

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

**REPORT ON AUDIT OF FINANCIAL STATEMENTS  
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEAR ENDED JUNE 30, 2016**

**Prepared By;**

***Joseph R. Allciene & Co.  
Accountants and Consultants***

# LUZERNE COUNTY TRANSPORTATION AUTHORITY

FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2016

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**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2016

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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors  
Luzerne County Transportation Authority  
Kingston, Pennsylvania 18704

### **Report on the Financial Statements**

*We have audited the accompanying financial statements of the Luzerne County Transportation Authority, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.*

### **Management's Responsibility for the Financial Statements**

*Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.*

### **Auditor's Responsibility**

*Our responsibility is to express opinions 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 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 financial statements are free from material misstatement.*

*An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.*

*We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.*

**Opinions**

*In our opinion the financial statements referred to above present fairly, in all material respects, the respective financial position of the Luzerne County Transportation Authority, as of June 30, 2016, and the respective changes in financial position, and, where applicable, cash flows, thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.*

**Emphasis of Matter**

*As described in Note 14 to the financial statements, in fiscal year ending 6/30/16, the Authority implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Other Postemployment Benefits Other Than Pensions.*

*As discussed in noted 18 to the financial statements the financial statements were restated to record a prior period adjustment to correct pension expense.*

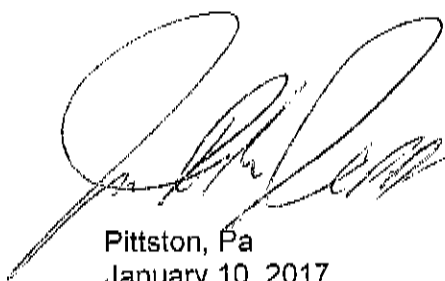
**Other Matters****Required Supplementary Information**

*Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8, the schedules relating to pensions on 39-42, and Retiree Health Plan-Schedule of Funding Progress, on pages 43, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.*

**Other Information**

*Our Audit was conducted for the purpose of forming opinions on the basic financial statements of the Luzerne County Transportation Authority. The accompanying schedules of revenue and expenditures on page 44-51 and the supplemental schedules on pages 56-69 are presented for the purpose of additional analysis as required by the Federal Transit Administration and the Pennsylvania Department of Transportation and is not a required part of the basis financial statements. The accompanying schedule of expenditures of federal awards on page 52 is presented for the purpose of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirement for Federal Awards. The accompanying schedule of expenditures of the Pennsylvania Department of Welfare Awards on page 54 is presented for the purpose of additional analysis as required by the Commonwealth of Pennsylvania Department of Public Welfare Single Audit Supplement, and is not a required part of the basic financial statements.*

*Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements, Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion the information is fairly stated in all material respect in relation to the basic financial statements.*

A handwritten signature in black ink, appearing to be "J. P. [unclear]", written in a cursive style.

Pittston, Pa  
January 10, 2017

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2016  
(UNAUDITED)**

**Introduction**

The management of the Luzerne County Transportation Authority (LCTA or Authority) is pleased to present the following discussion and analysis of the Authority's financial activities for the fiscal year ended June 30, 2016. The purpose of this discussion is to provide a narrative summary of the financial position and activities of the Authority in order to enhance the reader's understanding of the Authority's basic financial statements.

**Background Information on the Authority**

The Authority was established on October 2, 1972 by the Board of County Commissioners of the County of Luzerne, Pennsylvania. The Authority was formed for the purpose of, among other things, planning, acquiring, holding, constructing, improving, maintaining and operating a comprehensive public transportation system within Luzerne County. The Authority currently provides the Wilkes-Barre urbanized area with scheduled mass transportation bus service. The bus fleet operates on routes serving 31 municipalities within the urbanized area, so that approximately 88% of the population resides within one-quarter of a mile of a bus route. Route frequency of the various routes averages out to about every forty-five minutes, with some routes operating every half-hour. The Authority also assists persons with disabilities in fulfilling their transportation needs and to meet requirements of the Americans with Disabilities Act of 1990. This Special Transportation Efforts Program (S.T.E.P) is available in the General Service Area of the Authority. This program permits approved disabled persons to ride on vans operated by the Authority.

On January 1, 2012, the Authority and the Luzerne/Wyoming Counties Transportation Department consolidated, operating as the Luzerne County Transportation Authority with Fixed Route and Shared-Ride divisions. The Authority began providing Shared-Ride service. That means in most cases persons will ride with others and passengers may be picked-up and dropped-off before reaching a destination. The service is provided curb-to-curb and most Shared-Ride vehicles are equipped with wheelchair lifts. The Shared-Ride division offers multiple State/Federally subsidized programs to its general public clients. These programs include, among others, Medical Assistance Transportation Program (MATP), Pennsylvania Lottery Program, Special Transportation Efforts Program (STEP) and Persons with Disability Program (PWD). Beginning June 1, 2014, Shared Ride no longer provided services to Wyoming County.

**Authority Activities and Highlights**

- The Authority's net position decreased by \$1,454,071. This was caused, in part, by depreciation, which is an expense that is not eligible for operating funding amounting to \$2,054,965 and subsequently offset by large Capital funding in the amount of \$732,187.
- The Authority's operating revenues increased from \$4,267,000 in 2015 to \$4,378,397 in 2016. This increase of \$111,397 amounts to a 2.6% increase in operating revenues. This is a slight rebound from last years reported 8.3% decrease in operating expenses. This increase is largely caused by an increase in Fixed Route Passenger Fares from the prior year.
- Operating expenses increased from \$14,375,700 in 2015 to \$14,799,335 in 2016. The \$423,635 increase amounted to a 2.9% increase. Operating expenses of the Fixed Route Division increased by \$343,163 while the Shared Ride operating expenses increased by \$80,472. The Fixed Route increase was caused by increases in salaries and employee benefits, as well as the recording of Post-Employment Benefits. The Shared Ride increase was caused by an increase in wages, purchased services, and fuel.
- The Fixed Route Division had a net loss before capital funding of \$1,821,421 for the year ended June 30, 2016 after applying available subsidies of \$7,515,174. This net loss equals the amount of depreciation and OPEB expenses taken. This division received \$76,571 of capital grant funding.
- The Shared Ride Division had a net loss before capital funding of \$364,837 for the year ended June 30, 2016 after applying available subsidies of \$394,534. This net loss equals the amount of depreciation

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016**

**(UNAUDITED)**

expenses taken. This division received \$655,616 of capital grant funding.

- o Pennsylvania Act 44 State Operating Assistance accounts for over 44% of the Authority's operating revenues. The Act 44 funding increased from \$5,072,736 in fiscal 2015 to \$5,595,512 in 2016. This is largely due to a new funding system adopted by LCTA whereas Shared Ride operating loss is shown as subsidized by Act 44 dollars. This practice is widely accepted across the State.
- o The Fixed Route Division carried approximately 1,111,907 passengers and recorded in excess of 1,156,636 vehicle miles during the year ended June 30, 2016.
- o The Shared- Ride Division carried approximately 3,400 unduplicated passengers who took approximately 167,000 trips during the year ended June 30, 2016.

### **Overview of the Financial Statements**

The Authority's financial statements are prepared in conformity with generally accepted accounting principles (GAAP) that apply to U.S. governmental units. The Authority uses the accrual basis of accounting whereby revenues are recorded when earned and expenses are recorded when incurred. Since the Authority is comprised of a single enterprise fund, no individual fund level financial statements are presented.

The following financial statements, along with the "Notes to Financial Statements", serve as the basis for the analysis and understanding of the Authority's financial position:

- o Statement of Net Position - this financial statement summarizes the Authority's capital structure as to whether authority's assets were financed with equity or by incurring a liability. Net assets increase when revenues exceed expenses. Increases in assets without a corresponding increase in liabilities generally indicate an improved financial condition.
- o Statement of Revenues, Expenses, and Changes in Net Position - this financial statement provides information on the net income generated from Authority's continuing operations. Operating Expenses are subtracted from Operating Revenues in order to determine an Operating Gain or Loss. Non-Operating Revenues that are defined as significant recurring federal and state grants and interest and gain on sale of capital assets are added to the Operating Gain or Loss in order to calculate Net Gain or Loss before Capital Funding. The net gain or loss before capital related items is combined with capital grant contribution revenue to produce the Change in Financial Position.
- o Statement of Cash Flows - the statement of cash flows detail the cash flows generated by Authority's operations, non-capital financing, and capital and related financing activities. This statement incorporates a direct approach by adding fiscal year 2015 changes in cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities to the fiscal year end 2014 cash balance.
- o Notes to Financial Statements – the notes provide additional information that is essential to a full understanding of the data provided in the Authority's financial statements.
- o Other Information – in addition to the basic financial statements and accompanying notes, this report also presents information regarding the financial performance of the Authority by division. The Authority has two operating divisions: the Fixed Route Division, which provides scheduled bus service on fixed routes, and the Shared-Ride Division, which provides demand response transportation.



**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2016  
(UNAUDITED)**

**Financial Analysis**

**Net position.** As noted earlier, net position may serve over time as a useful indicator of a government's financial positions. The Authority's net position was \$7,823,360 as of June 30, 2016 compared to \$9,211,615 at June 30, 2015. This is a decrease of \$1,388,255.

A condensed summary of the Authority's statement of net position at June 30, 2016 and 2015 is presented below:

	<u>2016</u>	<u>2015</u>
Current and Other Assets	\$ 7,475,488	\$ 7,723,906
Capital Assets, Net	<u>12,146,787</u>	<u>13,463,714</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,622,275</u></b>	<b><u>\$ 21,187,620</u></b>
<b>Deferred Outflows of Resources</b>	<b><u>\$ 689,634</u></b>	<b><u>\$ 176,180</u></b>
<b>Current and Other Liabilities</b>	<b><u>\$ 5,486,677</u></b>	<b><u>\$ 5,046,626</u></b>
<b>Deferred In flows of Resources</b>	<b><u>\$ 139,833</u></b>	<b><u>\$ -</u></b>
Net Position		
Invested in Capital Assets	\$ 12,146,787	\$ 13,463,714
Unrestricted	<u>(4,323,427)</u>	<u>(4,252,099)</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 7,823,360</u></b>	<b><u>\$ 9,211,615</u></b>

The largest portion of the Authority's net position at June 30, 2016 was its investment in capital assets (land, buildings, revenue vehicles, equipment). This totaled \$12,146,797 or 61% of total assets. LCTA received capital grant funding from federal, state and local governments to acquire these capital assets. LCTA uses these capital assets to provide services to citizens.

Other large components of assets and liabilities are as follows. Cash totals \$5,401,634 (or 69% of net position), of which \$5,006,333 is restricted by the Commonwealth of Pennsylvania to be utilized only for future purchases of capital assets and operating funding. Large liabilities include \$5,571,826 of deferred revenues. These deferred revenues are funding received from the Commonwealth of Pennsylvania and Luzerne County to be used for either operations or the purchase of capital assets.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016  
(UNAUDITED)**

**Changes in net position.** A comparative condensed summary of the Authority's statement of revenues, expenses and changes in net position for the year ended June 30, 2016 and 2015 is presented below:

	<u>2016</u>	<u>2015</u>
<b>OPERATING REVENUES</b>		
Passenger Revenues	\$ 1,304,348	\$ 1,245,486
Government Fare Programs	2,018,842	1,949,918
Other Operating Revenues	<u>1,055,207</u>	<u>1,071,596</u>
<b>TOTAL OPERATING REVENUES</b>	<u>4,378,397</u>	<u>4,267,000</u>
<b>OPERATING EXPENSES</b>		
Salaries and Wages	5,448,712	5,023,818
Fringe Benefits	3,881,223	3,960,534
Material and Supplies	1,743,644	1,746,856
Purchased Transportation	736,441	707,642
Depreciation	2,054,965	1,998,064
Other Operating Expenses	<u>934,350</u>	<u>938,786</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>14,799,335</u>	<u>14,375,700</u>
<b>NON-OPERATING REVENUES</b>		
Operating and Planning Grants		
Federal	2,073,930	2,041,083
Commonwealth of Pennsylvania	5,595,512	5,074,637
Luzerne County	542,953	513,147
Gain on Sale of Capital Assets	<u>22,285</u>	<u>-</u>
<b>TOTAL NON-OPERATING REVENUE</b>	<u>8,234,680</u>	<u>7,628,867</u>
<b>CAPITAL GRANT FUNDING</b>		
Federal	540,449	37,011
Commonwealth of Pennsylvania	189,963	91,795
Luzerne County	<u>1,775</u>	<u>3,413</u>
<b>TOTAL CAPITAL GRANT FUNDING</b>	<u>732,187</u>	<u>132,219</u>
<b>DECREASE IN NET POSITION</b>	<u>\$ (1,454,071)</u>	<u>\$ (2,347,614)</u>

2016 Passenger revenues accounted for 29% of operating revenues and government fare programs accounted for 46%. Overall government operating, planning and capital grants accounted for 82% of all the Authority's revenues.

The Authority's major expenses are wages and fringe benefits. These account for 63% of the Authority's

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**

**JUNE 30, 2016  
(UNAUDITED)**

operating expenses.

**Capital assets.** The Authority's investment in capital assets include land, buildings, revenue vehicles, service vehicles, shelters and signs, radios, fareboxes, shop and garage equipment, and office and computer equipment. Capital acquisitions are recorded at cost and are funded by federal, state and local government grants. The LCTA's investment in capital assets at June 30, 2016 and 2015, stated at cost, is as follows:

	<u>2016</u>	<u>2015</u>
Revenue Vehicles	\$ 17,874,652	\$ 17,597,744
Service Vechiles	230,758	389,480
Shelters and Bus Stop Signs	154,796	154,796
Buildings	7,079,183	7,074,677
Shop and Garage Equipment	703,511	545,148
Radios	105,834	105,834
Fareboxes	658,045	658,045
Destination Signs	784,946	759,204
Computer Equipment	187,983	157,991
Office Equipment	47,840	47,840
Land	<u>132,716</u>	<u>132,716</u>
 <b>TOTAL CAPITAL ASSETS - AT COST</b>	 <u><b>\$ 27,960,264</b></u>	 <u><b>\$ 27,623,475</b></u>

During the year ended June 30, 2016, the Authority purchased \$738,039 of capital assets while selling or retiring assets, after the end of their useful lives, with a total cost basis of \$401,249.

**Debt Administration.** No debt is incurred by the Authority for the purchase of capital assets. Acquisitions are funded by federal, state and local government grants. The Authority has no bank debt.

**Economic factors.** The LCTA continues to rely on government subsidies to provide the offered services. The Authority has controlled costs of the prior few years but the consolidation with the Luzerne/Wyoming County Transportation Department does not allow for a complete comparison of prior year costs at this time. Pennsylvania Act 44 funding continues to require annual increases in the local match. It will require a 15% match in the near future. This would require a local match of over \$700,000. In order to continue to receive the full allocation of Act 44 funding from the State, the County will be required to completely fund the percentage required in Act 44 in the future.

The Authority will continue to explore all viable options to continue to meet the needs of the current customers which includes continued efficiency improvements resulting in reduced expenses.

**Contacting the Authority's Financial Management.** This financial report is designed to provide our customers and funding agencies with a general overview of the Authority's finances and to show the Authority's accountability for money it receives. If there are any questions about this report or need additional financial information, contact the Authority's Executive Director at 315 Northampton St., Kingston, PA 18704.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**STATEMENT OF NET POSITION**  
**JUNE 30, 2016**

**ASSETS**

CURRENT ASSETS	\$	395,301
Cash		33,071
Restricted Cash - Act 26		4,973,262
Restricted Cash - State Section 1513		549,291
Accounts Receivable - Trade		821,972
Capital and Technical Assistance Grants Receivable		81,478
Commonwealth of Pennsylvania Medical Assistance Program Receivable		35,588
Miscellaneous Receivables		316,118
Inventories		4,841
Other Current Assets		<u>264,568</u>
Prepaid Insurance		

TOTAL CURRENT ASSETS 7,475,488

CAPITAL ASSETS		132,716
Capital Assets not being depreciated		<u>27,827,548</u>
Capital Assets being depreciated		27,980,264

Less: Accumulated Depreciation 15,813,477

TOTAL CAPITAL ASSETS 12,146,787

TOTAL ASSETS \$ 19,622,275

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred Outflows Related to Pensions	\$	<u>689,634</u>
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**LIABILITIES**

CURRENT LIABILITIES		
Accounts Payable	\$	474,303
Trade		39,319
S.T.E.P.		186,364
Accrued Salaries and Wages		45,154
Accrued Payroll Taxes and Employee Funds Withheld		189,660
Accrued Pension		80,744
Accrued Workers' Compensation		177,497
Reserve for Health Care Claims		
Deferred Revenue		26,398
PennDOT Act 26 Capital		5,503,856
PennDOT Act 44		6,673
Luzerne County Act 26 Match		35,099
Luzerne County Unassigned		<u>117,173</u>
Unredeemed Fares		

TOTAL CURRENT LIABILITIES 6,862,040

OTHER LIABILITIES		4,882,247
Deferred Pension Liability		131,293
Other Post Retirement Benefit Liability		<u>473,137</u>
Accrued Compensated Absences		

TOTAL OTHER LIABILITIES 5,486,677

TOTAL LIABILITIES \$ 12,348,717

**DEFERRED INFLOWS OF RESOURCES**

Deferred Inflows Related to Pensions	\$	<u>139,833</u>
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**NET POSITION**

NET INVESTED IN CAPITAL ASSETS	\$	12,146,787
UNRESTRICTED		<u>(4,323,427)</u>
TOTAL NET POSITION	\$	<u><u>7,823,360</u></u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>OPERATING REVENUES</b>	\$	1,304,348
Passenger Fares		606,962
State Lottery Shared Ride Program		22,023
State Persons with Disabilities Program		12,390
Area Agency on Aging		183,527
Mental Health/Intellectual & Development Disabilities		1,193,940
Medical Assistance Transportation Program		891,812
Other Contract Revenue		69,939
Advertising Income		<u>93,456</u>
Miscellaneous Income		
<b>TOTAL OPERATING REVENUES</b>		<u>4,378,397</u>
 <b>OPERATING EXPENSES</b>		
Operators Salaries and Wages		3,496,281
Other Salaries and Wages		1,952,431
Fringe Benefits		3,881,223
Services		395,962
Fuel and Lubricants		918,176
Tires and Tubes		100,175
Other Materials and Supplies		540,893
Utilities		132,606
Casualty and Liability Costs		332,022
Taxes		0
Purchased Transportation		736,441
Miscellaneous Expenses		61,579
Mileage Reimbursements		65,288
Other Post Retirement Benefits		131,293
Depreciation		<u>2,054,965</u>
<b>TOTAL OPERATING EXPENSES</b>		<u>14,799,335</u>
<b>LOSS FROM OPERATIONS</b>		<u>(10,420,938)</u>
 <b>NON-OPERATING REVENUE (EXPENSES)</b>		
<b>CAPITAL FUNDS USED FOR OPERATING ASSISTANCE AND</b>		
<b>PLANNING GRANTS:</b>		
FEDERAL GOVERNMENT		2,073,930
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44		55,165
LUZERNE COUNTY ACT 44 MATCHING FUNDS		5,373

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>OPERATING GRANTS:</b>	
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	5,540,347
LUZERNE COUNTY ACT 44 MATCHING FUNDS	533,845
LUZERNE COUNTY SPECIAL OPERATING GRANT	<u>3,735</u>
<b>TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS</b>	8,212,395
<b>OTHER PUBLIC/PRIVATE SOURCES:</b>	
GAIN ON SALE OF CAPITAL ASSETS	<u>22,285</u>
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>8,234,680</u>
<b>LOSS BEFORE CAPITAL GRANT FUNDING</b>	<u>(2,186,258)</u>
<b>CAPITAL GRANT FUNDING</b>	
FEDERAL	540,449
COMMONWEALTH OF PENNSYLVANIA ACT 26 PTAF	8,812
COMMONWEALTH OF PENNSYLVANIA 1516 CTC	181,151
LUZERNE COUNTY	<u>1,775</u>
<b>TOTAL CAPITAL GRANT FUNDING</b>	<u>732,187</u>
<b>CHANGE IN NET POSITION</b>	<u>(1,454,071)</u>
NET POSITION - BEGINNING OF YEAR	9,211,615
Restatement to Correct Prior Years Pension Expense	<u>65,816</u>
NET POSITION - BEGINNING OF YEAR - as restated	<u>9,277,431</u>
<b>NET POSTION - END OF YEAR</b>	<u>\$ 7,823,359.85</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Cash Received from Customers	\$ 4,257,466
Cash Payments to Suppliers for Goods and Services	(3,414,614)
Cash Payments to Employees for Services	(9,055,153)
Other Operating Cash Receipts	<u>70,830</u>
<b>NET CASH USED BY OPERATING ACTIVITIES</b>	<u>(8,141,471)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments of Operating Grants of Other Government Entities	(147,523)
Receipts from Operating Grants	<u>8,129,625</u>
<b>NET CASH PROVIDED BY NONCAPITAL FINANCIAL ACTIVITIES</b>	<u>7,982,102</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Receipts from Capital Grants	912,925
Proceeds from Sale of Equipment	22,285
Purchase of Capital Assets	<u>(738,038)</u>
<b>NET CASH PROVIDED BY CAPITAL AND RELATED FINANCIAL ACTIVITIES</b>	<u>197,172</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Earnings on Investments	<u>-</u>
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	<u>-</u>
<b>NET INCREASE IN CASH</b>	37,803
<b>CASH - JULY 1, 2015</b>	<u>5,363,831</u>
<b>CASH - JUNE 30, 2016</b>	<u>\$ 5,401,634</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2016**

Reconciliation of Operating Loss to Net Cash Used  
by Operating Activities:

OPERATING LOSS	\$ <u>(10,420,938)</u>
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:	
Depreciation	2,054,965
Deferred Outflows of Resources	(447,639)
Deferred Inflows of Resources	139,833
Changes in Assets and Liabilities:	
Accounts Receivable	(33,483)
Miscellaneous Receivables	(22,626)
Medical Assistance Program Receivable	(81,478)
Inventories	(6,923)
Prepaid Insurance	180,667
Receivable - Payroll Taxes	58,466
Other Current Assets	(4,841)
Accounts Payable	(87,604)
Accrued Salaries and Wages	(147,320)
Accrued Payroll Taxes and Employee Funds	13,259
Accrued Pension	(20,109)
Accrued Workers' Compensation	60,744
Reserve for Health Care Claims	177,497
Unredeemed Fares	6,008
Deferred Pension Liability	331,907
Other Post Retirement Benefit Liability	131,293
Accrued Compensated Absences	<u>(23,149)</u>
 TOTAL ADJUSTMENTS	 <u>2,279,467</u>
 NET CASH USED FOR OPERATING ACTIVITIES	 \$ <u>(8,141,471)</u>



# LUZERNE COUNTY TRANSPORTATION AUTHORITY

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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### NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

#### A. Reporting Entity

*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, and lease contracts 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 County 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.*

*The Authority applies the provisions of Governmental Accounting Standards Board Statement No. 61, The Financial Reporting Entity: Omnibus. Statement No. 61 is an amendment to Statement No. 14 and Statement No. 34, modifying certain requirements for inclusion of component units in the financial reporting entity. This statement also amends the criteria for reporting component units as if they were part of the primary government (that is, blending) in certain circumstances.*

*These statements have also been prepared in accordance with criteria established by the GASB for determining the various governmental organizations to be included in the reporting entity (GASB Statement No. 61). These criteria include significant operational or financial relationships with the Authority. The adoption of did not have any impact on the Authority's financial statements. No. 61*

*There are no agencies or entities which should be presented with the Authority.*

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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**B. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

*The financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America as applicable to governmental units. The Authority reports are based on all applicable governmental Accounting Standards Board (GASB) pronouncements.*

*The financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.*

**C. 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.*

**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 recognized as non-operating revenues. Expenditures of capital grant funding are capitalized with the costs being recovered via depreciation which is reflected as a decrease in net position. 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.*

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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NOTE (1) - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

**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.

**D. Cash and Cash Equivalents**

*For purposes of reporting cash flows, the Authority considers all cash accounts, including accounts subject to withdrawal restrictions, and all highly-liquid debt investments purchased with a maturity of three months or less to be cash.*

**E. 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. All accounts receivable are shown net of an allowance for uncollectible, as applicable. Accounts receivable in excess of 90 days are evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received.*

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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**F. Capital Assets**

*Capital assets include property, plant and equipment and are recorded at historical cost and depreciated utilizing the straight-line method over their estimated useful lives as follows:*

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

*Maintenance and repairs of capital assets are expensed when incurred. Upon retirement, sale or other disposition of capital assets, the cost and accumulated depreciation are eliminated from the accounts.*

*Upon the sale of capital assets, the proceeds, net of disposal costs, may be required to be returned to the various funding sources that initially funded the acquisition of these items.*

**G. Inventories**

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

**H. Compensated Absences**

The Authority records its obligation to compensate employees for vacation, sick, and personal time as the liability is incurred. The liability has been determined according to personnel policies of the Authority.

**I. Deferred Revenues**

*Deferred revenues are those where asset recognition criteria have been met, but for which revenue recognition criteria have not been met. Such amounts are measurable, but not available.*

**J. Classification of Net Position**

*Accounting standards requires the classification of net position into three components - net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:*

***Net investment in capital assets** - This component of net position consists of capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of these assets.*

***Restricted** - This component of net position consists of constraints placed on assets through external restrictions, reduced by liabilities related to those assets.*

***Unrestricted** - This component of net position consists of assets that do not meet the definition of "restricted" or "net investment in capital assets."*

**K. 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.*

**L. Advertising Costs**

*The Authority follows the policy of charging the cost of advertising to expenses as incurred.*

**M. Subsequent Events**

*The Authority has evaluated subsequent events through January 10, 2017, the date the financial statements were issued.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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**NOTE (2) – BUDGET MATTERS:**

*The Authority adopts an annual budget; however, the Pennsylvania Municipality Authorities Act does not require one.*

**NOTE (3) – CASH AND INVESTMENTS:**

*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.*

*The Authority has custodial credit risk on cash deposits. This is the risk that in the event of a bank failure, the Authority's deposits may not be returned. The Authority has a deposit policy for custodial risk that requires depository institutions to pledge securities as collateral for deposits that exceed depository insurance.*

*As of June 30, 2016, the carrying amounts of the Authority's cash balances were \$5,401,634, and the bank balances were \$5,717,790, of which \$5,467,790 was exposed to custodial risk because it was uninsured but collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name. The Authority maintains \$500 in petty cash funds as of June 30, 2016,.*

*As of June 30, 2016, the Authority had no investments.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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**NOTE (4) – RESTRICTED CASH:**

*Cash in the amount of \$33,071 is restricted to the purchase of capital items in accordance with Commonwealth of Pennsylvania Act 26 of 1991 (See Note 10).*

*Cash in the amount of \$4,973,262 is restricted to the funding of operating assistance in accordance with Commonwealth of Pennsylvania Act 44 of 2007, State Section 1513 (See Note 11).*

**NOTE (5) – CAPITAL ASSISTANCE GRANTS RECEIVABLE:**

*As of June 30, 2016, the following amounts are due on capital projects:*

<i>Federal Government</i>	\$ 624,748
<i>Commonwealth of PA</i>	-
<i>Total</i>	<u>\$ 624,748</u>

**NOTE (6) – INVENTORIES:**

*Components of inventory as of June 30, 2016, are as follows:*

<i>Parts</i>	\$ 298,964
<i>Fuel</i>	17,154
<i>Total</i>	<u>\$ 316,118</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

**NOTE (6) – CAPITAL ASSETS:**

*The components of fixed assets as of June 30, 2016, are as follows:*

	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Book Value</u>
<i>Capital assets not being depreciated:</i>			
Land	\$ 132,716	\$ -	\$ 132,716
<i>Capital assets being depreciated:</i>			
Revenue Vehicles	17,836,742	11,063,947	6,772,795
Service Vehicles	230,758	230,758	0
Shelters and Bus Stop Signs	154,796	154,796	0
Structures and Improvements	7,079,183	2,835,278	4,243,905
Installed Equipment	352,301	301,170	51,131
Shop and Garage Equipment	208,024	154,476	53,548
Van Service Equipment	143,185	61,283	81,902
Radios	75,125	56,660	18,465
Fareboxes	658,045	538,514	119,531
Signs and Annunciator	784,946	220,430	564,516
Van Communication	30,708	30,708	0
Computer Equipment	186,983	114,329	72,654
Office Equipment	86,752	51,128	35,624
Total capital assets being depreciated, net	<u>\$ 27,827,548</u>	<u>\$ 15,813,477</u>	<u>\$ 12,014,071</u>
Total capital assets, net	<u>\$ 27,960,264</u>	<u>\$ 15,813,477</u>	<u>\$ 12,146,787</u>

Total depreciation for the year ended June 30, 2016 was \$2,054,965.

The following schedule summarizes the changes in fixed assets:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Property and Equipment	\$ 27,623,475	\$ 738,038	\$ (401,249)	\$ 27,960,264
Accumulated Depreciation	(14,159,761)	(2,054,965)	401,249	(15,813,477)
Total	<u>\$ 13,463,714</u>	<u>\$ (1,316,927)</u>	<u>\$ -</u>	<u>\$ 12,146,787</u>



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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**NOTE (7) – 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. Medical transportation services were provided according to the fee-for-service fare structure. MATP funding remaining at June 30, 2016 was included in Accounts Payable - Medical Assistance Program as follows:*

<i>Luzerne County</i>	<u><i>\$ 81,478</i></u>
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**NOTE (8) –DUE TO HAZLETON PUBLIC TRANSIT SYSTEM:**

*As part of the Penn DOT Consolidation Plan, funding for the fiscal year ended June 30, 2016 included combined funding for the Luzerne County Transportation Authority, Shared Ride program, and the Hazleton Public Transit System. The Authority remits the funding to the Hazleton Public Transit System upon receipt. The amount due to Hazleton Transit Authority as of June 30, 2016, was \$0.*

**NOTE (9) –DEFERRED REVENUE-PENN DOT AND LUZERNE COUNTY:**

*As of June 30, 2015, 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 and capital projects as further discussed in Note 10 and 11. 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 (10) –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 11. The Act requires a minimum County match.*

*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 \$55 and was also deferred. Act 26 funding utilized for capital expenditures during the year was \$8,869. This resulted in a deferred revenue as of June 30, 2016, in the amount of \$26,398.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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**NOTE (11) –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 Act requires a minimum County match.*

*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 \$5,591,526. The amount received during the fiscal year ended June 30, 2016 was \$5,494,688. Interest earned amounted to \$12,954, and was also deferred. Funding utilized for asset maintenance and operating assistance amounted to \$5,595,513. This resulted in deferred revenue as of June 30, 2016, in the amount of \$5,503,655.*

**NOTE (12) –UNREDEEMED FARES:**

*Unredeemed fares include unused tickets sold under the S.T. P. program, program and the lottery program administered through the shared ride division of the Authority. As of June 30, 2016, the amounts were as follows:*

<i>S.T.E.P. Program</i>	\$	39,319
<i>PWD Program</i>		5,901
<i>Lottery Program</i>		<u>111,272</u>
<i>Total</i>	\$	<u>156,492</u>

**NOTE (13) –COMPENSATED ABSENCES:**

*The personnel policies and collective bargaining agreements of the Authority provide that compensation for vacations, sick leave, and personal leave for full time employees will accrue in accordance with such agreements. The total amount accrued as of June 30, 2016, is \$473,137. The Authority considers approximately ten percent of these liabilities current and due within one year.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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**NOTE (14) –POSTEMPLOYEMENT BENEFITS:**

*Effective for fiscal year 2016, the Authority implemented Governmental Accounting Standards Board (GASB) Statement 45 "Accounting and Financial Reporting by Employers for Post-Employment Benefits Other than Pensions (OPEB)" prospectively (no beginning Net OPEB Obligation).*

**Program Description:**

*As required by state law and defined by Authority's Policy, the Authority makes available health care benefits and life insurance to all eligible employees who retire from the Authority through a single employer defined benefit healthcare is provide for eligible employees for the first three years or until the attainment of Medicare age, whichever is less. The healthcare plan provides coverage for the employee, spouse, and dependents. Life insurance coverage is provided for life. Benefit provisions are established by management.*

*Current retirees in the health plan and at retirement, active employees with 10 years of service at The Authority, are eligible to remain in the health plan at the total blended contribution rate for active and retiree participant. For financial reporting purposes, the eligible existing and retired employees are accounted for under post employments benefits.*

*Under the provisions of GASB Statement 45, employees who will be required to contribute the full aged based cost for coverage for the Authority's Health Plan do not receive an Other Post Employment Benefit. Accordingly, only those employees who are eligible to participate in the Retiree Health Program are included in the valuation results described below.*

**Funding Policy:**

*Current retirees contribute to the Retiree Health Program 15% of medical and prescription drug for the total blended premium for active and retired participants. The Authority contribution to the Retiree Health Program consists of pay-as-you-go premiums in excess of the retiree contributions. Retiree contributions rates for fiscal year 2015 were 15% per year. In fiscal year 2016, total member contributions were \$159,200. The Authority Estimated contributions to the plan for fiscal year 2016 were \$95,722. The authority pays the full premium for life insurance. The face amount is determined by the retirement date. No spouses or dependents are covered.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

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***Annual OPEB Cost and Net OPEB Obligation:***

*The Authority's annual other post-employment benefit (OPEB) cost (expense) for the Retiree Health Program is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the Authority's Annual OPEB cost for the year, the estimated amount contributed to the plan, and changes in the Authority's net OPEB obligation.*

<i>Annual required contribution (ARC)</i>	\$	227,015
<i>Interest on Net OPEB obligation</i>		
<i>Adjustment to annual required contribution (ARC)</i>		0
<i>Annual OPEB cost</i>		227,015
<i>Contributions Made</i>		(95,722)
<i>Estimated increase in Net OPEB Obligation</i>		131,293
<i>Net OPEB Obligation-Beginning of year</i>		0
<i>Net OPEB Obligation-End of year</i>	\$	131,293

*The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for last three years were as follows:*

<b>Fiscal Year</b>	<b>Annual OPEB Cost</b>	<b>Percentage Of Annual Cost Contributed</b>	<b>Net OPEB Obligation</b>
2016	227,015	42.17%	131,293

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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***Funded Status and Funding Progress:***

*As of January 1, 2015, the most recent actuarial valuation date, the actuarial accrued liability for benefits was \$131,293. all of which was unfunded. The covered payroll (annual payroll of active employees covered by the plan) was \$4,445,182, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 35.28%.*

*Actuarial values of the program involve estimates of the value of reported amounts and assumptions of the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare costs trend. Amounts determined regarding the funded status of the program and the annual required contributions of the employer: are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information) that shows whether the actuarial value of plan assets held in an irrevocable trust is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits. As the Authority chose to close its program as of JUNE 30, 2016, and to not establish an irrevocable trust, plan assets will always be reported under GASB Statement 45 as zero.*

***Actuarial Methods and Assumptions:***

*Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.*

*In January 1, 2015, actuarial valuation, the entry-age normal method was used. The actuarial assumptions an annual healthcare cost trend rate of 6.00% in 2015 and 5.5% for 2016 through 2020. Rates gradually decrease from 5.4% in 2021 to 3.8% in 2075 and later based on the Society of Actuaries Long-Run Medical Cost Trend. The Authority's unfunded actuarial accrued liability is being amortized as a level percent of active member payroll over a closed period. The remaining amortization period at JUNE 30, 2016 was 16.2889 years. The life insurance annual assumed cost is equal to the amount of coverage times the applicable mortality factor contained in the valuation report mortality table.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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**NOTE (15) –PENSION PLAN:**

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

**Defined Contribution Plan - Shared-Ride (Union)**

*Effective January 1, 2014, the Authority is the sponsor of a defined contribution retirement plan for shared-ride union employees. Under the plan, for employees who have completed 60 days of full-time service, the Authority contributes 5 percent of annual compensation. The participants are fully-invested in their accounts at all times. Retirement plan expense for the year ended June 30, 2016 was \$134,375.*

**Defined Benefit Plan - Union Employee's Pension Plan (Fixed Route)**

*The Luzerne County Transportation Authority Union Employee's Pension Plan is a defined benefit single employer retirement plan administered by the Authority.*

***Eligibility***

*A full-time employee of the Authority covered under the collective bargaining agreement becomes a member in the Plan after completion of 60 days of service.*

***Normal Retirement***

*A member is eligible for normal retirement after attainment of age 62 and completion of five years of service.*

*The normal retirement pension is payable monthly during the member's lifetime, with payments ceasing upon the member's death.*

*The amount of monthly pension is equal to \$29.04 per month per year of credited service earned after December 31, 1991, plus member's accrued benefit earned for credited service prior to January 1, 1992. Effective January 1, 2016, the amount of monthly pension changed to \$53.00 per month per year of credited service.*

***Late Retirement***

*If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.*

***Early Retirement***

*A member is eligible for early retirement after attainment of age 55. The monthly early retirement pension is equal to the benefit accrued to the date of early retirement, reduced by 5/9 of 1 % for each of the first 60 months' payments begin early and by 5/18 of 1 % for each of the next 24 months payments begin early.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

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***Disability Retirement***

*If an active member is determined to be totally and permanently disabled, he is eligible for a disability pension. The monthly disability retirement pension is equal to the benefit accrued to the date of disability.*

***Death Benefits***

*The monthly death benefit for a member, who is vested and has been married at least one year, is a survivor pension for his spouse equal to the actuarially reduced benefit accrued to the date of death. Payments begin at the member's earliest retirement date.*

***Vesting***

*A member's benefits vest upon completion of five years of service. The vested benefit is a deferred monthly pension beginning at normal retirement equal to the benefit accrued to the date of termination.*

***Accrued Pension***

*The benefit accrued at any date other than the normal retirement date is determined by the normal retirement benefit formula, but based upon service to date.*

***Contributions***

*Members contribute 3.2% as of January 1, 2016 and 3.5% thereafter, of the average of all full-time LCTA union employees' compensation. Member contributions are credited with 5.0% annual interest.*

*Plan Membership at December 31, 2014*

<i>Inactive Members or Beneficiaries Currently Receiving Benefits</i>	59
<i>Inactive Members Entitled to but not yet Receiving Benefits</i>	3
<i>Active Members</i>	68 *
<i>Total Members</i>	130

\* *Includes 1 transferred member*

***Net Pension liability***

*The net pension liability was measured as of December 31, 2015, No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

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***Actuarial Assumptions***

*The total pension liability as of December 31, 2014, was determined using the following Economic assumptions, applied to all periods included in the measurement:*

<i>Inflation</i>	<i>3.00%</i>	
<i>Salary Increases</i>	<i>4.00%</i>	<i>(average, including inflation)</i>
<i>Investment Rate of Return</i>	<i>8.50%</i>	<i>(including inflation)</i>
<i>Postretirement Cost of Living Increase</i>	<i>0.00%</i>	

*Mortality rates were based on the RP2000 Table for males and female. This table does not include projected mortality improvements,*

*The total pension liability as of December 31, 2015, was determined using the following Economic assumptions, applied to all periods included in the measurement:*

<i>Inflation</i>	<i>3.00%</i>	
<i>Salary Increases</i>	<i>4.00%</i>	<i>(average, including inflation)</i>
<i>Investment Rate of Return</i>	<i>8.50%</i>	<i>(including inflation)</i>
<i>Postretirement Cost of Living Increase</i>	<i>0.00%</i>	

*Mortality rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.*

*The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:*

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
<i>Domestic Equity</i>	<i>60.00%</i>	<i>5.50%-7.50%</i>
<i>Fixed Income</i>	<i>35.00%</i>	<i>1.00%-3.00%</i>
<i>Cash</i>	<i>5.00%</i>	<i>0.00%-1.00%</i>



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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Discount Rate

The discount rate used to measure the total pension liability was 8.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at 12/31/2014	\$ 5,504,785	\$ 2,465,880	\$ 3,038,905
Service Cost	80,783		80,783
Interest Cost	456,979		456,979
Changes in Benefit Terms	0		0
Changes for Experience			0
Changes for Assumptions	0		0
Contributions-employer		256,439	(256,439)
Contributions-member		103,572	(103,572)
Net Investment Income		(70,052)	70,052
Benefit payments, including refunds of member contributions	(418,690)	(418,690)	0
Administrative Expense		(11,900)	11,900
Other Changes		0	0
Net Changes	119,072	(140,631)	259,703
Balances at 12/31/2015	<u>\$ 5,623,857</u>	<u>\$ 2,325,249</u>	<u>\$ 3,298,608</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

***Sensitivity of the net pension liability to changes in the discount rate***

*The following presents the net pension liability of the Plan, calculated using the discount rate of 8.5%, as well as what the Plan's net position liability would be if it were calculated using a discount rate that is 1 percentage point lower of 1 percentage rate higher than the current rate:*

	<i>1 % Decrease</i>	<i>Current Discount Rate</i>	<i>1% Increase</i>
	<i>7.50%</i>	<i>8.50%</i>	<i>9.50%</i>
<i>Plan's Net Pension Liability</i>	\$ 3,717,893	\$ 3,298,606	\$ 2,929,673

***Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

Pension expense. For the year ended June 30, 2016, the Authority recognized pension expense of \$259,703.

Deferred outflows of resources and deferred inflows of resources. For the year ended June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<i>Deferred Outflows of Resources</i>	<i>Deferred Inflows of Resources</i>
<i>Differences between expected and actual experience</i>	\$ -	\$ 139,833
<i>Employer Contributions Subsequent to the Measurement Date</i>	\$ 78,241	
<i>Net difference between projected and actual earnings on pension plan investments</i>	<u>\$ 320,978</u>	<u>-</u>
<i>Total</i>	<u>\$ 399,219</u>	<u>\$ 139,833</u>

*Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:*

<i>Year ending June 30, 2017</i>	\$ 56,538
<i>2018</i>	<i>56,538</i>
<i>2019</i>	<i>56,538</i>
<i>2020</i>	<i>56,538</i>
<i>2021</i>	<i>56,538</i>
<i>2022</i>	<i>(23,306)</i>

*In the table shown above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2016

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***Payable to the Pension Plan***

*At June 30, 2016, the Authority reported a payable of \$45,578. for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.*

***Financial Report***

*The financial report for the Defined Benefit Plan can be obtained from the administration office at 315 Northampton Street, Kingston, PA 18704.*

***Defined Benefit Plan -- Non-Union Employee's Pension Plan***

*The Luzerne County Transportation Authority Non-Union Employee's Pension Plan is a defined benefit single employer retirement plan administered by the Authority.*

***Eligibility***

*A full time employee of the Luzerne County Transportation Authority who is not covered under the collective bargaining agreement becomes a member in the Plan on his date of employment.*

***Normal Retirement***

*A member is eligible for normal retirement after attainment of age 65.*

*The normal retirement pension is payable monthly during the member's lifetime, with payments ceasing upon death.*

*The amount of monthly pension is equal to 2.5% of average monthly compensation multiplied by years of credited service. The minimum monthly pension is equal to \$8 multiplied by years of credited service.*

*Average monthly compensation is based upon the three consecutive plan years of highest compensation out of the last ten years preceding retirement.*

***Late Retirement***

*If a member continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.*

***Early Retirement***

*A member is eligible for early retirement after attainment of age 55 and completion of ten years of service. The early retirement benefit is equal to the benefit accrued to the date of early retirement, reduced by 1/15 for each of the first two years payments begin before age 62 and by 1/30 for each of the next five years payments begin early.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2016

---

***Disability Retirement***

*If an active member is determined to be totally and permanently disabled, he is eligible for a disability pension. The monthly disability retirement pension is equal to the benefit accrued to the date of disability.*

***Death Benefits***

*If a vested member dies before beginning to receive a retirement pension benefit, his surviving spouse, if any, will receive a 100% survivor benefit. Payment will begin on the date on which the member first would have been eligible for retirement. The amount of the survivor benefit is equal to the 100% survivor benefit payable under the joint and 100% survivor pension option, based upon the pension accrued to the date of death and reduced for early commencement of benefits, if applicable.*

***Vesting***

*A member's benefits vest according to the vesting schedule shown below. The vested benefit is a deferred monthly pension beginning at early or normal retirement equal to the accrued pension multiplied by the vesting percentage determined from the following table:*

<u><i>Years of Service</i></u>	<u><i>Vesting Percentage</i></u>
<i>0-3 Years</i>	<i>0%</i>
<i>4</i>	<i>40%</i>
<i>5 or More Years</i>	<i>100%</i>

*Members contribute 3.0% of compensation.*

*Member contributions are credited with 8.0% annual interest.*

*Plan Membership at December 31, 2015*

<i>Inactive Members or Beneficiaries Currently Receiving Benefits</i>	<i>15</i>
<i>Inactive Members Entitled to but not yet receiving benefits</i>	<i>8</i>
<i>Active Members</i>	<u><i>24</i></u>
<i>Total Members</i>	<u><i>47</i></u>

***Net Pension Liability***

*The net pension liability was measured as of December 31, 2015. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

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***Actuarial Assumptions***

*The total pension liability as of December 31, 2014 was determined using the following economic assumptions, applied to all periods included in the measurement:*

<i>Inflation</i>	<i>3.00%</i>	
<i>Salary Increases</i>	<i>5.00%</i>	<i>(average, including inflation)</i>
<i>Investment Rate of Return</i>	<i>8.00%</i>	<i>(including inflation)</i>
<i>Postretirement Cost of Living Increase</i>	<i>0.00%</i>	

*Mortality rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.*

*The total pension liability as of December 31, 2015 was determined using the following economic assumptions, applied to all periods included in the measurement:*

<i>Inflation</i>	<i>3.00%</i>	
<i>Salary Increases</i>	<i>5.00%</i>	<i>(average, including inflation)</i>
<i>Investment Rate of Return</i>	<i>8.00%</i>	<i>(including inflation)</i>
<i>Postretirement Cost of Living Increase</i>	<i>0.00%</i>	

*Mortality rates were based on the RP2000 Table for males and females. This table does not include projected mortality improvements.*

*The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:*

<u><i>Asset Class</i></u>	<u><i>Target Allocation</i></u>	<u><i>Long-Term Expected Real Rate of Return</i></u>
<i>Domestic Equity</i>	<i>55.00%</i>	<i>6.50%-7.50%</i>
<i>Fixed Income</i>	<i>35.00%</i>	<i>2.00%-3.00%</i>
<i>Cash</i>	<i>10.00%</i>	<i>0.00%-0.50%</i>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

**Discount Rate**

The discount rate used to measure the total pension liability was 8.00%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Changes in the Net Pension Liability

	<b>Total Pension Liability (a)</b>	<b>Increase (Decrease) Plan Fiduciary Net Position (b)</b>	<b>Net Pension Liability (a) - (b)</b>
Balances at 12/31/2014	\$ 2,695,520	\$ 1,184,085	\$ 1,511,435
Service Cost	143,642		143,642
Interest Cost	219,154		219,154
Changes in Benefit Terms	-		0
Changes for Experience	0		0
Changes for Assumptions	-		0
Contributions-employer		297,426	-297,426
Contributions-member		31,437	-31,437
Net Investment Income		-31,071	31,071
Benefit payments, including refunds of member contributions	(199,469)	(199,469)	0
Administrative Expense		(7,200)	7,200
Other Changes		-	-
Net Changes	<u>163,327</u>	<u>91,123</u>	<u>72,204</u>
Balances at 12/31/2015	<u>\$ 2,858,847</u>	<u>\$ 1,275,208</u>	<u>\$ 1,583,639</u>

**Sensitivity of the net pension liability to changes in the discount rate**

The following presents the net pension liability of the Plan, calculated using the discount rate of 8.00%, as well as what the Plan's net position liability would be if it were calculated using a discount rate that is 1 percentage point lower of 1 percentage rate higher than the current rate:

	<b>1% Decrease 7.00%</b>	<b>Current Discount Rate 8.00%</b>	<b>1% Increase 9.00%</b>
Plan's Net Pension Liability	\$ 1,818,933	\$ 1,583,639	\$ 1,321,401

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

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***Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions***

*Pension expense.* For the year ended June 30, 2016, the Authority recognized pension expense of \$72,204.

*Deferred outflows of resources and deferred inflows of resources.* For the year ended June 30, 2016, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b><i>Deferred Outflows of Resources</i></b>
<i>Differences between expected and actual experience</i>	\$ 142,680
<i>Net difference between projected and actual earnings on pension plan investments</i>	<u>\$ 147,735</u>
<i>Total</i>	<u>\$ 290,415</u>

*Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:*

<i>Year ending June 30, 2016</i>	\$ 43,815
<i>2017</i>	43,815
<i>2018</i>	43,815
<i>2019</i>	43,815
<i>2020</i>	43,815
<i>2021</i>	14,268
<i>2022</i>	14,268
<i>2023</i>	14,268
<i>2024</i>	14,268
<i>2024</i>	14,268

*In the table shown above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2016

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***Payable to the Pension Plan***

*At June 30, 2016, the Authority reported a payable of \$144,082. for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.*

***Financial Report***

*The financial report for the Defined Benefit Plan can be obtained from the administration office at 315 Northampton Street, Kingston, PA 18704.*

**NOTE (15) – SELF FUNDED HEALTH INSURANCE**

*On January 1, 2016, the LCTA became self-insured in providing group medical and prescription drug coverage for substantially all of its employees and certain retirees. A third-party administers the group medical coverage for the Authority. The Authority is liable for all claims up to \$75,000 per individual for any one plan year. A stop-loss insurance contract executed with an insurance carrier covers individual claims in excess of \$75,000 per plan year to a maximum of \$1,000,000.*

*Claims expenditures and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported. For the year ended June 30, 2016, the amount of settlements did not exceed insurance coverage.*

*The liability for unpaid claims, if any, is estimated using an industry average that is based on actual claims paid. As of June 30, 2016, the Authority had a claims liability for its employee benefit plan. Changes in the claims liability are as follows:*

<i>Year Ended</i>	<i>Claims Liability Beg. Of Year</i>	<i>Claims and Changes in Estimates</i>	<i>Claim Payments</i>	<i>Claims Liability End of Year</i>
<i>6/30/2016</i>	<i>0</i>	<i>743,560</i>	<i>647,777</i>	<i>95,783</i>



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

**NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2016**

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**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**

*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 expenditure 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.*

*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.*

**NOTE (18) –PRIOR PERIOD ADJUSTMENT**

*The beginning fund balance has been restated on the financial statements to record a prior period adjustment to correct grant revenues recorded in prior years. A reconciliation of the prior period ending fund balance to the current year beginning fund balance as follows:*

<i>NET POSITION - BEGINNING OF YEAR</i>	<i>9,211,615</i>
<i>Restatement To Correct Prior Year Pension Expenses</i>	<i>65,816</i>
<i>NET POSITION - BEGINNING OF YEAR - as restated</i>	<u><u><i>9,277,431</i></u></u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN AUTHORITY'S  
NET PENSION LIABILITY AND RELATED RATIOS  
DEFINED BENEFIT TRUST FUND  
UNION EMPLOYEE'S PENSION PLAN  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Total pension liability</u>	
Service cost	\$ 80,783
Interest	456,979
Changes in benefit terms	0
Differences between actual and expected experience	0
Change of assumptions	0
Benefit payments, including refunds of employee contributions	(418,690)
Net change in total pension liability	<u>119,072</u>
Total pension liability-beginning	<u>5,504,785</u>
Total pension liability-ending (a)	<u>5,623,857</u>
<u>Plan fiduciary net position</u>	
Contributions-employer	256,439
Contributions-employee	103,572
Net investment income	(70,052)
Benefit payments, including refunds of employee contributions	(418,690)
Administrative expense	(11,900)
Net change in plan fiduciary net position	<u>(140,631)</u>
Plan fiduciary net position-beginning	<u>2,465,880</u>
Plan fiduciary net position-ending (b)	<u>2,325,249</u>
Net pension liability (asset)-ending (a-b)	<u>\$ 3,298,608</u>
Plan fiduciary net position as a percentage of total pension liability	41.35%
Covered-employee payroll	\$ 3,533,912
Net pension liability (asset) as a percentage of covered-employee payroll	93.34%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND NOTES TO SCHEDULE  
DEFINED BENEFIT TRUST FUND  
UNION EMPLOYEE'S PENSION PLAN  
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule of Employer Contributions

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a % of Payroll</u>
2005	\$ 85,000	\$ 85,000	\$ -		
2006	\$ 43,346	\$ 51,601	\$ (8,255)		
2007	\$ 38,582	\$ 77,197	\$ (38,615)		
2008	\$ 43,658	\$ 68,489	\$ (24,831)		
2009	\$ 20,504	\$ 74,467	\$ (53,963)		
2010	\$ 26,330	\$ 77,506	\$ (51,176)		
2011	\$ 115,950	\$ 115,950	\$ -		
2012	\$ 110,529	\$ 116,917	\$ (6,388)		
2013	\$ 157,515	\$ 162,783	\$ (5,268)		
2014	\$ 158,841	\$ 158,841	\$ -	\$ 3,367,166	4.72%
2015	\$ 256,375	\$ 256,439	\$ (64)	\$ 3,533,912	7.25%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2013

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 14 years

Asset Valuation Method: The actuarial value of assets from the prior valuation report (reduced for benefits paid and increased for contributions) is projected forward at an artificial investment return of 7.50% (interest rate assumption minus 1%) with a corridor of 80% to 120% of market value.

Inflation: 3.00%

Salary Increases: 4.00%

Investment Rate of Return: 8.50%

Retirement Age: Normal Retirement Age

Mortality: RP2000 Table. This table does not include rejected mortality improvements.

Changes in benefit terms: 1/1/16

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF CHANGES IN AUTHORITY'S  
NET PENSION LIABILITY AND RELATED RATIOS  
DEFINED BENEFIT TRUST FUND  
NON-UNION EMPLOYEE'S PENSION PLAN  
FOR THE YEAR ENDED JUNE 30, 2016**

<u>Total pension liability</u>	
Service cost	\$ 143,642
Interest	219,154
Changes in benefit terms	0
Differences between actual and expected experience	0
Change of assumptions	0
Benefit payments, including refunds of employee contributions	<u>(199,469)</u>
Net change in total pension liability	163,327
Total pension liability-beginning	<u>2,695,520</u>
Total pension liability-ending (a)	<u>2,858,847</u>
<u>Plan fiduciary net position</u>	
Contributions-employer	297,426
Contributions-employee	31,437
Net investment income	(31,071)
Benefit payments, including refunds of employee contributions	(199,469)
Administrative expense	<u>(7,200)</u>
Net change in plan fiduciary net position	91,123
Plan fiduciary net position-beginning	<u>1,184,085</u>
Plan fiduciary net position-ending (b)	<u>1,275,208</u>
Net pension liability (asset)-ending (a-b)	<u>\$ 1,583,639</u>
Plan fiduciary net position as a percentage of total pension liability	44.61%
Covered-employee payroll	\$ 1,015,021
Net pension liability (asset) as a percentage of covered-employee payroll	156.02%

This is a 10-year schedule; however, the information in this schedule is not required to be presented retroactively. Years will be added to this schedule in future fiscal years until 10 years of information is available.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
REQUIRED SUPPLEMENTARY INFORMATION  
SCHEDULE OF EMPLOYER'S CONTRIBUTIONS AND NOTES TO SCHEDULE  
DEFINED BENEFIT TRUST FUND  
NON-UNION EMPLOYEE'S PENSION PLAN  
FOR THE YEAR ENDED JUNE 30, 2016**

Schedule of Employer Contributions

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Employee Payroll</u>	<u>Contributions as a % of Payroll</u>
2006	\$ 83,131	\$ 83,676	\$ (545)		
2007	\$ 90,389	\$ 90,389	\$ -		
2008	\$ 88,563	\$ 88,563	\$ -		
2009	\$ 102,571	\$ 102,571	\$ -		
2010	\$ 103,834	\$ 103,834	\$ -		
2011	\$ 117,881	\$ 117,881	\$ -		
2012	\$ 117,342	\$ 117,342	\$ -		
2013	\$ 162,988	\$ 162,988	\$ -		
2014	\$ 210,835	\$ 210,835	\$ -		\$ 1,078,016 19.56%
2015	\$ 297,426	\$ 297,426	\$ -		\$ 1,015,021 29.30%

Notes to Schedule

Valuation Date: Actuarially determined contribution rates are calculated as of January 1, two to four years prior to the end of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

- Actuarial Valuation Date: 1/1/2013
- Actuarial Cost Method: Entry Age Normal
- Amortization Method: Level Dollar Closed
- Remaining Amortization Period: 9 years
- Asset Valuation Method: The actuarial value of assets from the prior valuation report (reduced for benefits paid and increased for contributions) is projected forward at an artificial investment return of 7.0% (interest rate assumption minus 1%) with a corridor of 80% to 120% of market value.
- Inflation: 3.00%
- Salary Increases: 5.00%
- Investment Rate of Return: 8.00%
- Rates on Retirement which vary by age between age 62 and 65
- Mortality: RP2000 Table. This table does not include rejected mortality improvements.

Changes in benefit terms: None since 1/1/2013.

**Luzern County Transportation Authority**  
**Required Supplementary Information**  
**Retiree Health Plan**  
**Schedule of Funding Progress**  
**(UNAUDITED)**

Fund	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Fund Ratio	Annual Covered Payroll	UUAL as a Percentage of Covered Payroll
Total	1/1/2015	\$0	\$1,568,156	\$1,568,156	0%	\$4,445,182	35.28%

Latest Actuarial Valuation Date	January 1, 2015
Actuarial Cost Method	Entry Age Normal
Amortization method	Level Dollar Open
Remaining Amortization Period	16.2889
Asset Valuation Method	None
Actuarial Assumptions:	
Interest Rate	4.50%

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2016

**OPERATING REVENUE:**

**PASSENGER REVENUE**

FULL ADULT FARES	\$	521,297
FULL FARE TRANSFERS		37,345
REDUCED FARE TRANSFERS		3,321
31 DAY PASSES		249,504
20 RIDE PASSES		95,640
SHORT FARES		10,750
10 RIDE PASSES		45,662
1 DAY PASSES		82,270
1 RIDE PASSES		8,620
STUDENT PASSES		65,235
HANDICAPPED FARES		37,436
		-

**TOTAL PASSENGER SERVICE** 1,157,080

**ADVERTISING** 69,939

**MISCELLANEOUS INCOME** 10,377

**UNIFIED WORK PROGRAM** 13,140

**TOTAL OPERATING REVENUE** 1,250,536

**OPERATING EXPENSES:**

**ADMINISTRATION-TRANS. OPER.:**

SALARIES AND WAGES		111,372
FRINGE BENEFIT AND PAYROLL TAXES		78,969
DEPRN:REV. VEHICLE. MOVEMENT CONTROL		4,933

**SCHEDULING-TRANS. OPER.:**

SALARIES AND WAGES		10,998
FRINGE BENEFITS AND PAYROLL TAXES		8,362

**REVENUE VEHICLE OPERATIONS:**

SALARIES AND WAGES		2,466,848
FRINGE BENEFIT AND PAYROLL TAXES		1,823,433
FUEL		575,099
TIRES AND TUBES		69,977
LUBRICANT		32,272
DEPRN:		
BUSES		1,259,092
DESTINATION SIGNS AND VOICE ENUNCIATOR		96,528
CONSULTANTS		3,509

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>MAINTENANCE ADMIN.-VEHICLES:</b>	
SALARIES AND WAGES	120,148
FRINGE BENEFIT AND PAYROLL TAXES	<b>74,186</b>
DEPRN:SHOP AND GARAGE EQUIPMENT	13,822
<b>SERVICING-REVENUE VEHICLES:</b>	
SALARIES AND WAGES	231,345
FRINGE BENEFITS AND PAYROLL TAXES	<b>158,647</b>
MATERIAL AND SUPPLIES	2,595
DEPRN: INSTALLED EQUIPMENT	11,577
<b>INSPECTION AND MAINT.-REV. VEHICLES:</b>	
SALARIES AND WAGES	363,205
FRINGE BENEFIT AND PAYROLL TAXES	<b>251,360</b>
CONTRACTED MAINT. SERVICES	48,701
MATERIAL AND SUPPLIES	402,252
<b>ACCIDENT REPAIRS-REV. VEHICLES:</b>	
SALARIES AND WAGES	46,735
FRINGE BENEFIT AND PAYROLL TAXES	32,398
PREMIUMS FOR PHYSICAL DAMAGE INSURANCE	169,926
RECOVERY OF PHYS. DAMAGE LOSS	(11,401)
<b>VANDALISM REPAIRS-REV. VEHICLES:</b>	
SALARIES AND WAGES	2,462
FRINGE BENEFIT AND PAYROLL TAXES	<b>1,705</b>
<b>SERVICE AND FUEL-SERVICE VEHICLES:</b>	
SALARIES AND WAGES	10,733
FRINGE BENEFIT AND PAYROLL TAXES	<b>7,349</b>
FUEL	2,795
MATERIALS AND SUPPLIES	220
<b>INSPECTION AND MAINT.-SERVICE VEHICLES:</b>	
CONTRACTED MAINT. SERVICES	1,141
<b>MAINT. ADMIN.-FACILITIES:</b>	
SALARIES AND WAGES	35,704
FRINGE BENEFIT AND PAYROLL TAXES	<b>29,332</b>
DEPRN.-STRUCTURES & IMPROVEMENTS	237,672
<b>MAIN.-VEHICLE MOVE. CONTROL:</b>	
CONTRACTED MAINTENANCE SERVICES	2,369
<b>MAINT.-FARE COLLECT. &amp; COUNT EQUIP.:</b>	
SALARIES AND WAGES	53,551
FRINGE BENEFIT AND PAYROLL TAXES	<b>37,214</b>
CONTRACTED MAINT. SERVICES	1,134



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>MAINT:-BLDGS, GROUNDS, EQUIP.:</b>	
FRINGE BENEFITS & PAYROLL TAXES	14,412
BLDGS.& GROUNDS-WAGES	10,470
BLGD.& GROUNDS-CONTRACTED SERVICES	45,191
BLGD.& GROUNDS-CUSTODIAL SERVICES	7,885
BLGD.& GROUNDS-MATERIAL & SUPPLIES	1,854
JANITORIAL: SALARIES AND WAGES	10,470
JANITORIAL: MATERIAL & SUPPLIES	7,503
<b>TICKET AND FARE COLLECTION:</b>	
SALARIES AND WAGES	19,233
FRINGE BENEFIT AND PAYROLL TAXES	12,639
MATERIAL AND SUPPLIES	8,907
DEPRN: FAREBOXES & COUNTING EQUIPMENT	54,379
<b>GENERAL ADMINISTRATIVE EXPENSES:</b>	
FRINGE BENEFITS AND PAYROLL TAXES	272,965
STEP PROGRAM WAGES	9,383
STEP PROGRAM FRINGE BENEFITS	6,649
SECURITY SERVICE	20,288
HEALTH CLAIMS - PROF. & TECH SERVICES	31,181
HEALTH CLAIMS - STOP-LOSS	58,096
SAFETY-SALARIES AND WAGES	23,565
SAFETY-MATERIAL AND SUPPLIES	3,695
PREMIUMS-PUBLIC LIABILITY. & PROP. DAMAGE	32,991
PERSONNEL-PROFESS. AND TECH SERVICES	23,500
LEGAL - SALARIES AND WAGES	31,377
LEGAL-PROFESS. AND TECH SERVICES	16,161
ACCOUNTING AND AUDITING SERVICES	32,005
FINANCE AND ACCOUNTING-SALARIES	66,432
FINANCE & ACCT.-MATERIALS & SUPPLIES	1,387
PURCHASING & STORE.-WAGES	56,478
OFFICE MANAGEMENT-MATERIALS & SUPPLIES	28,774
IT SALARIES AND WAGES	77,462
DATE PROCESSING-PROF. & TECH. SERVICES	45,842
GENERAL MANAGEMENT-SALARIES	105,561
GENERAL MANAGEMENT-PROF. & TECH SERVICES	9,140
<b>MARKETING:</b>	
CUSTOMER SERVICE-SALARIES AND WAGES	150,260
CUSTOMER SERVICE-MATERIALS & SUPPLIES	1,242
CUSTOMER SERVICE-TELEPHONE	-
PROMOTION-MEDIA	7,215
FRINGE BENEFITS AND PAYROLL TAXES	101,675

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2016

<b>GENERAL EXPENSES:</b>	
MATERIALS AND SUPPLIES	942
HEAT, POWER, LIGHT, WATER, & PHONE	103,147
DUES AND SUBSCRIPTIONS	8,925
TRAVEL AND MEETINGS	17,254
OTHER POST RETIREMENT BENEFIT COSTS	131,293
OTHER MISCELLANEOUS EXPENSES	30,418
DEPRECIATION: SERVICE VEHICLES	-
DEPRECIATION: OFFICE EQUIPMENT	3,194
DEPRECIATION: COMPUTER SYSTEM	5,422
<b>TOTAL OPERATING EXPENSES</b>	<u>10,587,131</u>
<b>LOSS FROM OPERATIONS</b>	<u>(9,336,595)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>	
<b>CAPITAL FUNDS USED FOR OPERATING ASSISTANCE AND PLANNING GRANTS:</b>	
FEDERAL GOVERNMENT	1,831,781
<b>OPERATING GRANTS:</b>	
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	5,145,813
LUZERNE COUNTY ACT 44 MATCHING FUNDS	533,845
LUZERNE COUNTY SPECIAL OPERATING GRANT	3,735
<b>TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS</b>	<u>7,515,174</u>
<b>OTHER PUBLIC/PRIVATE SOURCES:</b>	
GAIN ON SALE OF CAPITAL ASSETS	<u>-</u>
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>7,515,174</u>
<b>LOSS BEFORE CAPITAL GRANT FUNDING</b>	<u>(1,821,421)</u>
<b>CAPITAL GRANT FUNDING</b>	
FEDERAL	65,984
COMMONWEALTH OF PENNSYLVANIA ACT 26 PTAF	8,812
LUZERNE COUNTY	1,775
<b>TOTAL CAPITAL GRANT FUNDING</b>	<u>76,571</u>
<b>CHANGE IN NET POSITION</b>	<u>\$ (1,744,850)</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF REVENUE AND EXPENDITURES - ADA PARATRANSIT OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2016

**OPERATING REVENUE:**

PASSENGER FARES	64,185
	-
<b>TOTAL PASSENGER SERVICE</b>	<b>64,185</b>

**OPERATING EXPENSES:**

<b><u>PURCHASED TRANSPORTATION</u></b>	
VEHICLE OPERATIONS	238,467
MAINTENANCE	73,374
GENERAL AND ADMINISTRATION	55,032
<b>TOTAL OPERATING EXPENSES</b>	<b>366,872</b>

<b>LOSS FROM OPERATIONS</b>	<b>(302,687)</b>
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**NON-OPERATING REVENUE (EXPENSES)**

<b><u>CAPITAL FUNDS USED FOR OPERATING ASSISTANCE AND PLANNING GRANTS:</u></b>	
FEDERAL GOVERNMENT	242,149
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	55,165
LUZERNE COUNTY ACT 44 MATCHING FUNDS	5,373
	<b>302,687</b>

<b>CHANGE IN NET POSITION</b>	<b>(0)</b>
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LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS  
FOR THE YEAR ENDED JUNE 30, 2016

**OPERATING REVENUE:**

**CONTRACT TRANSPORTATION FARES**

Medical Assistance Transportation Program:	
Luzerne County	\$ 1,193,940
Commonwealth of Pennsylvania Department of Transportation	
Persons with Disabilities	22,023
Section 203 Lottery Program	606,962
Shared-Ride Ticket Fares:	
Persons with Disabilities	5,346
Section 203 Lottery Program	96,052
User Agencies and Organizations	
Department of Public Welfare	
Promise	437,215
Waiver	33,036
Luzerne County Transportation Authority	366,872
Luzerne County Mental Health/Mental Retardation Programs	
Partial Hospitalization	48,057
Promise	135,468
Luzerne County Children and Youth Services	20,734
Kidz Korner	13,405
Count on Us Preschool	4,659
Pa. University Hospital	199
Bear Creek Charter School	464
Creating Unlimited Possibilities	184
Nanticoke Active Adults	149
Association for the Blind	727
Epilepsy Foundation	161
Child Development Council	11,985
	<hr/>
TOTAL FEE-FOR-SERVICE OPERATING REVENUE	2,997,638

**OTHER OPERATING REVENUE**

Charges for Vehicle Transportation Aides	3
Medical Assistance Client Travel Reimbursement	66,035
	<hr/>

**TOTAL OPERATING REVENUES** 

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3,063,676

**OPERATING EXPENSES:**

**SALARIES AND WAGES**

Operators	1,029,433
Maintenance	91,734
Administration	313,753

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>FRINGE BENEFITS</b>	
Operations	549,835
Maintenance	61,615
Administration	358,481
<b>SERVICES</b>	
Outside Repairs	18,327
Building and Grounds	6,390
Finance	26,710
Radios	10,391
Professional and Technical Services	45,625
<b>FUEL AND LUBRICANTS</b>	
Fuel	304,202
Oil and Lubricants	3,807
<b>TIRES AND TUBES</b>	30,199
<b>OTHER MATERIALS AND SUPPLIES</b>	
Materials and Supplies: Vehicles	56,834
Office Supplies	10,841
Other Materials and Supplies	10,613
<b>UTILITIES</b>	
Heat, Power, Lights, Water and Phone	29,459
<b>CASUALTY AND LIABILITY COSTS</b>	
Vehicle Insurance	72,474
Recovery of Physical Damage Loss	(12,181)
Stop Loss Insurance	22,116
<b>PURCHASED TRANSPORTATION</b>	95,472
<b>MISCELLANEOUS EXPENSES</b>	
Travel	4,501
Other Miscellaneous Expenses	479
<b>NON-PUBLIC OTHER TRANSPORTATION EXPENSES</b>	
Purchased Transportation	274,097
Mileage Reimbursements	65,288
<b>DEPRECIATION</b>	<u>364,837</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>3,845,332</u>
<b>LOSS FROM OPERATIONS</b>	<u>(781,656)</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<b>NON-OPERATING REVENUE (EXPENSES)</b>	
<b>OPERATING GRANTS:</b>	
Commonwealth of Pennsylvania Section 1513 Act 44	394,534
<b>TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS</b>	394,534
<b>OTHER PUBLIC/PRIVATE SOURCES:</b>	
Gain on Sale of Capital Assets	22,285
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	416,819
<b>LOSS BEFORE CAPITAL GRANT FUNDING</b>	(364,837)
<b>CAPITAL GRANT FUNDING</b>	
Federal Section 5310	474,465
Commonwealth of Pennsylvania Section 1516 CTC	181,151
<b>TOTAL CAPITAL GRANT FUNDING</b>	655,616
<b>CHANGE IN NET POSITION</b>	\$ 290,779

Luzerne County Transportation Authority  
 Schedule of Expenditures of Federal Awards  
 For the Year ended June 30 2016

Federal CFDA Number	Federal Grantor/Program Title	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at 07-01-15	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at 06-30-16
<b>DIRECT FUNDING</b>							
<b>U.S. Department of Transportation</b>							
Federal Transit Capital Assistance Grants:							
20.507	PA 90-X727	4,113,189	22,048	7,916	14,132	14,132	-
20.507	PA 90-X756	2,306,590	14,829	12,804	2,025	2,025	-
20.507	PA 90-X192	2,127,257	31,278	23	31,255	31,255	-
20.507	PA 90-X913	2,181,225	685,666	662,012	26,054	26,054	2,400
20.507	PA 2016-006-00	3,180,877	1,799,318	333,692	1,831,293	1,831,293	365,667
20.507	PA 2016-016-00	2,440,410	-	-	234,667	234,667	234,667
<b>TOTAL DEPARTMENT OF TRANSPORTATION DIRECT FUNDING</b>		<b>16,349,548</b>	<b>2,553,139</b>	<b>1,016,447</b>	<b>2,139,426</b>	<b>2,139,426</b>	<b>602,734</b>
<b>INDIRECT FUNDING</b>							
<b>U.S. Department of Transportation</b>							
Pass Through Pennsylvania Department of Transportation:							
20.513	Federal Transit Capital Assistance Grants: PA 16-X040	477,742	317,405	-	474,465	474,465	157,060
<b>TOTAL DEPARTMENT OF TRANSPORTATION INDIRECT FUNDING</b>		<b>477,742</b>	<b>317,405</b>	<b>-</b>	<b>474,465</b>	<b>474,465</b>	<b>157,060</b>
<b>U.S. Department of Health and Human Services</b>							
Pass through Pennsylvania Department of Public Welfare: Medical Assistance Program							
93.778		253,398	253,398	69,870	244,530	244,530	61,012
		253,398	253,398	69,870	244,530	244,530	61,012
<b>TOTAL MEDICAL ASSISTANCE PROGRAM - DPW</b>		<b>506,796</b>	<b>506,796</b>	<b>139,740</b>	<b>489,060</b>	<b>489,060</b>	<b>122,024</b>
Pass through Luzerne County: Medical Assistance Transportation Program Luzerne County							
93.778		589,440	589,440	(58,456)	629,988	629,988	40,739
		589,440	589,440	(58,456)	629,988	629,988	40,739
<b>TOTAL MEDICAL ASSISTANCE PROGRAM - LUZERNE</b>		<b>1,178,236</b>	<b>1,178,236</b>	<b>(116,912)</b>	<b>1,318,976</b>	<b>1,318,976</b>	<b>81,473</b>
Pass through Luzerne County: Office of Mental Health/Development Services Social Services Block Grant - Transportation Services Program							
93.667		34,739	34,379	-	34,379	34,379	-
		34,739	34,379	-	34,379	34,379	-
<b>TOTAL MENTAL HEALTH PROGRAM - LUZERNE</b>		<b>69,478</b>	<b>68,758</b>	<b>-</b>	<b>68,758</b>	<b>68,758</b>	<b>-</b>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES INDIRECT FUNDING</b>							
		877,567	877,207	11,414	908,697	908,697	101,751
		1,355,309	1,194,612	11,414	1,383,362	1,383,362	258,811
<b>TOTAL INDIRECT FUNDING</b>		<b>17,704,857</b>	<b>3,747,751</b>	<b>1,027,861</b>	<b>3,522,788</b>	<b>3,522,788</b>	<b>861,545</b>
<b>TOTAL</b>		<b>17,704,857</b>	<b>3,747,751</b>	<b>1,027,861</b>	<b>3,522,788</b>	<b>3,522,788</b>	<b>861,545</b>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**JUNE 30, 2016**

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**NOTE (1) - GENERAL:**

*The accompanying schedule of financial awards presents the activity of all federal financial assistance programs of the Luzerne County Transportation Authority for the year ended June 30, 2016. 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 requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).*

**NOTE (2) – BASIS OF ACCOUNTING:**

*The accompanying schedule of financial awards is presented using the accrual 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, 2016

Federal Grant/Program Title	Pass Through Identifying Number	Grand Period	Payments Received			Revenue Recognized		
			Federal	State	Total	Federal	State	Total
U.S. Department of Health and Human Services								
Pass through Pennsylvania Department of Public Welfare: Medical Assistance Program	93.778	7/1/2015 - 6/30/2016	\$ 253,388.00	\$ 234,410.00	\$ 487,798.00	\$ 244,530.00	\$ 225,720.00	\$ 470,250.00
TOTAL MEDICAL ASSISTANCE PROGRAM			253,388.00	234,410.00	487,798.00	244,530.00	225,720.00	470,250.00
Medicaid Assistance Transportation Program - Luzerne County	93.778	7/1/2015 - 6/30/2016	\$ 589,440.00	\$ 589,438.00	\$ 1,178,878.00	\$ 629,988.00	\$ 629,867.00	\$ 1,259,855.00
TOTAL MEDICAL ASSISTANCE PROGRAM - LUZERNE			589,440.00	589,438.00	1,178,878.00	629,988.00	629,867.00	1,259,855.00
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES			\$ 842,828.00	\$ 823,848.00	\$ 1,666,676.00	\$ 874,518.00	\$ 855,707.00	\$ 1,730,225.00

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO SCHEDULE OF EXPENDITURES OF  
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE AWARDS  
JUNE 30, 2016

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**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 for the year ended June 30, 2016. The information in this schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) 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 (1) – 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.*

**NOTE (2) – BASIS OF ACCOUNTING:**

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

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - FIXED ROUTE URBAN EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Vehicle Operations</u>	<u>Maintenance</u>	<u>General Admin.</u>	<u>Totals</u>
Operating Expenses				
Operators Salaries and Wages	2,466,848			2,466,848
Other Salaries and Wages	141,603	884,823	520,518	1,546,944
Fringe Benefits	<b>1,923,402</b>	<b>606,603</b>	<b>381,287</b>	<b>2,911,292</b>
Services	-	126,709	161,810	288,519
Fuel and Lubricants	610,167			610,167
Tires and Tubes	69,976			69,976
Other Materials and Supplies	8,907	414,425	39,273	462,605
Utilities			103,147	103,147
Casualty and Liability Costs			249,612	249,612
Taxes			-	-
Purchased Transportation			-	-
Miscellaneous Expenses			<b>56,600</b>	<b>56,600</b>
Expense Transfers	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total System Expenses	<b><u>5,220,903</u></b>	<b><u>2,032,560</u></b>	<b><u>1,512,247</u></b>	<b><u>8,765,710</u></b>
Applied Reconciling Items				
Interest Expense				-
Leases and Rentals				-
Depreciation (private funded assets)				-
Amortization of Intangibles				-
Purchase Lease Agreement				-
Related Party Lease Agreement				-
Other Reconciling Items				-
				<hr/>
Total Applied Reconciling Items				-
<b>TOTAL OPERATING EXPENSES</b>				<b><u>8,765,710</u></b>
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				1,690,128
Other Post-Employment Benefits (OPEB)				131,293
Other Reconciling Items				-
				<hr/>
Total Non-applied Reconciling Items				<b><u>1,821,421</u></b>
<b>TOTAL OPERATING EXPENSES PER AUDIT</b>				<b><u>\$ 10,587,131</u></b>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - NON-FIXED ROUTE ADA PARATRANSIT EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<b>Vehicle Operations</b>	<b>Maintenance</b>	<b>General Admin.</b>	<b>Totals</b>
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	238,467	73,374	55,032	366,872
Miscellaneous Expenses				-
Expense Transfers	-	-	-	-
	<u>238,467</u>	<u>73,374</u>	<u>55,032</u>	<u>366,872</u>
Total System Expenses				<u>366,872</u>
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>				<u>366,872</u>
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				-
Other Post-Employment Benefits (OPEB)				-
Other Reconciling Items				-
				-
Total Non-applied Reconciling Items				-
<b>TOTAL OPERATING EXPENSES PER AUDIT</b>				<u>\$ 366,872</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - NON-FIXED ROUTE SHARED RIDE EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Vehicle Operations</u>	<u>Maintenance</u>	<u>General Admin.</u>	<u>Totals</u>
Operating Expenses				
Operators Salaries and Wages	1,029,433			1,029,433
Other Salaries and Wages	-	91,734	313,753	405,487
Fringe Benefits	549,835	61,615	358,481	969,931
Services	420	35,118	71,905	107,443
Fuel and Lubricants	308,009	-	-	308,009
Tires and Tubes	30,199	-	-	30,199
Other Materials and Supplies	-	60,854	17,434	78,288
Utilities	-	-	29,459	29,459
Casualty and Liability Costs			94,591	94,591
Taxes			-	-
Purchased Transportation			95,472	95,472
Miscellaneous Expenses			4,978	4,978
Expense Transfers	-	-	-	-
	<u>1,917,896</u>	<u>249,321</u>	<u>986,073</u>	<u>3,153,290</u>
Total System Expenses				
Applied Reconciling Items				
Interest Expense				-
Leases and Rentals				1
Depreciation				-
Amortization of Intangibles				-
Purchase Lease Agreement				-
Related Party Lease Agreement				-
Other Reconciling Items				-
				<u>1</u>
Total Applied Reconciling Items				
TOTAL OPERATING EXPENSES				<u>3,153,291</u>
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				364,837
Other Post-Employment Benefits (OPEB)				-
Other Reconciling Items				-
				<u>364,837</u>
Total Non-applied Reconciling Items				
TOTAL OPERATING EXPENSES PER AUDIT				<u>\$ 3,518,128</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE**  
**LEG - NON PUBLIC EXPENSES - OTHER TRANSPORTATION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Non-Shared Ride Paratransit</u>	<u>MATP Non- Shared Ride Paratransit</u>	<u>MATP Mileage 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		274,097		274,097
Miscellaneous Expenses				-
Expense Transfers				-
Mileage Reimbursement			65,288	65,288
MATP-Admin Reimbursement	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total System Expenses	-	274,097	65,288	339,385
	<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/>
<b>TOTAL OPERATING EXPENSES</b>				<b>339,385</b>
				<hr/>
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				-
Other Post-Employment Benefits (OPEB)				-
Other Reconciling Items				-
				<hr/>
Total Non-applied Reconciling Items				-
				<hr/>
<b>TOTAL OPERATING EXPENSES PER AUDIT</b>				<b>\$ 339,385</b>
				<hr/>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES**  
**LEG - FIXED ROUTE REVENUES**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Urban</u>	<u>Rural</u>	<u>Totals</u>
Transportation Revenues			
Passenger Fares	1,157,080		1,157,080
Advertising	69,939		69,939
Charter			-
Route Guarantees			-
Other Revenue			-
Jury Duty/Warranties/Other	-		-
Sale of Assets	-		-
Other Revenue/UPWP	<u>23,517</u>	<u>-</u>	<u>23,517</u>
TOTAL REVENUE	<u><u>1,250,536</u></u>	<u><u>-</u></u>	<u><u>1,250,536</u></u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES**  
**LEG - NON-FIXED ROUTE REVENUES-URBAN**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	ADA	Shared Ride 65+		Shared Ride Under 65		Public	Total
	Paratransit	Standard	DAS	Standard	DAS	Vanpool	
Transportation Revenues							
Passenger Fares	\$ 64,185	\$ 83,083	\$ -	\$ -	\$ -	\$ -	\$ 147,268
Advertising	-	-	-	-	-	-	-
Shared-Ride Lottery Trip Reimbursement		606,962					606,962
PwD Trip Reimbursement				22,023			22,023
PwD Passenger Fares				5,346			5,346
AAA		12,390					12,390
MH/MR - Shared-Ride Fare Structure		28,446		155,081			183,527
W2W - Shared-Ride Fare Structure							-
MATP - Shared-Ride Fare Structure				917,445			917,445
Children & Youth				20,737			20,737
HSDF							-
OTHER REVENUE							
User Agencies		579		837,122			837,701
MATP Aide Reimbursements				2,398			2,398
Miscellaneous & Interest		34,465					34,465
<b>TOTAL REVENUE</b>	<b>\$ 64,185</b>	<b>\$ 765,925</b>	<b>\$ -</b>	<b>\$ 1,960,152</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,790,262</b>



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES**  
**LEG - NON PUBLIC REVENUES - OTHER TRANSPORTATION**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**CONTRACT REVENUE - NON-SHARED RIDE PARATRANSIT**

Agency/Sponsor	
MATP - Contract Rate Paratransit Revenue	\$ 274,097
W2W - Contract Rate Paratransit Revenue	-
Other Contract Rate Paratransit Revenue	
Child Development Council	11,985
Kidz Korner	13,405
Count On Us Preschool	4,659
Other Contracts	1,884
Other Revenue	
MATP - Mileage Reimbursement	66,035
W2W - Other	-
Admin Reimbursement	-
TOTAL	372,065
Non-Applied Reconciling Items	-
TOTAL REVENUE	<u>\$ 372,065</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES  
LEG - FIXED ROUTE SUBSIDIES  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>Urban</u>	<u>Rural</u>	<u>Totals</u>
<b>FEDERAL</b>			
Federal Operating Grant	\$ -		\$ -
Federal Capital Grant to Fund Preventative Maintenance Costs	1,780,617		1,780,617
Federal Capital Grant to Fund Capital Costs of Contracting			-
Federal Capital Grant to Fund Associated Capital Maintenance Costs	51,164		51,164
Other Federal Grants for Operating Costs	-	-	-
	<u>1,831,781</u>	<u>-</u>	<u>1,831,781</u>
Subtotal Federal Subsidy			
<b>STATE</b>			
Act 44 Section 1513 Operating Grant Amount Charged- Prior Years- State Share	100,824		100,824
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - State Share	5,044,989		5,044,989
Act 3 ASG Grant Amount Charged - State Share			-
Act 3 BSG Grant Amount Charged - State Share			-
Special Operating Grants - State Share	-	-	-
	<u>5,145,813</u>	<u>-</u>	<u>5,145,813</u>
Subtotal State Subsidy			
<b>LOCAL</b>			
Act 44 Section 1513 Operating Grant Amount Charged- Prior Years - Local Share - Municipal Source			-
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - Local Share - Municipal Source	533,845		533,845
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - Local Share - Advertising Source			-
Act 44 Section 1513 Operating Grant Amount Charged- 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	3,735	-	3,735
	<u>537,580</u>	<u>-</u>	<u>537,580</u>
Subtotal State Subsidy			
Grand Total Subsidy	<u>\$ 7,515,174</u>	<u>\$ -</u>	<u>\$ 7,515,174</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES  
LEG - NON-FIXED ROUTE SUBSIDIES  
FOR THE YEAR ENDED JUNE 30, 2016**

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	242,149				242,149
Federal Capital Grant to Fund Associated Capital Maintenance Costs					-
Other Federal Grants for Operating Costs					-
Federal Shared-Ride Subsidy					-
<b>Subtotal Federal Subsidy</b>	<u>242,149</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>242,149</u>
Act 44 Section 1513 Operating Grant Amount Charged- Prior Years - State Share					-
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - State Share	55,165	394,534			449,699
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					-
<b>Subtotal State Subsidy</b>	<u>55,165</u>	<u>394,534</u>	<u>-</u>	<u>-</u>	<u>449,699</u>
Act 44 Section 1513 Operating Grant Amount Charged- Prior Years - Local Share - Municipal Source					-
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - Local Share - Municipal Source	5,373				5,373
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - Local Share - Advertising Source					-
Act 44 Section 1513 Operating Grant Amount Charged- 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					-
<b>Subtotal Local Subsidy</b>	<u>5,373</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,373</u>
<b>Grand Total Subsidy</b>	<u>\$ 302,687</u>	<u>\$ 394,534</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 697,221</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES**  
**LEG - BUDGET SUMMARY**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	Fixed Route			Non-Fixed Route						Non-Public			
	Urban	Rural	Total	ADA Paratransit			Shared Ride			DAS	Other		
				Urban	Rural	Total	DAS	Standard	DAS			Urban	Rural
Total Operating Expenses	8,765,710	-	8,765,710	366,872	-	366,872	-	-	-	-	-	339,385	12,625,258
Total Revenue	1,250,536	-	1,250,536	64,185	-	64,185	-	-	-	-	-	372,065	4,412,863
Operating Deficit	(7,515,174)	-	(7,515,174)	(302,687)	-	(302,687)	-	-	-	-	-	32,680	(8,212,395)
Total Subsidy	7,515,174	-	7,515,174	302,687	-	302,687	-	-	-	-	-	-	8,212,395
Applied Operating Result	-	-	-	-	-	-	-	-	-	-	-	32,680	-
Non-Applied Reconciling Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Applied Reconciling Expense Items	(1,821,421)	-	(1,821,421)	-	-	-	-	-	-	-	-	-	(2,186,258)
Total Non-Applied Reconciling Income Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Applied Reconciling Subsidy Items	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Results per Audit	\$ (1,821,421)	\$ -	\$ (1,821,421)	\$ -	\$ -	\$ (397,517)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 32,680	\$ (2,186,258)

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA**  
**SCHEDULE S1 - LOCAL MATCH PROVIDED**  
**FOR THE YEAR ENDED JUNE 30, 2016**

<u>Contributor Name</u>	<u>Date of Final Payment</u>	<u>Total Amount Provided</u>
Act 44 Section 1513 Local Match for Operating Funds:		
Luzerne County	3/29/2016	\$ 535,093
Unassigned Local Match Funding:		
		_____ -
 GRAND TOTAL		 <u>\$ 535,093</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA  
SCHEDULE S2 - LOCAL MATCH CARRYOVER  
FOR THE YEAR ENDED JUNE 30, 2016**

A. Local Match funds available as of 6/30/16	<u>\$ 43,558</u>
B. Local match funds provided during the year ended 6/30/16	<u>535,093</u>
<b>C. Local match operating expenditures for year ended 6/30/16</b>	
a. Act 44 Sec. 1513 Local operating grant charged (prior years) - Municipal Source	-
b. Act 44 Sec. 1513 Local operating grant charged (current year) - Municipal Source	539,218
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 6/30/16 (Sum of C.a. through C.i.)	<u>539,218</u>
<b>E. Local match capital expenditures for year-ended 6/30/16</b>	
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)	1,786
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	
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 6/30/16 (Sum of E.a. through E.k.)	<u>1,786</u>
G. Interest Earned on local funds for year ended 6/30/16	<u>4,125</u>
H. Local match funds available as of 6/30/16 (A+B-D-F+G)	<u>\$ 41,772</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA**  
**SCHEDULE S3 - URBAN PTAF/BSG/ASG CARRYOVER**  
**FOR THE YEAR ENDED JUNE 30, 2016**

	<b>ACT 26</b>		<b>ACT 3</b>	
	<b>PTAF</b>	<b>LOCAL SHARE</b>	<b>BSG</b>	<b>ASG</b>
Funds Available from Prior Years	\$ 35,212	\$ 13,559	\$ -	\$ -
Adjust County Funds to Contract Matching Requirement		(5,100)		
Interest Income Earned for Year Ended June 30, 2016	55	-		
	<u>35,267</u>	<u>8,459</u>	<u>-</u>	<u>-</u>
<b>FUND EXPENDITURES</b>				
Used for Operating				
Used for Capital Assistance	(8,869)	(1,786)		
Total Funds Used in Year Ended June 30, 2016	<u>(8,869)</u>	<u>(1,786)</u>	<u>-</u>	<u>-</u>
FUND BALANCE - June 30, 2016	<u>\$ 26,398</u>	<u>\$ 6,673</u>	<u>\$ -</u>	<u>\$ -</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA  
SCHEDULE 55 - URBAN SECTION 1513 PROGRAM CARRYOVER  
FOR THE YEAR ENDED JUNE 30, 2016**

	<u>State Grant</u>	<u>Local Match</u>	<u>Total</u>
<b>A. FY 2014-16 Section 1513 URBAN Grant Agreement</b>	<u>\$ 5,494,688</u>	<u>\$ 535,093</u>	<u>\$ 6,029,781</u>
<b>URBAN SECTION 1513 GRANT UTILIZATION FOR FISCAL YEAR ENDED JUNE 30, 2016</b>			
1. Section 1513 fund balance as of June 30, 2015	<u>\$ 5,591,525</u>	<u>\$ -</u>	<u>\$ 5,591,525</u>
2. Section 1513 funds received for FY 2015-16	5,494,688	535,093	6,029,781
3. PTAF Section 1513 funds received for FY 2015-16	_____	_____	_____
4. Total Section 1513 funds received for FY 2015-16 (Line 2+3, must agree with A above)	<u>5,494,688</u>	<u>535,093</u>	<u>6,029,781</u>
5. Interest Income earned on Section 1513 funds in FY 2015-16	<u>12,954</u>	<u>4,125</u>	<u>17,079</u>
6. Total Section 1513 funds available in FY 2015-16 (Line 1+4+5)	<u>11,099,167</u>	<u>539,218</u>	<u>11,638,385</u>
7. Section 1513 funds used for Urban fixed route operating expenses in FY 2015-16	5,306,157	539,218	5,845,375
8. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2015-16	394,534	_____	394,534
9. Section 1513 funds used for Rural fixed route operating expenses in FY 2015-16	_____	_____	_____
10 Section 1513 funds used for Rural non-fixed route operating expenses in FY 2015-16	_____	_____	_____
11 Section 1513 funds used for Rural capital costs in FY 2015-16 (waiver required)	_____	_____	_____
12 Section 1513 funds used for Urban capital costs in FY 2015-16 (waiver required)	_____	_____	_____
13 Total Section 1513 funds used in FY 2015-16 (Line 7+8+9+10+11+12)	<u>5,700,691</u>	<u>539,218</u>	<u>6,239,909</u>
14 Section 1513 fund balance as of June 30, 2016 (Line 6 minus 13)	<u>\$ 5,398,476</u>	<u>\$ -</u>	<u>\$ 5,398,476</u>



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*Patrick T. Hopkins C.P.A.*

## INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED UPON PROCEDURES

Board of Directors  
Luzerne County Transportation Authority  
Kingston, Pennsylvania 18704

*We have performed the procedures enumerated below, which, were agreed to by the Commonwealth of Pennsylvania, Department of Public Welfare (DHS) and Luzerne County Transportation Authority - Shared Ride Division solely to assist you with respect to the financial schedule and exhibit required by the DHS 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 DHS. 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:*

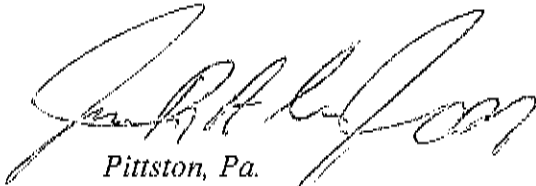
- A. *We have verified by comparison of the amounts and classifications that the supplemental financial schedule listed below, which summarizes amounts reported to DHS for fiscal year ended June 30, 2016 has been accurately compiled and reflects the audited books and records of Luzerne County Transportation 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 DHS Single Audit Supplement pertaining to this period.*

<u>Program Name</u>	<u>Exhibit</u>	<u>Referenced Schedule/Exhibit</u>
Medical Assistance Transportation Program	I & II	Revenue and Expenditures

- B. We have inquired of management regarding adjustments to reported revenues or expenditures, which were reflected on the reports submitted to DHS for the period in question.*
  
- 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.*



*Pittston, Pa.  
January 10, 2017*

*Pittston, Pa 1864*

LUZERNE COUNTY TRANSPORTATION AUTHORITY  
 EXHIBIT 1 - MEDICAL ASSISTANCE TRANSPORTATION PROGRAM  
 SCHEDULE OF REVENUES AND EXPENDITURES - LUZERNE COUNTY

Year Ended June 30, 2016

	<u>Reported</u>	<u>Actual</u>
<b>SERVICE DATA</b>		
Expenditures:		
Group I clients	\$ 1,171,467	\$ 1,171,467
Group II clients	<u>88,903</u>	<u>88,903</u>
Total Expenditures	<u>\$ 1,260,370</u>	<u>\$ 1,260,370</u>
<b>ALLOCATION DATA</b>		
Revenues:		
Department of Public Welfare	\$ 1,260,356	\$ 1,260,356
Interest Income	<u>14</u>	<u>14</u>
Total Revenues	<u>\$ 1,260,370</u>	<u>\$ 1,260,370</u>
Funds Expended:		
Operating Costs	\$ 1,259,178	\$ 1,259,178
Administrative Costs	<u>1,192</u>	<u>1,192</u>
Excess Revenues Over Expenditures	<u>\$ -</u>	<u>\$ -</u>

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*Patrick T. Hopkins C.P.A.*

## **INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors  
Luzerne County Transportation Authority  
Kingston, Pennsylvania 18704

*We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States and the audit requirements of the Pennsylvania Department of Transportation, the financial statements of the Luzerne County Transportation Authority, as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise Luzerne County Transportation Authority's basic financial statements, and have issued our report thereon dated January 10, 2017.*

### **Emphasis of Matter**

*As described in Note 14 to the financial statements, in fiscal year ending 6/30/16, the Authority implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Other Postemployment Benefits Other Than Pensions.*

*As discussed in noted 18 to the financial statements the financial statements were restated to record a prior period adjustment to correct pension expense.*

### **Internal Control over Financial Reporting**

*In planning and performing our audit of the financial statements, we considered Luzerne County Transportation Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Luzerne County Transportation Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Luzerne County Transportation Authority's internal control.*

*A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.*

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

*Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies, and therefore, material weakness or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of finding and questioned cost that we consider to be significant deficiencies as 2016-1 to 2016-3.*

**Compliance and Other Matters**

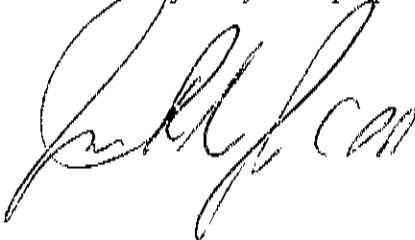
*As part of obtaining reasonable assurance about whether Luzerne County Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.*

**Luzerne County Transportation Authority's Response to Findings**

*Luzerne County Transportation Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Luzerne County Transportation Authority's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.*

**Purpose of this Report**

*The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.*



Pittston, Pa  
January 10, 2017

**CONCLUDED**

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## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Board of Directors  
Luzerne County Transportation Authority  
Kingston, Pennsylvania 18704

### Report on Compliance for Each Major Federal Program

*We have audited Luzerne County Transportation Authority's compliance with the types of compliance requirements described in the OMB Compliance Supplement that could have a direct and material effect on each of Luzerne County Transportation Authority's major federal programs for the year ended June 30, 2016. 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.*

### Management's Responsibility

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

### Auditor's Responsibility

*Our responsibility is to express an opinion on compliance for each of Luzerne County Transportation Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about The 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Luzerne County Transportation Authority's compliance.*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

**Opinion on Each Major Federal Program**

*In our opinion, Luzerne County Transportation Authority complied, in all material respects, with the types of 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, 2016.*

**Other Matters**

*The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying schedule of findings and questioned costs as items 2016-1 to 2016-3. Our opinion on each major federal program is not modified with respect to these matters.*

*Luzerne County Transportation Authority's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Luzerne County Transportation Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.*

**Report on Internal Control over Compliance**

*Management of Luzerne County Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Luzerne County Transportation Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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. 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.*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

*Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and therefore. Material weakness or significant deficiencies may exist that were not identified, We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of finding and questioned cost as items 2016-1 to 2016-3 that we consider to be significant deficiencies.*

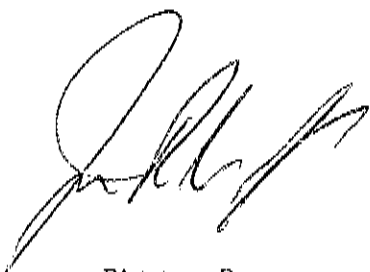
*Luzerne County Transportation Authority's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Luzerne County Transportation Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.*

**Emphasis of Matter**

*As described in Note 14 to the financial statements, in fiscal year ending 6/30/16, the Authority implemented GASB Statement No. 45 Accounting and Financial Reporting by Employers for Other Postemployment Benefits Other Than Pensions.*

*As discussed in noted 18 to the financial statements the financial statements were restated to record a prior period adjustment to correct pension expense.*

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



*Pittston, Pa  
January 10, 2017*

**CONCLUDED**



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2016**

**A. SUMMARY OF AUDIT RESULTS**

1. *The auditor's report expresses an unmodified opinion on the financial statements of the Luzerne County Transportation Authority.*
2. *Three 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**. No material Weakness are reported.*
3. *No instances of noncompliance material to the financial statements of the Luzerne County Transportation Authority, which would require to be reported in accordance with **Government Auditing Standards**, were disclosed during the audit.*
4. *Three Significant deficiencies in internal control over major federal award programs disclosed during the audit is reported in the Report on Compliance for Each Major program and on Internal Control over Compliance Required by the Uniform Guidance.*
5. *The auditor's report on compliance for the major federal award programs for the Luzerne County Transportation Authority expresses an unmodified opinion on all major federal programs.*
6. *There were no audit findings that were required to be reported in accordance with requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) in this schedule.*
7. *The programs tested as major programs included:*
  - 20.507 Federal Transit Capital Improvements*
  - 93.778 Medical Assistance Program Grants*
8. *The threshold for distinguishing Types A and B programs was \$ 750,000.*
9. *Luzerne County Transportation Authority was determined not to be a low risk auditee.*

**CONTINUED**

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2016**

**B. FINDINGS-FINANCIAL STATEMENTS AUDIT**

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

**SIGNIFICANT DEFICIENCIES**

**2016-01 - 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.*

**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:** *We agree with the finding, however, LCTA does not find it feasible at the present time to hire additional staff due its relatively small size and existing budget constraints. The Executive Director will continue to closely monitor the financial operations of the Authority.*

**2016-02 – Credit Card Payments**

**Statement of Condition:** *In reviewing the Accounts Payable and Expenditures for the year ended June 30, 2016, various credit card payments were made without board approval.*

**Criteria:** *Board approval of expenditures is an essential element of internal control.*

**Effect:** *Even though all of the associated purchase orders were properly approved by management, expenditures were made without board approval.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTD)  
FOR THE YEAR ENDED JUNE 30, 2016**

**Recommendation:** *Credit card expenditures should be included in the existing manual check writing internal control system. This will allow the LCTA to avoid finance charges, and, also get board approval.*

**Response:** *We agree with the finding. LCTA has added credit card payments to the existing manual check procedures.*

**2016-03 – Adjusted General Ledger/Financial Statements**

**Statement of Condition:** *The adjusted general ledger and financial statements were received by the auditors on 12-9-16. The adjusted general and financial statements should be completed in a timely manner to allow the auditor sufficient time to audit your financial statements by your required due date of 12-31-2016.*

**Criteria:** *The single audit is not due until nine months after your fiscal year end, however, certain funding agencies have a deadline of 12-31-16.*

**Effect:** *If the audit is not submitted by the required due date, the funding agency could withhold funds.*

**Recommendation:** *An adjusted general ledger and financial statements should be completed two to three months after the fiscal year end,*

**Response:** *We agree with the finding. LCTA has implemented a strategy to ensure that the adjusted general ledger and financial statements are done in a timely manner.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)  
FOR THE YEAR ENDED JUNE 30, 2016**

***Part III. SCHEDULE OF FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS***

*This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal programs, as required of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance).*

***SIGNIFICANT DEFICIENCIES***

***2016-01 - Segregation of Duties***

*As addressed in 2016-01, the Authority's internal control lacks segregation of duties.*

***2016-02 – Credit Card Payments***

*As addressed in 2016-02, the Authority's credit card payments we no board approved.*

***2016-03 – Adjusted General Ledger/Financial Statements***

*As addressed in 2016-03, the Authority's untimely adjusted general ledger and financial statements.*

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2016**

***June 30, 2016 Audit Report***

*IIA and IIIA*

***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, 2016 audit report, 2016-01.*

*IIA and IIIB*

***CONDITION:*** *In reviewing the final budget for the year ended June 30, 2016 with related actual expenditures, various line item expenditures exceeded their related budgeted amounts.*

***STATUS:*** *The finding was corrected in the June 30, 2016 fiscal year.*

*IIC and IIIC*

***CONDITION:*** *The revenue replacement report utilized to prepare the monthly billing report submitted to the Penn DOT Specialized Transportation Division was duplicating the trip total for the new category code "individuals 65 and over" created in October 2014.*

***STATUS:*** *The finding was corrected in the June 30, 2016 fiscal year.*

*IID and IIID*

***CONDITION:*** *The trip totals listed on the attendance detail report did not agree to the trip totals listed on the quarterly billing reports submitted to the Department of Health and Human Services, Medical Assistance Division for the medical assistance transportation program.*

***STATUS:*** *The finding was corrected in the June 30, 2016 fiscal year.*