealth of Pennsylvania enacted Act 44 into law. All future public transportation funding will be administered under this Act as discussed in Note 12.

Act 26 funds not used in prior years may be carried over and used only for capital purposes.

Interest earned on the capital funding amounted to \$8,279 and was also deferred. Act 26 Funding utilized for capital expenditures during the year was \$81,802. This resulted in a deferred revenue as of June 30, 2012 in the amount of \$1,125,390.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 12: DEFERRED REVENUE ACT 44 FUNDING

During July 2007, the Commonwealth of Pennsylvania enacted Act 44, Public Transit funding. This Act establishes a Public Transportation Trust Fund with dedicated funding sources and stabilized operating funding for local transit systems, while simplifying and streamlining grant programs. Funding is linked to need and performance. The funding is for operating and capital assistance.

The funding received is limited to funding the state portion of operating and capital assistance. Any amount not spent during the fiscal year may be carried over to future periods. The amount carried over from the prior year is \$6,166,618. The amount received during the fiscal year ended June 30, 2012 was \$4,840,733. Interest earned amounted to \$31,954 and was also deferred. Funding utilized for asset maintenance and operating assistance amounted to \$4,198,851. This resulted in deferred revenue as of June 30, 2012 in the amount of \$6,840,454.

NOTE 13: UNREDEEMED FARES

Unredeemed fares include unused tickets sold under the S.T.E.P. program, PWD program and the lottery program administered through the shared ride division of the Authority. As of June 30, 2012, the amounts were as follows:

|                  |                   |
|------------------|-------------------|
| S.T.E.P. Program | \$ 31,591         |
| PWD Program      | 4,693             |
| Lottery Program  | <u>89,613</u>     |
|                  | <u>\$ 125,897</u> |

NOTE 14: PENSION PLAN

Retirement benefits are provided to both union and non-union employees. Three separate plans are in effect as follows:

Non-Union Employees – Fixed Route

The Authority provides pension benefits to all non-union employees who have attained age 21 and have completed one year of credited service. The total pension expense for the fiscal year ending June 30, 2012, 2011, and 2010 was \$149,495, \$103,834 and \$90,882, respectively.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 NOTES TO FINANCIAL STATEMENTS (CONT'D)  
 FOR THE YEAR ENDED JUNE 30, 2012

The Authority makes annual contributions to the plan based on the suggested contribution provided by the actuary. Employees contribute 3% of their compensation to the plan. A comparison of accumulated plan benefits and plan net assets as of the date of the latest actuarial report, January 1, 2011, is presented below:

|  |                         |
|--|-------------------------|
| Actuarial Accrued Liabilities                              | \$2,119,177             |
| Asset Balance  | <u>1,171,985</u>        |
| <br>UNFUNDED ACTUARIAL ACCRUED LIABILITY                   | <br><u>\$ (947,192)</u> |
| <br>Net Assets Available for Benefits at Market (01-01-11) | <br><u>\$ 117,1985</u>  |

The assumed rate of return used in determining the actuarial present value of accumulated plan benefits is 8% per annum. The benefit information presented above was determined at January 1, 2011 by Conrad M. Siegel, Inc. for ASCO Financial Group, Inc. The breakdown of the actuarial present value of vested and non-vested plan benefits was not provided in the actuaries' report.

Union Employees – Fixed Route

The Authority provides pension benefits to all union employees who have completed 60 months employment with the Authority. The total pension expense for the fiscal year ending June 30, 2012, 2011 and 2010 was \$112,976, \$78,469 and \$89,409, respectively.

Funding required to pay plan expenses and benefits is provided by contributions by the employees and the Authority in accordance with a collective bargaining agreement. A comparison of accumulated plan benefits and plan net assets as of the date of the latest actuarial report, January 1, 2011, is presented below:

|  |                           |
|--|---------------------------|
| Actuarial Accrued Liabilities                              | \$ 5,397,143              |
| Asset Balance  | <u>3,454,191</u>          |
| <br>UNFUNDED ACTUARIAL ACCRUED LIABILITY                   | <br><u>\$ (1,942,952)</u> |
| <br>Net Assets Available for Benefits at Market (01-01-11) | <br><u>\$ 3,454,191</u>   |

The assumed rate of return used in determining the actuarial value of accumulated plan benefits is 8.5% per annum. The benefit information presented above was determined at January 1, 2011 by Conrad M. Siegel, Inc. for ASCO Financial Group, Inc.

Union Employees – Shared-Ride

As part of the transfer of service and provider agreement, the union employees of the shared-ride division continued to participate in the Luzerne County Employees' Retirement System in accordance with the collective bargaining agreement. The Luzerne County Employees' Retirement System is a single-employer defined benefit pension plan that covers all employees of Luzerne County. The plan provides retirement, disability and death benefits to plan members and their beneficiaries. Cost-of-living adjustments

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

(COLA) are provided at the discretion of the Luzerne County Employees' Retirement Board. Act 96 of 1971, as amended cited as the County Pension Law provides for the creation maintenance and operation of this plan. The Luzerne County Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained from the Luzerne County Employees' Retirement Board Luzerne County Courthouse, Luzerne County, Pennsylvania.

Plan members are required to contribute 5% of their annual covered salary The County is required to contribute at an actuarially determined rate. Per Act 96 of 1971, as amended, contribution requirements of the plan members and the County are established and may be amended by the General Assembly of the Commonwealth of Pennsylvania. Administrative costs may be financed through investment earnings.

The Authority paid pension benefits to the County for all eligible employees. Total pension expense for the fiscal year ending June 30, 2012 was \$118,152.

NOTE 15: PRIOR PERIOD ADJUSTMENT

An adjustment to reverse the beginning balance for accrual of compensated absences of \$96,087 pertaining to the shared ride division was necessary to properly reflect the regulatory basis utilized by the Authority.

NOTE 16: ECONOMIC DEPENDENCY

The Authority receives a majority of its funding from federal, state, and local agencies. Should the federal, state, or local governments significantly decrease the funding, the continued existence of the Authority would be in doubt.

NOTE 17: CONTINGENCIES

- A. The Authority participates in both state and federally assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. The Authority is potentially liable for any expenditures which may be disallowed pursuant to the terms of these grant programs. Management is not aware of any material items of noncompliance which would result in the disallowance of program expenditures.
- B. There are currently a few matters in litigation with the Authority as defendant. It is the opinion of management that the potential claims against the Authority not covered by insurance would not materially affect the financial statements.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 18: COMMITMENTS

In July 2011, the Authority entered into an agreement to purchase 7 low floor buses (hybrid electric diesel buses) for approximately \$4,120,000. The buses are scheduled to arrive in December 2012. In addition, an automated vehicle locator system for approximately \$620,000 is being implemented in phases for operations. The accompanying financial statements do not reflect these future obligations.

These future obligations will be funded by federal capital grant funding, Commonwealth of Pennsylvania Act 26 and Act 44 funding and County of Luzerne funding.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUE

|                         |              |
|-------------------------|--------------|
| Full adult fares        | \$ 499,100   |
| Full fare transfers     | 37,749       |
| Reduced fare transfers  | 3,473        |
| 31 day passes           | 220,038      |
| 20 ride passes          | 119,878      |
| Short fares             | 11,451       |
| 10 ride passes          | 38,842       |
| 1 day passes            | 58,616       |
| 1 ride passes           | 3,921        |
| Student passes          | 62,782       |
| Handicapped fares       | 38,312       |
| Other primary ride fare | <u>1,361</u> |

TOTAL PASSENGER SERVICE 1,095,523

OPERATING EXPENSES

Administration - transportation operations:

|   |         |
|---|---------|
| Salaries and wages                            | 110,159 |
| Fringe benefit and payroll taxes              | 99,490  |
| Depreciation:revenue vehicle movement control | 7,034   |

Scheduling - transportation operations:

|                                   |       |
|-----------------------------------|-------|
| Salaries and wages                | 9,904 |
| Fringe benefits and payroll taxes | 8,125 |

Revenue vehicle operations:

|  |           |
|--|-----------|
| Salaries and wages                     | 1,880,240 |
| Fringe benefits and payroll taxes      | 1,472,578 |
| Fuel                                   | 785,872   |
| Tires and tubes                        | 43,629    |
| Lubricant                              | 24,116    |
| Depeciation:                           |           |
| Shelters and bus stop signs            | -         |
| Buses                                  | 940,961   |
| Destination signs and voice enunciator | 53,353    |
| Consultants                            | 375       |

Maintenance admin.-vehicles:

|  |        |
|--|--------|
| Salaries and wages                     | 47,469 |
| Fringe benefits and payroll taxes      | 42,744 |
| Depreciation:shop and garage equipment | 17,921 |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

|  |            |
|--|------------|
| Servicing-revenue vehicles:                  |            |
| Salaries and wages                           | \$ 202,973 |
| Fringe benefits and payroll taxes            | 171,770    |
| Material and supplies                        | 4,550      |
| Depreciation: installed equipment            | 35,309     |
| Inspection and maintenance-rev. vehicles:    |            |
| Salaries and wages                           | 365,043    |
| Fringe benefits and payroll taxes            | 308,811    |
| Contracted maintenance Services              | 5,915      |
| Material and supplies                        | 276,074    |
| Accident repairs-revenue vehicles:           |            |
| Salaries and wages                           | 28,688     |
| Fringe benefits and payroll taxes            | 24,648     |
| Premiums for physical damage insurance       | 217,613    |
| Vandalism repairs-revenue vehicles:          |            |
| Salaries and wages                           | 4,823      |
| Fringe benefits and payroll taxes            | 4,106      |
| Service and fuel-service vehicles:           |            |
| Salaries and wages                           | 3,796      |
| Fringe benefits and payroll taxes            | 3,628      |
| Fuel   | 3,398      |
| Contracted maintenance Services              | 35         |
| Inspection and maintenance-service vehicles: |            |
| Contracted maintenance Services              | 1,823      |
| Maintenance Admin.-facilities:               |            |
| Salaries and wages                           | 23,497     |
| Fringe benefits and payroll taxes            | 22,024     |
| Depreciation.-structures & improvements      | 236,138    |
| Maintenance-vehicle move. control:           |            |
| Contracted maintenance services              | 315        |
| Maintenance-fare collect. & count equip.:    |            |
| Contracted maintenance services              | 250        |
| Maintenance:-buildings, grounds, equip.:     |            |
| Fringe benefits & payroll taxes              | 32,246     |
| Buildings & grounds-wages                    | 4,267      |
| Buildings & grounds-contracted services      | 20,470     |
| Buildings & grounds-custodial services       | 3,058      |
| Buildings & grounds-material & supplies      | 4,961      |
| Janitorial: salaries and wages               | 33,706     |
| Janitorial: material & supplies              | 7,303      |



LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

|  |             |
|--|-------------|
| Ticket and fare collection:                          |             |
| Salaries and wages                                   | \$ 21,085   |
| Fringe benefits and payroll taxes                    | 17,895      |
| Depreciation: fareboxes & counting equipment         | 54,379      |
| General administrative expenses:                     |             |
| Fringe benefits and payroll taxes                    | 229,826     |
| Step program wages                                   | 8,497       |
| Step program fringe benefits                         | 6,893       |
| Security service                                     | 707         |
| Premiums-public liability. & prop. damage            | 51,102      |
| Safety-salaries and wages                            | 7,923       |
| Safety-material and supplies                         | 3,169       |
| Personnel-professional and technical services        | 2,813       |
| Legal - salaries and wages                           | 28,029      |
| Legal-professional and technical services            | 4,800       |
| Accounting and auditing services                     | 35,800      |
| Finance and accounting-salaries                      | 88,290      |
| Finance & acct.-materials & supplies                 | 1,319       |
| Purchasing & store.-wages                            | 36,349      |
| Office management-materials & supplies               | 20,023      |
| IT salaries and wages                                | 15,971      |
| Date processing-professional & technical services    | 26,297      |
| General management-salaries                          | 80,390      |
| General management-professional & technical services | 6,662       |
| Marketing:   |             |
| Customer service-salaries and wages                  | 85,814      |
| Customer service-telephone                           | 307         |
| Promotion-media                                      | 1,548       |
| Fringe benefits and payroll taxes                    | 72,614      |
| General expenses:                                    |             |
| Materials and supplies                               | 300         |
| Heat, power, light, water, & phone                   | 79,414      |
| Dues and subscriptions                               | 3,427       |
| Travel and meetings                                  | 19,338      |
| Other miscellaneous expenses                         | 50          |
| Depreciation: service vehicles                       | 21,098      |
| Depreciation: office equipment                       | 3,757       |
| Depreciation: computer system                        | 16,249      |
|  | <hr/>       |
| TOTAL OPERATING EXPENSES                             | 8,647,343   |
|  | <hr/>       |
| LOSS FROM OPERATIONS                                 | (7,551,820) |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

|   |                       |
|---|-----------------------|
| Other income:   |                       |
| Advertising services  | \$ 11,805             |
| Sale of fixed assets  | 1,335                 |
| Miscellaneous   | 773                   |
| Unified work program  | <u>13,952</u>         |
| TOTAL OTHER INCOME  | <u>27,865</u>         |
| NET LOSS  | <u>(7,523,955)</u>    |
| SUBSIDIES   |                       |
| Operating subsidies to fund preventive maintenance tire leases: |                       |
| Federal capital grants  | 1,562,003             |
| State Act 44  | 357,948               |
| Luzerne County  | <u>32,552</u>         |
|   | 1,952,503             |
| Operating subsidies:  |                       |
| State Act 44  | 3,781,933             |
| Luzerne County  | <u>402,945</u>        |
| TOTAL SUBSIDIES   | <u>6,137,381</u>      |
| UNFUNDED DEFICIT - DEPRECIATION                                 | <u>\$ (1,386,574)</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF REVENUE AND EXPENDITURES - ADA PARATRANSIT OPERATIONS  
 FOR THE YEAR ENDED JUNE 30, 2012

|                            |                  |
|----------------------------|------------------|
| OPERATING REVENUE          |                  |
| Passenger fares            | \$ <u>61,281</u> |
| TOTAL PASSENGER SERVICE    | <u>61,281</u>    |
| OPERATING EXPENSES         |                  |
| Purchased transportation   |                  |
| Vehicle operations         | 224,020          |
| Maintenance                | 68,929           |
| General and administration | <u>51,697</u>    |
| TOTAL OPERATING EXPENSES   | <u>344,646</u>   |
| LOSS FROM OPERATIONS       | <u>(283,365)</u> |
| SUBSIDIES                  |                  |
| Federal capital grants     | 226,692          |
| State Act 44               | 51,948           |
| County                     | <u>4,725</u>     |
| TOTAL SUBSIDIES            | <u>283,365</u>   |
| UNFUNDED DEFICIT           | <u>\$ -</u>      |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF REVENUE AND EXPENDITURES - NON-FIXED ROUTE OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUE

CONTRACT TRANSPORTATION FARES

Medical Assistance Transportation Program:

|                |              |
|----------------|--------------|
| Luzerne County | \$ 1,670,424 |
| Wyoming County | 74,171       |

Human Services Development Fund:

|                |       |
|----------------|-------|
| Luzerne County | 5,217 |
| Wyoming County | 9,195 |

Commonwealth of Pennsylvania Department of Transportation

|                             |         |
|-----------------------------|---------|
| Persons with Disabilities   | 41,046  |
| Section 203 Lottery Program | 724,270 |

Shared-Ride Ticket Fares:

|                             |         |
|-----------------------------|---------|
| Persons with Disabilities   | 9,122   |
| Section 203 Lottery Program | 122,090 |

User Agencies and Organizations

|                              |         |
|------------------------------|---------|
| Department of Public Welfare |         |
| Promise                      | 544,637 |
| Waiver                       | 28,720  |

|   |         |
|---|---------|
| Luzerne County Transportation Authority | 344,646 |
|---|---------|

Luzerne-Wyoming County Mental Health/Mental Retardation Programs

|                           |         |
|---------------------------|---------|
| Partial Hospitalization   | 51,159  |
| Promise                   | 120,481 |
| Vocational Rehabilitation | 23,849  |

|  |        |
|--|--------|
| Luzerne County Children and Youth Services | 41,833 |
|--|--------|

|     |       |
|-----|-------|
| VOA | 6,720 |
|-----|-------|

|                           |              |
|---------------------------|--------------|
| Child Development Council | <u>8,495</u> |
|---------------------------|--------------|

|   |           |
|---|-----------|
| TOTAL FEE-FOR-SERVICE OPERATING REVENUE | 3,826,075 |
|---|-----------|

OTHER OPERATING REVENUE

|  |        |
|--|--------|
| Charges for Vehicle Transportation Aides | 26,198 |
|--|--------|

Medical Assistance Client Travel Reimbursement

|                |              |
|----------------|--------------|
| Luzerne County | 117,278      |
| Wyoming County | <u>6,913</u> |

|                          |                  |
|--------------------------|------------------|
| TOTAL OPERATING REVENUES | <u>3,976,464</u> |
|--------------------------|------------------|

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF REVENUE AND EXPENDITURES - NON-FIXED ROUTE OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING EXPENSES

|  |                     |
|--|---------------------|
| Personnel:                                   |                     |
| Wages and Salaries                           | \$ 1,589,577        |
| Employee Benefits                            | 830,795             |
| Administrative supplies and expenses:        |                     |
| Office Supplies and Minor Equipment          | 23,505              |
| Depot Expenses                               | 3,649               |
| Utilities                                    | 16,095              |
| Advertising                                  | 43                  |
| Travel and Meetings                          | 3,025               |
| Vehicle supplies and expenses:               |                     |
| Gasoline                                     | 537,703             |
| Insurance                                    | 30,365              |
| Repairs                                      | 150,231             |
| Mobile Radio Expenses                        | 11,576              |
| Oil and Lubricants                           | 2,566               |
| Tires  | 34,899              |
| Purchased services:                          |                     |
| Consultants                                  | 1,115               |
| Computer Maintenance and Support             | 9,459               |
| Client Travel Purchased                      | 580,514             |
| Travel Reimbursement to Clients              | 124,191             |
| Accounting and Auditing                      | 12,398              |
| Legal  | 281                 |
| Personnel Management                         | <u>19,539</u>       |
| TOTAL OPERATING EXPENSES BEFORE DEPRECIATION | <u>3,981,526</u>    |
| OPERATING LOSS BEFORE DEPRECIATION           | (5,062)             |
| DEPRECIATION                                 | <u>331,566</u>      |
| OPERATING LOSS                               | <u>(336,628)</u>    |
| NON-OPERATING REVENUE                        |                     |
| Interest Income                              | 4,223               |
| Gain on Sale of Assets                       | 5,650               |
| Insurance Proceeds                           | <u>7,873</u>        |
| TOTAL NON-OPERATING REVENUE                  | <u>17,746</u>       |
| NET LOSS                                     | <u>\$ (318,882)</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF CAPITAL ASSISTANCE GRANT PA 90-0460  
FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Budget</u>       | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |
|--|---------------------|---------------------------------|---------------------------------|
| <b>PROJECT FUNDING</b>                         |                     |                                 |                                 |
| Federal Share                                  | \$ 6,244,355        | \$ -                            | \$ 6,182,794 (A)                |
| Penn DOT Share (Act 3)                         | 81,667              | -                               | 81,667                          |
| Penn DOT Share (Act 26)                        | 290,837             | -                               | 291,414 (B)                     |
| PennDOT PT-681                                 | 175                 | -                               | 175                             |
| PennDOT PT-165                                 | 5                   | -                               | 5                               |
| Penn DOT Share (Capital Project PT-680)        | 833,000             | -                               | 833,000                         |
| Penn DOT Share (Capital Project PT-681)        | 80,600              | -                               | 80,600                          |
| County Share                                   | <u>274,805</u>      | <u>-</u>                        | <u>274,919 (B)</u>              |
| <br>   |                     |                                 |                                 |
| TOTAL PROJECT FUNDING                          | <u>\$ 7,805,444</u> | <u>\$ -</u>                     | <u>\$ 7,744,574</u>             |
| <br>   |                     |                                 |                                 |
| <b>PROJECT EXPENDITURES</b>                    |                     |                                 |                                 |
| Design/Engineer Admin/Maint Facility           | \$ 692,670          | \$ -                            | \$ 692,670                      |
| Construction Admin/Maint Facility              | 5,391,963           | -                               | 5,315,013                       |
| Real Estate Acquisition                        | 86,516              | -                               | 86,516                          |
| Real Estate Appraisal                          | 3,000               | -                               | 3,000                           |
| Storage Facility Lease                         | 188,562             | -                               | 188,563                         |
| Communication System                           | 43,160              | -                               | 43,160                          |
| Preventive Maintenance - Buses                 | 1,172,330           | -                               | 1,172,330                       |
| Nonfixed Route Paratransit                     |                     |                                 |                                 |
| Service - Purchased Transportation             | 87,740              | -                               | 87,740 (B)                      |
| ADP Hardware                                   | 36,938              | -                               | 36,938                          |
| Miscellaneous Support Equipment                | 56,357              | -                               | 56,357                          |
| Landscaping/Scenic Beautification              | <u>46,208</u>       | <u>-</u>                        | <u>46,208</u>                   |
| <br>   |                     |                                 |                                 |
| TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012 | <u>\$ 7,805,444</u> | <u>\$ -</u>                     | <u>\$ 7,728,495</u>             |

(A) Includes funds received to June 30, 2012

(B) Pennsylvania would not fund the purchased transportation service.  
The state portion (\$14,623) was funded with County funds.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF CAPITAL ASSISTANCE GRANT PA 90-0507  
FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Budget</u>       | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |
|--|---------------------|---------------------------------|---------------------------------|
| <b>PROJECT FUNDING</b>   |                     |                                 |                                 |
| Federal Share  | \$ 1,631,187        | \$ -                            | \$ 1,627,763 (A)                |
| Penn DOT Share (Act 3)   | 98,334              | -                               | 101,109                         |
| Penn DOT Share (Act 26)  | 203,573             | -                               | 200,129 (B)                     |
| County Share   | <u>105,890</u>      | <u>-</u>                        | <u>105,757 (B)</u>              |
| <br>   |                     |                                 |                                 |
| TOTAL PROJECT FUNDING  | <u>\$ 2,038,984</u> | <u>\$ -</u>                     | <u>\$ 2,034,758</u>             |
| <br>   |                     |                                 |                                 |
| <b>PROJECT EXPENDITURES</b>                                      |                     |                                 |                                 |
| Buses  | \$ 1,191,544        | \$ -                            | \$ 1,191,544                    |
| Associated Bus Capital Items                                     | 16,480              | -                               | 16,480                          |
| Tire Lease   | 40,000              | -                               | 40,000                          |
| Preventive Maintenance - Buses                                   | 550,000             | -                               | 550,000                         |
| Nonfixed Route Paratransit<br>Service - Purchased Transportation | 227,545             | -                               | 227,545                         |
| Transit Enhancement  | <u>13,415</u>       | <u>-</u>                        | <u>9,135</u>                    |
| <br>   |                     |                                 |                                 |
| TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012                   | <u>\$ 2,038,984</u> | <u>\$ -</u>                     | <u>\$ 2,034,704</u>             |

(A) Includes funds received to June 30, 2012

(B) Pennsylvania would not fund the purchased transportation service.  
The state portion (\$37,924) was funded with County funds.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF CAPITAL ASSISTANCE GRANT PA 90-0690  
FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Amended<br/>Budget</u> | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |
|--|---------------------------|---------------------------------|---------------------------------|
| PROJECT FUNDING                                | \$ 2,752,948              | \$ 28,900                       | \$ 2,696,959 (A)                |
| Federal Share                                  | 281,245                   | -                               | 308,416                         |
| Penn DOT Share (Act 44)                        | 97,801                    | 3,680                           | 86,959 (B)                      |
| Penn DOT Share (Act 26)                        | 144,000                   | -                               | 144,000                         |
| Penn DOT Share (Bond)                          | <u>125,816</u>            | <u>736</u>                      | <u>95,668 (B)</u>               |
| County Share                                   |                           |                                 |                                 |
|  | <u>\$ 3,401,810</u>       | <u>\$ 33,316</u>                | <u>\$ 3,332,002</u>             |
|  |                           |                                 |                                 |
| TOTAL PROJECT FUNDING                          |                           |                                 |                                 |
|  |                           |                                 |                                 |
| PROJECT EXPENDITURES                           |                           |                                 |                                 |
| Buses-Hybrid                                   | \$ 1,050,000              | \$ -                            | \$ 1,045,242                    |
| Buses-Diesel                                   | 502,500                   | -                               | 437,451                         |
| Tire Lease                                     | 50,000                    | 22,080                          | 49,998                          |
| ADP Hardware                                   | 5,000                     | -                               | 5,000                           |
| ADP Software                                   | 15,000                    | -                               | 15,001                          |
| Preventive Maintenance - Buses                 | 1,500,000                 | -                               | 1,500,000                       |
| Nonfixed Route Paratransit                     |                           |                                 |                                 |
| Service - Purchased Transportation             | 250,000                   | -                               | 250,000                         |
| Transit Enhancement-Landscaping                | -                         | -                               | -                               |
| Transit Enhancement-Signage                    | <u>29,310</u>             | <u>-</u>                        | <u>29,310</u>                   |
|  |                           |                                 |                                 |
| TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012 | <u>\$ 3,401,810</u>       | <u>\$ 22,080</u>                | <u>\$ 3,332,002</u>             |

(A) Includes funds received to June 30, 2012

(B) Pennsylvania would not fund the purchased transportation service.  
The state portion (\$41,667) was funded with County funds.



LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF CAPITAL ASSISTANCE GRANT PA 90-0703  
FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Budget</u>       | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |     |
|--|---------------------|---------------------------------|---------------------------------|-----|
| <b>PROJECT FUNDING</b>                         |                     |                                 |                                 |     |
| Federal Share                                  | \$ 1,733,338        | \$ 23,338                       | \$ 1,733,338                    | (A) |
| Penn DOT Share (Act 44)                        | 312,500             | 4,281                           | 350,208                         |     |
| Penn DOT Share (Act 26)                        | 4,862               | 654                             | 654                             | (B) |
| County Share                                   | <u>115,973</u>      | <u>389</u>                      | <u>82,473</u>                   | (B) |
| <br>   |                     |                                 |                                 |     |
| TOTAL PROJECT FUNDING                          | <u>\$ 2,166,673</u> | <u>\$ 28,662</u>                | <u>\$ 2,166,673</u>             |     |
| <br>   |                     |                                 |                                 |     |
| <b>PROJECT EXPENDITURES</b>                    |                     |                                 |                                 |     |
| Preventive Maintenance - Buses                 | \$ 1,875,000        | \$ -                            | \$ 1,875,000                    |     |
| Nonfixed Route Paratransit                     |                     | -                               |                                 |     |
| Service - Purchased Transportation             | 262,500             | -                               | 262,500                         |     |
| Transit Enhancement                            | <u>29,173</u>       | <u>26,618</u>                   | <u>29,173</u>                   |     |
| <br>   |                     |                                 |                                 |     |
| TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012 | <u>\$ 2,166,673</u> | <u>\$ 26,618</u>                | <u>\$ 2,166,673</u>             |     |

(A) Includes funds received to June 30, 2012

(B) Pennsylvania would not fund the purchased transportation service.  
The state portion (\$43,750) was funded with County funds.

(C) Grant is closed as of May 10, 2012

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF CAPITAL ASSISTANCE GRANT PA 90-0727  
FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Amended<br/>Budget</u> | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |     |
|--|---------------------------|---------------------------------|---------------------------------|-----|
| <b>PROJECT FUNDING</b>                             |                           |                                 |                                 |     |
| Federal Share                                      | \$ 4,113,198              | \$ 1,525,644                    | \$ 1,525,644                    | (A) |
| Penn DOT Share (Act 44)                            | 784,854                   | 210,554                         | 365,352                         |     |
| Penn DOT Share (Act 26)                            | 14,125                    | 1,421                           | 2,736                           | (B) |
| County Share                                       | <u>125,125</u>            | <u>19,770</u>                   | <u>70,286</u>                   | (B) |
| <br>TOTAL PROJECT FUNDING                          | <br><u>\$ 5,037,302</u>   | <br><u>\$ 1,757,389</u>         | <br><u>\$ 1,964,018</u>         |     |
| <br><b>PROJECT EXPENDITURES</b>                    |                           |                                 |                                 |     |
| Preventive Maintenance - Buses                     | \$ 1,875,000              | \$ 1,032,033                    | \$ 1,875,000                    |     |
| Nonfixed Route Paratransit                         |                           |                                 |                                 |     |
| Service - Purchased Transportation                 | 275,000                   | 101,526                         | 275,000                         |     |
| Buses-Hybrid                                       | 2,778,552                 | -                               | -                               | (C) |
| Shop Equipment                                     | 50,000                    | 4,500                           | 8,149                           |     |
| ADP Hardware                                       | 19,500                    | 4,024                           | 8,265                           |     |
| ADP Software                                       | 10,500                    | 1,688                           | 10,500                          |     |
| Transit Enhancement                                | <u>28,750</u>             | <u>14,954</u>                   | <u>14,954</u>                   |     |
| <br>TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012 | <br><u>\$ 5,037,302</u>   | <br><u>\$ 1,158,725</u>         | <br><u>\$ 2,191,868</u>         |     |

(A) Includes funds received to June 30, 2012

(B) Pennsylvania would not fund the purchased transportation service or ADP software.  
The state portion (\$45,833 and \$4,000) was funded with County funds.

(C) The hybrid buses will be funded 83% by Federal funds and 17% Penn DOT Act 44.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF CAPITAL ASSISTANCE GRANT PA 90-0755  
 FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Budget</u>       | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |     |
|--|---------------------|---------------------------------|---------------------------------|-----|
| <b>PROJECT FUNDING</b>   |                     |                                 |                                 |     |
| Federal Share  | \$ 1,891,959        | \$ -                            | \$ -                            | (A) |
| Penn DOT Share (Act 44)  | 431,209             | 198,035                         | 198,035                         |     |
| County Share   | <u>37,415</u>       | <u>18,010</u>                   | <u>18,010</u>                   |     |
| <br>   |                     |                                 |                                 |     |
| TOTAL PROJECT FUNDING  | <u>\$ 2,360,583</u> | <u>\$ 216,045</u>               | <u>\$ 216,045</u>               |     |
| <br>   |                     |                                 |                                 |     |
| <b>PROJECT EXPENDITURES</b>                                      |                     |                                 |                                 |     |
| Preventive Maintenance - Buses                                   | \$ 1,875,000        | \$ 880,117                      | \$ 880,117                      |     |
| Nonfixed Route Paratransit<br>Service - Purchased Transportation | 288,324             | 181,839                         | 181,839                         |     |
| Buses-Hybrid   | 116,428             | -                               | -                               | (B) |
| Tire Lease   | 52,000              | 18,272                          | 18,272                          |     |
| Transit Enhancement - Signage                                    | <u>28,831</u>       | <u>-</u>                        | <u>-</u>                        |     |
| <br>   |                     |                                 |                                 |     |
| TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012                   | <u>\$ 2,360,583</u> | <u>\$ 1,080,228</u>             | <u>\$ 1,080,228</u>             |     |

(A) Includes funds received to June 30, 2012

(B) The hybrid buses will be funds 83% by Federal funds and 17% Penn DOT Act 44.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF CAPITAL ASSISTANCE GRANT CCA-G-10-11-LUZWYO-00025  
 FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Budget</u>     | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |
|--|-------------------|---------------------------------|---------------------------------|
| PROJECT FUNDING-SAP EG00000933                 |                   |                                 |                                 |
| PennDOT Section 1516(b) PwD                    | \$ 120,000        | \$ 120,000                      | \$ 120,000                      |
| PennDOT Section 1516(b) CTC                    | <u>100,000</u>    | <u>100,000</u>                  | <u>100,000</u>                  |
| TOTAL PROJECT FUNDING                          | <u>\$ 220,000</u> | <u>\$ 220,000</u>               | <u>\$ 220,000</u>               |
| <br>   |                   |                                 |                                 |
| PROJECT EXPENDITURES                           |                   |                                 |                                 |
| 2012 Ford Challenger #1FD4E4FL5CDA19107        |                   |                                 | \$ 44,895                       |
| 2012 Ford Challenger #1FD4E4FL5CDA19110        |                   |                                 | 43,413                          |
| 2012 Ford Challenger #1FD4E4FL5CDA19111        |                   |                                 | 43,413                          |
| 2012 Ford Challenger #1FD4E4FL5CDA19108        |                   |                                 | 44,895                          |
| 2012 Ford Challenger #1FD4E4FL5CDA19109        |                   |                                 | <u>44,895</u>                   |
| TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012 |                   |                                 | <u>\$ 221,511</u>               |
| <br>   |                   |                                 |                                 |
| EXPENDITURES FUNDED BY:                        |                   |                                 |                                 |
| PennDOT Section 1516(b) PwD                    |                   | \$ 120,000                      |                                 |
| PennDOT Section 1516(b) CTC                    |                   | 100,000                         |                                 |
| Luzerne County Transportation Authority        |                   | <u>1,511</u>                    |                                 |
| Total Funding Received                         |                   |                                 | <u>\$ 221,511</u>               |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF PENN DOT CONSOLIDATION GRANT  
 FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Budget</u>     | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |
|--|-------------------|---------------------------------|---------------------------------|
| PROJECT FUNDING                                |                   |                                 |                                 |
| Penn DOT                                       | \$ 582,000        | \$ -                            | \$ -                            |
| County Share                                   | <u>19,395</u>     | <u>1,944</u>                    | <u>1,944</u>                    |
| TOTAL PROJECT FUNDING                          | <u>\$ 601,395</u> | <u>\$ 1,944</u>                 | <u>\$ 1,944</u>                 |
| <br>PROJECT EXPENDITURES                       |                   |                                 |                                 |
| Consolidation Costs                            | <u>\$ 601,395</u> | <u>\$ 60,283</u>                | <u>\$ 60,283</u>                |
| TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012 | <u>\$ 601,395</u> | <u>\$ 60,283</u>                | <u>\$ 60,283</u>                |

(A) PennDOT has agreed to fund costs associated with the consolidation of the LCTA and Luzerne/Wyoming County Transportation Department. They agreed to fund this as a Research and Planning Project utilizing Section 1516 Funding. PennDOT will fund 96.775% of the eligible costs and the County is required to fund 3.225%.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF PENN DOT TECHNICAL ASSISTANCE GRANT LCTA-08-09-01-TA  
 FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Budget</u>    | <u>Current<br/>Transactions</u> | <u>Transactions<br/>To Date</u> |
|--|------------------|---------------------------------|---------------------------------|
| PROJECT FUNDING                                |                  |                                 |                                 |
| Penn DOT Share                                 | \$ 68,549        | \$ 7,223                        | \$ 68,549 (A)                   |
| County Share                                   | <u>2,284</u>     | <u>-</u>                        | <u>2,293</u>                    |
| TOTAL PROJECT FUNDING                          | <u>\$ 70,833</u> | <u>\$ 7,223</u>                 | <u>\$ 70,842</u>                |
| PROJECT EXPENDITURES                           |                  |                                 |                                 |
| ROUTE ANALYSIS AND EVALUATION                  | \$ 70,833        | \$ -                            | \$ 70,877 (B)                   |
|  | <u>-</u>         | <u>-</u>                        | <u>-</u>                        |
| TOTAL PROJECT EXPENDITURES<br>TO JUNE 30, 2012 | <u>\$ 70,833</u> | <u>\$ -</u>                     | <u>\$ 70,877</u>                |

(A) Includes funds received to June 30, 2012

(B) Overexpended grant, will be funded with local funds.

(C) Grant is closed as of November 7, 2011

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

| Federal Grantor/Program Title                              | Federal CFDA Number | Program or Award Amount | Total Received for the Year | Accrued or (Deferred) Revenue at 07-01-11 | Revenue Recognized | Expenditures | Accrued or (Deferred) Revenue at 06-30-12 |
|--|---------------------|-------------------------|-----------------------------|---|--------------------|--------------|---|
| <u>U.S. Department of Transportation</u>                   |                     |                         |                             |   |                    |              |   |
| Federal Transit Capital Assistance Grants:                 |                     |                         |                             |   |                    |              |   |
| PA 90-X460   | 20.500              | \$ 6,244,355            | -                           | -   | -                  | -            | \$ -                                      |
| PA 90-X507   | 20.500              | 1,631,187               | -                           | -   | -                  | -            | -   |
| PA 90-X690   | 20.500              | 2,752,948               | 28,900                      | 11,190                                    | 17,710             | 17,710       | -   |
| PA 90-0703   | 20.500              | 1,733,338               | 23,338                      | 2,044                                     | 21,294             | 21,294       | -   |
| PA 90-0727   | 20.500              | 4,113,189               | 1,525,644                   | 826,514                                   | 926,980            | 926,980      | 227,650                                   |
| PA 90-0755   | 20.500              | 1,891,959               | -                           | -   | 864,183            | 864,183      | 864,183                                   |
| TOTAL DEPARTMENT OF TRANSPORTATION                         |                     | \$ 18,366,976           | \$ 1,577,882                | \$ 839,748                                | \$ 1,830,167       | \$ 1,830,167 | \$ 1,092,033                              |
| <u>U.S. Department of Health and Human Services</u>        |                     |                         |                             |   |                    |              |   |
| Pass through Pennsylvania Department of Public Welfare:    |                     |                         |                             |   |                    |              |   |
| Medical Assistance Program                                 | 93.778              | 315,346                 | 315,346                     | -   | 315,346            | 315,346      | -   |
| TOTAL MEDICAL ASSISTANCE PROGRAM                           |                     | 315,346                 | 315,346                     | -   | 315,346            | 315,346      | -   |
| Medical Assistance Transportation Program - Luzerne County |                     |                         |                             |   |                    |              |   |
|  | 93.778              | 886,818                 | 886,818                     | -   | 847,566            | 847,566      | -   |
| TOTAL MEDICAL ASSISTANCE PROGRAM - LUZERNE                 |                     | 886,818                 | 886,818                     | -   | 847,566            | 847,566      | -   |
| Pass through Wyoming County                                |                     |                         |                             |   |                    |              |   |
| Medical Assistance Transportation Program - Wyoming County | 93.778              | 49,212                  | 49,212                      | -   | 38,318             | 38,318       | -   |
| TOTAL MEDICAL ASSISTANCE PROGRAM - WYOMING                 |                     | 49,212                  | 49,212                      | -   | 38,318             | 38,318       | -   |
| TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES              |                     | \$ 1,251,376            | \$ 1,251,376                | -   | \$ 1,201,230       | \$ 1,201,230 | -   |
| TOTAL  |                     | \$ 19,618,352           | \$ 2,829,258                | \$ 839,748                                | \$ 3,031,397       | \$ 3,031,397 | \$ 1,092,033                              |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: GENERAL

The accompanying schedule of financial awards presents the activity of all federal financial assistance programs of the Luzerne County Transportation Authority. The Luzerne County Transportation Authority's reporting entity is defined in Note 2 of the Authority's basic financial statements. Federal financial assistance received directly from federal agencies is included on the Schedule of Expenditures of Federal Awards. The information in this schedule is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

NOTE 2: BASIS OF ACCOUNTING

The accompanying schedule of financial awards is presented using the regulatory basis of accounting, which is described in Note 2 to the Authority's basic financial statements.



LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 SCHEDULE OF EXPENDITURES OF PENNSYLVANIA DEPARTMENT OF  
 PUBLIC WELFARE AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2012

| Federal Grantor/Program Title  | Federal CFDA Number | Pass Through Identifying Number | Grant Period          | Payments Received |              |              | Revenue Recognized |              |              |
|--|---------------------|---------------------------------|-----------------------|-------------------|--------------|--------------|--------------------|--------------|--------------|
|  |                     |                                 |                       | Federal           | State        | Total        | Federal            | State        | Total        |
| <u>U.S. Department of Health and Human Services</u>  |                     |                                 |                       |                   |              |              |                    |              |              |
| Pass through Pennsylvania Department of Public Welfare:<br>Medical Assistance Program        | 93.778              | n/a                             | 07/01/2011-06/30/2012 | \$ 315,346        | \$ 258,011   | \$ 573,357   | \$ 315,346         | \$ 258,011   | \$ 573,357   |
| TOTAL MEDICAL ASSISTANCE PROGRAM   |                     |                                 |                       | 315,346           | 258,011      | 573,357      | 315,346            | 258,011      | 573,357      |
| Medical Assistance Transportation Program -<br>Luzerne County                                | 93.778              | n/a                             | 07/01/2011-06/30/2012 | 886,818           | 960,720      | 1,847,538    | 847,566            | 940,137      | 1,787,703    |
| TOTAL MEDICAL ASSISTANCE PROGRAM - LUZERNE   |                     |                                 |                       | 886,818           | 960,720      | 1,847,538    | 847,566            | 940,137      | 1,787,703    |
| Pass through Wyoming County<br>Medical Assistance Transportation Program -<br>Wyoming County | 93.778              | n/a                             | 07/01/2011-06/30/2012 | 49,212            | 53,314       | 102,526      | 38,318             | 42,729       | 81,047       |
| TOTAL MEDICAL ASSISTANCE PROGRAM - WYOMING   |                     |                                 |                       | 49,212            | 53,314       | 102,526      | 38,318             | 42,729       | 81,047       |
| TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES   |                     |                                 |                       | \$ 1,251,376      | \$ 1,272,045 | \$ 2,523,421 | \$ 1,201,230       | \$ 1,240,877 | \$ 2,442,107 |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO SCHEDULE OF EXPENDITURES OF  
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE AWARDS  
FOR THE YEAR ENDED JUNE 30, 2012

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of Pennsylvania Department of Public Welfare awards includes the Department of Public Welfare grant activity of Luzerne County Transportation 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* and the Commonwealth of Pennsylvania Department of Public Welfare Single Audit Supplement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE 2: DEPARTMENT OF PUBLIC WELFARE FUNDING

The schedule of expenditures of Pennsylvania Department of Public Welfare Awards presents the activity of all Department of Public Welfare award programs of Luzerne County Transportation Authority. Pennsylvania Department of Public Welfare awards passed through state and local governmental agencies are included in the schedule of expenditures of Pennsylvania Department of Public Welfare awards. Estimates of Pennsylvania Department of Public Welfare funding have been made based upon information received from the state funding agency and the local pass-through offices.

INDEPENDENT AUDITORS' REPORT  
STATEMENTS OF EXPENSES, REVENUES, SUBSIDIES, AND BUDGET  
COMMONWEALTH OF PENNSYLVANIA  
LEGACY BUDGET 11-12  
AND OTHER PENNSYLVANIA SCHEDULES

Pennsylvania Department of Transportation  
Harrisburg, Pennsylvania 17120

We have audited the accompanying Statements of Fixed Route Urban Expenses, Non-Fixed Route ADA Paratransit Expenses, Non-Fixed Route Shared Ride Expenses, Non-Public Expenses – Other Transportation, Fixed Route Revenues, Non-Fixed Route Revenues - Urban, Non-Public Revenues – Other Transportation, Fixed Route Subsidies, Non-Fixed Route Subsidies and Budget Summary of the Luzerne County Transportation Authority under Commonwealth of Pennsylvania Legacy Budget 11-12 for the year ended June 30, 2012. Also, as shown by the Statement of Grant Funding, we have determined the actual funding requirements of the Commonwealth of Pennsylvania; the Federal Transit Administration; and Luzerne County for the year ended June 30, 2012. The statements are the responsibility of the Luzerne County Transportation Authority's management. Our responsibility is to express an opinion on the statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As further described in Note 2, it is the Authority's practice to prepare its financial statements required by the Commonwealth on the basis of accounting practices prescribed or permitted under the terms of a project agreement with the Pennsylvania Department of Transportation. These practices differ, in some respects, from generally accepted accounting principles. Accordingly, the accompanying statements are not intended to present results of operations in conformity with generally accepted accounting principles. This report is intended solely for filing with the Commonwealth of Pennsylvania and is not intended for any other purpose.

In our opinion, the statements referred to in the first paragraph present fairly, in all material respects, Legacy Budget 11-12 expenses, revenues, budget summary, and funding requirements of the Luzerne County Transportation Authority for the year ended June 30, 2012, and the federal, state and local funding provided for the year then ended, on the basis of accounting practices prescribed in Note 2, which has been applied in a manner consistent with that of the preceding year.

Our audit was made for the purpose of forming an opinion on the Statements of Expenses, Revenues, Subsidies, and Budget Summary of the Luzerne County Transportation Authority taken as a whole. The accompanying Schedules of S1 - Local Match Provided, S2- Local Match Carryover, S3 - Urban PTAF/BSG/ASG Carryover, and S5 - Urban Section 1513 Program Carryover on pages 53 - 56 are presented for the purpose of additional analysis and are not a required part of the 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 information is fairly stated in all material respects in relation to the basic financial statements as a whole, in conformity with the basis of accounting described in Note 2.

This report is intended solely for the information and use of management and the United States Department of Transportation and other federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 27, 2012

*Prociak & Associates, LLC*

PROCIAK & ASSOCIATES, L.L.C.  
Wilkes-Barre, Pennsylvania

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
 LEG - FIXED ROUTE URBAN EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2012

|   | <u>Vehicle<br/>Operations</u> | <u>Maintenance</u> | <u>General<br/>Administrative</u> | <u>Totals</u>       |
|---|-------------------------------|--------------------|-----------------------------------|---------------------|
| Operating Expenses                            |                               |                    |                                   |                     |
| Operators Salaries and Wages                  | \$ 1,880,240                  | \$ -               | \$ -                              | \$ 1,880,240        |
| Other Salaries and Wages                      | 141,148                       | 714,262            | 351,263                           | 1,206,673           |
| Fringe Benefits                               | 1,598,088                     | 609,977            | 309,333                           | 2,517,398           |
| Services                                      | -                             | 31,831             | 78,627                            | 110,458             |
| Fuel and Lubricants                           | 813,386                       | -                  | -                                 | 813,386             |
| Tires and Tubes                               | 43,629                        | -                  | -                                 | 43,629              |
| Other Materials and Supplies                  | -                             | 292,923            | 24,811                            | 317,734             |
| Utilities                                     | -                             | -                  | 79,721                            | 79,721              |
| Casualty and Liability Costs                  | -                             | -                  | 268,715                           | 268,715             |
| Taxes   | -                             | -                  | -                                 | -                   |
| Purchased transportation                      | -                             | -                  | -                                 | -                   |
| Miscellaneous Expenses                        | -                             | -                  | 22,815                            | 22,815              |
| Expense Transfers                             | -                             | -                  | -                                 | -                   |
|   | <hr/>                         | <hr/>              | <hr/>                             | <hr/>               |
| Total System Expenses                         | <u>4,476,491</u>              | <u>1,648,993</u>   | <u>1,135,285</u>                  | <u>7,260,769</u>    |
| Applied Reconciling Items                     |                               |                    |                                   |                     |
| Interest Expense                              |                               |                    |                                   | -                   |
| Leases and Rentals                            |                               |                    |                                   | -                   |
| Depreciation                                  |                               |                    |                                   | -                   |
| Amortization of Intangibles                   |                               |                    |                                   | -                   |
| Purchase Lease Agreement                      |                               |                    |                                   | -                   |
| Related Party Lease Agreement                 |                               |                    |                                   | -                   |
| Other Reconciling Items                       |                               |                    |                                   | -                   |
|   |                               |                    |                                   | <hr/>               |
| Total Applied Reconciling Items               |                               |                    |                                   | <u>-</u>            |
| TOTAL OPERATING EXPENSES                      |                               |                    |                                   | <u>7,260,769</u>    |
| Non-applied Reconciling Items                 |                               |                    |                                   |                     |
| Depreciation (publicly funded assets<br>only) |                               |                    |                                   | 1,386,574           |
| Other Post-Employment Benefits<br>(OPEB)      |                               |                    |                                   | -                   |
| Other Reconciling Items                       |                               |                    |                                   | -                   |
|   |                               |                    |                                   | <hr/>               |
| Total Non-applied Reconciling Items           |                               |                    |                                   | <u>1,386,574</u>    |
| TOTAL OPERATING EXPENSES PER AUDIT            |                               |                    |                                   | <u>\$ 8,647,343</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
 LEG - NON-FIXED ROUTE ADA PARATRANSIT EXPENSES  
 FOR THE YEAR ENDED JUNE 30, 2012

|   | <u>Vehicle<br/>Operations</u> | <u>Maintenance</u> | <u>General<br/>Administrative</u> | <u>Totals</u>     |
|---|-------------------------------|--------------------|-----------------------------------|-------------------|
| Operating Expenses                            |                               |                    |                                   |                   |
| Operators Salaries and Wages                  | \$ -                          | \$ -               | \$ -                              | \$ -              |
| Other Salaries and Wages                      | -                             | -                  | -                                 | -                 |
| Fringe Benefits                               | -                             | -                  | -                                 | -                 |
| Services                                      | -                             | -                  | -                                 | -                 |
| Fuel and Lubricants                           | -                             | -                  | -                                 | -                 |
| Tires and Tubes                               | -                             | -                  | -                                 | -                 |
| Other Materials and Supplies                  | -                             | -                  | -                                 | -                 |
| Utilities                                     | -                             | -                  | -                                 | -                 |
| Casualty and Liability Costs                  | -                             | -                  | -                                 | -                 |
| Taxes   | -                             | -                  | -                                 | -                 |
| Purchased transportation                      | 224,020                       | 68,929             | 51,697                            | 344,646           |
| Miscellaneous Expenses                        | -                             | -                  | -                                 | -                 |
| Expense Transfers                             | -                             | -                  | -                                 | -                 |
|   | 224,020                       | 68,929             | 51,697                            | 344,646           |
| Total System Expenses                         | 224,020                       | 68,929             | 51,697                            | 344,646           |
| Applied Reconciling Items                     |                               |                    |                                   |                   |
| Interest Expense                              |                               |                    |                                   | -                 |
| Leases and Rentals                            |                               |                    |                                   | -                 |
| Depreciation                                  |                               |                    |                                   | -                 |
| Amortization of Intangibles                   |                               |                    |                                   | -                 |
| Purchase Lease Agreement                      |                               |                    |                                   | -                 |
| Related Party Lease Agreement                 |                               |                    |                                   | -                 |
| Other Reconciling Items                       |                               |                    |                                   | -                 |
|   |                               |                    |                                   | -                 |
| Total Applied Reconciling Items               |                               |                    |                                   | -                 |
| <b>TOTAL OPERATING EXPENSES</b>               |                               |                    |                                   | <b>344,646</b>    |
| Non-applied Reconciling Items                 |                               |                    |                                   |                   |
| Depreciation (publicly funded assets<br>only) |                               |                    |                                   | -                 |
| Other Post-Employment Benefits<br>(OPEB)      |                               |                    |                                   | -                 |
| Other Reconciling Items                       |                               |                    |                                   | -                 |
|   |                               |                    |                                   | -                 |
| Total Non-applied Reconciling Items           |                               |                    |                                   | -                 |
| <b>TOTAL OPERATING EXPENSES PER AUDIT</b>     |                               |                    |                                   | <b>\$ 344,646</b> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - NON-FIXED ROUTE SHARED RIDE EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2012

|   | <u>Vehicle<br/>Operations</u> | <u>Maintenance</u> | <u>General<br/>Administrative</u> | <u>Totals</u>       |
|---|-------------------------------|--------------------|-----------------------------------|---------------------|
| Operating Expenses                            |                               |                    |                                   |                     |
| Operators Salaries and Wages                  | \$ 1,232,808                  | \$ -               | \$ -                              | \$ 1,232,808        |
| Other Salaries and Wages                      | -                             | 18,976             | 337,793                           | 356,769             |
| Fringe Benefits                               | 499,502                       | 11,940             | 319,353                           | 830,795             |
| Services                                      | -                             | 122,592            | 32,260                            | 154,852             |
| Fuel and Lubricants                           | 537,703                       | 2,566              | -                                 | 540,269             |
| Tires and Tubes                               | 34,899                        | -                  | -                                 | 34,899              |
| Other Materials and Supplies                  | -                             | 27,675             | 33,184                            | 60,859              |
| Utilities                                     | 11,576                        | 3,649              | 16,095                            | 31,320              |
| Casualty and Liability Costs                  | -                             | -                  | 30,365                            | 30,365              |
| Taxes   | -                             | -                  | -                                 | -                   |
| Purchased transportation                      | -                             | -                  | 99,473                            | 99,473              |
| Miscellaneous Expenses                        | -                             | -                  | 3,885                             | 3,885               |
| Expense Transfers                             | -                             | -                  | -                                 | -                   |
|   | <u>2,316,488</u>              | <u>187,398</u>     | <u>872,408</u>                    | <u>3,376,294</u>    |
| Total System Expenses                         |                               |                    |                                   |                     |
| Applied Reconciling Items                     |                               |                    |                                   |                     |
| Interest Expense                              |                               |                    |                                   | -                   |
| Leases and Rentals                            |                               |                    |                                   | -                   |
| Depreciation                                  |                               |                    |                                   | -                   |
| Amortization of Intangibles                   |                               |                    |                                   | -                   |
| Purchase Lease Agreement                      |                               |                    |                                   | -                   |
| Related Party Lease Agreement                 |                               |                    |                                   | -                   |
| Other Reconciling Items                       |                               |                    |                                   | -                   |
|   |                               |                    |                                   | <u>-</u>            |
| Total Applied Reconciling Items               |                               |                    |                                   | -                   |
| TOTAL OPERATING EXPENSES                      |                               |                    |                                   | <u>\$ 3,376,294</u> |
| Non-applied Reconciling Items                 |                               |                    |                                   |                     |
| Depreciation (publicly funded assets<br>only) |                               |                    |                                   | 331,566             |
| Other Post-Employment Benefits<br>(OPEB)      |                               |                    |                                   | -                   |
| Other Reconciling Items                       |                               |                    |                                   | -                   |
|   |                               |                    |                                   | <u>331,566</u>      |
| Total Non-applied Reconciling Items           |                               |                    |                                   | 331,566             |
| TOTAL OPERATING EXPENSES PER AUDIT            |                               |                    |                                   | <u>\$ 3,707,860</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - NON PUBLIC EXPENSES - OTHER TRANSPORTATION  
FOR THE YEAR ENDED JUNE 30, 2012

|   | <u>Non-Shared<br/>Ride<br/>Paratransit</u> | <u>MATP<br/>Non-Shared Ride<br/>Paratransit</u> | <u>MATP<br/>Mileage<br/>Reimbursement</u> | <u>Totals</u> |
|---|--|---|---|---------------|
| Operating Expenses                            |  |   |   |               |
| Operators Salaries and Wages                  | \$ -                                       | \$ -  | \$ -                                      | \$ -          |
| Other Salaries and Wages                      | -  | -   | -   | -             |
| Fringe Benefits                               | -  | -   | -   | -             |
| Services                                      | -  | -   | -   | -             |
| Fuel and Lubricants                           | -  | -   | -   | -             |
| Tires and Tubes                               | -  | -   | -   | -             |
| Other Materials and Supplies                  | -  | -   | -   | -             |
| Utilities                                     | -  | -   | -   | -             |
| Casualty and Liability Costs                  | -  | -   | -   | -             |
| Taxes   | -  | -   | -   | -             |
| Purchased transportation                      | -  | 481,041   | -   | 481,041       |
| Miscellaneous Expenses                        | -  | -   | -   | -             |
| Expense Transfers                             | -  | -   | -   | -             |
| Mileage Reimbursement                         | -  | -   | 124,191                                   | 124,191       |
| MATP-Admin Reimbursement                      | -  | -   | -   | -             |
|   | <hr/>                                      | <hr/>   | <hr/>                                     | <hr/>         |
| Total System Expenses                         | -  | 481,041   | 124,191                                   | 605,232       |
|   | <hr/> <hr/>                                | <hr/> <hr/>                                     | <hr/> <hr/>                               | <hr/> <hr/>   |
| Applied Reconciling Items                     |  |   |   |               |
| Interest Expense                              |  |   |   | -             |
| Leases and Rentals                            |  |   |   | -             |
| Depreciation                                  |  |   |   | -             |
| Amortization of Intangibles                   |  |   |   | -             |
| Purchase Lease Agreement                      |  |   |   | -             |
| Related Party Lease Agreement                 |  |   |   | -             |
| Other Reconciling Items                       |  |   |   | -             |
|   |  |   |   | <hr/>         |
| Total Applied Reconciling Items               |  |   |   | -             |
|   |  |   |   | <hr/>         |
| TOTAL OPERATING EXPENSES                      |  |   |   | 605,232       |
|   |  |   |   | <hr/>         |
| Non-applied Reconciling Items                 |  |   |   |               |
| Depreciation (publicly funded assets<br>only) |  |   |   | -             |
| Other Post-Employment Benefits<br>(OPEB)      |  |   |   | -             |
| Other Reconciling Items                       |  |   |   | -             |
|   |  |   |   | <hr/>         |
| Total Non-applied Reconciling Items           |  |   |   | -             |
|   |  |   |   | <hr/>         |
| TOTAL OPERATING EXPENSES PER AUDIT            |  |   |   | \$ 605,232    |
|   |  |   |   | <hr/> <hr/>   |



LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES  
 LEG - FIXED ROUTE REVENUES  
 FOR THE YEAR ENDED JUNE 30, 2012

|                         | <u>Urban</u>            | <u>Rural</u>    | <u>Totals</u>           |
|-------------------------|-------------------------|-----------------|-------------------------|
| Transportation Revenues |                         |                 |                         |
| Passenger Fares         | \$ 1,095,523            | \$ -            | \$ 1,095,523            |
| Advertising             | 11,805                  | -               | 11,805                  |
| Charter                 | -                       | -               | -                       |
| Route Guarantees        | -                       | -               | -                       |
| Other Revenue           |                         |                 |                         |
| Jury Duty/Warranties    | 773                     | -               | 773                     |
| Sale of Assets          | 1,335                   | -               | 1,335                   |
| Other Revenue/UPWP      | <u>13,952</u>           | <u>-</u>        | <u>13,952</u>           |
| <br>TOTAL REVENUE       | <br><u>\$ 1,123,388</u> | <br><u>\$ -</u> | <br><u>\$ 1,123,388</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES  
LEG - NON-FIXED ROUTE REVENUES-URBAN  
FOR THE YEAR ENDED JUNE 30, 2012

|  | ADA<br>Paratransit | Shared Ride 65+   |             | Shared Ride Under 65 |             | Public<br>Vanpool | Totals              |
|--|--------------------|-------------------|-------------|----------------------|-------------|-------------------|---------------------|
|  |                    | Standard          | DAS         | Standard             | DAS         |                   |                     |
| <b>TRANSPORTATION REVENUES</b>         |                    |                   |             |                      |             |                   |                     |
| Passenger Fares                        | \$ 61,281          | \$ 100,934        | \$ -        | \$ 9,122             | \$ -        | \$ -              | \$ 171,337          |
| Advertising                            | -                  | -                 | -           | -                    | -           | -                 | -                   |
| Shared-Ride Lottery Trip Reimbursement | -                  | 724,270           | -           | -                    | -           | -                 | 724,270             |
| PwD Trip Reimbursement                 | -                  | -                 | -           | 41,046               | -           | -                 | 41,046              |
| AAA                                    | -                  | 19,143            | -           | -                    | -           | -                 | 19,143              |
| MH/MR - Shared Ride Fare Structure     | -                  | 49,613            | -           | 146,797              | -           | -                 | 196,410             |
| W2W - Shared Ride Fare Structure       | -                  | -                 | -           | -                    | -           | -                 | -                   |
| MATP - Shared-Ride Fare Structure      | -                  | -                 | -           | 1,263,555            | -           | -                 | 1,263,555           |
| Children & Youth                       | -                  | -                 | -           | 49,991               | -           | -                 | 49,991              |
| HSDF                                   | -                  | -                 | -           | 14,412               | -           | -                 | 14,412              |
|  |                    |                   |             |                      |             |                   |                     |
| <b>OTHER REVENUE</b>                   |                    |                   |             |                      |             |                   |                     |
| User Agencies                          | -                  | 1,093             | -           | 936,042              | -           | -                 | 937,135             |
| Interest and Miscellaneous             | -                  | 17,747            | -           | -                    | -           | -                 | 17,747              |
|  |                    |                   |             |                      |             |                   |                     |
| <b>TOTAL REVENUE</b>                   | <b>\$ 61,281</b>   | <b>\$ 912,800</b> | <b>\$ -</b> | <b>\$ 2,460,965</b>  | <b>\$ -</b> | <b>\$ -</b>       | <b>\$ 3,435,046</b> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES  
LEG - NON PUBLIC REVENUES - OTHER TRANSPORTATION  
FOR THE YEAR ENDED JUNE 30, 2012

|  |                   |
|--|-------------------|
| CONTRACT REVENUE - NON-SHARED RIDE PARATRANSIT |                   |
| Agency/Sponsor                                 |                   |
| MATP - Contract Rate Paratransit Revenue       | \$ 481,041        |
| W2W - Contract Rate Paratransit Revenue        | -                 |
| Other Contract Rate Paratransit Revenue        |                   |
| Child Development Council                      | 8,495             |
| Volunteers of America                          | 6,720             |
| Other Revenue                                  |                   |
| MATP - Mileage Reimbursement                   | 124,191           |
| W2W - Other                                    | -                 |
| Admin Reimbursement                            | <u>-</u>          |
| TOTAL  | 620,447           |
| Non-Applied Reconciling Items                  | <u>-</u>          |
| TOTAL REVENUE                                  | <u>\$ 620,447</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES  
LEG - FIXED ROUTE SUBSIDIES  
FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Urban</u>        | <u>Rural</u> | <u>Totals</u>       |
|--|---------------------|--------------|---------------------|
| <b>FEDERAL</b>   |                     |              |                     |
| Federal Operating Grant  | \$ -                | \$ -         | \$ -                |
| Federal Capital Grant to Fund Preventative Maintenance Costs   | 1,529,721           | -            | 1,529,721           |
| Federal Capital Grant to Fund Capital Costs of Contracting   | -                   | -            | -                   |
| Federal Capital Grant to Fund Associated Capital Maintenance Costs                                     | 32,282              | -            | 32,282              |
| Other Federal Grants for Operating Costs   | <u>-</u>            | <u>-</u>     | <u>-</u>            |
| Subtotal Federal Subsidy   | <u>1,562,003</u>    | <u>-</u>     | <u>1,562,003</u>    |
| <b>STATE</b>   |                     |              |                     |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Prior Years- State Share                        | -                   | -            | -                   |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Current Year - State Share                      | 4,139,881           | -            | 4,139,881           |
| Act 3 ASG Grant Amount Charged - State Share   | -                   | -            | -                   |
| Act 3 BSG Grant Amount Charged - State Share   | -                   | -            | -                   |
| Special Operating Grants - State Share   | <u>-</u>            | <u>-</u>     | <u>-</u>            |
| Subtotal State Subsidy   | <u>4,139,881</u>    | <u>-</u>     | <u>4,139,881</u>    |
| <b>LOCAL</b>   |                     |              |                     |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Prior Years - Local Share - Municipal Source    | -                   | -            | -                   |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Current Year - Local Share - Municipal Source   | 435,497             | -            | 435,497             |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Current Year - Local Share - Advertising Source | -                   | -            | -                   |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Current Year - Local Share - Private Source     | -                   | -            | -                   |
| Act 3 ASG Grant Amount Charged - Local Share   | -                   | -            | -                   |
| Act 3 BSG Grant Amount Charged - Local Share   | -                   | -            | -                   |
| Special Operating Grants - Local Share   | <u>-</u>            | <u>-</u>     | <u>-</u>            |
| Subtotal State Subsidy   | <u>435,497</u>      | <u>-</u>     | <u>435,497</u>      |
| Grand Total Subsidy  | <u>\$ 6,137,381</u> | <u>-</u>     | <u>\$ 6,137,381</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES  
LEG - NON-FIXED ROUTE SUBSIDIES  
FOR THE YEAR ENDED JUNE 30, 2012

| SUBSIDY  | ADA               | Shared Ride |             | Public      | Total             |
|--|-------------------|-------------|-------------|-------------|-------------------|
|  | Paratransit       | Standard    | DAS         | Vanpool     |                   |
| Federal Operating Grant  | \$ -              | \$ -        | \$ -        | \$ -        | \$ -              |
| Federal Capital Grant to Fund Preventive Maintenance Costs   | -                 | -           | -           | -           | -                 |
| Federal Capital Grant to Fund Capital Costs of Contracting   | 226,692           | -           | -           | -           | 226,692           |
| Federal Capital Grant to Fund Associated Capital Maintenance Costs                                     | -                 | -           | -           | -           | -                 |
| Other Federal Grants for Operating Costs   | -                 | -           | -           | -           | -                 |
| Federal Shared-Ride Subsidy  | -                 | -           | -           | -           | -                 |
| SUBTOTAL FEDERAL SUBSIDY   | <u>226,692</u>    | <u>-</u>    | <u>-</u>    | <u>-</u>    | <u>226,692</u>    |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Prior Years - State Share                       | -                 | -           | -           | -           | -                 |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Current Year - State Share                      | 51,948            | -           | -           | -           | 51,948            |
| Act 3 ASG Grant Amount Charged - State Share   | -                 | -           | -           | -           | -                 |
| Act 3 BSG Grant Amount Charged - State Share   | -                 | -           | -           | -           | -                 |
| Special Operating Grants - State Share   | -                 | -           | -           | -           | -                 |
| State Shared-Ride Subsidy  | -                 | -           | -           | -           | -                 |
| SUBTOTAL STATE SUBSIDY   | <u>51,948</u>     | <u>-</u>    | <u>-</u>    | <u>-</u>    | <u>51,948</u>     |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Prior Years - Local Share - Municipal Source    | -                 | -           | -           | -           | -                 |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Current Year - Local Share - Municipal Source   | 4,725             | -           | -           | -           | 4,725             |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Current Year - Local Share - Advertising Source | -                 | -           | -           | -           | -                 |
| Act 44 Section 1513 Operating Grant Amount Charged-<br>Current Year - Local Share - Private Source     | -                 | -           | -           | -           | -                 |
| Act 3 ASG Grant Amount Charged - Local Share   | -                 | -           | -           | -           | -                 |
| Act 3 BSG Grant Amount Charged - Local Share   | -                 | -           | -           | -           | -                 |
| Special Operating Grants - Local Share   | -                 | -           | -           | -           | -                 |
| Local Shared-Ride Revenue  | -                 | -           | -           | -           | -                 |
| SUBTOTAL LOCAL SUBSIDY   | <u>4,725</u>      | <u>-</u>    | <u>-</u>    | <u>-</u>    | <u>4,725</u>      |
| GRAND TOTAL SUBSIDY  | <u>\$ 283,365</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 283,365</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES  
LEG - BUDGET SUMMARY  
FOR THE YEAR ENDED JUNE 30, 2012

|   | Fixed Route    |       |            | Non-Fixed Route |       |                |           |                |           | Non-Public           |       | Total      |                |
|---|----------------|-------|------------|-----------------|-------|----------------|-----------|----------------|-----------|----------------------|-------|------------|----------------|
|   | Urban          | Rural |            | ADA Paratransit |       | Shared Ride    |           | Public Vanpool |           | Other Transportation |       |            |                |
|   | Urban          | Rural |            | Urban           | Rural | Standard Urban | DAS Urban | Standard Rural | DAS Rural | Urban                | Rural |            |                |
| Total Operating Expenses                    | \$ 7,260,769   | \$ -  | \$ 344,646 | \$ -            | \$ -  | \$ 3,376,294   | \$ -      | \$ -           | \$ -      | \$ -                 | \$ -  | \$ 605,232 | \$ 11,586,941  |
| Total Revenue                               | 1,123,388      | -     | 61,281     | -               | -     | 3,373,765      | -         | -              | -         | -                    | -     | 620,447    | 5,178,881      |
| Operating Deficit                           | (6,137,381)    | -     | (283,365)  | -               | -     | (2,529)        | -         | -              | -         | -                    | -     | 15,215     | (6,408,060)    |
| Total Subsidy                               | 6,137,381      | -     | 283,365    | -               | -     | -              | -         | -              | -         | -                    | -     | -          | 6,420,746      |
| Applied Operating Result                    | -              | -     | -          | -               | -     | (2,529)        | -         | -              | -         | -                    | -     | 15,215     | 12,686         |
| Non-Applied Reconciling Items               |                |       |            |                 |       |                |           |                |           |                      |       |            |                |
| Total Non-Applied Reconciling Expense Items | (1,386,574)    | -     | -          | -               | -     | (331,566)      | -         | -              | -         | -                    | -     | -          | (1,718,140)    |
| Total Non-Applied Reconciling Income Items  | -              | -     | -          | -               | -     | -              | -         | -              | -         | -                    | -     | -          | -              |
| Total Non-Applied Reconciling Subsidy Items | -              | -     | -          | -               | -     | -              | -         | -              | -         | -                    | -     | -          | -              |
| Operating Results per Audit                 | \$ (1,386,574) | \$ -  | \$ -       | \$ (334,095)    | \$ -  | \$ -           | \$ -      | \$ -           | \$ -      | \$ -                 | \$ -  | \$ 15,215  | \$ (1,705,454) |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 GRANT FUNDING  
 COMMONWEALTH OF PENNSYLVANIA  
 SCHEDULE S1 - LOCAL MATCH PROVIDED  
 FOR THE YEAR ENDED JUNE 30, 2012

| <u>Contributor Name</u>                              | <u>Date of<br/>Final<br/>Payment</u> | <u>Total<br/>Amount<br/>Provided</u> |
|--|--------------------------------------|--------------------------------------|
| Act 44 Section 1513 Local Match for Operating Funds: |                                      |                                      |
| Luzerne County                                       | 6/13/2012                            | \$ 440,222                           |
| Unassigned Local Match Funding:                      |                                      |                                      |
| Luzerne County                                       | 6/13/2012                            | <u>59,778</u>                        |
| GRAND TOTAL  |                                      | <u>\$ 500,000</u>                    |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 GRANT FUNDING  
 COMMONWEALTH OF PENNSYLVANIA  
 SCHEDULE S2 - LOCAL MATCH CARRYOVER  
 FOR THE YEAR ENDED JUNE 30, 2012

|    |   |                   |
|----|---|-------------------|
| A. | Local Match funds available as of 6/30/11   | \$ 320,298        |
| B. | Local match funds provided during the year ended 6/30/12                                      | <u>500,000</u>    |
| C. | Local match operating expenditures for year ended 6-30-12                                     |                   |
|    | a. Act 44 Sec. 1513 Local operating grant charged (prior years) - Municipal Source            | 820               |
|    | b. Act 44 Sec. 1513 Local operating grant charged (current year) - Municipal Source           | 440,222           |
|    | c. Act 44 Sec. 1513 Local operating grant charged (current year) - Advertising Source         |                   |
|    | d. Act 44 Sec. 1513 Local operating grant charged (current year) - Private Source             |                   |
|    | e. Act 3 BSG Local operating grant charged (previous years)                                   |                   |
|    | f. Act 3 ASG Local operating charged (previous years - RURAL ONLY)                            |                   |
|    | g. Other operating expenditures (if any)  |                   |
|    | Matched Program:  |                   |
|    | h. Other operating expenditures (if any)  |                   |
|    | Matched Program:  |                   |
|    | i. Other operating expenditures (if any)  |                   |
|    | Matched Program:  | <u>-</u>          |
| D. | Total local match operating expenditures for year ended 6/30/12<br>(Sum of C.a. through C.i.) | <u>441,042</u>    |
| E. | Local match capital expenditures for year-ended 6/30/12                                       |                   |
|    | a. Section 1514 Discretionary local match capital expenditures (if any)                       |                   |
|    | b. Section 1514 Bond local match capital expenditures (if any)                                |                   |
|    | c. Section 1515 - New initiatives capital expenditures (if any)                               |                   |
|    | d. Section 1516 - Programs of statewide significance capital expenditures (if any)            |                   |
|    | e. PTAF local match capital expenditures (previous years' funds)                              | 3,162             |
|    | f. PTAF local match capital expenditures (current year funds)                                 |                   |
|    | g. Act 3 BSG Local capital grant charged (previous years)                                     |                   |
|    | h. Act 3 ASG Local capital grant charged (previous years)                                     |                   |
|    | i. Other local match capital expenditures (if any)  |                   |
|    | Matched Program: Technical Assistance Grants  | 1,979             |
|    | j. Other local match capital expenditures (if any)  |                   |
|    | Matched Program: Excess capital grant expenditures  |                   |
|    | k. Other local match capital expenditures (if any)  |                   |
|    | Matched Program:  | <u>-</u>          |
| F. | Total local match capital expenditures for year ended 6/30/12<br>(Sum of E.a. through E.k.)   | <u>5,141</u>      |
| G. | Interest Earned on local funds for year ended 6/30/12   | <u>2,381</u>      |
| H. | Local match funds available as of 6/30/12 (A+B-D-F+G)   | <u>\$ 376,496</u> |



LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 GRANT FUNDING  
 COMMONWEALTH OF PENNSYLVANIA  
 SCHEDULE S3 - URBAN PTAF/BSG/ASG CARRYOVER  
 FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>ACT 26</u>       |                        | <u>ACT 3</u> |             |
|--|---------------------|------------------------|--------------|-------------|
|  | <u>PTAF</u>         | <u>LOCAL<br/>SHARE</u> | <u>BSG</u>   | <u>ASG</u>  |
| Funds Available from Prior Years                       | \$ 1,198,938        | \$ 242,906             | \$ -         | \$ -        |
| Correct 6/30/11 Balance per State                      | (25)                | 25                     |              |             |
| Interest Income Earned for Year Ended June 30, 2012    | <u>8,279</u>        | <u>1,654</u>           |              |             |
| Total Funds Available for the Year Ended June 30 ,2012 | <u>1,207,192</u>    | <u>244,585</u>         | <u>-</u>     | <u>-</u>    |
| <b>FUND EXPENDITURES</b>                               |                     |                        |              |             |
| Used for Operating                                     |                     |                        |              |             |
| Used for Capital Assistance                            | <u>(81,802)</u>     | <u>(3,162)</u>         |              |             |
| Total Funds Used in Year Ended June 30, 2012           | <u>(81,802)</u>     | <u>(3,162)</u>         | <u>-</u>     | <u>-</u>    |
| <br>   |                     |                        |              |             |
| FUND BALANCE - June 30, 2012                           | <u>\$ 1,125,390</u> | <u>\$ 241,423</u>      | <u>\$ -</u>  | <u>\$ -</u> |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
GRANT FUNDING  
COMMONWEALTH OF PENNSYLVANIA  
SCHEDULE S5 - URBAN SECTION 1513 PROGRAM CARRYOVER  
FOR THE YEAR ENDED JUNE 30, 2012

|  | <u>Section 1513<br/>State Grant</u> | <u>Section 1513<br/>Required Local<br/>Match</u> | <u>Total</u>        |
|--|-------------------------------------|--|---------------------|
| A. FY 2011-12 Section 1513 URBAN Grant Agreement   | <u>\$ 4,840,733</u>                 | <u>\$ 440,222</u>                                | <u>\$ 5,280,955</u> |
| URBAN SECTION 1513 GRANT UTILIZATION FOR FISCAL YEAR<br>ENDED JUNE 30, 2012                |                                     |  |                     |
| 1. Section 1513 fund balance as of June 30, 2011   | <u>\$ 6,166,618</u>                 | <u>\$ 77,392</u>                                 | <u>\$ 6,244,010</u> |
| 2. Section 1513 funds received for FY 2011-12  | 4,840,733                           | 440,222  | 5,280,955           |
| 3. PTAF Section 1513 funds received for FY 2011-12   | <u>-</u>                            | <u>-</u>   | <u>-</u>            |
| 4. Total Section 1513 funds received for FY 2011-12 (Line 2+3, must agree with<br>A above) | <u>4,840,733</u>                    | <u>440,222</u>                                   | <u>5,280,955</u>    |
| 5. Interest Income earned on Section 1513 funds in FY 2011-12                              | <u>31,954</u>                       | <u>401</u>                                       | <u>32,355</u>       |
| 6. Total Section 1513 funds available in FY 2011-12 (Line 1+4+5)                           | <u>11,039,305</u>                   | <u>518,015</u>                                   | <u>11,557,320</u>   |
| 7. Section 1513 funds used for Urban fixed route operating expenses in FY 2011-12          | 4,198,851                           | 441,042  | 4,639,893           |
| 8. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2011-12      | -                                   | -  | -                   |
| 9. Section 1513 funds used for Rural fixed route operating expenses in FY 2011-12          | -                                   | -  | -                   |
| 10. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2011-12     | -                                   | -  | -                   |
| 11. Section 1513 funds used for Rural capital costs in FY 2011-12 (waiver required)        | -                                   | -  | -                   |
| 12. Section 1513 funds used for Urban capital costs in FY 2011-12 (waiver required)        | <u>-</u>                            | <u>-</u>   | <u>-</u>            |
| 13. Total Section 1513 funds used in FY 2011-12 (Line 7+8+9+10+11+12)                      | <u>4,198,851</u>                    | <u>441,042</u>                                   | <u>4,639,893</u>    |
| 14. Section 1513 fund balance as of June 30, 2012 (Line 6 minus 13)                        | <u>\$ 6,840,454</u>                 | <u>\$ 76,973</u>                                 | <u>\$ 6,917,427</u> |

INDEPENDENT AUDITORS' REPORT  
 ON APPLYING AGREED-UPON PROCEDURES

Board of Directors  
 Luzerne County Transportation Authority  
 315 Northampton Street  
 Kingston, Pennsylvania 18704

We have performed the procedures enumerated below, which, were agreed to by the Commonwealth of Pennsylvania, Department of Public Welfare (DPW) and Luzerne County Transportation Authority – Shared Ride Division solely to assist you with respect to the financial schedule and exhibit required by the DPW Single Audit Supplement. This engagement to apply agreed-upon procedures was performed in accordance with standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of the DPW. Consequently, we make no representation regarding the sufficiency of the procedures described below, either for the purpose for which this report has been requested, or for any other purpose.

The procedures and associated findings are as follows:

- (a) We have verified by comparison of the amounts and classifications that the supplemental financial schedule listed below, which summarizes amounts reported to DPW for fiscal year ended June 30, 2012 has been accurately compiled and reflects the audited books and records of Luzerne County Transportation Authority – Shared Ride Division. We have also verified by comparison to the example schedule that this schedule is presented, at a minimum, at the level of detail and in the format required by the DPW Single Audit Supplement pertaining to this period.

| <u>Program Name</u>                          | <u>Exhibit</u> | <u>Referenced Schedule/Exhibit</u> |
|--|----------------|------------------------------------|
| Medical Assistance<br>Transportation Program | I & II         | Revenues and Expenditures          |

- (b) We have inquired of management regarding adjustments to reported revenues or expenditures, which were not reflected on the reports submitted to DPW for the period in question.

Finding

- MATP Quarterly Reports -The second quarter trip and consumer data report filed with regard to the MATP listed the incorrect amount for total trips on the Luzerne County report and the Wyoming County report. The net total was overstated by \$676.23.

- (c) The processes detailed in paragraphs (a) and (b) did not disclose any adjustments and/or findings which have not been reflected on the corresponding schedule.

We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of the Department of Public Welfare and should not be used by those who have not agreed to the procedures, and taken responsibility for the sufficiency of the procedures for their purposes. However, this report is a matter of public record and its distribution is not limited.

December 27, 2012

*Prociak & Associates, LLC*

PROCIAK & ASSOCIATES, L.L.C.  
Wilkes-Barre, Pennsylvania

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
EXHIBIT I - MEDICAL ASSISTANCE TRANSPORTATION PROGRAM  
SCHEDULE OF REVENUES AND EXPENDITURES - LUZERNE COUNTY

Year Ended June 30, 2012

|                                   | <u>Reported</u>     | <u>Actual</u>       |
|-----------------------------------|---------------------|---------------------|
| <b>SERVICE DATA</b>               |                     |                     |
| Expenditures:                     |                     |                     |
| Group I clients                   | \$ 1,669,495        | \$ 1,669,495        |
| Group II clients                  | <u>118,206</u>      | <u>118,206</u>      |
| Total Expenditures                | <u>\$ 1,787,701</u> | <u>\$ 1,787,701</u> |
| <br><b>ALLOCATION DATA</b>        |                     |                     |
| Revenues:                         |                     |                     |
| Department of Public Welfare      | \$ 1,787,701        | \$ 1,787,701        |
| Interest Income                   | <u>-</u>            | <u>-</u>            |
| Total Revenues                    | <u>\$ 1,787,701</u> | <u>\$ 1,787,701</u> |
| <br>Funds Expended:               |                     |                     |
| Operating Costs                   | \$ 1,783,241        | \$ 1,783,241        |
| Administrative Costs              | <u>4,460</u>        | <u>4,460</u>        |
| Excess Revenues Over Expenditures | <u>\$ -</u>         | <u>\$ -</u>         |

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 EXHIBIT II - MEDICAL ASSISTANCE TRANSPORTATION PROGRAM  
 SCHEDULE OF REVENUES AND EXPENDITURES - WYOMING COUNTY

Year Ended June 30, 2012

|                                   | <u>Reported</u>    | <u>Actual</u>      |
|-----------------------------------|--------------------|--------------------|
| <b>SERVICE DATA</b>               |                    |                    |
| Expenditures:                     |                    |                    |
| Group I clients                   | \$ 79,328          | \$ 79,328          |
| Group II clients                  | <u>1,718</u>       | <u>1,718</u>       |
| Total Expenditures                | <u>\$ 81,046</u>   | <u>\$ 81,046</u>   |
| <b>ALLOCATION DATA</b>            |                    |                    |
| Revenues:                         |                    |                    |
| Department of Public Welfare      | \$ 81,046          | \$ 81,046          |
| Interest Income                   | <u>-</u>           | <u>-</u>           |
| Total Revenues                    | <u>\$ 81,046</u>   | <u>\$ 81,046</u>   |
| Funds Expended:                   |                    |                    |
| Operating Costs                   | \$ 80,736          | \$ 80,736          |
| Administrative Costs              | <u>310</u>         | <u>310</u>         |
| Excess Revenues Over Expenditures | <u><u>\$ -</u></u> | <u><u>\$ -</u></u> |

See Independent Auditors' Report on Applying Agreed-Upon Procedures

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 Directors  
Luzerne County Transportation Authority  
315 Northampton Street  
Kingston, Pennsylvania 18704

We have audited the basic financial statements of the Luzerne County Transportation Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated December 27, 2012, which was unqualified. Our report on the financial statements disclosed that, as described in Note 2 to the financial statements, the Authority prepares its financial statements in conformity with the accounting practices prescribed or permitted by the requirements of the U. S. Department of Transportation and the Commonwealth of Pennsylvania Department of Transportation, which is a comprehensive basis of accounting other than generally accepted accounting principles. 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 is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Luzerne County Transportation Authority's internal control over financial reporting as a basis for designing our auditing procedures 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 Luzerne County Transportation Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Luzerne County Transportation 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as items IIA to IID that we consider to be significant deficiencies in internal control over financial reporting. *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.

### Compliance and Other Matters

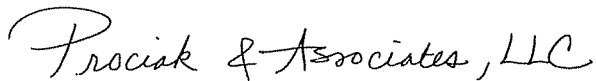
As part of obtaining reasonable assurance about whether Luzerne County Transportation Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 one instance of noncompliance that is required to be reported under *Government Auditing Standards*, described in the accompanying schedule of findings and questioned costs as item IIE.

We noted certain matters that we reported to management of Luzerne County Transportation Authority, in a separate letter dated December 27, 2012.

Luzerne County Transportation Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Luzerne County Transportation Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the United States Department of Transportation and other federal and state audit agencies and is not intended to be and should not be used by anyone other than these specified parties.

December 27, 2012



PROCIAK & ASSOCIATES, L.L.C.  
Wilkes-Barre, Pennsylvania



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

Board of Directors  
Luzerne County Transportation Authority  
315 Northampton Street  
Kingston, Pennsylvania 18704

Compliance

We have audited Luzerne County Transportation Authority's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Luzerne County Transportation Authority's major federal programs for the year ended June 30, 2012. Luzerne County Transportation Authority's major federal programs are identified in the summary of auditor's 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 Luzerne County Transportation Authority's management. Our responsibility is to express an opinion on Luzerne County Transportation 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 and 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 Luzerne County Transportation 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 Luzerne County Transportation Authority's compliance with those requirements.

In our opinion, Luzerne County Transportation 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. However, the results of our auditing procedures disclosed one instance of noncompliance with those requirements, which is described in the accompanying schedule of finds and questioned costs as item IIIE.

## Internal Control Over Compliance

The management of the Luzerne County Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Luzerne County Transportation Authority's internal control over compliance with 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 Luzerne County Transportation Authority's internal control over compliance.

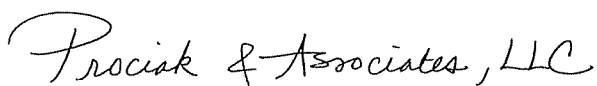
*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement 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 not 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. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying schedule of findings and questioned costs as items IIIA through IIID. *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.

Luzerne County Transportation Authority's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit Luzerne County Transportation Authority's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management and the United States Department of Transportation and any other federal and state audit agency and is not intended to be and should not be used by anyone other than these specified parties.

December 27, 2012



PROCIAK & ASSOCIATES, L.L.C.  
Wilkes-Barre, Pennsylvania

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2012

Part I. SUMMARY OF AUDIT RESULTS

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the Luzerne County Transportation Authority.
2. Four significant deficiencies relating to the audit of the 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. None of the significant deficiencies are considered a material weakness.
3. No instances of noncompliance material to the financial statements of the Luzerne County Transportation Authority were disclosed during the audit.
4. Four significant deficiencies in internal control over major federal award programs are reported in the 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. None of the significant deficiencies are considered a material weakness.
5. The auditors' report on compliance for the major federal award programs for the Luzerne County Transportation Authority expresses an unqualified opinion on all major programs.
6. Audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 are reported in this schedule.
7. The entire federal transit program is considered a major program; Federal Transit Capital Improvement Grants CFDA #20.500 and the Medical Assistance Program Grants CFDA #93.778.
8. The threshold for distinguishing Types A and B programs was \$300,000.
9. Luzerne County Transportation Authority was determined not to be a low-risk auditee.

Part II. FINDINGS - FINANCIAL STATEMENT AUDIT

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance related to the financial statements that are required to be reported in accordance with Chapter 5.18 of *Government Auditing Standards*.

SIGNIFICANT DEFICIENCIES

IIA - Segregation of Duties

Statement of Condition: The Authority's internal control system lacks a segregation of duties.

Criteria: To maintain effective internal controls and safeguard assets, proper segregation of duties should be maintained in the accounting staff.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

Effect: The inadequate segregation of duties could result in an ineffective internal control system and could adversely affect the safeguarding of assets.

Recommendation: Internal control weaknesses such as this are not uncommon in smaller organizations where relatively few individuals are involved in the cash receipts and cash disbursements functions.

While it is advisable to have adequate segregation of duties among employees, you must weigh the costs against the possible benefits to be derived in determining the desirability of adding personnel or rearranging duties to more fully segregate duties and responsibilities. Considering the Authority's present operations, the costs of increasing the number of employees to more fully segregate the duties may greatly exceed the benefits derived from such a course of action. This weakness is mitigated by the Executive Director having very close supervision and control over the operations and financial transactions of the Authority.

Response: The Authority agrees with the above finding and agrees that the cost of increasing employees greatly exceeds any benefits which would be produced by such action. The Executive Director will continue to exercise very close supervision over the operations.

#### IIB - Budgeting

Statement of Condition: In reviewing the final budget for the year ended June 30, 2011 with related actual expenditures, various line item expenditures exceeded their related budgeted amounts.

Criteria: Budgeting is an essential element of financial planning and control. Annual operating budgets are the plans of current expenditures and the means of financing them.

Effect: Inadequate budgeting could result in ineffective control over expenditures.

Recommendation: Expenditures should be controlled through such budgetary processes as budgetary transfers under proper authorization of the board and that periodic reviews of the budget with related actual data take place. Such monitoring of expenditures and revenue will enhance the control and measurement objectives inherent with a budgetary system.

Response: The budget is prepared annually and is not modified or amended unless a major change occurs, i.e. fare increases, etc. The board of directors reviews monthly, a detailed financial report containing revenues and expenditures containing both actual and budgeted figures. The board is aware of all items expended over the budget.

#### IIC - Inventories Not Adequately Safeguarded

Statement of Condition: Inventories are not adequately safeguarded against theft, loss, physical deterioration or misuse. Items are not kept in a locked enclosure, access to which is granted only to authorized personnel.

Criteria: In order to prevent theft, loss, physical deterioration or misuse, inventories should be protected at all times.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

Effect: Inventories which are not properly secured can result in theft, loss or misuse.

Recommendation: All inventories should be safeguarded in a locked storage area.

Response: Management will begin studies to determine how the inventories should be safeguarded. Additional personnel have been added to restrict access to inventory.

IID - Inventory - Obsolete Items

Statement of Condition: The parts inventory listing includes obsolete items valued at their original cost rather than at the estimated market value.

Criteria: Obsolete inventory items should be valued at the lower of cost or market value.

Effect: Inventory is overstated by an amount not material to the financial statements.

Recommendation: We recommend management review the inventory listing and adjustments be made to write down obsolete items to their market value.

Response: Management will revise procedures to include reviewing the inventory listing of obsolete items on an annual basis. Adjustments to the market value of outdated items will be made to reflect their worth.

COMPLIANCE AND OTHER MATTERS

II E - Employee Pension Contributions

Statement of Condition: The amounts withheld for employee pension contributions for employees covered by the Luzerne County Employees' Retirement System were not remitted to the pension trustee on a timely basis.

Criteria: ERISA regulations require employee contributions to be remitted no later than the 15th business day of the month immediately after the month in which the contributions either were withheld or received by the employer.

Effect: The Authority was not in compliance with the ERISA regulations.

Recommendation: We recommend the Authority remit all employee pension contributions with the processing of each payroll.

Response: The Authority agrees with the above finding and remitted payment to the pension trustee on December 27, 2012. Beginning January 1, 2013, the Authority will remit all employee pension contributions with the processing of each payroll.

It must be noted that the lack of pension contributions was related to the shared-ride division of the Authority. Pension contributions on behalf of the fixed-route division were processed and remitted on a timely basis.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2012

Part III. SCHEDULE OF FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

This section identifies the significant deficiencies, material weaknesses, and instances of non-compliance, including questioned costs, related to the audit of major federal programs, as required to be reported by OMB Circular A-133 Section 510.

SIGNIFICANT DEFICIENCIES

IIIA - Segregation of Duties

As addressed in IIA, the Authority's internal control lacks segregation of duties.

IIIB - Budgeting

As addressed in IIB, various line item expenditures exceeded their related budgeted amounts.

IIIC - Inventories Not Adequately Safeguarded

As addressed in IIC, inventories are not adequately safeguarded against theft, loss, physical deterioration or misuse.

IIID - Inventory – Obsolete Items

As addressed in IID, obsolete items are valued at cost rather than their market value.

INSTANCES OF NON-COMPLIANCE

IIIE - Employee Pension

As addressed in IIE, amounts withheld for employee pension contributions for employees covered by the Luzerne County Employees' Retirement System were not remitted to the pension trustee on a timely basis.

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2012

June 30, 2011 Audit Report

B-1 and C-1

CONDITION: The Authority's internal system lacks a segregation of duties. This weakness is attributable to the size of the Authority's accounting staff.

STATUS: The same finding is noted in the June 30, 2012 audit report, IIA and IIIA.

B-2 and C-2

CONDITION: In reviewing the final budget for the year ended June 30, 2011 with related actual expenditures, various line item expenditures exceeded their related budgeted amounts.

STATUS: The same finding is noted in the June 30, 2012 audit report, IIB and IIIB.

B-3 and C-3

CONDITION: Inventories are not adequately safeguarded against theft, loss, physical deterioration or misuse. Items are not kept in a locked enclosure, access to which is granted only to authorized personnel.

STATUS: The same finding is noted in the June 30, 2012 audit report, IIC and IIIC.

B-4 and C-4

CONDITION: The parts inventory listing includes obsolete items valued at their original cost rather than at the estimated market value.

STATUS: The same finding is noted in the June 30, 2012 audit report, IID and IIID.

B-5 and C-5

CONDITION: During our testing of the parts inventory, it came to our attention that the perpetual inventory system was not maintained subsequent to June 30, 2011.

STATUS: The perpetual inventory system was maintained during the audit period.