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**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

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

*FOR THE YEAR ENDED JUNE 30, 2020*

**Prepared By:**

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

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**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2020

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**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

FINANCIAL STATEMENTS  
FOR YEAR ENDED JUNE 30, 2020

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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, 2020 and 2019, 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, 2020 and 2019, 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 4-8, 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 11, 2020, 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.

A handwritten signature in black ink, appearing to read 'J. P. H. H.', is written over the typed text.

Pittston, Pa.  
December 11, 2020

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**  
**(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, 2020. 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, 2020, the Authority's net position increased by \$ 2,974,685 or 2.94%. This compares to an increase of \$ 87,447 or 2.94% for the year ended June 30, 2019 and a decrease of approximately \$ 1,675,297 or 57.96% for the year ended June 30, 2018. 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 \$ 4,901,234, \$ 1,655,928, and \$ 42,932 for 2020, 2019 and 2018, respectively.
- The Authority's operating revenues decreased approximately \$368,000 or 8.22% and operating expenses increased by approximately \$ 911,000 or 5.87% for the year ended June 30, 2020. Decreased operating revenues resulted from reduction of ridership and suspension of fares due do COVID-19. Increases in expenses resulted in increases in salaries and wages and related fringe benefits.
- The Fixed Route Division had a net loss before capital funding of \$ 1,499,120 for the year ended June 30, 2020 after applying available subsidies of \$ 8,859,757. This net loss equals the amount of depreciation and OPEB expenses incurred during the period. The division received \$ 4,244,404 of capital grant funding for the year ended June 30, 2020.
- The Shared Ride Division had a net loss before capital funding of \$ 427,429 for the year ended June 30, 2020 after applying available subsidies of \$ 1,471,761. The Shared Rides Operating Loss of \$ 674,029 was funded by current year 1513 funding. This division received \$ 656,830 of capital grant funding.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**  
**(UNAUDITED)**

- Pennsylvania Act 44 State Operating Assistance grant revenue account for 20.77% of total Authority's total revenue. Act 44 funding decreased by \$ 2,756,258 or 40.63% for the year ended June 30, 2020. The decreased funding was due to utilizing COVID-19 grants.
- The Fixed Route Division carried approximately 983,494 passengers and recorded in excess of 1,190,994 vehicle miles during the year ended June 30, 2020.
- The Shared- Ride Division carried approximately 3,317 unduplicated passengers who took approximately 125,409 trips during the year ended June 30, 2020.

**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, 2020  
(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 \$ 5,952,000, \$ 2,978,000, and \$ 2,891,000 as of June 30, 2020, 2019 and 2018, respectively.

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>
<b>Assets</b>			
Current and Other Assets	\$ 7,296,747	\$ 5,192,649	\$ 6,144,721
Capital Assets, Net	<u>12,435,659</u>	<u>9,308,074</u>	<u>9,194,619</u>
<b>TOTAL ASSETS</b>	<u>19,732,406</u>	<u>14,500,723</u>	<u>15,339,340</u>
<b>Deferred Outflows of Resources</b>	<u>937,880</u>	<u>1,111,512</u>	<u>713,260</u>
<b>Current and Other Liabilities</b>	<u>14,049,946</u>	<u>12,035,423</u>	<u>12,383,263</u>
<b>Deferred Inflows of Resources</b>	<u>667,684</u>	<u>598,841</u>	<u>778,813</u>
<b>Net Position</b>			
Invested in Capital Assets	12,435,659	9,308,074	9,194,619
Unrestricted	<u>(6,483,003)</u>	<u>(6,330,103)</u>	<u>(6,304,095)</u>
<b>TOTAL NET POSITION</b>	<u>\$ 5,952,656</u>	<u>\$ 2,977,971</u>	<u>\$ 2,890,524</u>

The largest portion of the Authority's net position at June 30, 2020, 2019 and 2018, was its investment in capital assets (land, buildings, revenue vehicles, equipment). This totaled \$12,435,659, \$9,308,074, and \$9,194,619, respectively or 63%, 64%, and 60%, 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, 2020, total cash is \$2,668,425, of which \$ 2,633,327 is restricted by the Commonwealth of Pennsylvania to be utilized only for future purchases of capital assets and operating funding. As of June 30, 2019, and 2018, total cash was \$2,862,795 and \$ 4,362,322, respectively, of which \$ 2,845,619 and \$ 4,265,307, respectively, was restricted. As of June 30, 2020, current liabilities included \$ 5,756,995 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, 2019, and 2018, deferred revenues were \$3,572,711 and \$4,297,528, respectively.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)**  
**JUNE 30, 2020**  
**(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>2020</u>	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>			
Passenger Revenues	\$ 1,201,195	\$ 1,544,351	\$ 1,427,953
Government Fare Programs	2,164,863	2,374,438	2,031,810
Other Operating Revenues	<u>747,426</u>	<u>562,883</u>	<u>535,916</u>
<b>TOTAL OPERATING REVENUES</b>	<u>4,113,484</u>	<u>4,481,672</u>	<u>3,995,679</u>
<b>OPERATING EXPENSES</b>			
Salaries and Wages	6,534,513	6,221,821	5,904,046
Fringe Benefits	4,886,351	4,422,979	4,291,925
Material and Supplies	1,607,140	1,648,672	1,412,291
Purchased Transportation	427,496	461,683	389,373
Depreciation	1,789,121	1,549,566	1,690,097
Other Operating Expenses	<u>1,179,342</u>	<u>1,208,158</u>	<u>1,171,154</u>
<b>TOTAL OPERATING EXPENSES</b>	<u>65,423,963</u>	<u>15,512,879</u>	<u>14,858,886</u>
<b>NON-OPERATING REVENUES</b>			
Operating and Planning Grants			
Federal	5,649,411	1,994,462	2,213,986
Commonwealth of Pennsylvania	4,028,238	6,784,496	6,311,556
Luzerne County	653,869	623,550	593,127
Other Public/Private Sources	<u>52,412</u>	<u>60,218</u>	<u>26,309</u>
<b>TOTAL NON-OPERATING REVENUES</b>	<u>10,383,930</u>	<u>9,462,726</u>	<u>9,144,978</u>
<b>CAPITAL GRANT FUNDING</b>			
Federal	2,440,784	1,051,525	40,435
Commonwealth of Pennsylvania	2,414,638	598,966	2,080
Luzerne County	<u>45,812</u>	<u>5,437</u>	<u>417</u>
<b>TOTAL CAPITAL GRANT FUNDING</b>	<u>4,901,234</u>	<u>1,655,928</u>	<u>42,932</u>
<b>DECREASE IN NET POSITION</b>	<u>\$ 2,974,685</u>	<u>\$ 87,447</u>	<u>\$ (1,675,297)</u>

For the years ended June 30, 2020, 2019 and 2018, passenger revenues accounted for 29%, 34%, and 36%, respectively, of operating revenues and government fare programs accounted for 53%, 53%, and 51% respectively. For the years ended June 30, 2020, 2019 and 2018, overall government operating, planning and capital grants accounted for 79%, 71%, and 69%, respectively of total revenues.

The Authority's major expenses are wages and fringe benefits. These account for 70%, 69%, and 69% of the Authority's operating expenses for the years ended June 30, 2020, 2019 and 2018, respectively.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)  
JUNE 30, 2020  
(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, 2020, 2019 and 2018, stated at cost, is as follows:

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Revenue Vehicles	\$ 20,323,177	\$ 18,989,804	\$ 17,900,204
Service Vehicles	251,129	206,550	206,550
Shelters and Bus Stop Signs	169,096	154,796	154,796
Buildings	7,085,283	7,080,633	7,080,633
Shop and Garage Equipment	767,720	767,720	767,588
Radios	129,063	129,063	105,833
Fareboxes	686,947	686,947	658,045
Destination Signs	878,381	848,239	827,716
Computer Equipment	475,803	427,831	387,306
Office Equipment	47,840	47,840	47,840
Land	<u>1,682,716</u>	<u>132,716</u>	<u>132,716</u>
<b>TOTAL CAPITAL ASSETS – AT COST</b>	<b><u>\$ 32,497,155</u></b>	<b><u>\$ 29,472,139</u></b>	<b><u>\$ 28,269,227</u></b>

During the year ended June 30, 2020, the Authority purchased \$ 4,916,706 of capital assets while selling or retiring assets, after the end of their useful lives, with a total cost basis of \$ 1,891,690.

**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, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 35,098	\$ 17,176
Restricted Cash - Act 26	17,229	17,402
Restricted Cash - State Section 1513	2,616,098	2,828,217
Accounts Receivable - Trade	205,500	429,604
Capital and Technical Assistance Grants Receivable	895,428	1,071,129
Operating Assistance Receivable - FTA	2,516,368	-
Commonwealth of Pennsylvania Medical Assistance Program Receivable	173,551	72,167
Miscellaneous Receivables	36,892	10,990
Inventories	477,665	425,021
Prepaid Insurance	<u>322,918</u>	<u>320,943</u>
<b>TOTAL CURRENT ASSETS</b>	<b><u>7,296,747</u></b>	<b><u>5,192,649</u></b>
<b>CAPITAL ASSETS</b>		
Capital Assets not being depreciated	1,682,716	132,716
Capital Assets being depreciated	<u>30,814,439</u>	<u>29,339,423</u>
	32,497,155	29,472,139
Less: Accumulated Depreciation	<u>20,061,496</u>	<u>20,164,065</u>
<b>TOTAL CAPITAL ASSETS</b>	<b><u>12,435,659</u></b>	<b><u>9,308,074</u></b>
<b>TOTAL ASSETS</b>	<b><u>\$ 19,732,406</u></b>	<b><u>\$ 14,500,723</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES</u></b>		
Deferred Outflows Related to Other Post Employment Benefits	\$ 154,239	\$ 198,821
Deferred Outflows Related to Pensions	783,641	912,691
Total Deferred Outflows of Resources	<u>\$ 937,880</u>	<u>\$ 1,111,512</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 209,033	\$ 139,616
Accrued Salaries and Wages	301,945	246,583
Accrued Pension	172,693	206,275
Reserve for Health Care Claims	-	173,532
Deferred Revenue		
PennDOT Act 26 Capital	11,042	11,154
PennDOT Act 44	5,716,098	3,528,218
Luzerne County Act 26 Match	6,187	6,248
Luzerne County Unassigned	23,668	27,091
Unredeemed Fares	<u>65,065</u>	<u>96,227</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b><u>6,505,731</u></b>	<b><u>4,434,944</u></b>
<b>OTHER LIABILITIES</b>		
Deferred Pension Liability	4,764,885	5,010,331
Other Post Employment Benefit Liability	2,142,389	2,064,896
Accrued Compensated Absences	<u>636,941</u>	<u>525,252</u>
<b>TOTAL OTHER LIABILITIES</b>	<b><u>7,544,215</u></b>	<b><u>7,600,479</u></b>
<b>TOTAL LIABILITIES</b>	<b><u>\$ 14,049,946</u></b>	<b><u>\$ 12,035,423</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>		
Deferred Inflows Related to Other Post Employment Benefits	\$ 114,886	\$ 99,533
Deferred Inflows Related to Pensions	<u>552,798</u>	<u>499,308</u>
Total Deferred Inflows of Resources	<u>\$ 667,684</u>	<u>\$ 598,841</u>
<b><u>NET POSITION</u></b>		
NET INVESTED IN CAPITAL ASSETS	\$ 12,435,659	\$ 9,308,074
UNRESTRICTED	<u>(6,483,003)</u>	<u>(6,330,103)</u>
<b>TOTAL NET POSITION</b>	<b><u>\$ 5,952,656</u></b>	<b><u>\$ 2,977,971</u></b>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>OPERATING REVENUES</b>		
Passenger Fares	\$ 1,201,195	1,544,351
State Lottery Shared Ride Program	510,363	640,413
State Persons with Disabilities Program	21,685	19,063
Area Agency on Aging	5,550	9,862
Mental Health/Intellectual & Development Disabilities	49,495	89,216
Medical Assistance Transportation Program	1,577,770	1,615,884
Other Contract Revenue	598,036	501,869
Advertising Income	121,511	34,213
Miscellaneous Income	27,879	26,801
	<u>4,113,484</u>	<u>4,481,672</u>
<b>TOTAL OPERATING REVENUES</b>		
<b>OPERATING EXPENSES</b>		
Operators Salaries and Wages	4,053,488	3,953,909
Other Salaries and Wages	2,481,025	2,267,912
Fringe Benefits	4,886,351	4,422,979
Services	369,439	375,695
Fuel and Lubricants	881,007	952,757
Tires and Tubes	79,664	78,125
Other Materials and Supplies	646,469	617,790
Utilities	154,199	143,167
Casualty and Liability Costs	427,858	591,456
Taxes	-	-
Purchased Transportation	427,496	461,683
Miscellaneous Expenses	26,640	28,370
Mileage Reimbursements	63,778	50,555
Other Post Retirement Benefits	137,428	18,914
Depreciation	1,789,121	1,549,566
	<u>16,423,963</u>	<u>15,512,879</u>
<b>TOTAL OPERATING EXPENSES</b>		
<b>LOSS FROM OPERATIONS</b>		
	<u>(12,310,479)</u>	<u>(11,031,207)</u>
<b>NON-OPERATING REVENUE (EXPENSES)</b>		
<b>CAPITAL FUNDS USED FOR OPERATING ASSISTANCE AND PLANNING GRANTS:</b>		
FEDERAL GOVERNMENT	3,133,043	1,994,462
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	-	24,986
LUZERNE COUNTY ACT 44 MATCHING FUNDS	-	2,574
<b>OPERATING GRANTS:</b>		
FEDERAL GOVERNMENT	2,516,368	-
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	4,028,238	6,759,510
LUZERNE COUNTY ACT 44 MATCHING FUNDS	653,869	620,976
	<u>10,331,518</u>	<u>9,402,508</u>
<b>TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS</b>		

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>OTHER PUBLIC/PRIVATE SOURCES:</b>		
SALE OF EQUIPMENT	27,160	9,080
OTHER MISCELLANEOUS REVENUE	<u>25,252</u>	<u>51,138</u>
<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<u>10,383,930</u>	<u>9,462,726</u>
<b>LOSS BEFORE CAPITAL GRANT FUNDING</b>	<u>(1,926,549)</u>	<u>(1,568,481)</u>
<b>CAPITAL GRANT FUNDING</b>		
FEDERAL	2,440,784	1,051,525
COMMONWEALTH OF PENNSYLVANIA ACT 26 PTAF	150	2,403
COMMONWEALTH OF PENNSYLVANIA 1516 CTC	632,167	442,858
COMMONWEALTH OF PENNSYLVANIA SECTION 1517	386,871	3,337
COMMONWEALTH OF PENNSYLVANIA SECTION 1514	1,374,381	145,538
COMMONWEALTH OF PENNSYLVANIA TA SET-ASIDE	21,069	4,830
LUZERNE COUNTY	<u>45,812</u>	<u>5,437</u>
<b>TOTAL CAPITAL GRANT FUNDING</b>	<u>4,901,234</u>	<u>1,655,928</u>
<b>CHANGE IN NET POSITION</b>	2,974,685	87,447
<b>NET POSITION - BEGINNING OF YEAR</b>	<u>2,977,971</u>	<u>2,890,524</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 5,952,656</u>	<u>\$ 2,977,971</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers	\$ 4,278,547	\$ 4,282,942
Cash Payments to Suppliers for Goods and Services	(3,300,564)	(3,630,922)
Cash Payments to Employees for Services	(11,386,405)	(10,578,839)
Other Operating Cash Receipts	<u>1,977</u>	<u>22,071</u>
 <b>NET CASH USED BY OPERATING ACTIVITIES</b>	 <u>(10,406,445)</u>	 <u>(9,904,748)</u>
 <b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from Operating Grants	<u>9,999,607</u>	<u>8,680,354</u>
 <b>NET CASH PROVIDED BY NONCAPITAL     FINANCIAL ACTIVITIES</b>	 <u>9,999,607</u>	 <u>8,680,354</u>
 <b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Receipts from Capital Grants	5,076,762	1,327,670
Other Miscellaneous Revenues	25,252	51,138
Proceeds from Sale of Equipment	27,160	9,080
Purchase of Capital Assets	<u>(4,916,706)</u>	<u>(1,663,021)</u>
 <b>NET CASH PROVIDED (USED) BY CAPITAL AND     RELATED FINANCIAL ACTIVITIES</b>	 <u>212,468</u>	 <u>(275,133)</u>
 <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
<b>NET CASH PROVIDED BY INVESTING ACTIVITIES</b>	 <u>-</u>	 <u>-</u>
 <b>NET DECREASE IN CASH</b>	 (194,370)	 (1,499,527)
 <b>CASH - BEGINNING OF YEAR</b>	 <u>2,862,795</u>	 <u>4,362,322</u>
 <b>CASH - END OF YEAR</b>	 <u>\$ 2,668,425</u>	 <u>\$ 2,862,795</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED JUNE 30, 2020 AND 2019**

	<u>2020</u>	<u>2019</u>
Reconciliation of Operating Loss to Net Cash Used by Operating Activities:		
<b>OPERATING LOSS</b>	<b><u>\$ (12,310,479)</u></b>	<b><u>\$ (11,031,206)</u></b>
Adjustments to Reconcile Operating Loss to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,789,121	1,549,566
Deferred Outflows of Resources	173,632	(398,252)
Deferred Inflows of Resources	68,843	(179,972)
Changes in Assets and Liabilities:		
Accounts Receivable	224,104	(128,808)
Miscellaneous Receivables	(25,902)	(4,730)
Medical Assistance Program Receivable	(101,384)	(72,167)
Inventories	(52,644)	(17,188)
Prepaid Insurance	(1,975)	1,033
Accounts Payable	69,417	(166,718)
Medical Assistance Program Payable	-	(57,370)
Accrued Salaries and Wages	55,362	7,111
Accrued Pension	(33,582)	56,057
Accrued Workers' Compensation	-	(24,659)
Reserve for Health Care Claims	(173,532)	22,693
Unredeemed Fares	(31,162)	(43,121)
Deferred Pension Liability	(245,446)	488,931
Other Post Retirement Benefit Liability	77,493	90,140
Accrued Compensated Absences	<u>111,689</u>	<u>3,912</u>
<b>TOTAL ADJUSTMENTS</b>	<b><u>1,904,034</u></b>	<b><u>1,126,458</u></b>
<b>NET CASH USED FOR OPERATING ACTIVITIES</b>	<b><u>\$ (10,406,445)</u></b>	<b><u>\$ (9,904,748)</u></b>



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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

**A. Reporting Entity**

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

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

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

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

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

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

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

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2020 AND 2019

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**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, 2020 AND 2019**

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**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, 2020 AND 2019**

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**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, 2020 AND 2019**

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**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.

**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, 2020 AND 2019**

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

As of June 30, 2020 and 2019, the carrying amounts of the Authority's cash balances were \$ 2,668,425 and \$ 2,862,795, respectively, and the corresponding bank balances were \$ 2,862,795 and \$ 3,031,049, respectively, of which \$ 2,629,375 and \$ 2,781,049, 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, 2020 and 2019, respectively.

**NOTE (4) – RESTRICTED CASH:**

At June 30, 2020 and 2019, cash in the amount of \$17,229 and \$ 17,402, 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, 2020 and 2019, cash in the amount of \$ 2,616,098 and \$ 2,828,217, 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:

	2020	2019
Federal Government	\$ 895,428	\$ 1,017,129
Commonwealth of PA	-	-
Total	\$ 895,428	\$ 1,017,129

**NOTE (6) – INVENTORIES:**

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

	2020	2019
Parts	\$ 431,998	\$ 403,290
Fuel	45,667	21,731
Total	\$ 477,665	\$ 425,021

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE (7) – CAPITAL ASSETS:**

The components of fixed assets as of June 30, 2020, are as follows:

	Cost	Accumulated Depreciation	Book Value
Capital assets not being depreciated:			
Land	\$ 1,682,716	\$ -	\$ 132,716
Capital assets being depreciated:			
Revenue Vehicles	20,323,177	13,534,839	6,788,338
Service Vehicles	251,129	215,837	35,292
Shelters and Bus Stop Signs	169,096	154,796	14,300
Structures and Improvements	7,085,283	3,784,690	3,300,593
Installed Equipment	376,492	355,743	20,749
Shop and Garage Equipment	248,043	200,577	47,466
Van Service Equipment	143,185	101,937	41,248
Radios	77,357	75,516	1,841
Fareboxes	686,947	663,584	23,363
Signs and Enunciator	878,381	581,745	296,636
Van Communication	51,706	34,559	17,147
Computer Equipment	475,803	309,833	165,970
Office Equipment	47,840	47,840	-
Total capital assets being depreciated, net	<u>\$ 30,814,439</u>	<u>\$ 20,061,496</u>	<u>\$ 10,742,943</u>
Total capital assets, net	<u>\$ 32,497,155</u>	<u>\$ 20,061,496</u>	<u>\$ 12,435,659</u>

The following schedule summarizes the changes in fixed assets:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets	\$ 29,472,139	\$ 4,916,706	\$ (1,891,690)	\$ 32,497,155
Accumulated Depreciation	<u>(20,164,065)</u>	<u>(1,789,121)</u>	<u>1,891,690</u>	<u>(20,061,496)</u>
	<u>\$ 9,308,074</u>	<u>\$ 3,127,585</u>	<u>\$ -</u>	<u>\$ 12,435,659</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

**NOTE (7) – CAPITAL ASSETS (CONTINUED):**

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

	<b>Cost</b>	<b>Accumulated Depreciation</b>	<b>Book Value</b>
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 Annunciator	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:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Deletions</b>	<b>Ending Balance</b>
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>

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

As of June 30, 2020 and 2019, 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, 2020 AND 2019**

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**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, 2020 and 2019, interest earned and also deferred on the capital funding amounted to \$37 and \$ 47, respectively. Act 26 funding utilized for capital expenditures during the year ended 2020 and 2019 was \$ 150 and \$ 2,403, respectively. Deferred revenue as of June 30, 2020 and 2019, was \$ 11,042 and \$ 11,154, 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>2020</u>	<u>2019</u>
Balance, Beginning of Year	\$ 3,528,218	\$ 4,245,242
Fund received - state	6,182,192	6,014,481
Interest earned	<u>33,927</u>	<u>52,991</u>
Total Available	9,744,337	10,312,714
Funds expended	<u>4,028,239</u>	<u>6,784,496</u>
Balance, End of Year	<u>\$ 5,716,098</u>	<u>\$ 3,528,218</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

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**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>2020</u>	<u>2019</u>
S.T.E.P. Program	\$ 37,467	\$ 40,047
PWD Program	-	4,937
Lottery Program	<u>27,598</u>	<u>51,216</u>
Total	<u>\$ 65,065</u>	<u>\$ 96,227</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, 2020 and 2019, is \$ 636,941 and \$ 525,252, 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**  
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**NOTE (13) –POSTEMPLOYMENT BENEFITS (CONTINUED):**

**General Information about the OPEB Plan (continued)**

Benefits provided (continued):

**I. FIXED ROUTE UNION DRIVERS**

GROUP	ELIGIBILITY	COVERAGE AND PREMIUM SHARING	DURATION
a) Health coverage benefits	<p>Must meet all of the following:</p> <ul style="list-style-type: none"> <li>• Retire on or after May 1, 2006</li> <li>• 10 or more years of service</li> <li>• Age 64 or less</li> </ul>	<ul style="list-style-type: none"> <li>• Coverage: Medical, Prescription Drug, Dental and Vision</li> <li>• 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.</li> <li>• Dependents: Spouses and Family Included.</li> </ul>	Coverage is provided for 3 years or until the attainment of Medicare age, whichever is less
b) Life insurance benefits	<p>Must qualify for retirement under the Luzerne County Transportation Authority Union Employees' Pension Plan</p>	<ul style="list-style-type: none"> <li>• Coverage: Life Insurance</li> <li>• Premium Sharing: Authority pays the full premium for Life Insurance of an amount determined by the date of retirement: <ul style="list-style-type: none"> <li>6/ 1/1973 – 10/1/1985 \$500</li> <li>10/ 1/1985 – 10/1/1999 \$1,000</li> <li>10/ 1/1999 – 3/25/2003 \$2,000</li> <li>3/25/2003 – 4/25/2006 \$3,500</li> <li>4/25/2006 – 10/1/2008 \$4,000</li> <li>10/1/2008 – 10/1/2012 \$4,300</li> <li>10/1/2012 – 10/1/2015 \$5,000</li> <li>After 10/1/2015: \$10,000</li> </ul> </li> <li>• Dependents: No spouses or dependents are covered</li> </ul>	Coverage is provided for life

**II. NON-UNION**

a) Health coverage benefits	Same as 1a	Based on past practice, same as 1a	Same as 1a
b) Live insurance benefits	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

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
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**NOTE (13) –POSTEMPLOYMENT BENEFITS (CONTINUED):**

**General Information about the OPEB Plan (continued)**

Benefits provided (continued):

**III. BOARD MEMBERS**

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

Employees covered by benefit terms

At June 30, 2020 the following employees were covered by the benefit terms:

Retired Participants	67
Participants	<u>103</u>
Total Members	<u>170</u>

**Total OPEB Liability**

At June 20, 2020 and 2019, the Authority's total OPEB liability of \$ 2,142,389 and 2,064,896 was measured as of July 1, 2019, and was determined by an actuarial valuation as of July 1, 2019.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
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**NOTE (13) –POSTEMPLOYMENT BENEFITS (CONTINUED):**

**General Information about the OPEB Plan (continued)**

Actuarial Assumptions and Other Inputs:

The total OPEB liability in the July 1, 2019 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	3.36%
Healthcare Cost Trend Rates	
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, 2019.

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.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at July 1, 2017	\$ 1,974,756
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>\$ 2,064,896</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
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**NOTE (13) –POSTEMPLOYMENT BENEFITS (CONTINUED):**

**Changes in the Total OPEB Liability (Continued):**

	Total OPEB Liability
Changes for the year:	
Service Cost	180,913
Interest	63,925
Difference between expected and actual experience	79,197
Changes in assumptions	(60,664)
Benefit payments	<u>(185,878)</u>
Net Changes	<u>77,493</u>
Balance at July 1, 2019	<u>\$ 2,142,389</u>

Changes of assumptions reflect a change in the discount rate from 2.98 percent to 3.36 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 (2.36%)	Current Discount Rate (3.36%)	1% Increase (4.36%)
Total OPEB Liability	\$ 2,308,142	\$ 2,142,389	\$ 1,994,799

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	\$ 2,005,897	\$ 2,142,389	\$ 2,297,668

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**NOTE (13) –POSTEMPLOYMENT BENEFITS (CONTINUED):**

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

For the year ended June 30, 2020 and 2019, the Authority recognized OPEB expense of \$ 137,428 and \$18,914, respectively. The Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources at June 30:

	2020	2019
Deferred Outflows of Resources		
Benefit payments made subsequent to the measurement date	\$ 81,174	\$ 185,878
Differences between expected and actual experience	63,358	
Changes of assumptions or other inputs	9,707	12,943
Total	\$ 154,239	\$ 198,821
Deferred Inflows of Resources		
Differences between expected and actual experience	\$ 31,971	\$ 47,956
Changes of assumptions or other inputs	82,915	51,577
Total	\$ 114,886	\$ 99,533

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

The \$81,174 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, 2021. 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,		
2021	\$	(26,236)
2022		(26,235)
2023		6,941)
2024		3,709
	\$	(41,821)

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
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**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, 2020 and 2019 was \$ 52,118 and \$ 48,312, 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 the sum of \$60.00 per month per year of credited service earned after December 31, 2019; plus \$53.00 per month per year of credited service earned after December 31, 2015 and before January 1, 2020; plus the member's accrued benefit earned for credited service prior to January 1, 2016

**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.



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
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**NOTE (14) –PENSION PLAN:**

**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	4
Active Members	<u>72</u>
Total Members	<u>139</u>

**Net Pension liability**

At June 30, 2020 and 2019, the Authority reported a liability of \$3,434,080 and \$3,605,137, respectively, for its net pension liability. The net pension liability was measured as of December 31, 2019, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. 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, 2019, 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.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE (14) –PENSION PLAN (CONTINUED):**

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

**Net Pension liability (Continued)**

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, 2020 AND 2019

**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, 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	-	-	-
Net Changes	<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
Changes for the year:			
Service Cost	144,716	-	144,716
Interest	527,382	-	527,382
Changes in Benefit Terms	35,832	-	35,832
Changes in Experience	99,375	-	99,375
Changes in Assumptions	-	-	-
Contributions - employer	-	447,427	(447,427)
Contributions – member	-	165,441	(165,441)
Net Investment Income	-	379,009	(379,009)
Benefit payments, including refunds	(485,279)	(485,279)	-
Administration Expense	-	(13,515)	13,515
Other Charges	-	-	-
Net Changes	<u>322,026</u>	<u>493,083</u>	<u>(171,057)</u>
Balance at December 31, 2019	\$ 6,489,239	\$ 3,055,156	\$ 3,434,080

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020 AND 2019

**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	\$ 3,923,830	\$ 3,434,080	\$ 3,003,712

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

Pension expense - For the year ended June 30, 2020 and 2019, the Authority recognized pension expense of \$ 224,529 and \$ 361,777, 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>2020</u>	<u>2019</u>
<b>Deferred Outflows of Resources</b>		
Differences between expected and actual experience	\$ 79,500	\$
Contributions subsequent to measurement date	168,434	154,291
Net differences between projected and actual earnings on pension plan investments	<u>266,478</u>	<u>424,388</u>
Total	<u>\$ 514,412</u>	<u>\$ 578,679</u>
<b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	\$ 111,439	\$ 202,114
Net differences between projected and actual earnings on pension plan investments	<u>156,186</u>	<u>46,617</u>
Total	<u>\$ 267,625</u>	<u>\$ 248,731</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
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**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, 2020. 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,	
2021	\$ 19,917
2022	(710)
2023	70,548
2024	<u>(11,402)</u>
	<u>\$ 78,353</u>

**Payable to the Pension Plan**

At June 30, 2020 and 2019, the Authority reported a payable of \$ 20,145 and \$ 65,578, 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.

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**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 3.0% of compensation

Member contributions are credited with 8.0% annual interest.

Plan Membership at December 31, 2019	
Inactive Members or Beneficiaries Currently Receiving Benefits	20
Inactive Members Entitled to but not yet Receiving Benefits	5
Active Members	<u>24</u>
Total Members	<u>49</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**

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**NOTE (14) –PENSION PLAN (CONTINUED):**

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

**Net Pension Liability**

The net pension liability was measured as of December 31, 2019 and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2019. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

**Actuarial Assumptions**

The total pension liability in the January 1, 2019 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.

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**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, 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	<u>168,731</u>	<u>22,020</u>	<u>190,751</u>
Balance at December 31, 2018	<u>\$ 3,002,135</u>	<u>\$ 1,596,941</u>	<u>\$ 1,405,194</u>
Changes for the year:		-	
Service Cost	166,454	-	166,454
Interest	248,437	-	248,437
Changes in Benefit Terms	-	-	-
Changes in Experience	45,749	-	45,749
Changes in Assumptions	-	-	-
Contributions - employer	-	281,394	(281,394)
Contributions – member	-	35,238	(35,238)
Net Investment Income	-	225,397	(225,397)
Benefit payments, including refunds	(217,746)	(217,746)	-
Administration Expense	-	(7,000)	7,000
Other Charges	-	-	-
Net Changes	<u>242,894</u>	<u>317,283</u>	<u>(74,389)</u>
Balance at December 31, 2018	<u>\$ 3,245,029</u>	<u>\$ 1,914,224</u>	<u>\$ 1,330,805</u>



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
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**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:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Plan’s Net Pension Liability	\$ 1,648,339	\$ 1,330,805	\$ 1,058,637

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

Pension expense. For the year ended June 30, 2020 and 2019, the Authority recognized pension expense of \$ 419,216 and \$ 226,558, 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:

	2020	2019
<b>Deferred Outflows of Resources</b>		
Differences between expected and actual experience	\$ 111,370	\$ 89,175
Net differences between projected and actual earnings on pension plan investments	157,859	244,837
Total	\$ 269,229	\$ 334,012
 <b>Deferred Inflows of Resources</b>		
Differences between expected and actual experience	\$ 193,268	\$ 225,479
Net differences between projected and actual earnings on pension plan investments	91,905	25,098
Total	\$ 285,173	\$ 250,577

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
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**JUNE 30, 2020 AND 2019**

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**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:		
2021	\$	25,024
2022		12,693
2023		21,060
2024		(27,451)
2025		(26,494)
Thereafter		<u>(20,776)</u>
	\$	<u>(15,944)</u>

**Payable to the Pension Plan**

At June 30, 2020 and 2019, the Authority reported a payable of \$152,548 and \$ 140,697, 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, 2020, the amount of settlements did not exceed insurance coverage.

On January 1, 2020, the LCTA discontinued the program and obtain health insurance coverage through a traditional plan.

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2020 AND 2019**

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**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. Changes in the claim's liability are as follows:

	Claims Liability Beginning of Year	Claims and changes in estimates	Claim Payments	Claims Liability End of Year
2020	\$ 173,532	\$ 1,182,513	\$ 1,356,045	\$ -
2019	\$ 150,839	\$ 1,915,703	\$ 1,893,010	\$ 173,532

**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

	2020*	2019*	2018*	2017*	2016*
<u>Total Pension Liability:</u>					
Service cost	\$ 144,716	\$ 112,556	\$ 108,227	\$ 84,014	\$ 80,783
Interest	527,382	502,942	492,278	466,842	456,979
Changes in benefit terms	35,832	-	-	445,078	-
Differences between expected and actual experience	99,375	-	(278,596)	-	-
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds	(485,279)	(505,384)	(453,386)	(431,218)	(418,690)
Net changes in Total Pension Liability	322,026	(110,114)	(131,477)	564,716	119,072
Total Pension Liability – Beginning	<u>6,167,210</u>	<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>6,489,236</u>	<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	447,427	386,748	393,465	\$ 301,669	\$ 256,439
Contributions – member	165,441	137,419	137,147	128,885	103,572
Net investment income (loss)	379,009	(176,484)	284,761	93,982	(70,052)
Benefit payments, including refunds	(485,279)	(505,384)	(453,386)	(431,218)	(418,690)
Administrative expense	(13,515)	(30,365)	(18,615)	(11,800)	(11,900)
Net Change in Plan Fiduciary Net Position	493,083	(188,066)	343,372	81,518	(140,631)
Plan Fiduciary Net Position – Beginning	<u>2,562,073</u>	<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>3,055,156</u>	<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>\$ 3,434,080</u>	<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	47.08%	41.54%	40.45%	38.89%	41.35%
Covered Employee Payroll	\$ 4,089,673	\$ 4,000,396	\$ 3,826,543	\$ 3,605,122	\$ 3,533,912
Net Pension Liability as a Percentage of Covered Employee Payroll	83.97%	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>
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%
2019	439,738	447,427	(7,689)	4,089,673	10.94%

### 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: 1/1/2017

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period: 10 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, 2020 equal to \$60 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

	2020*	2019*	2018*	2017*	2016*
<b>Total Pension Liability:</b>					
Service cost	\$ 166,454	\$ 152,960	\$ 145,676	\$ 150,824	\$ 143,642
Interest	248,437	230,327	217,470	229,797	219,154
Changes in benefit terms	-	-	-	-	-
Changes for experience	45,749	-	(289,901)	-	-
Changes of assumptions	-	-	-	-	-
Benefit payments, including refunds	(217,746)	(214,556)	(204,884)	(274,425)	(199,469)
<b>Net changes in Total Pension Liability</b>	<b>242,894</b>	<b>168,731</b>	<b>(131,639)</b>	<b>106,196</b>	<b>163,327</b>
Total Pension Liability – Beginning	3,002,135	2,833,404	2,965,043	2,858,847	2,695,520
Total Pension Liability – Ending (a)	<u>3,245,029</u>	<u>3,002,135</u>	<u>2,833,404</u>	<u>\$ 2,965,043</u>	<u>2,858,847</u>
<b>Plan Fiduciary Net Position</b>					
Contributions –employer	281,394	287,336	286,063	\$ 288,164	\$ 297,426
Contributions – member	35,238	36,041	35,120	32,539	31,437
Net investment income (loss)	225,397	(109,529)	154,751	42,025	(31,071)
Benefit payments, including refunds	(217,746)	(214,556)	(204,884)	(274,425)	(199,469)
Administrative expense	(7,000)	(21,312)	(10,900)	(4,700)	(7,200)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>317,283</b>	<b>(22,020)</b>	<b>260,150</b>	<b>83,603</b>	<b>91,123</b>
Plan Fiduciary Net Position – Beginning	1,596,941	1,618,961	1,358,811	1,275,208	1,184,085
Plan Fiduciary Net Position – Ending (b)	<u>1,914,224</u>	<u>1,596,941</u>	<u>1,618,961</u>	<u>\$ 1,358,811</u>	<u>\$ 1,275,208</u>
<b>Net Pension Liability – Ending (a – b)</b>	<b><u>1,330,805</u></b>	<b><u>1,405,194</u></b>	<b><u>1,214,443</u></b>	<b><u>\$ 1,606,232</u></b>	<b><u>\$ 1,583,639</u></b>
<b>Plan Fiduciary Net Position as a Percentage of the Total Pension Liability</b>	<b>58.99%</b>	<b>53.19%</b>	<b>57.14%</b>	<b>45.83%</b>	<b>44.61%</b>
<b>Covered Employee Payroll</b>	<b>\$ 1,090,078</b>	<b>\$ 1,209,178</b>	<b>\$ 1,199,354</b>	<b>\$ 1,061,963</b>	<b>\$ 1,015,021</b>
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	<b>122.08%</b>	<b>116.21%</b>	<b>101.25%</b>	<b>151.25%</b>	<b>156.02%</b>

\* 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>
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%
2019	281,394	281,394	-	1,090,078	25.81%

### 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.

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Methods and Assumptions used to determine contribution rates:

Actuarial Valuation Date: 1/1/2017

Actuarial Cost Method: Entry Age Normal

Amortization Method: Level Dollar Closed

Remaining Amortization Period 11 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 1/1/2017.



# Luzerne County Transportation Authority

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

	2020*	2019*	2018*
<b>Total OPEB Liability:</b>			
Service cost	\$ 180,913	\$ 170,319	\$ 168,778
Interest	63,925	64,415	53,305
Changes in benefit terms	-	-	-
Differences between expected and actual experience	79,197	-	(79,926)
Changes of assumptions and other inputs	(60,664)	-	(85,963)
Benefit payments, including refunds	(185,878)	(160,773)	(116,534)
<b>Net changes in Total Pension Liability</b>	<b>77,493</b>	<b>90,140</b>	<b>(60,340)</b>
Total OPEB Liability – Beginning	2,064,896	1,974,756	2,035,096
<b>Total OPEB Liability – Ending</b>	<b>\$ 2,142,389</b>	<b>\$ 2,064,896</b>	<b>\$ 1,974,756</b>
Covered Employee Payroll	\$ 5,095,251	\$ 4,770,059	\$ 4,770,059
Total OPEB Liability as a Percentage of Covered Employee Payroll	42.05%	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%
2019	2.98%
2020	3.36%

## **SUPPLEMENTARY INFORMATION**

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**OPERATING REVENUE:**

**PASSENGER REVENUE**

FULL ADULT FARES	\$ 357,273
FULL FARE TRANSFERS	21,113
REDUCED FARE TRANSFERS	3,003
31 DAY PASSES	299,415
20 RIDE PASSES	70,770
10 RIDE PASSES	53,419
1 DAY PASSES	161,059
1 RIDE PASSES	8,358
STUDENT PASSES	51,217
REDUCED FARES	30,361
OTHER PRIMARY RIDE FARE	(2,577)

**TOTAL PASSENGER SERVICE** 1,053,411

**ADVERTISING** 90,276

**SALE OF FIXED ASSETS** 17,500

**MISCELLANEOUS INCOME** 1,977

**UNIFIED WORK PROGRAM** 25,902

**TOTAL OPERATING REVENUE** 1,189,066

**OPERATING EXPENSES:**

**ADMINISTRATION-TRANS. OPER.:**

SALARIES AND WAGES	126,717
FRINGE BENEFIT AND PAYROLL TAXES	99,853
DEPRN:REV. VEHICLE. MOVEMENT CONTROL	4,460

**SCHEDULING-TRANS. OPER.:**

SALARIES AND WAGES	4,893
FRINGE BENEFITS AND PAYROLL TAXES	4,366

**REVENUE VEHICLE OPERATIONS:**

SALARIES AND WAGES	3,035,244
FRINGE BENEFIT AND PAYROLL TAXES	2,262,199
FUEL	583,148
TIRES AND TUBES	48,618
LUBRICANT	40,571
DEPRN:	
BUSES	968,584
DESTINATION SIGNS AND VOICE ENUNCIATOR	82,629
CONSULTANTS	3,509

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**MAINTENANCE ADMIN.-VEHICLES:**

SALARIES AND WAGES	100,064
FRINGE BENEFIT AND PAYROLL TAXES	67,699
DEPRN:SHOP AND GARAGE EQUIPMENT	8,044

**SERVICING-REVENUE VEHICLES:**

SALARIES AND WAGES	222,514
FRINGE BENEFITS AND PAYROLL TAXES	130,580
MATERIAL AND SUPPLIES	900
DEPRN: INSTALLED EQUIPMENT	13,996

**INSPECTION AND MAINT.-REV. VEHICLES:**

SALARIES AND WAGES	497,999
FRINGE BENEFIT AND PAYROLL TAXES	275,210
CONTRACTED MAINT. SERVICES	49,065
MATERIAL AND SUPPLIES	526,126

**ACCIDENT REPAIRS-REV. VEHICLES:**

SALARIES AND WAGES	43,770
FRINGE BENEFIT AND PAYROLL TAXES	35,061
PREMIUMS FOR PHYSICAL DAMAGE INSURANCE	263,664
RECOVERY OF PHYS. DAMAGE LOSS	(84,324)

**VANDALISM REPAIRS-REV. VEHICLES:**

SALARIES AND WAGES	-
FRINGE BENEFIT AND PAYROLL TAXES	-

**SERVICE AND FUEL-SERVICE VEHICLES:**

SALARIES AND WAGES	10,715
FRINGE BENEFIT AND PAYROLL TAXES	6,942
FUEL	2,171
MATERIALS AND SUPPLIES	389

**INSPECTION AND MAINT.-SERVICE VEHICLES:**

CONTRACTED MAINT. SERVICES	311
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**MAINT. ADMIN.-FACILITIES:**

SALARIES AND WAGES	18,938
FRINGE BENEFIT AND PAYROLL TAXES	13,105
DEPRN.-STRUCTURES & IMPROVEMENTS	237,625

**MAIN.-VEHICLE MOVE. CONTROL:**

CONTRACTED MAINTENANCE SERVICES	1,367
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**MAINT.-FARE COLLECT. & COUNT EQUIP.:**

SALARIES AND WAGES	61,727
FRINGE BENEFIT AND PAYROLL TAXES	52,790
CONTRACTED MAINT. SERVICES	-

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**MAINT:-BLDGS, GROUNDS, EQUIP.:**

FRINGE BENEFITS & PAYROLL TAXES	13,236
BLDGS.& GROUNDS-WAGES	10,610
BLGD.& GROUNDS-CONTRACTED SERVICES	35,214
BLGD.& GROUNDS-CUSTODIAL SERVICES	2,041
BLGD.& GROUNDS-MATERIAL & SUPPLIES	685
JANITORIAL: SALARIES AND WAGES	8,115
JANITORIAL: MATERIAL & SUPPLIES	6,083

**TICKET AND FARE COLLECTION:**

SALARIES AND WAGES	13,087
FRINGE BENEFIT AND PAYROLL TAXES	8,183
MATERIAL AND SUPPLIES	15,710
DEPRN: FAREBOXS & COUNTING EQUIPMENT	2,890

**GENERAL ADMINISTRATIVE EXPENSES:**

FRINGE BENEFITS AND PAYROLL TAXES	307,289
STEP PROGRAM WAGES	3,406
STEP PROGRAM FRINGE BENEFITS	2,499
SECURITY SERVICE	24,978
HEALTH CLAIMS - PROF. & TECH SERVICES	28,713
HEALTH CLAIMS - STOP-LOSS	114,074
SAFETY-SALARIES AND WAGES	12,666
SAFETY-MATERIAL AND SUPPLIES	1,332
PREMIUMS-PUBLIC LIABILITY. & PROP. DAMAGE	26,760
MISCELLANEOUS PROFESS AND TECH SERVICES	31,654
PERSONNEL-PROFESS. AND TECH SERVICES	7,225
LEGAL - SALARIES AND WAGES	25,595
LEGAL-PROFESS. AND TECH SERVICES	29,640
ACCOUNTING AND AUDITING SERVICES	24,678
FINANCE AND ACCOUNTING-SALARIES	112,720
FINANCE & ACCT.-MATERIALS & SUPPLIES	635
PURCHASING & STORE.-WAGES	55,654
OFFICE MANAGEMENT-MATERIALS & SUPPLIES	21,213
IT SALARIES AND WAGES	49,356
DATE PROCESSING-PROF. & TECH. SERVICES	9,276
GENERAL MANAGEMENT-SALARIES	135,326
GENERAL MANAGEMENT-PROF. & TECH SERVICES	11,980
GENERAL MANAGEMENT-SUPPLIES	254

**MARKETING:**

CUSTOMER SERVICE-SALARIES AND WAGES	150,431
CUSTOMER SERVICE-MATERIALS & SUPPLIES	-
ADVERTISING AND PROMOTION	209
PROMOTION-MEDIA	4,692
FRINGE BENEFITS AND PAYROLL TAXES	113,683

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**GENERAL EXPENSES:**

MATERIALS AND SUPPLIES	1,985
HEAT, POWER, LIGHT, WATER, & PHONE	103,590
DUES AND SUBSCRIPTIONS	4,689
TRAVEL AND MEETINGS	11,094
OTHER POST RETIREMENT BENEFIT COSTS	137,428
OTHER MISCELLANEOUS EXPENSES	6,171
DEPRECIATION: SERVICE VEHICLES	9,287
DEPRECIATION: OFFICE EQUIPMENT	1,823
DEPRECIATION: COMPUTER SYSTEM	28,845

**TOTAL OPERATING EXPENSES** 11,547,943

**LOSS FROM OPERATIONS** (10,358,877)

**NON-OPERATING REVENUE (EXPENSES)**

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

FEDERAL GOVERNMENT 2,335,311

**OPERATING GRANTS:**

FEDERAL GOVERNMENT	2,516,368
COMMONWEALTH OF PENNSYLVANIA SECTION 1513 ACT 44	3,354,209
LUZERNE COUNTY ACT 44 MATCHING FUNDS	653,869

**TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS** 8,859,757

**OTHER PUBLIC/PRIVATE SOURCES:**

OTHER MISCELLANEOUS REVENUE -

**TOTAL NON-OPERATING REVENUE (EXPENSES)** 8,859,757

**LOSS BEFORE CAPITAL GRANT FUNDING** (1,499,120)

**CAPITAL GRANT FUNDING**

FEDERAL	2,416,121
COMMONWEALTH OF PENNSYLVANIA ACT 26 PTAF	150
COMMONWEALTH OF PENNSYLVANIA SECTION 1517	386,871
COMMONWEALTH OF PENNSYLVANIA SECTION 1514	1,374,381
COMMONWEALTH OF PENNSYLVANIA TA SET-ASIDE	21,069
LUZERNE COUNTY	45,812

**TOTAL CAPITAL GRANT FUNDING** 4,244,404

**CHANGE IN NET POSITION** \$ 2,745,284

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**OPERATING REVENUE:**

**CONTRACT TRANSPORTATION FARES**

Medical Assistance Transportation Program:

Luzerne County \$ 1,577,770

Commonwealth of Pennsylvania Department of Transportation

Persons with Disabilities 21,685

Section 203 Lottery Program 510,363

STEP Ticket Sales 76,295

Shared-Ride Ticket Fares:

Persons with Disabilities 7,057

Section 203 Lottery Program 77,040

User Agencies and Organizations

Department of Public Welfare

Promise 168,447

Wyoming Valley CYC 19,579

Luzerne County Mental Health/Mental Retardation Programs

Partial Hospitalization 85,820

Promise 33,665

Luzerne County Children and Youth Services 22,410

Luzerne Intermediate Unit #18 34,553

Single Contract 1,071

Sophies Learning Center 3,659

Nanticoke Active Adults 25

Association for the Blind 1,615

Bloom Early Education Center 3,118

Child Development Council 19,407

**TOTAL FEE-FOR-SERVICE OPERATING REVENUE** 2,663,579

**OTHER OPERATING REVENUE**

Prior Year MAPT Payment 183,326

Medical Assistance Client Travel Reimbursement 63,778

**TOTAL OPERATING REVENUES** 2,910,683

**OPERATING EXPENSES:**

**SALARIES AND WAGES**

Vehicle Operations 1,197,870

Maintenance 363,007

Administration 274,091

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**FRINGE BENEFITS**

Vehicle Operations	956,067
Maintenance	338,440
Administration	199,151

**SERVICES**

Outside Repairs	5,118
Building and Grounds	608
Finance	20,323
Radios	7,632
Professional and Technical Services	79,408

**FUEL AND LUBRICANTS**

Fuel	251,555
Oil and Lubricants	3,562

**TIRES AND TUBES**

31,046

**OTHER MATERIALS AND SUPPLIES**

Materials and Supplies: Vehicles	47,264
Office Supplies	11,105
Other Materials and Supplies	8,095

**UTILITIES**

Heat, Power, Lights, Water and Phone	50,609
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**CASUALTY AND LIABILITY COSTS**

Vehicle Insurance	79,557
Recovery of Physical Damage Loss	(18,467)
Stop Loss Insurance	46,594

**PURCHASED TRANSPORTATION**

427,496

**MISCELLANEOUS EXPENSES**

Travel	1,730
Other Miscellaneous Expenses	2,952

**NON-PUBLIC OTHER TRANSPORTATION EXPENSES**

Purchased Transportation	-
Mileage Reimbursements	63,778

**DEPRECIATION**

427,429

**TOTAL OPERATING EXPENSES**

4,876,020

**LOSS FROM OPERATIONS**

(1,965,337)



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF REVENUE AND EXPENDITURES - NON FIXED ROUTE OPERATIONS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**NON-OPERATING REVENUE (EXPENSES)**

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

Federal ADA	179,631
Federal Preventive Maintenance	618,101

**OPERATING GRANTS:**

Commonwealth of Pennsylvania Section 1513 Act 44	674,029
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<b>TOTAL GOVERNMENT SUBSIDIES FOR OPERATIONS</b>	<b>1,471,761</b>
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**OTHER PUBLIC/PRIVATE SOURCES:**

Sale of Equipment	9,660
Advertising	31,235
Other Miscellaneous Revenue	25,252

<b>TOTAL NON-OPERATING REVENUE (EXPENSES)</b>	<b>1,537,908</b>
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<b>LOSS BEFORE CAPITAL GRANT FUNDING</b>	<b>(427,429)</b>
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**CAPITAL GRANT FUNDING**

Federal Section 5310	24,663
Commonwealth of Pennsylvania Section 1516 CTC	632,167

<b>TOTAL CAPITAL GRANT FUNDING</b>	<b>656,830</b>
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<b>CHANGE IN NET POSITION</b>	<b>\$ 229,401</b>
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Luzerne County Transportation Authority  
 Schedule of Expenditures of Federal Awards  
 For the Year Ended June 30, 2020

Federal CFDA Number	Federal Grant/Program Title	Program or Award Amount	Total Received for the Year	Accrued or (Deferred) Revenue at 07-01-19	Revenue Recognized	Expenditures	Accrued or (Deferred) Revenue at 06-30-20
<b>DIRECT FUNDING</b>							
<b>U.S. Department of Transportation</b>							
Federal Transit Capital Assistance Grants:							
20.507	PA 2018-014-00	1,529,266	498,148	6,016	494,820	494,820	2,688
20.507	PA 2018-018-00	2,348,460	1,443,301	486,767	956,534	956,534	-
20.507	PA 2018-038-00	1,818,000	1,757,296	-	1,757,296	1,757,296	-
20.507	PA 2019-008-00	609,789	2,240	-	11,440	11,440	9,200
20.507	PA 2019-009-00	190,000	190,000	-	190,000	190,000	-
20.507	PA 2019-022-00	468,335	-	-	-	-	-
20.507	PA 2019-023-00	2,327,698	633,000	263,797	369,532	369,532	329
20.507	PA 2020-022-00	7,760,096	1,215,358	-	4,285,911	4,285,911	3,070,563
20.507	PA 2020-049-00	393,857	-	-	-	-	-
20.526	PA 2020-049-00	12,500	-	-	-	-	-
	<b>TOTAL DEPARTMENT OF TRANSPORTATION DIRECT FUNDING</b>	<b>17,458,001</b>	<b>5,739,343</b>	<b>756,580</b>	<b>8,065,533</b>	<b>8,065,533</b>	<b>3,082,770</b>
<b>INDIRECT FUNDING</b>							
<b>U.S. Department of Transportation</b>							
Pass Through Pennsylvania Department of Transportation:							
Federal Transit Capital Assistance Grants:							
20.513	5310 FTA Capital Improvement	24,663	24,663	-	24,663	24,663	-
20.205	Federal Highway TA Set-Aside	240,000	25,899	4,830	21,069	21,069	-
	<b>TOTAL DEPARTMENT OF TRANSPORTATION INDIRECT FUNDING</b>	<b>264,663</b>	<b>50,562</b>	<b>4,830</b>	<b>45,732</b>	<b>45,732</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>							
Pass through Pennsylvania Department of Public Welfare:							
Medical Assistance Program							
93.778		125,601	125,601	21,695	105,217	105,217	1,311
	<b>TOTAL MEDICAL ASSISTANCE PROGRAM - DPW</b>	<b>125,601</b>	<b>125,601</b>	<b>21,695</b>	<b>105,217</b>	<b>105,217</b>	<b>1,311</b>
Pass through Luzerne County:							
Medical Assistance Transportation Program							
93.778	Luzerne County (18/19)	900,598	91,663	37,060	54,603	54,603	-
93.778	Medical Assistance Transportation Program Luzerne County (19/20)	977,364	733,023	-	820,774	820,774	87,751
	<b>TOTAL MEDICAL ASSISTANCE PROGRAM - LUZERNE</b>	<b>1,877,962</b>	<b>824,686</b>	<b>37,060</b>	<b>875,377</b>	<b>875,377</b>	<b>87,751</b>
Pass through Luzerne County:							
Office of Mental Health/Development Services							
Social Services Block Grant - Transportation Services Program							
93.667		65,235	65,235	-	65,235	65,235	-
	<b>TOTAL MENTAL HEALTH PROGRAM - LUZERNE</b>	<b>65,235</b>	<b>65,235</b>	<b>-</b>	<b>65,235</b>	<b>65,235</b>	<b>-</b>
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES INDIRECT FUNDING</b>							
		<b>2,068,798</b>	<b>1,015,522</b>	<b>58,755</b>	<b>1,045,829</b>	<b>1,045,829</b>	<b>89,062</b>
	<b>TOTAL INDIRECT FUNDING</b>	<b>2,333,461</b>	<b>1,066,084</b>	<b>63,585</b>	<b>1,091,561</b>	<b>1,091,561</b>	<b>89,062</b>
	<b>TOTAL</b>	<b>\$ 19,791,462</b>	<b>\$ 6,805,427</b>	<b>\$ 820,165</b>	<b>\$ 9,157,094</b>	<b>\$ 9,157,094</b>	<b>\$ 3,171,632</b>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2020

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**NOTE (1) - GENERAL:**

The accompanying schedule of financial awards presents the activity of all federal financial assistance programs of the Luzerne County Transportation Authority for the year ended June 30, 2020. 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, 2020

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	93.778	n/a	7/1/2019 - 6/30/2020	\$ 125,601.00	\$ 114,782.00	\$ 240,383.00	\$ 105,217.00	\$ 96,155.00	\$ 201,372.00
Pass through Pennsylvania Department of Public Welfare: Medical Assistance Program									
TOTAL MEDICAL ASSISTANCE PROGRAM				125,601.00	114,782.00	240,383.00	105,217.00	96,155.00	201,372.00
Medical Assistance Transportation Program - Luzerne County	93.778	n/a	7/1/2018 - 6/30/2019	128,722.00	128,723.00	257,445.00	91,663.00	91,663.00	183,326.00
Medical Assistance Transportation Program - Luzerne County	93.778	n/a	7/1/2019 - 6/30/2020	\$ 733,022.00	\$ 733,023.00	\$ 1,466,045.00	\$ 820,774.00	\$ 820,774.00	\$ 1,641,548.00
TOTAL MEDICAL ASSISTANCE PROGRAM - LUZERNE				861,744.00	861,746.00	1,723,490.00	\$ 912,437.00	\$ 912,437.00	\$ 1,824,874.00
TOTAL US DEPARTMENT OF HEALTH AND HUMAN SERVICES				\$ 987,345.00	\$ 976,528.00	\$ 1,963,873.00	\$ 1,017,654.00	\$ 1,008,592.00	\$ 2,026,246.00

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
NOTES TO SCHEDULE OF EXPENDITURES OF  
PENNSYLVANIA DEPARTMENT OF PUBLIC WELFARE AWARDS  
JUNE 30, 2020

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**NOTE (1) – BASIS OF PRESENTATION:**

The accompanying schedule of expenditures of Pennsylvania Department of Public Welfare awards includes the Department of Public Welfare grant activity of Luzerne County Transportation Authority for the year ended June 30, 2020. 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 WELEFARE 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.

**SUPPLEMENTARY INFORMATION**  
**REPORT FOR PENNSYLVANIA DEPARTMENT OF TRANSPORTATION**

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - FIXED ROUTE URBAN EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Vehicle Operations</u>	<u>Maintenance</u>	<u>General Admin.</u>	<u>Totals</u>
Operating Expenses				
Operators Salaries and Wages	\$ 3,035,244	\$ -	\$ -	\$ 3,035,244
Other Salaries and Wages	144,697	974,451	545,153	1,664,301
Fringe Benefits	2,374,600	594,623	423,470	3,392,693
Services	-	112,976	143,374	256,350
Fuel and Lubricants	625,890	-	-	625,890
Tires and Tubes	48,618	-	-	48,618
Other Materials and Supplies	15,710	534,183	30,112	580,005
Utilities	-	-	103,590	103,590
Casualty and Liability Costs	-	-	320,175	320,175
Taxes	-	-	-	-
Purchased Transportation	-	-	-	-
Miscellaneous Expenses	-	-	21,957	21,957
Expense Transfers	-	-	-	-
	<u>6,244,759</u>	<u>2,216,233</u>	<u>1,587,831</u>	<u>10,048,823</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				-
TOTAL OPERATING EXPENSES				<u>10,048,823</u>
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				1,361,692
Other Post-Employment Benefits (OPEB)				137,428
Other Reconciling Items				-
				<u>-</u>
Total Non-applied Reconciling Items				<u>1,499,120</u>
TOTAL OPERATING EXPENSES PER AUDIT				<u>\$ 11,547,943</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - NON-FIXED ROUTE ADA PARATRANSIT EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Vehicle Operations</u>	<u>Maintenance</u>	<u>General 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	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total System Expenses	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
Applied Reconciling Items				
Interest Expense				-
Leases and Rentals				-
Depreciation				-
Amortization of Intangibles				-
Purchase Lease Agreement				-
Related Party Lease Agreement				-
Other Reconciling Items: ADA				<hr/> 793,217
Total Applied Reconciling Items				<hr/> 793,217
TOTAL OPERATING EXPENSES				<hr/> 793,217
Non-applied Reconciling Items				
Depreciation (publicly funded assets only)				-
Other Post-Employment Benefits (OPEB)				-
Other Reconciling Items				<hr/> -
Total Non-applied Reconciling Items				<hr/> -
TOTAL OPERATING EXPENSES PER AUDIT				<hr/> <hr/> \$ 793,217



**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - NON-FIXED ROUTE SHARED RIDE EXPENSES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Vehicle Operations</u>	<u>Maintenance</u>	<u>General Admin.</u>	<u>Totals</u>
Operating Expenses				
Operators Salaries and Wages	\$ 1,018,244	\$ -	\$ -	\$ 1,018,244
Other Salaries and Wages	179,626	363,007	274,091	816,724
Fringe Benefits	956,067	338,440	199,151	1,493,658
Services	-	5,725	107,364	113,089
Fuel and Lubricants	255,117	-	-	255,117
Tires and Tubes	31,046	-	-	31,046
Other Materials and Supplies	-	47,264	19,200	66,464
Utilities	-	-	50,609	50,609
Casualty and Liability Costs	-	-	107,683	107,683
Taxes	-	-	-	-
Purchased Transportation	-	-	427,496	427,496
Miscellaneous Expenses	-	-	4,683	4,683
Expense Transfers	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total System Expenses	<u>2,440,100</u>	<u>754,436</u>	<u>1,190,277</u>	<u>4,384,813</u>
Applied Reconciling Items				
Interest Expense				-
Leases and Rentals				-
Depreciation				-
Amortization of Intangibles				-
Purchase Lease Agreement				-
Related Party Lease Agreement				-
Other Reconciling Items: ADA				(793,217)
Other Reconciling Items: Non Public				-
				<u>-</u>
Total Applied Reconciling Items				<u>(793,217)</u>
<b>TOTAL OPERATING EXPENSES</b>				<u><b>3,591,596</b></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>427,429</u>
<b>TOTAL OPERATING EXPENSES PER AUDIT</b>				<u><b>\$ 4,019,025</b></u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA EXPENSE SCHEDULE  
LEG - NON PUBLIC EXPENSES - OTHER TRANSPORTATION  
FOR THE YEAR ENDED JUNE 30, 2020**

	<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	-	-	63,778	63,778
MATP-Admin Reimbursement	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total System Expenses	<u>-</u>	<u>-</u>	<u>63,778</u>	<u>63,778</u>
Applied Reconciling Items				
Interest Expense				-
Leases and Rentals				-
Depreciation				-
Amortization of Intangibles				-
Purchase Lease Agreement				-
Related Party Lease Agreement				-
Other Reconciling Items: ADA				793,217
Other Reconciling Items: Non Public				<u>-</u>
Total Applied Reconciling Items				<u>793,217</u>
<b>TOTAL OPERATING EXPENSES</b>				<u>856,995</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>
<b>TOTAL OPERATING EXPENSES PER AUDIT</b>				<u>\$ 856,995</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES  
LEG - FIXED ROUTE REVENUES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Urban</u>	<u>Rural</u>	<u>Totals</u>
Transportation Revenues			
Passenger Fares	\$ 1,053,411	\$ -	\$ 1,053,411
Advertising	90,276	-	90,276
Charter	-	-	-
Route Guarantees	-	-	-
Other Revenue	-	-	-
Jury Duty/Warranties/Other	1,977	-	1,977
Sale of Assets	17,500	-	17,500
Other Revenue/UPWP	<u>25,902</u>	<u>-</u>	<u>25,902</u>
<b>TOTAL REVENUE</b>	<u><u>\$ 1,189,066</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 1,189,066</u></u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES  
LEG - NON-FIXED ROUTE REVENUES-URBAN  
FOR THE YEAR ENDED JUNE 30, 2020**

	ADA		Shared Ride 65+		Shared Ride Under 65		Public	Total
	Paratransit	Standard	DAS	Standard	DAS	Vanpool		
Transportation Revenues								
Passenger Fares	\$ 76,295	\$ 71,489	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 147,784
Advertising	-	-	-	-	-	-	-	-
Shared-Ride Lottery Trip Reimbursement	-	510,363	-	-	-	-	-	510,363
PwD Trip Reimbursement	-	-	-	21,685	-	-	-	21,685
PwD Passenger Fares	-	-	-	7,057	-	-	-	7,057
AAA	-	5,550	-	-	-	-	-	5,550
MH/MR - Shared-Ride Fare Structure	-	10,312	-	39,183	-	-	-	49,495
W2W - Shared-Ride Fare Structure	-	-	-	-	-	-	-	-
MATP - Shared-Ride Fare Structure	-	-	-	1,577,770	-	-	-	1,577,770
Children & Youth	-	-	-	22,410	-	-	-	22,410
Geisinger	-	-	-	69,658	-	-	-	69,658
CYC	-	-	-	19,579	-	-	-	19,579
OTHER REVENUE								
User Agencies	-	-	-	168,447	-	-	-	168,447
MATP Aide Reimbursements	-	-	-	-	-	-	-	-
Prior Year MATP Payments	-	-	-	183,326	-	-	-	183,326
Miscellaneous & Interest	-	66,147	-	-	-	-	-	66,147
<b>TOTAL REVENUE</b>	<b>\$ 76,295</b>	<b>\$ 663,861</b>	<b>\$ -</b>	<b>\$ 2,109,115</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,849,271</b>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA REVENUE SCHEDULES  
LEG - NON PUBLIC REVENUES - OTHER TRANSPORTATION  
FOR THE YEAR ENDED JUNE 30, 2020**

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

Agency/Sponsor		
MATP - Contract Rate Paratransit Revenue	\$	-
W2W - Contract Rate Paratransit Revenue		-
Other Contract Rate Paratransit Revenue		
Other Contracts		63,781
Other Revenue		
MATP - Mileage Reimbursement		63,778
W2W - Other		-
MATP Adjustment		-
Admin Reimbursement		<u>-</u>
	<b>TOTAL</b>	<b>127,559</b>
Non-Applied Reconciling Items		<u>-</u>
	<b>TOTAL REVENUE</b>	<b><u>\$ 127,559</u></b>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES  
LEG - FIXED ROUTE SUBSIDIES  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Urban</u>	<u>Rural</u>	<u>Totals</u>
<b>FEDERAL</b>			
Federal Operating Grant	\$ 2,516,368	\$ -	\$ 2,516,368
Federal Capital Grant to Fund Preventative Maintenance Costs	2,297,546	-	2,297,546
Federal Capital Grant to Fund Capital Costs of Contracting	-	-	-
Federal Capital Grant to Fund Associated Capital Maintenance Costs	37,765	-	37,765
Other Federal Grants for Operating Costs	-	-	-
	<u>4,851,679</u>	<u>-</u>	<u>4,851,679</u>
<b>Subtotal Federal Subsidy</b>			
<b>STATE</b>			
Act 44 Section 1513 Operating Grant Amount Charged- Prior Years- State Share	-	-	-
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - State Share	3,354,209	-	3,354,209
Act 3 ASG Grant Amount Charged - State Share	-	-	-
Act 3 BSG Grant Amount Charged - State Share	-	-	-
Special Operating Grants - State Share	-	-	-
	<u>3,354,209</u>	<u>-</u>	<u>3,354,209</u>
<b>Subtotal State Subsidy</b>			
<b>LOCAL</b>			
Act 44 Section 1513 Operating Grant Amount Charged- Prior Years - Local Share - Municipal Source	-	-	-
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - Local Share - Municipal Source	653,869	-	653,869
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>653,869</u>	<u>-</u>	<u>653,869</u>
<b>Subtotal State Subsidy</b>			
	<u>653,869</u>	<u>-</u>	<u>653,869</u>
<b>Grand Total Subsidy</b>			
	<u>\$ 8,859,757</u>	<u>\$ -</u>	<u>\$ 8,859,757</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES  
LEG - NON-FIXED ROUTE SUBSIDIES  
FOR THE YEAR ENDED JUNE 30, 2020**

Subsidy	ADA	Shared Ride		Public	Total
	<u>Paratransit</u>	<u>Standard</u>	<u>DAS</u>	<u>Vanpool</u>	
Federal Operating Grant	\$ -	\$ -	\$ -	\$ -	\$ -
Federal Capital Grant to Fund Preventive Maintenance Costs	-	-	-	-	-
Federal Capital Grant to Fund Capital Costs of Contracting	179,631	-	-	-	179,631
Federal Capital Grant to Fund Associated Capital Maintenance Costs	-	618,101	-	-	618,101
Other Federal Grants for Operating Costs	-	-	-	-	-
Federal Shared-Ride Subsidy	-	-	-	-	-
<b>Subtotal Federal Subsidy</b>	<u>179,631</u>	<u>618,101</u>	<u>-</u>	<u>-</u>	<u>797,732</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	537,291	136,738	-	-	674,029
Act 3 ASG Grant Amount Charged - State Share	-	-	-	-	-
Act 3 BSG Grant Amount Charged - State Share	-	-	-	-	-
Special Operating Grants - State Share	-	-	-	-	-
State Shared-Ride Subsidy	-	-	-	-	-
<b>Subtotal State Subsidy</b>	<u>537,291</u>	<u>136,738</u>	<u>-</u>	<u>-</u>	<u>674,029</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	-	-	-	-	-
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - Local Share - Advertising Source	-	-	-	-	-
Act 44 Section 1513 Operating Grant Amount Charged- Current Year - Local Share - Private Source	-	-	-	-	-
Act 3 ASG Grant Amount Charged - Local Share	-	-	-	-	-
Act 3 BSG Grant Amount Charged - Local Share	-	-	-	-	-
Special Operating Grants - Local Share	-	-	-	-	-
Local Shared-Ride Revenue	-	-	-	-	-
<b>Subtotal Local Subsidy</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Grand Total Subsidy</b>	<u>\$ 716,922</u>	<u>\$ 754,839</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,471,761</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA SUBSIDY SCHEDULES**  
**LEG - BUDGET SUMMARY**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	Fixed Route				Non-Fixed Route								Non-Public	
	ADA Paratransit				Shared Ride				Public Vanpool				Other Transportation	Total
	Urban	Rural	Urban	Rural	Standard Urban	DAS Urban	Standard Rural	DAS Rural	Urban	Urban	Rural	Rural		
Total Operating Expenses	10,048,823	-	793,217	-	3,591,596	-	-	-	-	-	-	-	63,778	14,497,414
Total Revenue	1,189,066	-	76,295	-	2,772,976	-	-	-	-	-	-	-	127,559	4,165,896
Operating Deficit	(8,859,757)	-	(716,922)	-	(818,620)	-	-	-	-	-	-	-	63,781	(10,331,518)
Total Subsidy	8,859,757	-	716,922	-	754,839	-	-	-	-	-	-	-	-	10,331,518
Applied Operating Result	-	-	-	-	(63,781)	-	-	-	-	-	-	-	63,781	-
Non-Applied Reconciling Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Applied Reconciling Expense Items	(1,499,120)	-	-	-	(427,429)	-	-	-	-	-	-	-	-	(1,926,549)
Total Non-Applied Reconciling Income Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Non-Applied Reconciling Subsidy Items	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operating Results per Audit	\$ (1,499,120)	\$ -	\$ -	\$ -	\$ (491,210)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 63,781	\$ (1,926,549)



**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA**  
**SCHEDULE S1 - LOCAL MATCH PROVIDED**  
**FOR THE YEAR ENDED JUNE 30, 2020**

<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	10/9/2019	\$ 325,204
Luzerne County	10/1/2020	325,205
Unassigned Local Match Funding:		
		_____ -
 GRAND TOTAL		 <u>\$ 650,409</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA  
SCHEDULE S2 - LOCAL MATCH CARRYOVER  
FOR THE YEAR ENDED JUNE 30, 2020**

A. Local Match funds available as of 6/30/19	<u>\$ 33,339</u>
B. Local match funds provided during the year ended 6/30/20	<u>650,409</u>
<b>C. Local match operating expenditures for year ended 6/30/20</b>	
a. Act 44 Sec. 1513 Local operating grant charged (prior years) - Municipal Source	-
b. Act 44 Sec. 1513 Local operating grant charged (current year) - Municipal Source	653,869
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 6/30/20 (Sum of C.a. through C.i.)	<u>653,869</u>
<b>E. Local match capital expenditures for year-ended 6/30/20</b>	
a. Section 1514 Discretionary local match capital expenditures (if any)	-
b. Section 1514 Bond local match capital expenditures (if any)	-
c. Section 1515 - New initiatives capital expenditures (if any)	-
d. Section 1516 - Programs of statewide significance capital expenditures (if any)	-
e. PTAF local match capital expenditures (previous years' funds)	30
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>3,454</u>
F. Total local match capital expenditures for year ended 6/30/20 (Sum of E.a. through E.k.)	<u>3,484</u>
G. Interest Earned on local funds for year ended 6/30/20	<u>3,460</u>
H. Local match funds available as of 6/30/20 (A+B-D-F+G)	<u>\$ 29,855</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**COMMONWEALTH OF PENNSYLVANIA**  
**SCHEDULE S3 - URBAN PTAF/BSG/ASG CARRYOVER**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	ACT 26		ACT 3	
	PTAF	LOCAL SHARE	BSG	ASG
Funds Available from Prior Years	\$ 11,185	\$ 6,217	\$ -	\$ -
Interest Income Earned for Year Ended June 30, 2020	7	-	-	-
Total Funds Available for the Year Ended June 30, 2020	11,192	6,217	-	-
<b>FUND EXPENDITURES</b>				
Used for Operating				
Used for Capital Assistance	(150)	(30)	-	-
Total Funds Used in Year Ended June 30, 2020	(150)	(30)	-	-
 FUND BALANCE - June 30, 2020	 \$ 11,042	 \$ 6,187	 \$ -	 \$ -

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA  
SCHEDULE S5 - URBAN SECTION 1513 PROGRAM CARRYOVER  
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>State Grant</u>	<u>Local Match</u>	<u>Total</u>
<b>A. FY 2019-20 Section 1513 URBAN Grant Agreement</b>	<u>\$ 6,182,192</u>	<u>\$ 650,409</u>	<u>\$ 6,832,601</u>
<b>URBAN SECTION 1513 GRANT UTILIZATION FOR FISCAL YEAR ENDED JUNE 30, 2020</b>			
1. Section 1513 fund balance as of June 30, 2019	<u>\$ 3,528,217</u>	<u>\$ -</u>	<u>\$ 3,528,217</u>
2. Section 1513 funds received for FY 2019-20	6,182,192	650,409	6,832,601
3. PTAF Section 1513 funds received for FY 2019-20	<u>-</u>	<u>-</u>	<u>-</u>
4. Total Section 1513 funds received for FY 2019-20 (Line 2+3, must agree with A above)	<u>6,182,192</u>	<u>650,409</u>	<u>6,832,601</u>
5. Interest Income earned on Section 1513 funds in FY 2020	<u>33,927</u>	<u>3,460</u>	<u>37,387</u>
6. Total Section 1513 funds available in FY 2019-20 (Line 1+4+5)	<u>9,744,336</u>	<u>653,869</u>	<u>10,398,205</u>
7. Section 1513 funds used for Urban fixed route operating expenses in FY 2019-20	3,354,209	653,869	4,008,078
8. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2019-20	674,029	-	674,029
9. Section 1513 funds used for Rural fixed route operating expenses in FY 2019-20	-	-	-
10 Section 1513 funds used for Rural non-fixed route operating expenses in FY 2019-20	-	-	-
11 Section 1513 funds used for Rural capital costs in FY 2019-20 (waiver required)	-	-	-
12 Section 1513 funds used for Urban capital costs in FY 2019-20 (waiver required)	-	-	-
13	<u>-</u>	<u>-</u>	<u>-</u>
13 Total Section 1513 funds used in FY 2019-20 (Line 7+8+9+10+11+12)	<u>4,028,238</u>	<u>653,869</u>	<u>4,682,107</u>
14 Section 1513 fund balance as of June 30, 2020 (Line 6 minus 13)	<u>\$ 5,716,098</u>	<u>\$ -</u>	<u>\$ 5,716,098</u>

**LUZERNE COUNTY TRANSPORTATION AUTHORITY  
COMMONWEALTH OF PENNSYLVANIA  
CAPITAL PROJECT SPENDING REPORT  
FOR THE YEAR ENDED JUNE 30, 2020**

Capital Project Title:	Shop Equipment	Bus Purchase	Bus Purchase	Bus Shelters	Signage	Computer Hardware and Software	Land Acquisition	Van Purchase	Van Purchase	Ecolane Tablets	Support Vehicle	Total Spent	Total Granted Funds	Granted Funds Less Amt Spent	
Expenditures Through the End of the Prior Fiscal Year	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
1	131				15,693	36,625			569,798			622,247	622,247		
2															
<b>Sources of Funds for the Current Fiscal Year</b>															
3															
4		438,355	1,757,296	11,440	720	8,931						2,216,742	2,216,742		
5															
6															
7															
8								24,663				24,663	24,663		
9															
10															
11															
12							190,000					190,000	190,000		
13															
14															
15															
16															
17															
18			2,279	2,767	150	455	1,316,139				43,140	1,364,930	1,364,930		
19															
20								616,167		16,000		632,167	632,167		
21															
22		77,357	307,753			1,761						386,871	386,871		
23															
24															
25															
26															
27															
28															
29															
30			80	93		18	43,861				1,439	45,491	45,491		
31															
32															
33						30				907		2,019	2,019		
34															
35															
36															
37															
38															
39															
40															
41															
42															
43															
44															
45															
46		515,712	2,067,408	14,300	900	11,165	1,550,000		641,942	16,907	44,579	4,862,913	4,862,913		
47	131	515,712	2,067,408	14,300	16,593	47,790	1,550,000	569,798	641,942	16,907	44,579	5,485,160	5,485,160		
48	16,290	515,712	2,138,824	15,000	50,000	59,057	1,550,000	600,628	642,000	17,000	45,000	5,649,511	5,649,511		
49	16,159		71,416	700	33,407	11,267		30,830	58	93	421	164,351	164,351		

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**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, 2020 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.

A handwritten signature in black ink, appearing to be 'B. B. B.', written over a horizontal line.

Pittston, Pa.  
December 11, 2020

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

Year Ended June 30, 2020

	<u>Reported</u>	<u>Actual</u>
<b>SERVICE DATA</b>		
Expenditures:		
Group I clients	\$ 1,641,395	\$ 1,641,395
Group II clients	153	153
Total Expenditures	\$ 1,641,548	\$ 1,641,548
<b>ALLOCATION DATA</b>		
Revenues:		
Department of Human Services	\$ 1,641,548	\$ 1,641,548
Interest Income	-	-
Total Revenues	\$ 1,641,548	\$ 1,641,548
Funds Expended:		
Operating Costs	\$ 1,641,548	\$ 1,641,548
Administrative Costs	-	-
Excess Revenues Over Expenditures	\$ -	\$ -



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## **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, 2020, 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 11, 2020.

### **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 2020-01.

## **Compliance and Other Matters**

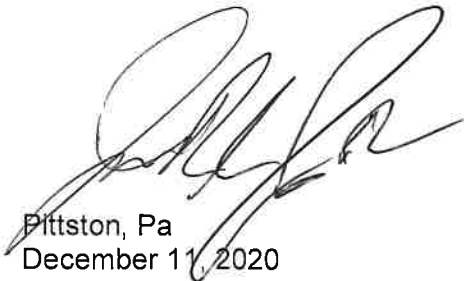
As part of obtaining reasonable assurance about whether Luzerne County Transportation Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could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



Pittston, Pa  
December 11, 2020

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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, 2020. 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, 2020.

## **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 2020-01. 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 2020-01 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.



Pittston, Pa  
December 11, 2020

**LUZERNE COUNTY TRANSPORTATION AUTHORITY**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

**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
  - 93.778 Medical Assistance Program
8. The threshold for distinguishing Types A and B programs was \$ 750,000.
9. Luzerne County Transportation Authority was determined 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**

**2020-01 - 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, 2020**

**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**

**2020-01 - Segregation of Duties**

As addressed in 2020-01, 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, 2020**

**June 30, 2019 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, 2020 audit report, 2020-01.