
LUZERNE COUNTY TRANSPORTATION AUTHORITY

*REPORT ON AUDIT OF FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION*

FOR THE YEAR ENDED JUNE 30, 2019

Prepared By:

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Accountants and Consultants*

LUZERNE COUNTY TRANSPORTATION AUTHORITY

FINANCIAL STATEMENTS
FOR YEAR ENDED JUNE 30, 2019

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LUZERNE COUNTY TRANSPORTATION AUTHORITY

FINANCIAL STATEMENTS
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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, 2019 and 2018, 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, 2019 and 2018, 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.

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 41-44, and Changes in the Authority's Total OPEB Liability and Related Ratio Schedule on page 45, 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.

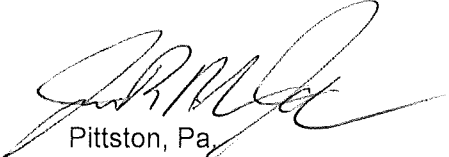
Other Information

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 46-52 and the supplemental schedules on pages 57-71 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 basic financial statements. The accompanying schedule of expenditures of federal awards on page 53 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* and is also not a part of the basic financial statements. The accompanying schedule of expenditures of the Pennsylvania Department of Welfare Awards on page 55 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 statement taken as a whole.

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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 17, 2019, on our consideration of the Luzerne County Transportation Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Luzerne County Transportation Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Luzerne County Transportation Authority's internal control over financial reporting and compliance.



Pittston, Pa.
December 17, 2019

LUZERNE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019
(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, 2019. 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 all 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

- During the year ended June 30, 2019, the Authority's net position increased by approximately \$ 87,000 or 2.94%. This compares to a decrease of approximately \$ 1,675,297 or 57.96% for the year ended June 30, 2018 and a decrease of approximately \$ 1,578,599 or 34.57% for the year ended June 30, 2017. The fluctuations in changes in net position are due primarily to the level of capital grant funding received by the Authority. Capital grant funding approximated \$ 1,655,928, \$ 42,932, and \$ 579,416 for 2019, 2018, and 2017, respectively.
- The Authority's operating revenues increased approximately \$485,000 or 12.16% and operating expenses increased by approximately \$ 653,000 or 4.40% for the year ended June 30, 2019. Increased operating revenues resulted from a rate increase in passenger fares and government fare contracts. Increases in expenses resulted in increases in salaries and wages and related fringe benefits and in materials and supplies.
- The Fixed Route Division had a net loss before capital funding of \$ 1,255,663 for the year ended June 30, 2019 after applying available subsidies of \$ 8,163,097. This net loss equals the amount of depreciation and OPEB expenses incurred during the period. The division received \$ 1,061,231 of capital grant funding for the year ended June 30, 2019.
- The Shared Ride Division had a net loss before capital funding of \$ 312,817 for the year ended June 30, 2019 after applying available subsidies of \$ 1,299,629. The Shared Rides Operating Loss of \$ 1,101,611 was funded by current year 1513 funding. This division received \$594,697 of capital grant funding.

LUZERNE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019
(UNAUDITED)

- Pennsylvania Act 44 State Operating Assistance grant revenue account for 43.49% of total Authority's total revenue. Act 44 funding increased by \$ 472,940 or 7.49% for the year ended June 30, 2019. The increased funding was used to fund increased operating expenses.
- The Fixed Route Division carried approximately 1,135,601 passengers and recorded in excess of 1,208,834 vehicle miles during the year ended June 30, 2019.
- The Shared- Ride Division carried approximately 4,002 unduplicated passengers who took approximately 174,683 trips during the year ended June 30, 2019.

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:

- 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.
- 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.
- Statement of Cash Flows - the statement of cash flows details 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 changes in cash flows from operating activities, non-capital financing activities, capital and related financing activities, and investing activities to the fiscal year end cash balance.
- 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.
- 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, 2019
(UNAUDITED)**

Financial Analysis

Net position. As noted earlier, net position may serve over time as a useful indicator of a government's financial positions. In the case of the Authority, assets and deferred outflow of resources exceeded liabilities and deferred inflow of resources by approximately \$ 2,978,000, \$ 2,891,000 and \$ 4,566,000 as of June 30, 2019, 2018 and 2017, respectively.

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

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Assets			
Current and Other Assets	\$ 5,192,649	\$ 6,144,721	\$ 6,592,129
Capital Assets, Net	<u>9,308,074</u>	<u>9,194,619</u>	<u>10,834,171</u>
TOTAL ASSETS	<u>14,500,723</u>	<u>15,339,340</u>	<u>17,426,300</u>
Deferred Outflows of Resources	<u>1,111,512</u>	<u>713,260</u>	<u>859,959</u>
Current and Other Liabilities	<u>12,035,423</u>	<u>12,383,263</u>	<u>13,615,564</u>
Deferred Inflows of Resources	<u>598,841</u>	<u>778,813</u>	<u>104,874</u>
Net Position			
Invested in Capital Assets	9,308,074	9,194,619	10,834,171
Unrestricted	<u>(6,330,103)</u>	<u>(6,304,095)</u>	<u>(6,268,350)</u>
TOTAL NET POSITION	<u>\$ 2,977,971</u>	<u>\$ 2,890,524</u>	<u>\$ 4,565,821</u>

The largest portion of the Authority's net position at June 30, 2019, 2018 and 2017, was its investment in capital assets (land, buildings, revenue vehicles, equipment). This totaled \$9,308,074, \$9,194,619 and \$10,834,171, respectively or 64%, 60% and 62%, respectively, 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. As of June 30, 2019, total cash is \$4,362,322, of which \$4,265,307 is restricted by the Commonwealth of Pennsylvania to be utilized only for future purchases of capital assets and operating funding. As of June 30, 2018, and 2017, total cash was \$ 4,362,322 and \$4,834,479, respectively, of which \$ 4,265,307 and \$ 4,740,931, respectively, was restricted. As of June 30, 2109, current liabilities included \$ 3,572,711 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. As of June 30, 2018, and 2017, deferred revenues were \$4,297,528 and \$ 4,776,031, respectively.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019
(UNAUDITED)**

Changes in net position. A comparative condensed summary of the Authority's statement of revenues, expenses and changes in net position is presented below at June 30:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
OPERATING REVENUES			
Passenger Revenues	\$ 1,544,351	\$ 1,427,953	\$ 1,261,544
Government Fare Programs	2,374,438	2,031,810	1,987,605
Other Operating Revenues	<u>562,883</u>	<u>535,916</u>	<u>1,044,605</u>
TOTAL OPERATING REVENUES	<u>4,481,672</u>	<u>3,995,679</u>	<u>4,293,754</u>
OPERATING EXPENSES			
Salaries and Wages	6,221,821	5,904,046	5,797,770
Fringe Benefits	4,422,979	4,291,925	4,651,718
Material and Supplies	1,648,672	1,412,291	1,327,323
Purchased Transportation	461,683	389,373	791,675
Depreciation	1,549,566	1,690,097	1,897,245
Other Operating Expenses	<u>1,208,158</u>	<u>1,171,154</u>	<u>1,244,330</u>
TOTAL OPERATING EXPENSES	<u>15,512,879</u>	<u>14,858,886</u>	<u>15,710,061</u>
NON-OPERATING REVENUES			
Operating and Planning Grants			
Federal	1,994,462	2,213,986	2,265,166
Commonwealth of Pennsylvania	6,784,496	6,311,556	6,414,714
Luzerne County	623,550	593,127	564,562
Other Public/Private Sources	<u>60,218</u>	<u>26,309</u>	<u>13,850</u>
TOTAL NON-OPERATING REVENUES	<u>9,462,726</u>	<u>9,144,978</u>	<u>9,258,292</u>
CAPITAL GRANT FUNDING			
Federal	1,051,525	40,435	339,148
Commonwealth of Pennsylvania	598,966	2,080	237,364
Luzerne County	<u>5,437</u>	<u>417</u>	<u>2,904</u>
TOTAL CAPITAL GRANT FUNDING	<u>1,655,928</u>	<u>42,932</u>	<u>579,416</u>
DECREASE IN NET POSITION	<u>\$ 87,447</u>	<u>\$ (1,675,297)</u>	<u>\$ (1,578,599)</u>

For the years ended June 30, 2019, 2018 and 2017, passenger revenues accounted for 34%, 36% and 29%, respectively, of operating revenues and government fare programs accounted for 53%, 51% and 46%, respectively. For the years ended June 30, 2019, 2018 and 2017, overall government operating, planning and capital grants accounted for 71%, 69%, and 70%, respectively of total revenues.

The Authority's major expenses are wages and fringe benefits. These account for 69%, 69% and 67% of the Authority's operating expenses for the years ended June 30, 2019, 2018 and 2017, respectively.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)
JUNE 30, 2019
(UNAUDITED)**

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, 2019, 2018 and 2017, stated at cost, is as follows:

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Revenue Vehicles	\$ 18,989,804	\$ 17,900,204	\$ 17,900,204
Service Vehicles	206,550	206,550	230,758
Shelters and Bus Stop Signs	154,796	154,796	154,796
Buildings	7,080,633	7,080,633	7,079,183
Shop and Garage Equipment	767,720	767,588	767,588
Radios	129,063	105,833	105,834
Fareboxes	658,045	658,045	658,045
Destination Signs	827,716	827,716	811,003
Computer Equipment	387,306	387,306	359,736
Office Equipment	47,840	47,840	47,840
Land	<u>132,716</u>	<u>132,716</u>	<u>132,716</u>
TOTAL CAPITAL ASSETS – AT COST	<u>\$ 29,472,139</u>	<u>\$ 28,269,227</u>	<u>\$ 28,247,703</u>

During the year ended June 30, 2019, the Authority purchased \$ 1,663,021 of capital assets while selling or retiring assets, after the end of their useful lives, with a total cost basis of \$ 460,109.

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. Pennsylvania Act 44 funding continues to require annual increases in the local match. It will require a full 15% match at some point in the future. If 15% was currently being contributed, this would require a local match of over \$925,000. 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, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 17,176	\$ 97,015
Restricted Cash - Act 26	17,402	20,065
Restricted Cash - State Section 1513	2,828,217	4,245,242
Accounts Receivable - Trade	429,604	300,796
Capital and Technical Assistance Grants Receivable	1,071,129	745,534
Commonwealth of Pennsylvania Medical Assistance Program Receivable	72,167	-
Miscellaneous Receivables	10,990	6,260
Inventories	425,021	407,833
Prepaid Insurance	<u>320,943</u>	<u>321,976</u>
TOTAL CURRENT ASSETS	<u>5,192,649</u>	<u>6,144,721</u>
CAPITAL ASSETS		
Capital Assets not being depreciated	132,716	132,716
Capital Assets being depreciated	<u>29,339,423</u>	<u>28,136,511</u>
	29,472,139	28,269,227
Less: Accumulated Depreciation	<u>20,164,065</u>	<u>19,074,608</u>
TOTAL CAPITAL ASSETS	<u>9,308,074</u>	<u>9,194,619</u>
TOTAL ASSETS	<u>\$ 14,500,723</u>	<u>\$ 15,339,340</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Outflows Related to Other Post Employment Benefits	\$ 198,821	\$ 160,773
Deferred Outflows Related to Pensions	<u>912,691</u>	<u>552,487</u>
Total Deferred Outflows of Resources	<u>\$ 1,111,512</u>	<u>\$ 713,260</u>
<u>LIABILITIES</u>		
CURRENT LIABILITIES		
Accounts Payable	\$ 139,616	\$ 306,333
Commonwealth of Pennsylvania Medical Assistance Program Payable	-	57,370
Accrued Salaries and Wages	246,583	239,472
Accrued Pension	206,275	150,218
Accrued Workers' Compensation	-	24,659
Reserve for Health Care Claims	173,532	150,839
Deferred Revenue		
PennDOT Act 26 Capital	11,154	13,510
PennDOT Act 44	3,528,218	4,245,242
Luzerne County Act 26 Match	6,248	6,555
Luzerne County Unassigned	27,091	32,221
Unredeemed Fares	<u>96,227</u>	<u>139,348</u>
TOTAL CURRENT LIABILITIES	<u>4,434,944</u>	<u>5,365,767</u>
OTHER LIABILITIES		
Deferred Pension Liability	5,010,331	4,521,400
Other Post Employment Benefit Liability	2,064,896	1,974,756
Accrued Compensated Absences	<u>525,252</u>	<u>521,340</u>
TOTAL OTHER LIABILITIES	<u>7,600,479</u>	<u>7,017,496</u>
TOTAL LIABILITIES	<u>\$ 12,035,423</u>	<u>\$ 12,383,263</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Inflows Related to Other Post Employment Benefits	\$ 99,533	\$ 132,711
Deferred Inflows Related to Pensions	<u>499,308</u>	<u>646,102</u>
Total Deferred Inflows of Resources	<u>\$ 598,841</u>	<u>\$ 778,813</u>
<u>NET POSITION</u>		
NET INVESTED IN CAPITAL ASSETS UNRESTRICTED	<u>\$ 9,308,074</u> <u>(6,330,103)</u>	<u>\$ 9,194,619</u> <u>(6,304,095)</u>
TOTAL NET POSITION	<u>\$ 2,977,971</u>	<u>\$ 2,890,524</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018**

	<u>2019</u>	<u>2018</u>
OPERATING REVENUES		
Passenger Fares	\$ 1,544,351	1,420,672
State Lottery Shared Ride Program	640,413	598,690
State Persons with Disabilities Program	19,063	26,338
Area Agency on Aging	9,862	10,140
Mental Health/Intellectual & Development Disabilities	89,216	102,120
Medical Assistance Transportation Program	1,615,884	1,294,521
Other Contract Revenue	501,869	381,895
Advertising Income	34,213	66,792
Miscellaneous Income	26,801	94,511
	<u>4,481,672</u>	<u>3,995,679</u>
TOTAL OPERATING REVENUES		
 OPERATING EXPENSES		
Operators Salaries and Wages	3,953,909	3,714,707
Other Salaries and Wages	2,267,912	2,189,339
Fringe Benefits	4,422,979	4,291,925
Services	375,695	353,003
Fuel and Lubricants	952,757	749,274
Tires and Tubes	78,125	101,678
Other Materials and Supplies	617,790	561,339
Utilities	143,167	148,133
Casualty and Liability Costs	591,456	532,514
Taxes	-	-
Purchased Transportation	461,683	389,373
Miscellaneous Expenses	28,371	54,912
Mileage Reimbursements	50,555	54,460
Other Post Retirement Benefits	18,914	28,132
Depreciation	1,549,566	1,690,097
	<u>15,512,879</u>	<u>14,858,886</u>
TOTAL OPERATING EXPENSES		
 LOSS FROM OPERATIONS		
	<u>(11,031,207)</u>	<u>(10,863,207)</u>
 NON-OPERATING REVENUE (EXPENSES)		
CAPITAL FUNDS USED FOR OPERATING ASSISTANCE AND PLANNING GRANTS:		
FEDERAL GOVERNMENT	1,994,462	2,213,986
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	24,986	104,971
LUZERNE COUNTY ACT 44 MATCHING FUNDS	2,574	10,667
 OPERATING GRANTS:		
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	6,759,510	6,206,585
LUZERNE COUNTY ACT 44 MATCHING FUNDS	620,976	582,460
	<u>9,402,508</u>	<u>9,118,669</u>
TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS		

LUZERNE COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018
(Continued)

	<u>2019</u>	<u>2018</u>
OTHER PUBLIC/PRIVATE SOURCES:		
SALE OF EQUIPMENT	9,080	-
OTHER MISCELLANEOUS REVENUE	<u>51,138</u>	<u>26,309</u>
TOTAL NON-OPERATING REVENUE (EXPENSES)	<u>9,462,726</u>	<u>9,144,978</u>
LOSS BEFORE CAPITAL GRANT FUNDING	<u>(1,568,481)</u>	<u>(1,718,229)</u>
CAPITAL GRANT FUNDING		
FEDERAL	1,051,525	40,435
COMMONWEALTH OF PENNSYLVANIA ACT 26 PTAF	2,403	2,080
COMMONWEALTH OF PENNSYLVANIA 1516 CTC	442,858	-
COMMONWEALTH OF PENNSYLVANIA SECTION 1517	3,337	-
COMMONWEALTH OF PENNSYLVANIA SECTION 1514	145,538	-
COMMONWEALTH OF PENNSYLVANIA TA SET-ASIDE	4,830	-
LUZERNE COUNTY	<u>5,437</u>	<u>417</u>
TOTAL CAPITAL GRANT FUNDING	<u>1,655,928</u>	<u>42,932</u>
CHANGE IN NET POSITION	87,447	(1,675,297)
NET POSITION - BEGINNING OF YEAR	<u>2,890,524</u>	<u>4,565,821</u>
NET POSITION - END OF YEAR	<u>\$ 2,977,971</u>	<u>\$ 2,890,524</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers	\$ 4,282,942	\$ 3,918,173
Cash Payments to Suppliers for Goods and Services	(3,630,922)	(2,629,843)
Cash Payments to Employees for Services	(10,578,839)	(10,284,029)
Other Operating Cash Receipts	<u>22,071</u>	<u>106,751</u>
NET CASH USED BY OPERATING ACTIVITIES	<u>(9,904,748)</u>	<u>(8,888,948)</u>
 CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Receipts from Operating Grants	<u>8,680,354</u>	<u>8,399,880</u>
NET CASH PROVIDED BY NONCAPITAL FINANCIAL ACTIVITIES	<u>8,680,354</u>	<u>8,399,880</u>
 CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Receipts from Capital Grants	1,327,670	41,147
Other Miscellaneous Revenues	51,138	-
Proceeds from Sale of Equipment	9,080	26,309
Purchase of Capital Assets	<u>(1,663,021)</u>	<u>(50,545)</u>
NET CASH PROVIDED BY CAPITAL AND RELATED FINANCIAL ACTIVITIES	<u>(275,133)</u>	<u>16,911</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
NET CASH PROVIDED BY INVESTING ACTIVITIES	<u>-</u>	<u>-</u>
 NET INCREASE (DECREASE) IN CASH	(1,499,527)	(472,157)
 CASH - BEGINNING OF YEAR	<u>4,362,322</u>	<u>4,834,479</u>
CASH - END OF YEAR	<u>\$ 2,862,795</u>	<u>\$ 4,362,322</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018
(Continued)

	<u>2019</u>	<u>2018</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
OPERATING LOSS	\$ (11,031,207)	\$ (10,863,207)
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,549,566	1,690,097
Deferred Outflows of Resources	(398,252)	30,165
Deferred Inflows of Resources	(179,972)	673,939
Changes in Assets and Liabilities:		
Accounts Receivable	(128,808)	34,283
Miscellaneous Receivables	(4,730)	12,240
Medical Assistance Program Receivable	(72,167)	262,059
Inventories	(17,188)	(43,470)
Prepaid Insurance	1,033	(47,790)
Accounts Payable	(166,717)	114,806
Medical Assistance Program Payable	(57,370)	57,370
Accrued Salaries and Wages	7,111	24,066
Accrued Payroll Taxes and Employee Funds	-	-
Accrued Pension	56,057	617
Accrued Workers' Compensation	(24,659)	(15,603)
Reserve for Health Care Claims	22,693	961
Unredeemed Fares	(43,121)	(17,278)
Deferred Pension Liability	488,931	(866,638)
Other Post Retirement Benefit Liability	90,140	56,194
Accrued Compensated Absences	3,912	8,241
	<u>1,126,459</u>	<u>1,974,259</u>
TOTAL ADJUSTMENTS		
NET CASH USED FOR OPERATING ACTIVITIES	\$ (9,904,748)	\$ (8,888,948)

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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.

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

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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

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

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.

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.

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.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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

C. Funding (continued)

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

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.

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:

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

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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

F. Capital Assets (continued)

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 and net realizable value. 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. Deferred Outflows of Resources and Deferred Inflows of Resources

A deferred outflow of resources represents a consumption of net position that applies to a future period not recognized as an outflow of resources until that period. A deferred inflow of resources represents an acquisition of net position that applies to a future period not recognized as an inflow of resources until that future period.

K. 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."

LUZERNE COUNTY TRANSPORTATION AUTHORITY
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019 AND 2018

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

L. Use of Estimates

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

M. Advertising Costs

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

N. Subsequent Events

In July 2019, the Authority purchased a property for a new transportation center for \$ 1,550,000 which was funded by a combination of federal, state and local grants.

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.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (3) – CASH AND INVESTMENTS (CONTINUED):

As of June 30, 2019 and 2018, the carrying amounts of the Authority's cash balances were \$ 2,862,795 and \$4,362,322, respectively, and the corresponding bank balances were \$ 3,031,049 and \$4,478,842, respectively, of which \$2,781,049 and \$4,228,842, respectively, were 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 \$300 in petty cash funds as of June 30, 2019 and 2018, respectively.

NOTE (4) – RESTRICTED CASH:

At June 30, 2019 and 2018, cash in the amount of \$ 17,402 and \$20,065, respectively, was restricted to the purchase of capital items in accordance with Commonwealth of Pennsylvania Act 26 of 1991 (See Note 9).

At June 30, 2019 and 2018, cash in the amount of \$2,828,217 and \$ 4,245,242, respectively, was restricted to the funding of operating assistance in accordance with Commonwealth of Pennsylvania Act 44 of 2007, State Section 1513 (See Note 10).

NOTE (5) – CAPITAL ASSISTANCE GRANTS RECEIVABLE:

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

	<u>2019</u>	<u>2018</u>
Federal Government	\$ 1,017,129	\$ 745,534
Commonwealth of PA	-	-
Total	<u>\$ 1,017,129</u>	<u>\$ 745,534</u>

NOTE (6) – INVENTORIES:

As of June 30, components of inventory are as follows:

	<u>2019</u>	<u>2018</u>
Parts	\$ 403,290	\$ 386,415
Fuel	21,731	21,418
Total	<u>\$ 425,021</u>	<u>\$ 407,833</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (7) – CAPITAL ASSETS:

The components of fixed assets as of June 30, 2019, are as follows:

	Cost	Accumulated Depreciation	Book Value
Capital assets not being depreciated:			
Land	\$ 132,716	\$ -	\$ 132,716
Capital assets being depreciated:			
Revenue Vehicles	18,989,804	14,061,715	4,928,089
Service Vehicles	206,550	206,550	-
Shelters and Bus Stop Signs	154,796	154,796	-
Structures and Improvements	7,080,633	3,547,065	3,533,568
Installed Equipment	376,492	341,747	34,745
Shop and Garage Equipment	248,043	192,534	55,509
Van Service Equipment	143,185	91,773	51,412
Radios	77,357	71,056	6,301
Fareboxes	686,947	660,694	26,253
Signs and Enunciator	848,239	499,115	349,124
Van Communication	51,706	32,458	19,248
Computer Equipment	427,831	258,545	169,286
Office Equipment	47,840	46,017	1,823
Total capital assets being depreciated, net	<u>\$ 29,339,423</u>	<u>\$ 20,164,065</u>	<u>\$ 9,175,358</u>
Total capital assets, net	<u>\$ 29,472,139</u>	<u>\$ 20,164,065</u>	<u>\$ 9,308,074</u>

The following schedule summarizes the changes in fixed assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets	\$ 28,269,227	\$ 1,663,021	\$ (460,109)	\$ 29,472,139
Accumulated Depreciation	(19,074,608)	(1,549,566)	460,109	(20,164,065)
	<u>\$ 9,194,619</u>	<u>\$ (1,639,552)</u>	<u>\$ -</u>	<u>\$ 9,308,074</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (7) – CAPITAL ASSETS (CONTINUED):

The components of fixed assets as of June 30, 2018, are as follows:

	Cost	Accumulated Depreciation	Book Value
Capital assets not being depreciated:			
Land	\$ 132,716	\$ -	\$ 132,716
Capital assets being depreciated:			
Revenue Vehicles	17,862,294	13,388,393	4,473,901
Service Vehicles	206,550	206,550	-
Shelters and Bus Stop Signs	154,796	154,796	-
Structures and Improvements	7,080,633	3,310,345	3,770,288
Installed Equipment	376,492	327,751	48,741
Shop and Garage Equipment	247,911	182,843	65,068
Van Service Equipment	143,185	81,610	61,575
Radios	75,125	66,267	8,858
Fareboxes	658,045	647,187	10,858
Signs and Enunciator	827,716	410,546	417,170
Van Communication	30,708	30,708	-
Computer Equipment	387,306	203,307	183,999
Office Equipment	<u>85,750</u>	<u>64,305</u>	<u>21,445</u>
Total capital assets being depreciated, net	\$ <u>28,136,511</u>	\$ <u>19,074,608</u>	\$ <u>9,061,903</u>
Total capital assets, net	\$ <u>28,269,227</u>	\$ <u>19,074,608</u>	\$ <u>9,194,619</u>

The following schedule summarizes the changes in fixed assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets	\$ 28,247,703	\$ 50,545	\$ (29,021)	\$ 28,269,227
Accumulated Depreciation	<u>(17,413,532)</u>	<u>(1,690,097)</u>	<u>29,021</u>	<u>(19,074,608)</u>
	<u>\$ 10,834,171</u>	<u>\$ (1,639,552)</u>	<u>\$ -</u>	<u>\$ 9,194,619</u>

NOTE (8) –DEFERRED REVENUE-PENN DOT AND LUZERNE COUNTY:

As of June 30, 2019 and 2018, 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 9 and 10. 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.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (9) –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 10. 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.

For the period ended June 30, 2019 and 2018, interest earned and also deferred on the capital funding amounted to \$ 47 and \$78, respectively. Act 26 funding utilized for capital expenditures during the year ended 2019 and 2018 was \$ 2,403 and \$(1,503), respectively. Deferred revenue as of June 30, 2019 and 2018, was \$ 11,154, and \$13,510, respectively.

NOTE (10) –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 following transactions occurred in relation to the Act 44 account for the years ended June 30:

	<u>2019</u>	<u>2018</u>
Balance, Beginning of Year	\$ 4,245,242	\$ 4,725,233
Fund received - state	6,014,481	5,806,543
Interest earned	<u>52,991</u>	<u>28,930</u>
Total Available	10,312,714	10,560,706
Funds expended	<u>6,784,496</u>	<u>6,315,464</u>
Balance, End of Year	<u>\$ 3,528,218</u>	<u>\$ 4,245,242</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (11) –UNREDEEMED FARES:

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

	<u>2019</u>	<u>2018</u>
S.T.E.P. Program	\$ 40,074	\$ 39,367
PWD Program	4,937	4,937
Lottery Program	<u>51,216</u>	<u>95,044</u>
Total	<u>\$ 96,227</u>	<u>\$ 139,348</u>

NOTE (12) –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, 2019 and 2018, is \$ 525,252 and \$521,340, respectively.

NOTE (13) –POSTEMPLOYMENT BENEFITS:

General Information about the OPEB Plan

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.

Benefits provided:

The Authority classifies employees in the following categories: Fixed Route Union Drivers, Non-Union, Board Members and Shared Ride Drivers Union. Contribution requirements are negotiated between the Authority and union representatives. Below is a summary of the postemployment benefits provided to each of these groups:

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (13) –POSTEMPLOYMENT BENEFITS (CONTINUED):

General Information about the OPEB Plan (continued)

I. FIXED ROUTE UNION DRIVERS

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
a) Health coverage benefits	Must meet all of the following: <ul style="list-style-type: none"> • Retire on or after May 1, 2006 • 10 or more years of service 	<ul style="list-style-type: none"> • Coverage: Medical, Prescription Drug, Dental and Vision • Premium Sharing: Authority pays 85% of Medical and Prescription Drug premium and 100% of Dental and Vision premium for up to 3 years. Retirees can opt out of health coverage and receive a lump sum cash payment based on age: 1) \$5,000 if age 62 or younger, 2) \$3,333 if age 63 or 3) \$1,666 if age 64. • Dependents: Spouses and Family Included. 	Coverage is provided for 3 years or until the attainment of Medicare age, whichever is less

Benefits provided (continued)

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION																
b) Life insurance benefits	Must qualify for retirement under the Luzerne County Transportation Authority Union Employees' Pension Plan	<ul style="list-style-type: none"> • Coverage: Life Insurance • Premium Sharing: Authority pays the full premium for Life Insurance of an amount determined by the date of retirement: <table style="margin-left: 20px; border: none;"> <tr> <td>6/ 1/1973 – 10/1/1985</td> <td>\$500</td> </tr> <tr> <td>10/ 1/1985 – 10/1/1999</td> <td>\$1,000</td> </tr> <tr> <td>10/ 1/1999 – 3/25/2003</td> <td>\$2,000</td> </tr> <tr> <td>3/25/2003 – 4/25/2006</td> <td>\$3,500</td> </tr> <tr> <td>4/25/2006 – 10/1/2008</td> <td>\$4,000</td> </tr> <tr> <td>10/1/2008 – 10/1/2012</td> <td>\$4,300</td> </tr> <tr> <td>10/1/2012 – 10/1/2015</td> <td>\$5,000</td> </tr> <tr> <td>After 10/1/2015:</td> <td>\$10,000</td> </tr> </table> • Dependents: No spouses or dependents are covered 	6/ 1/1973 – 10/1/1985	\$500	10/ 1/1985 – 10/1/1999	\$1,000	10/ 1/1999 – 3/25/2003	\$2,000	3/25/2003 – 4/25/2006	\$3,500	4/25/2006 – 10/1/2008	\$4,000	10/1/2008 – 10/1/2012	\$4,300	10/1/2012 – 10/1/2015	\$5,000	After 10/1/2015:	\$10,000	Coverage is provided for life
6/ 1/1973 – 10/1/1985	\$500																		
10/ 1/1985 – 10/1/1999	\$1,000																		
10/ 1/1999 – 3/25/2003	\$2,000																		
3/25/2003 – 4/25/2006	\$3,500																		
4/25/2006 – 10/1/2008	\$4,000																		
10/1/2008 – 10/1/2012	\$4,300																		
10/1/2012 – 10/1/2015	\$5,000																		
After 10/1/2015:	\$10,000																		

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (13) –POSTEMPLOYEMENT BENEFITS (CONTINUED):

General Information about the OPEB Plan (continued)

II. NON-UNION

<i>a) Health coverage benefits</i>	<i>Same as 1a</i>	<i>Based on past practice, same as 1a</i>	<i>Same as 1a</i>
<i>b) Live insurance benefits</i>	Must qualify for retirement under the Luzerne County Transportation Authority Non-Union Employees Pension Plan	Based on past practice, same as 1b	Same as 1b

III. BOARD MEMBERS

	Expiration of term	<ul style="list-style-type: none"> • Coverage: Life Insurance • Premium Sharing: Authority pays the full premium for Life Insurance of an amount of \$10,000 • Dependents: No spouses or dependents are covered 	Coverage is provided for life
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IV. SHARED REIDE DRIVERS UNION

	N/A	Not Eligible for Benefits	N/A
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Benefits provided (continued)

Luzerne County Transportation Authority Union Employees' Pension Plan: A member qualified for normal retirement after attainment of age 62 and completion of five years of service. A member is eligible for early retirement after attainment of age 55.

Luzerne County Transportation Authority Non-Union Employees' Pension Plan: A member qualified for normal retirement after attainment of age 65. A member is eligible for early retirement after attainment of age 55 and completion of ten years of service.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (13) –POSTEMPLOYMENT BENEFITS (CONTINUED):

General Information about the OPEB Plan (continued)

Employees covered by benefit terms

At June 30, 2019 the following employees were covered by the benefit terms:

Retired Participants	59
Participants	<u>105</u>
Total Members	<u>164</u>

Total OPEB Liability

The Authority's total OPEB liability of \$ 2,064,896 was measured as of July 1, 2018, and was determined by an actuarial valuation as of July 1, 2017.

Actuarial Assumptions and Other Inputs:

The total OPEB liability in the July 1, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied dot all periods included in the measurement, unless otherwise specified:

Salary Increases:	
Non-Union employees	5.00%
Union employees	4.00%
Discount rate	2.98%
Healthcare cost trend rates	
2017 and 2018	6.00%
2019 through 2021	5.50%
	Rates gradually decrease from 5.40% in 2022 to 3.80% in 2075 and later
Retirees' contributions	Assumed to increase at the same rate as the "Healthcare cost trend rate"

The discount rate was based on S & P Municipal Bond 20 Year High Grade Rate Index at July 1, 2018.

Actuarial Assumptions and Other Inputs (continued):

Mortality rates were based on the RP-2000 Healthy Annuitant Mortality Table for Males or Females, as appropriate.

The actuarial assumptions were selected using input from the Authority based on actual experience.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (13) –POSTEMPLOYMENT BENEFITS (CONTINUED):

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at July 1, 2016	\$ 2,035,096
Changes for the year:	
Service Cost	168,778
Interest	53,305
Difference between expected and actual experience	(79,926)
Changes in assumptions	(85,963)
Benefit payments	<u>(116,534)</u>
Net Changes	<u>(60,340)</u>
Balance at July 1, 2017	<u>\$ 1,974,756</u>
Changes for the year:	
Service cost	170,319
Interest	64,415
Difference between expected and actual experience	-
Changes in assumptions	16,179
Benefit payments	<u>(160,773)</u>
Net Changes	<u>90,140</u>
Balance at July 1, 2018	<u><u>\$ 2,064,896</u></u>

Changes of assumptions reflect a change in the discount rate from 3.13 percent to 2.98 percent.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the Authority, as well as the Authority's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage- point higher than the current discount rate:

	1% Decrease (1.98%)	Current Discount Rate (3.13%)	1% Increase (4.13%)
Total OPEB Liability	\$ 1,922,391	\$ 2,064,896	\$ 2,226,280

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (13) –POSTEMPLOYEMENT BENEFITS (CONTINUED):

Changes in the Total OPEB Liability (Continued)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the Total OPEB Liability of the Authority, as well as what the Authority's Total OPEB Liability would be if it were calculated using healthcare cost trend rates that are 1-percent-point lower or 1-percentage-point higher than the current healthcare cost trend rates.

	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase
Total OPEB Liability	\$ 1,925,130	\$ 2,064,896	\$ 2,225,180

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019 and 2018, the Authority recognized OPEB expense of \$18,914 and \$ 28,132, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2019	2018
Deferred Outflows of Resources		
Benefit payments made subsequent to the measurement date	\$ 185,878	\$ 160,773
Changes of assumptions or other inputs	12,943	
Total	\$ 198,821	\$ 160,773
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 47,956	\$ 63,941
Changes of assumptions or other inputs	51,577	68,770
Total	\$ 99,533	\$ 132,711

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (13) –POSTEMPLOYEMENT BENEFITS (CONTINUED):

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB (Continued)

The \$185,878 reported as deferred outflows of resources related to OPEB obligations resulting from benefits payments made subsequent to the measurement date will be recognized as a reduction of the net OPEB obligation in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30,		
2020	\$	(29,942)
2021		(29,942)
2022		(29,941)
2023		3,235
	\$	<u>(86,590)</u>

NOTE (14) –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, 2019 and 2018 was \$ 48,312 and \$54,043, respectively.

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 \$53.00 per month per year of credited service earned after December 31, 2015 plus \$29.04 per month per year of credited service earned after December 31, 1991 and before December 31, 2016, plus member's accrued benefit earned for credited service prior to January 1, 1992.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

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

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.

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.

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

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 3.5% of the average of all full-time LCT A union employees' compensation. Member contributions are credited with 5.0% annual interest.

Plan Membership at December 31, 2018

Inactive Members or Beneficiaries Currently Receiving Benefits	63
Inactive Members Entitled to but not yet Receiving Benefits	5
Active Members	<u>72</u>
Total Members	<u>140</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

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

Net Pension liability

The net pension liability was measured as of December 31, 2018, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Actuarial Assumptions

The total pension liability as of December 31, 2017, was determined using the following economic assumptions, applied to all periods included in the measurement:

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

Mortality rates were based on the RP2000 Table for males and female. 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>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	60.00%	5.50% - 7.50%
Fixed Income	35.00%	1.00% - 3.00%
Cash	5.00%	0.00% - 1.00%

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.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at December 31, 2016	\$ 6,188,573	\$ 2,406,767	\$ 3,781,806
Changes for the year:			
Service Cost	108,227	-	108,227
Interest	492,278	-	492,278
Changes in Benefit Terms		-	-
Changes in Experience	(278,593)	-	(278,596)
Changes in Assumptions	-	-	-
Contributions - employer	-	393,465	(393,465)
Contributions – member	-	137,147	(137,147)
Net Investment Income	-	284,761	(284,761)
Benefit payments, including refunds	(453,386)	(431,218)	-
Administration Expense	-	(18,615)	18,615
Other Charges	-	-	-
	<u>(131,477)</u>	<u>343,372</u>	<u>474,849</u>
Balance at December 31, 2017	\$ 6,057,096	\$ 2,750,139	\$ 3,306,957
Changes for the year:			
Service Cost	112,556	-	112,556
Interest	502,942	-	502,942
Changes in Benefit Terms	-	-	-
Changes in Experience	-	-	-
Changes in Assumptions	-	-	-
Contributions - employer	-	386,748	(386,748)
Contributions – member	-	137,419	(137,419)
Net Investment Income	-	(176,484)	176,484
Benefit payments, including refunds	(505,384)	(505,384)	-
Administration Expense	-	(30,365)	30,365
Other Charges	-	-	-
	<u>110,114</u>	<u>(188,066)</u>	<u>298,180</u>
Balance at December 31, 2018	\$ 6,167,210	\$ 2,562,073	\$ 3,605,137

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

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

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 8.50%, 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:

	<u>1% Decrease (7.50%)</u>	<u>Current Discount Rate (8.50%)</u>	<u>1% Increase (9.50%)</u>
Plan's Net Pension Liability	\$ 4,071,530	\$ 3,605,137	\$ 3,196,033

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension expense - For the year ended June 30, 2019 and 2018, the Authority recognized pension expense of \$ 361,777 and \$ 277,866, respectively.

Deferred outflows of resources and deferred inflows of resources - The Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources at June 30:

	<u>2019</u>	<u>2018</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ -	\$ -
Contributions subsequent to measurement date	154,291	136,055
Net differences between projected and actual earnings on pension plan investments	<u>424,388</u>	<u>205,760</u>
Total	<u>\$ 578,679</u>	<u>\$ 341,815</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 202,114	\$ 292,792
Net differences between projected and actual earnings on pension plan investments	<u>46,617</u>	<u>62,156</u>
Total	<u>\$ 248,731</u>	<u>\$ 354,948</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

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

Contributions subsequent to the measurement date will be recorded as a reduction to the pension liability during the year ending June 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ending June 30,	
2020	\$ 51,696
2021	31,319
2022	10,692
2023	81,950
	<u>\$ 175,657</u>

Payable to the Pension Plan

At June 30, 2019 and 2018, the Authority reported a payable of \$ 65,578 and \$ 6,551, respectively, for the outstanding amount of contributions to the pension plan.

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.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

Defined Benefit Plan – Non-Union Employee's Pension Plan (continued)

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.

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

Members contribute 3% of compensation

Member contributions are credited with 8.0% annual interest.

Plan Membership at December 31, 2018

Inactive Members or Beneficiaries Currently Receiving Benefits	20
Inactive Members Entitled to but not yet Receiving Benefits	3
Active Members	<u>26</u>

Total Members	<u><u>49</u></u>
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Net Pension Liability

The net pension liability was measured as of December 31, 2018 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2017. 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, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

Defined Benefit Plan – Non-Union Employee’s Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the January 1, 2017 actuarial valuation was determined using the following economic assumptions, applied to all periods included in the measurement:

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

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>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	55.00%	5.50% - 7.50%
Fixed Income	35.00%	1.00% - 3.00%
Cash	10.00%	0.00% - 1.00%

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.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

Defined Benefit Plan – Non-Union Employee’s Pension Plan (Continued)

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at December 31, 2016	\$ 2,965,043	\$ 1,358,811	\$ 1,606,232
Changes for the year:		-	
Service Cost	145,676	-	145,676
Interest	217,470	-	217,470
Changes in Benefit Terms	-	-	-
Changes in Experience	(289,901)	-	(289,901)
Changes in Assumptions	-	-	-
Contributions - employer	-	286,063	(286,063)
Contributions – member	-	35,120	(35,120)
Net Investment Income	-	154,751	(154,751)
Benefit payments, including refunds	(204,884)	(204,884)	-
Administration Expense	-	(10,900)	10,900
Other Charges	-	-	-
Net Changes	(131,639)	260,150	391,789
Balance at December 31, 2017	<u>\$ 2,833,404</u>	<u>\$ 1,618,961</u>	<u>\$ 1,214,443</u>
Changes for the year:		-	
Service Cost	152,960	-	152,960
Interest	230,327	-	230,327
Changes in Benefit Terms	-	-	-
Changes in Experience	-	-	-
Changes in Assumptions	-	-	-
Contributions - employer	-	287,336	(287,336)
Contributions – member	-	36,041	(36,041)
Net Investment Income	-	(109,529)	109,529
Benefit payments, including refunds	(214,556)	(214,556)	-
Administration Expense	-	(21,312)	21,312
Other Charges	-	-	-
Net Changes	168,731	22,020	190,751
Balance at December 31, 2018	<u>\$ 3,002,135</u>	<u>\$ 1,596,941</u>	<u>\$ 1,405,194</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

Defined Benefit Plan – Non-Union Employee’s Pension Plan (Continued)

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:

	<u>1% Decrease (7.00%)</u>	<u>Current Discount Rate (8.00%)</u>	<u>1% Increase (9.00%)</u>
Plan's Net Pension Liability	\$ 1,699,439	\$ 1,405,194	\$ 1,153,565

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

Pension expense. For the year ended June 30, 2019 and 2018, the Authority recognized pension expense of \$ 226,558 and \$ 256,127, respectively.

Deferred outflows of resources and deferred inflows of resources - The Authority reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources at June 30:

	<u>2019</u>	<u>2018</u>
Deferred Outflows of Resources		
Differences between expected and actual experience	\$ 89,175	\$ 107,010
Net differences between projected and actual earnings on pension plan investments	<u>244,837</u>	<u>103,662</u>
Total	<u>\$ 334,012</u>	<u>\$ 210,672</u>
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 225,479	\$ 257,690
Net differences between projected and actual earnings on pension plan investments	<u>25,098</u>	<u>33,464</u>
Total	<u>\$ 250,577</u>	<u>\$ 291,154</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

NOTE (14) –PENSION PLAN (CONTINUED):

Defined Benefit Plan – Non-Union Employee’s Pension Plan (Continued)

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

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

Year ending June 30:		
2019	\$	64,236
2020		38,098
2021		25,767
2022		34,134
2023		(14,376)
Thereafter		<u>(64,424)</u>
	\$	<u>83,435</u>

Payable to the Pension Plan

At June 30, 2019 and 2018, the Authority reported a payable of \$ 140,697 and \$143,668, respectively, for the outstanding amount of contributions to the pension plan.

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, 2018, the amount of settlements did not exceed insurance coverage.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2019 AND 2018

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

The liability for unpaid claims, if any, is estimated using an industry average that is based on actual claims paid. As of June 30, 2019 and 2018, the Authority had a claims liability for its employee benefit plan. Changes in the claims liability are as follows:

	Claims Liability Beginning of Year	Claims and changes in estimates	Claim Payments	Claims Liability End of Year
2019	\$ 150,839	\$ 1,915,703	\$ 1,893,010	\$ 173,532
2018	\$ 149,878	\$ 1,894,743	\$ 1,893,782	\$ 150,839

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.

REQUIRED SUPPLEMENTARY INFORMATION

Luzerne County Transportation Authority

Schedule of Changes in Authority's Net Pension Liability and Related Ratios Defined Benefit Trust Fund Union Employees' Pension Plan

	2019*	2018*	2017*	2016*
<u>Total Pension Liability:</u>				
Service cost	\$ 112,556	\$ 108,227	\$ 84,014	\$ 80,783
Interest	502,942	492,278	466,842	456,979
Changes in benefit terms	-	-	445,078	
Differences between expected and actual experience	-	(278,596)	-	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds	<u>(505,384)</u>	<u>(453,386)</u>	<u>(431,218)</u>	<u>(418,690)</u>
Net changes in Total Pension Liability	(110,114)	(131,477)	564,716	119,072
Total Pension Liability – Beginning	<u>6,057,096</u>	<u>6,188,573</u>	<u>5,623,857</u>	<u>5,504,785</u>
Total Pension Liability – Ending (a)	<u>6,167,210</u>	<u>6,057,096</u>	<u>\$ 6,188,573</u>	<u>5,623,857</u>
<u>Plan Fiduciary Net Position</u>				
Contributions – employer	386,748	393,465	\$ 301,669	\$ 256,439
Contributions – member	137,419	137,147	128,885	103,572
Net investment income (loss)	(176,484)	284,761	93,982	(70,052)
Benefit payments, including refunds	(505,384)	(453,386)	(431,218)	(418,690)
Administrative expense	<u>(30,365)</u>	<u>(18,615)</u>	<u>(11,800)</u>	<u>(11,900)</u>
Net Change in Plan Fiduciary Net Position	(188,066)	343,372	81,518	(140,631)
Plan Fiduciary Net Position – Beginning	<u>2,750,139</u>	<u>2,406,767</u>	<u>2,325,249</u>	<u>2,465,880</u>
Plan Fiduciary Net Position – Ending (b)	<u>2,562,073</u>	<u>2,750,139</u>	<u>\$ 2,406,767</u>	<u>\$ 2,325,249</u>
Net Pension Liability – Ending (a – b)	<u>\$ 3,605,137</u>	<u>\$ 3,306,957</u>	<u>\$ 3,781,806</u>	<u>\$ 3,298,608</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	41.54%	40.45%	38.89%	41.35%
Covered Employee Payroll	\$ 4,000,396	\$ 3,826,543	\$ 3,605,122	\$ 3,533,912
Net Pension Liability as a Percentage of Covered Employee Payroll	90.12%	86.42%	104.90%	93.34%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available

Luzerne County Transportation Authority

Schedule of Employer's Contributions and Notes to Schedule Defined Benefit Trust Fund Union Employee's Pension Plan

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Payroll</u>
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%
2016	243,280	301,669	(58,389)	3,605,122	8.37%
2017	284,886	393,465	(108,579)	3,826,543	10.28%
2018	285,212	\$ 386,748	\$ (101,536)	4,000,396	9.67%

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:	1/1/2015
Actuarial Cost Method:	Entry Age Normal
Amortization Method:	Level Dollar Closed
Remaining Amortization Period	13 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 projected mortality improvements.

Changes in benefit terms: Benefit credit per year of service after January 1, 2016 equal to \$53 per year.

Luzerne County Transportation Authority

Schedule of Changes in Authority's Net Pension Liability and Related Ratios Defined Benefit Trust Fund Non-Union Employees' Pension Plan

	2019*	2018*	2017*	2016*
Total Pension Liability:				
Service cost	\$ 152,960	\$ 145,676	\$ 150,824	\$ 143,642
Interest	230,327	217,470	229,797	219,154
Changes in benefit terms	-	-	-	-
Changes for experience	-	(289,901)	-	-
Changes of assumptions	-	-	-	-
Benefit payments, including refunds	<u>(214,556)</u>	<u>(204,884)</u>	<u>(274,425)</u>	<u>(199,469)</u>
Net changes in Total Pension Liability	168,731	(131,639)	106,196	163,327
Total Pension Liability – Beginning	<u>2,833,404</u>	<u>2,965,043</u>	<u>2,858,847</u>	<u>2,695,520</u>
Total Pension Liability – Ending (a)	<u>3,002,135</u>	<u>2,833,404</u>	<u>\$ 2,965,043</u>	<u>2,858,847</u>
Plan Fiduciary Net Position				
Contributions – employer	287,336	286,063	\$ 288,164	\$ 297,426
Contributions – member	36,041	35,120	32,539	31,437
Net investment income (loss)	(109,529)	154,751	42,025	(31,071)
Benefit payments, including refunds	(214,556)	(204,884)	(274,425)	(199,469)
Administrative expense	(21,312)	(10,900)	<u>(4,700)</u>	<u>(7,200)</u>
Net Change in Plan Fiduciary Net Position	(22,020)	260,150	83,603	91,123
Plan Fiduciary Net Position – Beginning	<u>1,618,961</u>	<u>1,358,811</u>	<u>1,275,208</u>	<u>1,184,085</u>
Plan Fiduciary Net Position – Ending (b)	<u>1,596,941</u>	<u>1,618,961</u>	<u>\$ 1,358,811</u>	<u>\$ 1,275,208</u>
Net Pension Liability – Ending (a – b)	<u>1,405,194</u>	<u>1,214,443</u>	<u>\$ 1,606,232</u>	<u>\$ 1,583,639</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	53.19%	57.14%	45.83%	44.61%
Covered Employee Payroll	\$ 1,209,178	\$ 1,199,354	\$ 1,061,963	\$ 1,015,021
Net Pension Liability as a Percentage of Covered Employee Payroll	116.21%	101.25%	151.25%	156.02%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available

Luzerne County Transportation Authority

Schedule of Employer's Contributions and Notes to Schedule Defined Benefit Trust Fund Non-Union Employee's Pension Plan

<u>Year</u>	<u>Actuarially Determined Contribution</u>	<u>Contributions From Employer</u>	<u>Contribution Deficiency/ (Excess)</u>	<u>Covered Payroll</u>	<u>Contributions as a % of Payroll</u>
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%
2016	288,164	288,164	-	1,061,963	27.14%
2017	286,063	286,063	-	1,199,354	23.85%
2018	287,335	\$ 287,336	(1)	1,209,178	23.76%

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: 1/1/2015

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period 12 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 7.00% (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%

Retirement Age: Rates of retirement vary by age between 62 and 65

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

Changes in benefit terms: None since 1/1/2015.

Luzerne County Transportation Authority

Schedule of Changes in Authority's Total OPEB Liability and Related Ratios

	2019*	2018*
<u>Total OPEB Liability:</u>		
Service cost	\$ 170,319	\$ 168,778
Interest	64,415	53,305
Changes in benefit terms	-	-
Differences between expected and actual experience	-	(79,926)
Changes of assumptions and other inputs	-	(85,963)
Benefit payments, including refunds	(160,773)	(116,534)
Net changes in Total Pension Liability	90,140	(60,340)
Total OPEB Liability – Beginning	1,974,756	2,035,096
Total OPEB Liability – Ending	\$ 2,064,896	\$ 1,974,756
Covered Employee Payroll	\$ 4,770,059	\$ 4,770,059
Total OPEB Liability as a Percentage of Covered Employee Payroll	43.29%	41.40%

* This schedule is intended to illustrate information for 10 years. However, until a full 10-year trend is compiled, the Authority is presenting information for those years only for which information is available

NOTES TO SCHEDULE:

Changes of Benefit Terms
None

Changes of assumptions
Changes of assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period

2017	2.49%
2018	3.13%

SUPPLEMENTARY INFORMATION

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUE:

PASSENGER REVENUE

FULL ADULT FARES	\$ 518,397
FULL FARE TRANSFERS	32,461
REDUCED FARE TRANSFERS	4,522
31 DAY PASSES	315,653
20 RIDE PASSES	89,345
10 RIDE PASSES	57,618
1 DAY PASSES	208,152
1 RIDE PASSES	9,217
STUDENT PASSES	80,357
REDUCED FARES	43,633
OTHER PRIMARY RIDE FARE	2,577
TOTAL PASSENGER SERVICE	1,361,932

ADVERTISING	34,213
MISCELLANEOUS INCOME	1,342
UNIFIED WORK PROGRAM	25,459

TOTAL OPERATING REVENUE 1,422,946

OPERATING EXPENSES:

ADMINISTRATION-TRANS. OPER.:

SALARIES AND WAGES	150,018
FRINGE BENEFIT AND PAYROLL TAXES	105,572
DEPRN:REV. VEHICLE. MOVEMENT CONTROL	4,789

SCHEDULING-TRANS. OPER.:

SALARIES AND WAGES	13,918
FRINGE BENEFITS AND PAYROLL TAXES	11,195

REVENUE VEHICLE OPERATIONS:

SALARIES AND WAGES	2,859,148
FRINGE BENEFIT AND PAYROLL TAXES	2,009,832
FUEL	609,733
TIRES AND TUBES	46,140
LUBRICANT	35,490
DEPRN:	
BUSES	832,993
DESTINATION SIGNS AND VOICE ENUNCIATOR	88,569
CONSULTANTS	3,509

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

MAINTENANCE ADMIN.-VEHICLES:	
SALARIES AND WAGES	93,777
FRINGE BENEFIT AND PAYROLL TAXES	69,829
DEPRN:SHOP AND GARAGE EQUIPMENT	9,691
SERVICING-REVENUE VEHICLES:	
SALARIES AND WAGES	118,622
FRINGE BENEFITS AND PAYROLL TAXES	92,252
MATERIAL AND SUPPLIES	1,673
DEPRN: INSTALLED EQUIPMENT	13,996
INSPECTION AND MAINT.-REV. VEHICLES:	
SALARIES AND WAGES	490,180
FRINGE BENEFIT AND PAYROLL TAXES	240,302
CONTRACTED MAINT. SERVICES	91,454
MATERIAL AND SUPPLIES	511,584
ACCIDENT REPAIRS-REV. VEHICLES:	
SALARIES AND WAGES	41,037
FRINGE BENEFIT AND PAYROLL TAXES	33,785
PREMIUMS FOR PHYSICAL DAMAGE INSURANCE	234,564
RECOVERY OF PHYS. DAMAGE LOSS	-
VANDALISM REPAIRS-REV. VEHICLES:	
SALARIES AND WAGES	-
FRINGE BENEFIT AND PAYROLL TAXES	-
SERVICE AND FUEL-SERVICE VEHICLES:	
SALARIES AND WAGES	5,254
FRINGE BENEFIT AND PAYROLL TAXES	9,132
FUEL	2,520
MATERIALS AND SUPPLIES	271
INSPECTION AND MAINT.-SERVICE. VEHICLES:	
CONTRACTED MAINT. SERVICES	798
MAINT. ADMIN.-FACILITIES:	
SALARIES AND WAGES	21,386
FRINGE BENEFIT AND PAYROLL TAXES	28,672
DEPRN.-STRUCTURES & IMPROVEMENTS	236,720
MAIN.-VEHICLE MOVE. CONTROL:	
CONTRACTED MAINTENANCE SERVICES	2,163
MAINT.-FARE COLLECT. & COUNT EQUIP.:	
SALARIES AND WAGES	59,985
FRINGE BENEFIT AND PAYROLL TAXES	45,398
CONTRACTED MAINT. SERVICES	-

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

MAINT:-BLDGS, GROUNDS, EQUIP.:

FRINGE BENEFITS & PAYROLL TAXES	16,559
BLDGS.& GROUNDS-WAGES	16,150
BLGD.& GROUNDS-CONTRACTED SERVICES	30,150
BLGD.& GROUNDS-CUSTODIAL SERVICES	1,811
BLGD.& GROUNDS-MATERIAL & SUPPLIES	479
JANITORIAL: SALARIES AND WAGES	6,312
JANITORIAL: MATERIAL & SUPPLIES	7,997

TICKET AND FARE COLLECTION:

SALARIES AND WAGES	18,104
FRINGE BENEFIT AND PAYROLL TAXES	15,473
MATERIAL AND SUPPLIES	6,457
DEPRN: FAREBOXES & COUNTING EQUIPMENT	13,507

GENERAL ADMINISTRATIVE EXPENSES:

FRINGE BENEFITS AND PAYROLL TAXES	277,757
STEP PROGRAM WAGES	3,222
STEP PROGRAM FRINGE BENEFITS	2,504
SECURITY SERVICE	22,646
HEALTH CLAIMS - PROF. & TECH SERVICES	55,822
HEALTH CLAIMS - STOP-LOSS	176,009
SAFETY-SALARIES AND WAGES	23,197
SAFETY-MATERIAL AND SUPPLIES	1,668
PREMIUMS-PUBLIC LIABILITY. & PROP. DAMAGE	26,288
PREMIUMS FOR OTHER CORPORATE INSURANCE	2,200
PERSONNEL-PROFESS. AND TECH SERVICES	5,872
LEGAL - SALARIES AND WAGES	22,017
LEGAL-PROFESS. AND TECH SERVICES	20,437
ACCOUNTING AND AUDITING SERVICES	23,286
FINANCE AND ACCOUNTING-SALARIES	105,758
FINANCE & ACCT.-MATERIALS & SUPPLIES	857
PURCHASING & STORE.-WAGES	32,460
OFFICE MANAGEMENT-MATERIALS & SUPPLIES	18,857
IT SALARIES AND WAGES	48,056
DATE PROCESSING-PROF. & TECH. SERVICES	9,688
GENERAL MANAGEMENT-SALARIES	146,676
GENERAL MANAGEMENT-PROF. & TECH SERVICES	12,022
GENERAL MANAGEMENT-SUPPLIES	170

MARKETING:

CUSTOMER SERVICE-SALARIES AND WAGES	150,293
CUSTOMER SERVICE-MATERIALS & SUPPLIES	978
ADVERTISING AND PROMOTION	2,471
PROMOTION-MEDIA	3,730
FRINGE BENEFITS AND PAYROLL TAXES	106,149

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

GENERAL EXPENSES:	
MATERIALS AND SUPPLIES	1,085
HEAT, POWER, LIGHT, WATER, & PHONE	106,320
DUES AND SUBSCRIPTIONS	3,949
TRAVEL AND MEETINGS	13,317
OTHER POST RETIREMENT BENEFIT COSTS	18,914
OTHER MISCELLANEOUS EXPENSES	5,106
DEPRECIATION: SERVICE VEHICLES	-
DEPRECIATION: OFFICE EQUIPMENT	3,011
DEPRECIATION: COMPUTER SYSTEM	29,964
	<hr/>
TOTAL OPERATING EXPENSES	10,841,706
	<hr/>
LOSS FROM OPERATIONS	(9,418,760)
	<hr/>
NON-OPERATING REVENUE (EXPENSES)	
CAPITAL FUNDS USED FOR OPERATING ASSISTANCE AND PLANNING GRANTS:	
FEDERAL GOVERNMENT	1,884,222
OPERATING GRANTS:	
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	5,657,899
LUZERNE COUNTY ACT 44 MATCHING FUNDS	620,976
	<hr/>
TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS	8,163,097
OTHER PUBLIC/PRIVATE SOURCES:	
OTHER MISCELLANEOUS REVENUE	-
	<hr/>
TOTAL NON-OPERATING REVENUE (EXPENSES)	8,163,097
	<hr/>
LOSS BEFORE CAPITAL GRANT FUNDING	(1,255,663)
	<hr/>
CAPITAL GRANT FUNDING	
FEDERAL	899,686
COMMONWEALTH OF PENNSYLVANIA ACT 26 PTAF	2,403
COMMONWEALTH OF PENNSYLVANIA SECTION 1517	3,337
COMMONWEALTH OF PENNSYLVANIA SECTION 1514	145,538
COMMONWEALTH OF PENNSYLVANIA TA SET-ASIDE	4,830
LUZERNE COUNTY	5,437
	<hr/>
TOTAL CAPITAL GRANT FUNDING	1,061,231
	<hr/>
CHANGE IN NET POSITION	\$ (194,432)
	<hr/>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

OPERATING REVENUE:

CONTRACT TRANSPORTATION FARES

Medical Assistance Transportation Program:

Luzerne County	\$	1,615,884
Commonwealth of Pennsylvania Department of Transportation		
Persons with Disabilities		19,063
Section 203 Lottery Program		640,413
STEP Ticket Sales		95,343
Shared-Ride Ticket Fares:		
Persons with Disabilities		2,019
Section 203 Lottery Program		93,172
User Agencies and Organizations		
Department of Public Welfare		
Promise		211,875
Waiver		7,163
Wyoming Valley CYC		16,088
Luzerne County Mental Health/Mental Retardation Programs		
Partial Hospitalization		61,300
Promise		68,919
Luzerne County Children and Youth Services		20,479
Ms. Jane's Childcare		4,318
Single Contract		1,919
Wilkes-Barre City Health Department		806
Little Explorers		4,787
Association for the Blind		2,676
Bloom Early Education Center		7,214
Scribbles and Giggles		3,433
Child Development Council		14,024

TOTAL FEE-FOR-SERVICE OPERATING REVENUE	2,890,895
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OTHER OPERATING REVENUE

Prior Year MAPT Payment	117,276
Medical Assistance Client Travel Reimbursement	50,555

TOTAL OPERATING REVENUES	3,058,726
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OPERATING EXPENSES:

SALARIES AND WAGES

Vehicle Operations	1,260,912
Maintenance	296,021
Administration	239,318

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

FRINGE BENEFITS

Vehicle Operations	888,476
Maintenance	290,587
Administration	179,505

SERVICES

Outside Repairs	3,809
Building and Grounds	532
Finance	19,325
Radios	9,206
Professional and Technical Services	64,203

FUEL AND LUBRICANTS

Fuel	301,963
Oil and Lubricants	3,051

TIRES AND TUBES

31,985

OTHER MATERIALS AND SUPPLIES

Materials and Supplies: Vehicles	44,240
Office Supplies	11,991
Other Materials and Supplies	5,753

UTILITIES

Heat, Power, Lights, Water and Phone	36,847
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CASUALTY AND LIABILITY COSTS

Vehicle Insurance	80,504
Recovery of Physical Damage Loss	-
Stop Loss Insurance	71,891

PURCHASED TRANSPORTATION

461,683

MISCELLANEOUS EXPENSES

Travel	2,373
Other Miscellaneous Expenses	3,625

NON-PUBLIC OTHER TRANSPORTATION EXPENSES

Purchased Transportation	-
Mileage Reimbursements	50,555

DEPRECIATION

312,817

TOTAL OPERATING EXPENSES

4,671,172

LOSS FROM OPERATIONS

(1,612,446)

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

NON-OPERATING REVENUE (EXPENSES)

**CAPITAL FUNDS USED FOR OPERATING ASSISTANCE AND
PLANNING GRANTS:**

Federal ADA	110,240
Commonwealth of Pennsylvania Section 1513 Act 44	24,986
Luzerne County	2,574

OPERATING GRANTS:

Commonwealth of Pennsylvania Section 1513 Act 44	1,101,611
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TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS	1,239,411
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OTHER PUBLIC/PRIVATE SOURCES:

Sale of Equipment	9,080
Other Miscellaneous Revenue	51,138

TOTAL NON-OPERATING REVENUE (EXPENSES)	1,299,629
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LOSS BEFORE CAPITAL GRANT FUNDING	(312,817)
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CAPITAL GRANT FUNDING

Federal Section 5310	151,839
Commonwealth of Pennsylvania Section 1516 CTC	442,858

TOTAL CAPITAL GRANT FUNDING	594,697
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CHANGE IN NET POSITION	\$ 281,880
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Luzerne County Transportation Authority
 Schedule of Expenditures of Federal Awards
 For the Year Ended June 30, 2019

Federal Grantor/Program Title	Federal CFDA Number	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at 07-01-18	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at 06-30-19
DIRECT FUNDING							
<u>U.S. Department of Transportation</u>							
Federal Transit Capital Assistance Grants:							
PA 2016-006-00	20.507	3,180,877	903,353	7,570	895,783	895,783	-
PA 2016-016-00	20.507	2,440,410	131,650	-	131,650	131,650	-
PA 2017-015-00	20.507	1,755,678	398,176	385,834	12,342	12,342	-
PA 2018-014-00	20.507	1,529,266	650,126	55,900	600,242	600,242	6,016
PA 2018-018-00	20.507	2,348,460	783,853	142,693	1,127,927	1,127,927	486,767
PA 2018-038-00	20.507	1,818,000	-	-	-	-	-
PA 2019-008-00	20.507	609,789	16,025	-	16,025	16,025	-
PA 2019-009-00	20.507	190,000	-	-	-	-	-
PA 2019-022-00	20.507	486,335	-	-	-	-	-
PA 2019-023-00	20.507	2,327,698	-	153,557	110,240	110,240	263,797
TOTAL DEPARTMENT OF TRANSPORTATION DIRECT FUNDING		16,686,513	2,883,183	745,554	2,894,209	2,894,209	756,580
INDIRECT FUNDING							
<u>U.S. Department of Transportation</u>							
Pass Through Pennsylvania Department of Transportation:							
Federal Transit Capital Assistance Grants:							
5310 FTA Capital Improvement	20.513	151,839	151,839	-	151,839	151,839	-
Federal Highway TA Set-Aside	20.513	240,000	-	-	4,830	4,830	4,830
TOTAL DEPARTMENT OF TRANSPORTATION INDIRECT FUNDING		391,839	151,839	-	156,669	156,669	4,830
<u>U.S. Department of Health and Human Services</u>							
Pass through Pennsylvania Department of Public Welfare:							
Medical Assistance Program							
TOTAL MEDICAL ASSISTANCE PROGRAM - DPW	93.778	127,562	127,562	25,689	123,568	123,568	21,695
		127,562	127,562	25,689	123,568	123,568	21,695
Pass through Luzerne County:							
Medical Assistance Transportation Program							
Luzerne County (17/18)	93.778	733,477	31,277	(27,709)	58,986	58,986	-
Medical Assistance Transportation Program	93.778	845,995	796,160	-	833,220	833,220	37,060
Luzerne County (18/19)		1,579,472	827,437	(27,709)	892,206	892,206	37,060
TOTAL MEDICAL ASSISTANCE PROGRAM - LUZERNE							
Pass through Luzerne County:							
Office of Mental Health/Development Services							
Social Services Block Grant - Transportation Services Program							
TOTAL MENTAL HEALTH PROGRAM - LUZERNE	93.667	35,721	35,721	-	35,721	35,721	-
		35,721	35,721	-	35,721	35,721	-
TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES INDIRECT FUNDING		1,742,755	990,720	(2,020)	1,051,495	1,051,495	58,755
TOTAL INDIRECT FUNDING		2,134,594	1,142,559	(2,020)	1,208,164	1,208,164	63,585
TOTAL		\$ 18,821,107	\$ 4,025,742	\$ 743,534	\$ 4,102,373	\$ 4,102,373	\$ 820,165

LUZERNE COUNTY TRANSPORTATION AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2019

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, 2019. 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.

NOTE (3) – INDIRECT COST RATE:

The Luzerne County Transportation Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

Luzerne County Transportation Authority
 Schedule of Expenditures of Pennsylvania Department
 Public Welfare Awards
 For the Year Ended June 30, 2019

Federal Grantor/Program Title	Federal CFDA Number	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	n/a	7/1/2018 - 6/30/2019	\$ 127,562.48	\$ 117,248.90	\$ 244,811.38	\$ 114,140.80	\$ 104,897.38	\$ 219,038.18
TOTAL MEDICAL ASSISTNACE PROGRAM				127,562.48	117,248.90	244,811.38	114,140.80	104,897.38	219,038.18
Medical Assistance Transportation Program - Luzerne County	93.778	n/a	7/1/2017 - 6/30/2018	31,277.00	31,277.00	62,554.00	58,986.00	58,986.00	117,972.00
Medical Assistance Transportation Program - Luzerne County	93.778	n/a	7/1/2018 - 6/30/2019	796,160.00	796,160.00	1,592,320.00	833,220.00	833,220.00	1,666,440.00
TOTAL MEDICAL ASSISTANCE PROGRAM - LUZERNE				827,437.00	827,437.00	1,654,874.00	892,206.00	892,206.00	1,784,412.00
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 954,999.48	\$ 944,685.90	\$ 1,899,685.38	\$ 1,006,346.80	\$ 997,103.38	\$ 2,003,450.18

LUZERNE COUNTY TRANSPORTATION AUTHORITY
NOTES TO SCHEDULE OF EXPENDITURES OF
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE AWARDS
JUNE 30, 2019

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, 2019. 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 (2) – DEPARTMENT OF PUBLIC WELFARE FUNDING:

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

NOTE (3) – 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.

SUPPEMENTARY INFORMATION
REPORT FOR PENNSYLVANIA DEPARTMENT OF TRANSPORTION

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE
LEG - FIXED ROUTE URBAN EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Vehicle Operations</u>	<u>Maintenance</u>	<u>General Admin.</u>	<u>Totals</u>
Operating Expenses				
Operators Salaries and Wages	\$ 2,859,148	\$ -	\$ -	\$ 2,859,148
Other Salaries and Wages	182,040	852,703	531,679	1,566,422
Fringe Benefits	2,142,071	535,929	386,411	3,064,411
Services	-	149,022	129,598	278,620
Fuel and Lubricants	647,743	-	-	647,743
Tires and Tubes	46,140	-	-	46,140
Other Materials and Supplies	6,457	522,004	27,345	555,806
Utilities	-	-	106,320	106,320
Casualty and Liability Costs	-	-	439,061	439,061
Taxes	-	-	-	-
Purchased Transportation	-	-	-	-
Miscellaneous Expenses	-	-	22,372	22,372
Expense Transfers	-	-	-	-
	<u>5,883,599</u>	<u>2,059,658</u>	<u>1,642,786</u>	<u>9,586,043</u>
Total System Expenses				
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				-
				<u>-</u>
Total Applied Reconciling Items				<u>-</u>
TOTAL OPERATING EXPENSES				<u>9,586,043</u>
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				1,236,749
Other Post-Employment Benefits (OPEB)				18,914
Other Reconciling Items				-
				<u>-</u>
Total Non-applied Reconciling Items				<u>1,255,663</u>
TOTAL OPERATING EXPENSES PER AUDIT				<u>\$ 10,841,706</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE
LEG - NON-FIXED ROUTE ADA PARATRANSIT EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Vehicle</u>	<u>Maintenance</u>	<u>General</u>	<u>Totals</u>
	<u>Operations</u>	<u>Maintenance</u>	<u>Admin.</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	-	-	-	-
Miscellaneous Expenses	-	-	-	-
Expense Transfers	-	-	-	-
	-	-	-	-
Total System Expenses	-	-	-	-
Applied Reconciling Items				
Interest Expense				-
Leases and Rentals				-
Depreciation				-
Amortization of Intangibles				-
Purchase Lease Agreement				-
Related Party Lease Agreement				-
Other Reconciling Items: ADA Expenses				736,787
Total Applied Reconciling Items				736,787
TOTAL OPERATING EXPENSES				736,787
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				-
Other Post-Employment Benefits (OPEB)				-
Other Reconciling Items				-
Total Non-applied Reconciling Items				-
TOTAL OPERATING EXPENSES				736,787
PER AUDIT				\$ 736,787

**LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE
LEG - NON-FIXED ROUTE SHARED RIDE EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019**

	Vehicle Operations	Maintenance	General Admin.	Totals
Operating Expenses				
Operators Salaries and Wages	\$ 1,094,761	\$ -	\$ -	\$ 1,094,761
Other Salaries and Wages	166,151	296,021	239,318	701,490
Fringe Benefits	888,476	290,587	179,505	1,358,568
Services	-	4,341	92,734	97,075
Fuel and Lubricants	305,014	-	-	305,014
Tires and Tubes	31,985	-	-	31,985
Other Materials and Supplies	-	44,240	17,744	61,984
Utilities	-	-	36,847	36,847
Casualty and Liability Costs	-	-	152,395	152,395
Taxes	-	-	-	-
Purchased Transportation	-	-	461,683	461,683
Miscellaneous Expenses	-	-	5,998	5,998
Expense Transfers	-	-	-	-
	<u>2,486,387</u>	<u>635,189</u>	<u>1,186,224</u>	<u>4,307,800</u>
Total System Expenses				
Applied Reconciling Items				
Interest Expense				-
Leases and Rentals				-
Depreciation				-
Amortization of Intangibles				-
Purchase Lease Agreement				-
Related Party Lease Agreement				-
Other Reconciling Items: ADA				(736,787)
Other Reconciling Items: Non Public				(522,045)
				<u>(1,258,832)</u>
Total Applied Reconciling Items				
TOTAL OPERATING EXPENSES				<u>3,048,968</u>
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				312,817
Other Post-Employment Benefits (OPEB)				-
Other Reconciling Items				-
				<u>312,817</u>
Total Non-applied Reconciling Items				
TOTAL OPERATING EXPENSES PER AUDIT				<u>\$ 3,361,785</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE
LEG - NON PUBLIC EXPENSES - OTHER TRANSPORTATION
FOR THE YEAR ENDED JUNE 30, 2019

	<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	-	-	-	-
Miscellaneous Expenses	-	-	-	-
Expense Transfers	-	-	-	-
Mileage Reimbursement	-	-	50,555	50,555
MATP-Admin Reimbursement	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total System Expenses	<u>-</u>	<u>-</u>	<u>50,555</u>	<u>50,555</u>
Applied Reconciling Items				
Interest Expense				-
Leases and Rentals				-
Depreciation				-
Amortization of Intangibles				-
Purchase Lease Agreement				-
Related Party Lease Agreement				-
Other Reconciling Items: ADA				-
Other Reconciling Items: Non Public				<u>522,045</u>
Total Applied Reconciling Items				<u>522,045</u>
TOTAL OPERATING EXPENSES				<u><u>572,600</u></u>
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				-
Other Post-Employment Benefits (OPEB)				-
Other Reconciling Items				<u>-</u>
Total Non-applied Reconciling Items				<u>-</u>
TOTAL OPERATING EXPENSES PER AUDIT				<u><u>\$ 572,600</u></u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES
LEG - FIXED ROUTE REVENUES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Urban</u>	<u>Rural</u>	<u>Totals</u>
Transportation Revenues			
Passenger Fares	\$ 1,361,932	\$ -	\$ 1,361,932
Advertising	34,213	-	34,213
Charter	-	-	-
Route Guarantees	-	-	-
Other Revenue			
Jury Duty/Warranties/Other	1,342	-	1,342
Sale of Assets	-	-	-
Other Revenue/UPWP	<u>25,459</u>	<u>-</u>	<u>25,459</u>
TOTAL REVENUE	<u>\$ 1,422,946</u>	<u>\$ -</u>	<u>\$ 1,422,946</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES
LEG - NON-FIXED ROUTE REVENUES-URBAN
FOR THE YEAR ENDED JUNE 30, 2019

	ADA	Shared Ride 65+		Shared Ride Under 65		Public	Total
	Paratransit	Standard	DAS	Standard	DAS	Vanpool	
Transportation Revenues							
Passenger Fares	\$ 99,858	\$ 82,561	\$ -	\$ -	\$ -	\$ -	\$ 182,419
Advertising	-	-	-	-	-	-	-
Shared-Ride Lottery Trip Reimbursement	-	640,413	-	-	-	-	640,413
PwD Trip Reimbursement	-	-	-	19,063	-	-	19,063
PwD Passenger Fares	-	-	-	2,019	-	-	2,019
AAA	-	9,862	-	-	-	-	9,862
MH/DS - Shared-Ride Fare Structure	-	312	-	88,904	-	-	89,216
W2W - Shared-Ride Fare Structure	-	-	-	-	-	-	-
MATP - Shared-Ride Fare Structure	-	31,591	-	1,303,129	-	-	1,334,720
Children & Youth	-	-	-	20,479	-	-	20,479
Geisinger	-	-	-	41,003	-	-	41,003
							-
OTHER REVENUE							-
User Agencies	-	-	-	219,787	-	-	219,787
Prior Year MATP Payments	-	-	-	117,276	-	-	117,276
Miscellaneous & Interest	-	60,215	-	-	-	-	60,215
TOTAL REVENUE	\$ 99,858	\$ 824,954	\$ -	\$ 1,811,660	\$ -	\$ -	\$ 2,736,472

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES
LEG - NON PUBLIC REVENUES - OTHER TRANSPORTATION
FOR THE YEAR ENDED JUNE 30, 2019

CONTRACT REVENUE - NON-SHARED RIDE PARATRANSIT

Contract Trips non-MATP	\$	50,753
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MATP REVENUE

MATP - Fixed Route Bus Pass Revenue		-
MATP - Contract Rate Paratransit		281,164
MATP - Mileage Reimbursement		50,555
MATP - Admin Reimbursement		-
MATP - Offset		-

Admin Reimbursement		-
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TOTAL		382,472
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Non-Applied Reconciling Items		-
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TOTAL REVENUE	\$	<u>382,472</u>
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LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES
LEG - FIXED ROUTE SUBSIDIES
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Urban</u>	<u>Rural</u>	<u>Totals</u>
FEDERAL			
Federal Operating Grant	\$ -	\$ -	\$ -
Federal Capital Grant to Fund Preventative Maintenance Costs	1,849,287	-	1,849,287
Federal Capital Grant to Fund Capital Costs of Contracting	-	-	-
Federal Capital Grant to Fund Associated Capital Maintenance Costs	34,935	-	34,935
Other Federal Grants for Operating Costs	-	-	-
	<u>1,884,222</u>	<u>-</u>	<u>1,884,222</u>
Subtotal Federal Subsidy			
STATE			
Act 44 Section 1513 Operating Grant Amount Charged- Prior Years- State Share	770,015	-	770,015
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - State Share	4,887,884	-	4,887,884
Act 3 ASG Grant Amount Charged - State Share	-	-	-
Act 3 BSG Grant Amount Charged - State Share	-	-	-
Special Operating Grants - State Share	-	-	-
	<u>5,657,899</u>	<u>-</u>	<u>5,657,899</u>
Subtotal State Subsidy			
LOCAL			
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	620,976	-	620,976
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	-	-	-
	<u>620,976</u>	<u>-</u>	<u>620,976</u>
Subtotal State Subsidy			
Grand Total Subsidy	<u>\$ 8,163,097</u>	<u>\$ -</u>	<u>\$ 8,163,097</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES
LEG - NON-FIXED ROUTE SUBSIDIES
FOR THE YEAR ENDED JUNE 30, 2019**

Subsidy	ADA	Shared Ride		Public	Total
	Paratransit	Standard	DAS	Vanpool	
Federal Operating Grant	\$ 110,240	\$ -	\$ -	\$ -	\$ 110,240
Federal Capital Grant to Fund Preventive Maintenance Costs	-	-	-	-	-
Federal Capital Grant to Fund Capital Costs of Contracting	-	-	-	-	-
Federal Capital Grant to Fund Associated Capital Maintenance Costs	-	-	-	-	-
Other Federal Grants for Operating Costs	-	-	-	-	-
Federal Shared-Ride Subsidy	-	-	-	-	-
Subtotal Federal Subsidy	<u>110,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>110,240</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	524,115	602,482	-	-	1,126,597
Act 3 ASG Grant Amount Charged - State Share	-	-	-	-	-
Act 3 BSG Grant Amount Charged - State Share	-	-	-	-	-
Special Operating Grants - State Share	-	-	-	-	-
State Shared-Ride Subsidy	-	-	-	-	-
Subtotal State Subsidy	<u>524,115</u>	<u>602,482</u>	<u>-</u>	<u>-</u>	<u>1,126,597</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	2,574	-	-	-	2,574
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	-	-	-	-	-
Subtotal Local Subsidy	<u>2,574</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,574</u>
Grand Total Subsidy	<u>\$ 636,929</u>	<u>\$ 602,482</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,239,411</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES
LEG - BUDGET SUMMARY
FOR THE YEAR ENDED JUNE 30, 2019

	Fixed Route			Non-Fixed Route						Non-Public			
	ADA Paratransit			Shared Ride			Public Vanpool			Other Transportation			
	Urban	Rural	Total	Standard Urban	Standard Rural	DAS Urban	DAS Rural	Urban	Rural	Total	Urban	Rural	Total
Total Operating Expenses	9,586,043	-	9,586,043	3,048,968	-	-	-	-	-	-	572,600	-	13,944,398
Total Revenue	1,422,946	-	1,422,946	2,636,614	-	-	-	-	-	-	382,472	-	4,541,890
Operating Deficit	(8,163,097)	-	(8,163,097)	(412,354)	-	-	-	-	-	-	(190,128)	-	(9,402,508)
Total Subsidy	8,163,097	-	8,163,097	602,482	-	-	-	-	-	-	-	-	9,402,508
Applied Operating Result	-	-	-	190,128	-	-	-	-	-	-	(190,128)	-	(0)
Non-Applied Reconciling Items													
Total Non-Applied Reconciling Expense Items	(1,255,663)		(1,255,663)	(312,817)									(1,568,480)
Total Non-Applied Reconciling Income Items													
Total Non-Applied Reconciling Subsidy Items													
Operating Results per Audit	\$ (1,255,663)	\$ -	\$ (1,255,663)	\$ (122,689)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (190,128)	\$ -	\$ (1,568,480)

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA
SCHEDULE S1 - LOCAL MATCH PROVIDED
FOR THE YEAR ENDED JUNE 30, 2019

<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	12/4/2018	\$ 309,718
Luzerne County	10/4/2019	309,719
Unassigned Local Match Funding:		
		-
GRAND TOTAL		<u>\$ 619,437</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA
SCHEDULE S2 - LOCAL MATCH CARRYOVER
FOR THE YEAR ENDED JUNE 30, 2019**

A. Local Match funds available as of 6/30/18	<u>\$ 38,776</u>
B. Local match funds provided during the year ended 6/30/19	<u>619,437</u>
C. Local match operating expenditures for year ended 6/30/19	
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	623,550
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 6/30/19 (Sum of C.a. through C.i.)	<u>623,550</u>
E. Local match capital expenditures for year-ended 6/30/19	
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)	338
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:	-
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>5,099</u>
F. Total local match capital expenditures for year ended 6/30/19 (Sum of E.a. through E.k.)	<u>5,437</u>
G. Interest Earned on local funds for year ended 6/30/19	<u>4,113</u>
H. Local match funds available as of 6/30/19 (A+B-D-F+G)	<u>\$ 33,339</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA
SCHEDULE S3 - URBAN PTAF/BSG/ASG CARRYOVER
FOR THE YEAR ENDED JUNE 30, 2019

	ACT 26		ACT 3	
	PTAF	LOCAL SHARE	BSG	ASG
Funds Available from Prior Years	\$ 13,510	\$ 6,555	\$ -	\$ -
Interest Income Earned for Year Ended June 30, 2019	<u>78</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Funds Available for the Year Ended June 30, 2019	<u>13,588</u>	<u>6,555</u>	<u>-</u>	<u>-</u>
FUND EXPENDITURES				
Used for Operating	-	-	-	-
Used for Capital Assistance	<u>(2,403)</u>	<u>(338)</u>	<u>-</u>	<u>-</u>
Total Funds Used in Year Ended June 30, 2019	<u>(2,403)</u>	<u>(338)</u>	<u>-</u>	<u>-</u>
FUND BALANCE - June 30, 2019	<u>\$ 11,185</u>	<u>\$ 6,217</u>	<u>\$ -</u>	<u>\$ -</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA
SCHEDULE S5 - URBAN SECTION 1513 PROGRAM CARRYOVER
FOR THE YEAR ENDED JUNE 30, 2019

	<u>State Grant</u>	<u>Local Match</u>	<u>Total</u>
A. FY 2016-17 Section 1513 URBAN Grant Agreement	<u>\$ 6,014,516</u>	<u>\$ 619,437</u>	<u>\$ 6,633,953</u>
URBAN SECTION 1513 GRANT UTILIZATION FOR FISCAL YEAR ENDED JUNE 30, 2019			
1. Section 1513 fund balance as of June 30, 2018	<u>\$ 4,245,242</u>	<u>\$ -</u>	<u>\$ 4,245,242</u>
2. Section 1513 funds received for FY 2018-19	6,014,481	619,437	6,633,918
3. PTAF Section 1513 funds received for FY 2018-19	<u>-</u>	<u>-</u>	<u>-</u>
4. Total Section 1513 funds received for FY 2018-19 (Line 2+3, must agree with A above)	<u>6,014,481</u>	<u>619,437</u>	<u>6,633,918</u>
5. Interest Income earned on Section 1513 funds in FY 20119	<u>52,990</u>	<u>4,113</u>	<u>57,103</u>
6. Total Section 1513 funds available in FY 2018-19 (Line 1+4+5)	<u>10,312,713</u>	<u>623,550</u>	<u>10,936,263</u>
7. Section 1513 funds used for Urban fixed route operating expenses in FY 2018-19	5,657,899	623,550	6,281,449
8. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2018-19	1,126,597	-	1,126,597
9. Section 1513 funds used for Rural fixed route operating expenses in FY 2018-19	-	-	-
10 Section 1513 funds used for Rural non-fixed route operating expenses in FY 2018-19	-	-	-
11 Section 1513 funds used for Rural capital costs in FY 2018-19 (waiver required)	-	-	-
12 Section 1513 funds used for Urban capital costs in FY 2018-19 (waiver required)	-	-	-
13	<u>-</u>	<u>-</u>	<u>-</u>
13 Total Section 1513 funds used in FY 2018-19 (Line 7+8+9+10+11+12)	<u>6,784,496</u>	<u>623,550</u>	<u>7,408,046</u>
14 Section 1513 fund balance as of June 30, 2019 (Line 6 minus 13)	<u>\$ 3,528,217</u>	<u>\$ -</u>	<u>\$ 3,528,217</u>

LUZERNE COUNTY TRANSPORTATION AUTHORITY
COMMONWEALTH OF PENNSYLVANIA
CAPITAL PROJECT SPENDING REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Capital Project Title:	Shop Equipment	Bus Purchase	Phone System	Vehicle Inspection	Signage	Computer Hardware and Software	Land Acquisition	Van Purchase	Support Vehicle	Bus Equipment	Total Spent	Total Granted Funds	Granted Funds Less Amt Spent
Expenditures Through the End of the Prior Fiscal Year	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Sources of Funds for the Current Fiscal Year													
1 Federal Capital - 5303/5304/5305 - FTA Planning													
2 Federal Capital - 5307 - FTA Urban Formula	105	831,208		1,614	12,554	29,299					874,780	874,780	
3 Federal Capital - 5309 - FTA Fixed Guideway													
4 Federal Capital - 5309 - FTA Bus/Bus Facilities													
5 Federal Capital - 5309 - FTA New/Small Starts													
6 Federal Capital - 5310 - FTA Senior and PWD								151,839			151,839	151,839	
7 Federal Capital - 5311 - FTA Rural													
8 Federal Capital - 5311 - FTA Other													
9 Federal Capital - 5313/5314 - FTA Research & Tech													
10 Federal Capital - 5316 - FTA JARC													
11 Federal Capital - FLEX													
12 Federal Capital - Other													
13 Federal Capital FHWA Programs (CMAQ, ITS, STP,													
14 State - 1513 - Waiver to Use for Capital													
15 State Capital - 1514 - PA Bond Program		139,222		292							139,514	139,514	
16 State Capital - 1514 - Discretionary		2,779			2,628	4,192					9,599	9,599	
17 State Capital - 1515 - New Initiatives													
18 State Capital - 1516 - CTC			24,899					417,959			442,858	442,858	
19 State Capital - 1516 - Other													
20 State Capital - 1517 - Capital Improvement Program	22				240	558					558	558	
21 State Capital - PTAF						2,141					2,403	2,403	
22 State Capital - All Sources Used for Debt Service													
23 State Capital - ASG/BSG													
24 State Capital - Other													
25 Local Match - 1513 - Waiver to Use for Capital													
26 Local Match Capital - 1514 - PA Bond Program		4,683		112							4,795	4,795	
27 Local Match Capital - 1514 - Discretionary						372					372	372	
28 Local Match Capital - 1515 - New Initiatives													
29 Local Match Capital - 1516 - CTC													
30 Local Match Capital - 1516 - Other													
31 Local Match Capital - PTAF	4				271	63					338	338	
32 Local Match Capital - All Sources Used for Debt Service													
33 Local Match Capital - ASG/BSG													
34 Local Match Other													
35 Local Contribution													
36 Proceeds from Agency Issued Bonds													
37 Agency Loan Proceeds													
38 Other Financing Transaction Proceeds													
39 Internal Working Capital													
40 Proceeds from Disposition of Assets													
41 Foundations and Non-Profits													
42 Private													
43 Other													
44 Total Sources of Funds Spent in the Current FY	131	977,892	24,899	2,018	15,693	36,625		569,798			1,627,056	1,627,056	
45 Total Sources of Funds Spent Inception-to-Date	131	977,892	24,899	2,018	15,693	36,625		569,798			1,627,056	1,627,056	
46 Total Granted Sources of Funds	16,290	978,529	25,000	2,018	50,000	59,057	237,500	600,628	45,000	85,000	2,014,022	2,014,022	
47 Granted Sources Less Amount Spent	16,159	637	101		34,307	22,432	237,500	30,830	45,000	85,000	386,966	386,966	

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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 Human Services (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:

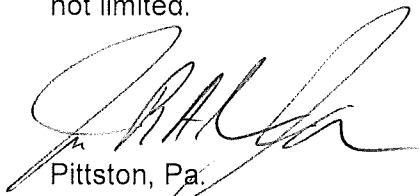
- A. We have verified by comparison of the amounts and classifications that the supplemental financial schedule listed below, which summarizes amounts reported to DHS for fiscal year ended June 30, 2019 has been accurately compiled and reflects the audited books and records of Luzerne County Transportation 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.
December 17, 2019

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

Year Ended June 30, 2019

	<u>Reported</u>	<u>Actual</u>
SERVICE DATA		
Expenditures:		
Group I clients	\$ 1,649,449	\$ 1,649,449
Group II clients	<u>16,989</u>	<u>16,989</u>
Total Expenditures	<u>\$ 1,666,438</u>	<u>\$ 1,666,438</u>
ALLOCATION DATA		
Revenues:		
Department of Human Services	\$ 1,666,438	\$ 1,666,438
Interest Income	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 1,666,438</u>	<u>\$ 1,666,438</u>
Funds Expended:		
Operating Costs	\$ 1,666,438	\$ 1,666,438
Administrative Costs	<u>-</u>	<u>-</u>
Excess Revenues Over Expenditures	<u><u>\$ -</u></u>	<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, 2019, 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 December 17, 2019.

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.

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 a significant deficiency, as 2019-01.

Compliance and Other Matters

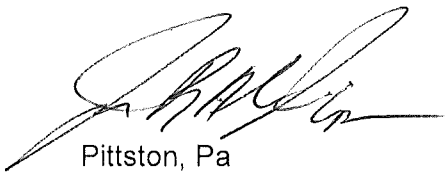
As part of obtaining reasonable assurance about whether Luzerne County Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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.

A handwritten signature in black ink, appearing to be 'J. H. ...', is written over the typed text of the date and location.

Pittston, Pa
December 17, 2019

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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, 2019. 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.

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, 2019.

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 item 2019-01. 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

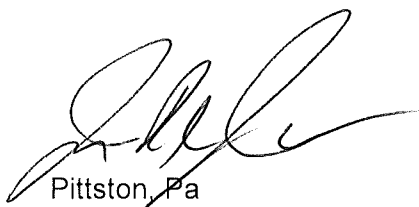
Management of Luzerne County Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Luzerne County Transportation 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.

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 2019-01 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.

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.

A handwritten signature in black ink, appearing to be 'J. L. C.', written in a cursive style.

Pittston, Pa
December 17, 2019

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Part I. SUMMARY OF AUDIT RESULTS

1. The auditor's report expresses an unmodified opinion on the financial statements of the Luzerne County Transportation Authority.
2. One significant deficiency 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 weaknesses 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. One significant deficiency 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
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.

Part II. 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 DEFICIENCY

2019-01 - Segregation of Duties

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

LUZERNE COUNTY TRANSPORTATION AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONT'D)
FOR THE YEAR ENDED JUNE 30, 2018

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.

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

2019-01 - Segregation of Duties

As addressed in 2019-01, the Authority's internal control lacks segregation of duties.

LUZERNE COUNTY TRANSPORTATION AUTHORITY

***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019***

June 30, 2018 Audit Report

II and III

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, 2019 audit report, 2019-01.