



(A COMPONENT UNIT OF THE COUNTY OF CRAWFORD)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2011



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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Crawford Area Transportation Authority  
Meadville, Pennsylvania

We have audited the accompanying financial statements and required schedules of the Crawford Area Transportation Authority (the Authority), a component unit of the County of Crawford, as of and for the year ended June 30, 2011, as listed in the table of contents. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note B, the Authority has prepared these financial statements using accounting practices prescribed or permitted by the Pennsylvania Department of Transportation, which practices differ from accounting principles generally accepted in the United States of America. The effect on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of Crawford Area Transportation Authority, a component unit of the County of Crawford, as of June 30, 2011, and the changes in its financial position for the year then ended. Further, the Crawford Area Transportation Authority has not presented a management's discussion and analysis that accounting principles generally accepted in the United States has determined is necessary to supplement, although not required to be part of, the basic financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and net assets of the Crawford Area Transportation Authority, a component unit of the County of Crawford, as of June 30, 2011 and its revenues and expenditures for the year then ended on the basis of accounting described in Note B.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 19, 2011, on our consideration of Crawford Area 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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the Crawford Area Transportation Authority's basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to the prepare the financial statements or the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

McGill, Power, Bell & Associates, LLP

*McGill, Power, Bell & Associates, LLP*

Meadville, Pennsylvania

December 19, 2011

**Crawford Area Transportation Authority**  
**Statement of Assets, Liabilities and Net Assets - Grant Program Basis**  
**June 30, 2011**

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**ASSETS**

**CURRENT ASSETS**

Cash and cash equivalents	\$ 467,688
Accounts and grants receivable	267,853
Prepaid insurance	12,966
<b>TOTAL CURRENT ASSETS</b>	<b>748,507</b>

**CAPITAL ASSETS, at cost**

Transportation equipment	3,260,364
Office furniture and equipment	370,126
Other support vehicles	78,645
Facility	3,128,418
	<u>6,837,553</u>
	<b><u>\$ 7,586,060</u></b>

**LIABILITIES AND NET ASSETS**

**CURRENT LIABILITIES**

Accounts payable	\$ 244,012
Accrued expenses	16,412
Grants refundable	15,465
	<u>275,889</u>
<b>TOTAL CURRENT LIABILITIES</b>	<b>275,889</b>

**DEFERRED REVENUE**

Act 26 grant	187
Local match	
County	8
Other municipal sources	1,302
Act 3 grant - ASG	26,575
Act 3 grant - BSG	37,365
Act 4 grant	21,040
Act 44 grant	329,347
Capital grants	17,881
	<u>433,705</u>
<b>TOTAL LIABILITIES</b>	<b>709,594</b>

**NET ASSETS**

Investment in capital assets	6,837,553
Restricted net assets	
Operation of demand responsive program and other services	38,913
<b>TOTAL NET ASSETS</b>	<b>6,876,466</b>
	<b><u>\$ 7,586,060</u></b>

See notes to the financial statements.

**Crawford Area Transportation Authority**  
**Statement of Revenues, Expenditures and Change in Net**  
**Assets - Grant Program Basis**  
**Year Ended June 30, 2011**

	Fixed Route	Rural ADA	Shared Ride	Capital Grants	Total
<b>REVENUES</b>					
Transportation Revenues					
Passenger Fares	\$ 116,171	\$ 5,350	\$ 39,067	\$ -	\$ 160,588
Advertising	180	-	-	-	180
Shared Ride Lottery Trip Reimbursement	-	-	333,510	-	333,510
PwD Trip Reimbursement	-	-	32,436	63,073	95,509
AAA	-	-	38,546	-	38,546
Miscellaneous Third Party	2,778	-	10,545	-	13,323
Interest Income	686	160	1,441	-	2,287
HAP	3,600	-	-	-	3,600
HSDF	5,000	-	-	-	5,000
Welfare to Work Grant	44,878	-	7,196	-	52,074
Act 26/PTAF - State Share	-	-	-	19,073	19,073
Act 26/PTAF - Local Share	-	-	-	706	706
Federal 5311 Capital Grant - Federal Share	-	-	-	2,139,299	2,139,299
Federal 5311 Capital Grant - Local Share	-	-	-	57,649	57,649
ARRA Federal 5311 Capital Grant - Federal Share	-	-	-	527,487	527,487
Federal 5310 Capital Grant - Federal Share	-	-	-	107,662	107,662
State Bond - 1514 Act 2008 - State Share	-	-	-	292,669	292,669
State Bond - 1514 Act 2008 - Local Share	-	-	-	8,979	8,979
State - Sec 1516 CTC	-	-	-	58,902	58,902
State - Sec 1517	-	-	-	84,178	84,178
Subsidy					
Federal Operating Grant	262,392	-	-	-	262,392
Act 44 Section 1513 Grant - State Share - Current Year	337,749	66,811	62,622	-	467,182
Act 44 Section 1513 Grant - Local Share	28,333	-	-	-	28,333
Act 3 ASG Grant - State Share	-	-	-	29,332	29,332
Act 3 ASG Grant - Local Share	-	-	-	1,010	1,010
Act 3 BSG Grant - State Share	-	-	-	39,767	39,767
Act 3 BSG Grant - Local Share	-	-	-	1,370	1,370
Contract Revenue					
Community Health	-	-	150,310	-	150,310
Miscellaneous Third Party	6,357	-	6,524	-	12,881
	<u>808,124</u>	<u>72,321</u>	<u>682,197</u>	<u>3,431,156</u>	<u>4,993,798</u>
<b>EXPENDITURES</b>					
Operators Salaries & Wages	38,923	22,933	209,317	-	271,173
Other Salaries & Wages	76,527	13,823	145,190	-	235,540
Fringe Benefits	8,900	4,677	41,657	-	55,234
Services	9,240	1,737	17,431	-	28,408
Fuel & Lubricants	129,213	6,813	64,308	-	200,334
Tires & Tubes	1,563	280	3,459	-	5,302
Other Materials & Supplies	23,191	2,092	21,173	-	46,456
Utilities	10,579	1,833	19,279	-	31,691
Casualty & Liability Costs	18,268	4,242	39,635	-	62,145
Taxes	10,453	3,342	32,172	-	45,967
Purchased Transportation	467,605	5,283	56,606	-	529,494
Capital Purchases	-	-	-	3,431,156	3,431,156
Miscellaneous	13,662	5,266	31,970	-	50,898
	<u>808,124</u>	<u>72,321</u>	<u>682,197</u>	<u>3,431,156</u>	<u>4,993,798</u>
<b>CHANGE IN NET ASSETS</b>	-	-	-	-	-
<b>NET ASSETS, BEGINNING OF YEAR</b>	<u>3,961</u>	<u>-</u>	<u>34,952</u>	<u>-</u>	<u>38,913</u>
<b>NET ASSETS, END OF YEAR</b>	<u><u>\$ 3,961</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 34,952</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 38,913</u></u>

See notes to the financial statements.

# Crawford Area Transportation Authority

## Notes to the Financial Statements

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### NOTE A - ORGANIZATION

The Crawford Area Transportation Authority (the Authority) was incorporated April 16, 1979 pursuant to the Municipality Authorities Act of May 2, 1945, P.L. 382, as amended. The Authority is authorized by law to promote or provide transportation services to the public.

The powers of the Authority are exercised by a Board of Directors consisting of five members who are appointed by the Crawford County Commissioners.

The Authority receives operating funds under the following programs:

*Fixed Route (Act 44 Section 1513, Federal Section 5311)* - As a rural public transportation provider, the Authority receives both Federal and State operating assistance for the delivery of fixed route service. Federal operating assistance is awarded based on grant applications to PennDOT for Federal 5311 funding. This funding is restricted to use within the fixed route and ADA Para transit programs and cannot be deferred for future years. There is no local matching requirement for Federal 5311 operating assistance. State operating assistance is provided through PA Act 44 of 2007. The Section 1513 program is a formula grant that provides operating assistance for all modes of public transportation. Section 1513 funding balances from the current year may be deferred for future use. The Authority is currently within the "hold harmless" matching requirement that stipulates local match of Section 1513 funding must be 5% greater than the previous year until such a time that the local match equals 15% of the Section 1513 allocation. All Section 1513 funding that is deferred must be classified by year and classified as fully matched, thus requiring no local match contribution when used in future years.

*Shared Ride (Lottery Funding)* - The Commonwealth of Pennsylvania offers a "revenue reimbursement" program for the operation of door-to-door services for senior citizens age 65 and older. Lottery funding supports 85% of the PennDOT approved fare schedule for each transit authority. There is no local match requirement for shared ride lottery funding and no potential for deferment of revenue for future years.

*Welfare to Work (W2W)* - The program is operated on yearly grant allocations from PennDOT. This program is designed to provide access to employment by low income and minority populations. The Authority uses the W2W program to support late evening bus service in Meadville and provide approved shared ride trips to persons on the program. In order to be eligible for the shared ride W2W trips, a person must meet income guidelines and have at least one child under their financial responsibility.

*Persons with Disabilities* - The Commonwealth of Pennsylvania offers a "revenue reimbursement" program for the operation of door-to-door services for persons with disabilities under the age of 65 that live or travel more than 3/4 of one mile outside of the fixed route network. Persons with disabilities funding supports 85% of the PennDOT approved fare schedule for each transit authority. There is no local match requirement for persons with disabilities funding.

# Crawford Area Transportation Authority

## Notes to the Financial Statements

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### NOTE A - ORGANIZATION (CONTINUED)

*Homeless Assistance Program (HAP)* - Funding is provided based upon yearly grant awards from the Crawford County Commissioners. Bus passes are provided to persons who are either homeless, near homeless or living in transitional housing. Up to 10% of yearly funding can be used for administration purposes.

*Human Services Development Fund (HSDF)* - Funding is provided based upon yearly grant awards from the Crawford County Commissioners. Bus passes are provided to persons who need access to life skill or human service development activities. Up to 10% of yearly funding can be used for administration purposes.

The Authority is a component unit of the County of Crawford. The County appoints all members to the board of directors of the Authority. Also, the County makes annual contributions to help fund the fixed route and local match for future Act 26 capital purchases.

### NOTE B - SIGNIFICANT ACCOUNTING POLICIES

#### *Basis of Accounting*

Expenditures are generally recognized under the modified accrual basis of accounting which follows the accounting practices prescribed or permitted by the Pennsylvania Department of Transportation. These practices differ in some respects from accounting principles generally accepted in the United States of America.

Operating grants awarded to the Authority do not consider depreciation expense as an allowable cost. Capital assets are normally acquired only with specially approved capital grants. For these reasons, depreciation concepts are not normally incorporated into pricing decisions, and subsequently are not recorded by the Authority.

Capital assets are recorded at cost and a similar amount is recorded as "Investment in capital assets" in the net asset section of the statement of assets, liabilities and net assets - grant program basis.

Compensated absences are not recognized as an expenditure until paid under Pennsylvania Department of Transportation accounting practices. Therefore, no liability for compensated absences is recorded on the financial statements.

Restricted net assets represent the assets that have been legally identified to be used for specific purposes.

#### *Accounts and Grants Receivable*

Accounts receivable and grants receivable represent amounts earned during the year, but not received until after year end. Management believes that this amount is fully collectible, therefore no allowance for uncollectible accounts was recorded at June 30, 2011.



# Crawford Area Transportation Authority

## Notes to the Financial Statements

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### NOTE B - SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Use of Estimates

The preparation of 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 expenditures during the reporting period. Actual results could differ from those estimates.

#### Fair Value of Financial Instruments

The carrying amounts of financial instruments, including cash and cash equivalents, receivables, accounts payable and other current liabilities approximate their fair market value due to the short term maturities of these instruments.

#### Subsequent Events

In preparing these financial statements, the Authority has evaluated events and transactions for potential recognition or disclosure through December 19, 2011, the date the financial statements were available to be issued.

### NOTE C - CASH AND CASH EQUIVALENTS

Cash and cash equivalents include checking and saving accounts and cash on hand of \$149.

#### Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned. The Authority does not have a policy for custodial risk on deposits. At June 30, 2011, the carrying amount of the Authority's deposits was \$467,539 with the corresponding bank balance of \$501,684. Of the bank balance at June 30, 2011, \$268,450 was covered by federal depository insurance and \$233,234 was collateralized with securities held by the pledging financial institution's trust department but not in the name of the Authority (Public Monies Act 72).

### NOTE D - CAPITAL PROJECTS

#### Meadville Facility Project

The Authority continued to move forward with the administration facility project. This project is financed through a multitude of various federal and state grants with local match provided through the Crawford County Commissioners.

# Crawford Area Transportation Authority

## Notes to the Financial Statements

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### NOTE D - CAPITAL PROJECTS (CONTINUED)

#### Shared Ride Bus Purchases

During the year ended June 30, 2011, the Authority took possession of ten new vehicles purchased off State DGS contract with Shepard Bros., Inc. of New York. CATA also purchased a mini van off State DGS contract with Rohrer Bus Sales of Duncannon, PA.

#### Support Vehicles

During the year ended June 30, 2011, the Authority purchased four support vehicles off State DGS contract with Tri Star Ford of McKeesport, PA.

### NOTE E - GRANTS REFUNDABLE

Grants refundable consists of monies received by the Authority but not spent as of June 30, 2011. These funds are due back to the funding source upon their request.

A summary of grants refundable at June 30, 2011 is as follows:

Fixed Route, Section 5311 / Act 26 Grant	\$ 11,114
Other Shared Ride Grants	4,351
	<u>\$ 15,465</u>

### NOTE F - LINE OF CREDIT

In September 2010, the Authority opened two lines of credit with Erie Bank, an operating line of credit in the amount of \$250,000 and a capital projects line of credit with a limit of \$350,000 for a 12 month period. Both lines of credit are subject to interest at 65% of the bank's prime lending rate plus .25%. The interest rate at June 30, 2011 was 2.36%. The lines of credit had no outstanding balances at June 30, 2011.

### NOTE G - DEFERRED REVENUE

In past years, the Commonwealth of Pennsylvania had provided funding to the Authority under Act 26 for asset maintenance expenses and capital asset purchases of the fixed route and shared ride programs. Funding under this act was discontinued after June 30, 2007. During the year ended June 30, 2011, \$19,073 of previously deferred Act 26 money was expended for capital projects, leaving a balance at June 30, 2011 of \$187.

# Crawford Area Transportation Authority

## Notes to the Financial Statements

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### NOTE G - DEFERRED REVENUE (CONTINUED)

The Authority received \$28,333 in local match funds from the County of Crawford and \$7,205 from other municipalities for the year ended June 30, 2011. All of these funds were expended during the year. The Authority also expended \$62,509 of monies received in prior years. Interest income of \$9 was attributed to the local revenue for the year ended June 30, 2011 leaving a balance at June 30, 2011 of \$1,310. Of this balance, \$8 is from the County and \$1,302 is from other municipalities.

In past years, funding was received through an Act 3 grant from the Commonwealth of Pennsylvania. Monies under the grant were provided for asset maintenance. Amounts not utilized were deferred to future years. Funding under this act was discontinued after June 30, 2007. During the year ended June 30, 2011, the Authority expended \$69,099 of previously deferred Act 3 funding. Additionally, interest income of \$454 was attributed to Act 3 deferred revenue for the year ended June 30, 2011 leaving a balance at June 30, 2011 of \$63,940. Of this balance, \$26,575 is Act 3 - ASG and \$37,365 is Act 3 - BSG.

In past years, the Commonwealth of Pennsylvania had provided funding to the Authority under Act 4 Operating Assistance Grant as a supplement to the federal grant portion. The Authority did not receive any monies for the year ended June 30, 2011 and they did not spend any of the Act 4 deferred revenue. Interest income of \$149 was attributed to the Act 4 deferred revenue for the year ended June 30, 2011 leaving a balance at June 30, 2011 of \$21,040.

Funding is received through an Act 44 grant from the Commonwealth of Pennsylvania. Monies under the grant are provided for operating expenses. Amounts not utilized are deferred to future years. The Authority received \$482,328 in funding for the year ended June 30, 2011. The Authority expended \$467,182 of Act 44 monies during the year ended June 30, 2011. Additionally, interest income of \$2,362 was attributed to the grant for the year ended June 30, 2011 leaving a balance at June 30, 2011 of \$329,347.

When the Authority disposes of shared ride capital assets purchased with grant monies, the proceeds are to be held and used for future capital purchases. During the year, the Authority used \$0 towards new bus purchases and had proceeds of \$5,893 from a sale, leaving a balance at June 30, 2011 of \$17,881 for future purchases.

### NOTE H - RESTRICTED NET ASSETS

Restricted net assets in the amount of \$38,913 at June 30, 2011 represent the excess of revenues over expenditures from prior years for the Authority's contract service operation provided as part of the shared ride program for non-profit agencies purchasing bus service from the Authority at hourly contact rates. The occurrence of revenue over expenditures for this operation date as far back as the June 30, 1990 audited financial statements and do not reflect revenues over expenditures for the year ended June 30, 2011.

# Crawford Area Transportation Authority

## Notes to the Financial Statements

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### NOTE I - SUPPORT FROM GOVERNMENTAL UNITS

The Authority receives a substantial amount of its support from federal, state and local governments. A significant reduction in the level of this support, if this were to occur, may have a significant effect on the Authority's programs and activities.

### NOTE J - OPERATING LEASE

The Authority rented its Meadville office facilities under a yearly operating lease running from April 1st to March 31st with monthly payments of \$1,050 through April 30, 2011. The Authority moved into their new administration facility in April, 2011 (See Note D).

The Authority rents its Titusville office facilities under a yearly operating lease running from June 1st to May 31st with monthly payments of \$167.

Total rental expense for the year ended June 30, 2011 was \$17,505.

The Authority entered into an operating lease for a parking lot for the Titusville fleet of commercial vehicles. The lease terms are from July 1, 2010 to June 30, 2012 with semi-annual payments of \$1,650 to be paid on July 1st and January 1st.

The future minimum rental payments for the parking lot are as follows:

<u>Year ended June 30,</u>		
2012	\$	3,300

### NOTE K - EMPLOYEE BENEFIT PLAN

The Authority maintains a 457 retirement plan for all employees who have completed one year of service. The plan provides for voluntary employee contributions and a company match of up to 4% of the employee's contribution. Contributions for the year ended June 30, 2011 were \$8,289.

### NOTE L - DISTRIBUTION BASIS FOR ALLOCATED COSTS

The Authority uses an actual expense incurred method of allocation of costs for all programs for the following expenses: driver and administration wages, taxes and fringe benefits, purchase of transportation services, vehicle insurance and fuel. General administration costs are allocated from a formula determined by the Authority and based on actual time spent on programs amongst administration staff. The allocation of general administration expenses for the fiscal year ended June 30, 2011 was: Fixed Route 31%, Shared Ride 62%, and Rural ADA 7%.

# Crawford Area Transportation Authority

## Notes to the Financial Statements

### NOTE M - SHARED RIDE SOFTWARE LIABILITY

The Authority has become aware that their software vendor (Syncretic Software, Inc.) had a formula used to support the PennDOT reports set up incorrectly. The incorrect formula miscalculated monthly invoices to PennDOT for the shared ride program over a 6 year period. The discrepancy that has been identified is \$52,907. Crawford Area Transportation Authority has received guidance from PennDOT that their June, 2011 and June, 2012 payments will be reduced by \$26,454 and \$26,453, respectively. The Authority recorded the reduction of \$26,454 in accounts receivable at June 30, 2011 and will record the remaining \$26,453 as a reduction in accounts receivable at June 30, 2012. The software vendor has agreed to reduce the monthly maintenance fees payable by the Authority by 50% (\$450 per month) for a period of twenty four months.

### NOTE N - SHARED RIDE EXPENDITURE DETAILS

PennDOT Bureau of Public Transportation Intelli-Grants Consolidated Operating Applications require the breakout of "Shared Ride" expenditures into the following three categories: 1. Shared Ride 2. Non-Shared Ride 3. Non-Shared Ride Medical Assistance Transportation Program (MATP). Due to the nature of CATA's operation and fiscal accounting of expenditures, CATA considers all services provided in the shared ride program as "shared ride" service. CATA does not maintain independent categories of expenditures for Non-Shared Ride or Non-Shared Ride MATP. This is due to the integrated nature of service operation. Each day, every CATA shared ride driver operates a single vehicle and provides trips that match the PennDOT description of Shared Ride, Non-Shared Ride and Non-Shared Ride MATP. Due to the integrated nature of this operation, CATA uses industry standard allocation methods to determine costs for these categories. CATA uses a percentage of total Shared Ride Revenue generated from each type of service to determine the expenditure breakout and allocation in this note.

EXPENDITURES	Total	Shared Ride	Non - Shared Ride	MATP
	Shared Ride			Non - Shared Ride
Operators Salaries & Wages	\$ 209,317	\$ 185,613	\$ 2,925	\$ 20,779
Other Salaries & Wages	145,190	125,495	2,430	17,265
Fringe Benefits	41,657	36,006	697	4,954
Services	17,431	15,066	292	2,073
Fuel & Lubricants	64,308	55,585	1,076	7,647
Tires & Tubes	3,459	2,990	58	411
Other Materials & Supplies	21,173	18,301	354	2,518
Utilities	19,279	16,663	323	2,293
Casualty & Liability Costs	39,635	34,258	664	4,713
Taxes	32,172	27,807	539	3,826
Purchased Transportation	56,606	48,928	947	6,731
Miscellaneous	31,970	27,848	509	3,613
<b>TOTAL EXPENDITURES</b>	<b>\$ 682,197</b>	<b>\$ 594,560</b>	<b>\$ 10,814</b>	<b>\$ 76,823</b>

# Crawford Area Transportation Authority

## Notes to the Financial Statements

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### NOTE O - COMPENSATED ABSENCES

Full-time employees earn vacation, sick and personal time off, which may be accumulated and carried over into future years up to a maximum of 60 vacation, 60 sick, and 30 personal days. Employees are entitled to all of their vacation and half of their sick and personal days upon proper termination of employment. The amount of accrued compensated absences at June 30, 2011 is \$33,770. This amount is not included in the financial statements because PennDOT does not allow this expense until it is paid. As of July 1, 2011 the Crawford Area Transportation Authority Board of Directors adopted a revised policy on the accrual of compensated absences. Fulltime employees may now accrue and carry over zero vacation days, a maximum of 12 sick days over the current year allocation and zero personal days.

## REQUIRED SCHEDULES

**Crawford Area Transportation Authority**  
**Local Match Provided (FY 2010-11)**  
**June 30, 2011**

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List below all local cash contributions provided for the year ended June 30, 2011:

<u>CONTRIBUTOR NAME</u>	<u>TOTAL AMOUNT PROVIDED</u>	<u>DATE OF FINAL PAYMENT</u>
Crawford County Commissioners	\$ 28,333	5/24/2011
City of Meadville	\$ 7,005	5/26/2011
West Mead Township	\$ 200	9/10/2010



**Crawford Area Transportation Authority**  
**Local Match Carryover (FY 2010-11)**  
**June 30, 2011**

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A	Local match available as of June 30, 2010	\$ 63,810
B	Local match funds provided during year ended June 30, 2011	35,538
C	Section 1513 local match operating expenditures for year ended June 30, 2011	28,333
D	Other local match operating expenditures for year ended June 30, 2011 (if any) IDENTIFY MATCHED PROGRAM	-
E	Other local match operating expenditures for year ended June 30, 2011 (if any) IDENTIFY MATCHED PROGRAM	-
F	Other local match operating expenditures for year ended June 30, 2011 (if any) IDENTIFY MATCHED PROGRAM	-
G	Total local match operating expenditures for year ended June 30, 2011	28,333
H	Section 1514-Discretionary local match capital expenditures for year ended June 30, 2011 (if any)	-
I	Section 1514-Bond local match capital expenditures for year ended June 30, 2011	8,979
J	Other local match capital expenditures for year ended June 30, 2011 (if any) IDENTIFY MATCHED PROGRAM	706
K	Other local match capital expenditures for year ended June 30, 2011 (if any) IDENTIFY MATCHED PROGRAM	2,380
L	Other local match capital expenditures for year ended June 30, 2011 (if any) IDENTIFY MATCHED PROGRAM	57,649
M	Total local match capital expenditures for year ended June 30, 2011	69,714
N	Interest earned on local funds for year ended June 30, 2011	9
O	Local Match Funds Available as of June 30, 2011	\$ 1,310

**Crawford Area Transportation Authority**  
**Rural PTAF/BSG/ASG Carryover (FY 2010-11)**  
**June 30, 2011**

	Act 26		Act 3			
	PTAF	PTAF Required Local Match	BSG	BSG Required Local Match	ASG	ASG Required Local Match
Funds available from prior years	\$ 19,260	\$ 713	\$ 76,819	\$ 2,648	\$ 55,765	\$ 1,924
Interest Income earned in FY 2010-11	-	-	313	11	142	5
Total funds available in FY 2010-11	19,260	713	77,132	2,659	55,907	1,929
Funds used for operating in FY 2010-11	-	-	-	-	-	-
Funds used for capital in FY 2010-11	19,073	706	39,767	1,370	29,332	1,010
Funds available for FY 2011-12	\$ 187	\$ 7	\$ 37,365	\$ 1,289	\$ 26,575	\$ 919

**Crawford Area Transportation Authority**  
**Rural Section 1513 Program Carryover (FY 2010-11)**  
**June 30, 2011**

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	SECTION 1513 STATE GRANT	SECTION 1513 REQUIRED LOCAL MATCH
1 Section 1513 funds available from prior years	\$ 311,839	\$ -
2 Public Transportation Fund (PTTF) Section 1513 funds received for FY 2010-11	482,328	28,333
3 PTAF Section 1513 funds received for FY 2010-11 (applicable to ATA only)	-	-
4 Total Section 1513 funds received for FY 2010-11	482,328	28,333
5 Interest income earned on Section 1513 funds in FY 2010-11	2,362	-
6 Total Section 1513 funds available in FY 2010-11	796,529	28,333
7 Section 1513 funds used for operating in FY 2010-11	467,182	28,333
8 Section 1513 funds available for FY 2011-12	\$ 329,347	\$ -

**Crawford Area Transportation Authority**  
**Shared Ride Expense Allocation Worksheet**  
**June 30, 2011**

	% Allocated to Fixed Route	% Allocated to Paratransit (ADA)	% Allocated to Shared-Ride	% Allocated to Non-Public	Basis for Allocation
Operators Salaries and Wages	14.35%	8.46%	77.19%	0.00%	Actual expenses
Other Salaries and Wages	32.49%	5.87%	61.64%	0.00%	Actual expenses
Fringe Benefits	16.11%	8.47%	75.42%	0.00%	Actual expenses
Services	32.53%	6.11%	61.36%	0.00%	Actual expenses
Fuel and Lubricants	64.50%	3.40%	32.10%	0.00%	Shared ride expenses were allocated between Shared and Contract services based on mileage. Fixed route expenses were allocated based on mileage.
Tires and Tubes	29.48%	5.28%	65.24%	0.00%	Actual expenses
Other Materials and Supplies	49.92%	4.50%	45.58%	0.00%	Actual expenses
Utilities	33.39%	5.78%	60.83%	0.00%	Actual expenses
Casualty and Liability Costs	29.39%	6.83%	63.78%	0.00%	Liability insurance based upon the value of the fleet; the remaining costs were allocated on the basis of person hours.
Taxes	22.74%	7.27%	69.99%	0.00%	Actual expenses
Purchased Transportation	88.31%	1.00%	10.69%	0.00%	Actual expenses
Miscellaneous	26.84%	10.35%	62.81%	0.00%	Actual expenses were based on person hours and the remaining expenses were allocated on the basis of administrative hours.



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**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***

To the Board of Directors  
Crawford Area Transportation Authority  
Meadville, Pennsylvania

We have audited the financial statements of Crawford Area Transportation Authority as of and for the year ended June 30, 2011, and have issued our report thereon dated December 19, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Crawford Area Transportation Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Crawford Area Transportation Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Crawford Area Transportation Authority's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs that we consider to be significant deficiencies in internal control over financial reporting. 2011-1, 2011-2.

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A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

### Compliance and Other Matters

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

The Crawford Area Transportation Authority's responses to the findings indentified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Crawford Area Transportation Authority's responses and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGill, Power, Bell & Associates, LLP

*McGill, Power, Bell & Associates, LLP*

Meadville, Pennsylvania

December 19, 2011



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**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH  
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors  
Crawford Area Transportation Authority  
Meadville, Pennsylvania

Compliance

We have audited Crawford Area Transportation Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Crawford Area Transportation Authority's major federal programs for the year ended June 30, 2011. Crawford Area Transportation Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Crawford Area Transportation Authority's management. Our responsibility is to express an opinion on Crawford Area Transportation Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Crawford Area Transportation Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Crawford Area Transportation Authority's compliance with those requirements.

In our opinion, Crawford Area Transportation Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

## Internal Control Over Compliance

Management of Crawford Area Transportation Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Crawford Area Transportation Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Crawford Area 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 control deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the board of directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

McGill, Power, Bell & Associates, LLP

*McGill, Power, Bell & Associates, LLP*

Meadville, Pennsylvania

December 19, 2011



**CRAWFORD AREA TRANSPORTATION AUTHORITY**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR PROJECT TITLE	FEDERAL CFDA NUMBER	PASS- THROUGH NUMBER	EXPENDITURES
<b><u>DEPARTMENT OF TRANSPORTATION</u></b>			
PASS THROUGH PENNSYLVANIA DEPARTMENT OF TRANSPORTATION			
CAPITAL ASSISTANCE PROGRAM FOR ELDERLY PERSONS AND PERSONS WITH DISABILITIES	I 20.513	147429	\$ 107,662
FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	I 20.509	147429	2,401,691 *
ARRA - FORMULA GRANTS FOR OTHER THAN URBANIZED AREAS	I 20.509	147429	<u>527,487</u> *
			<u>\$ 3,036,840</u>
	COVERAGE TEST:		
	PROGRAM TESTED		\$ 2,929,178
	TOTAL EXPENDITURES		\$ 3,036,840
	PERCENTAGE COVERED		96%

SOURCE CODES:

I = INDIRECT FUNDING

D = DIRECT FUNDING

\* = SELECTED FOR TESTING

FOOTNOTES TO SCHEDULE

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal grant activity of the Authority under programs of the federal government for the year ended June 30, 2011. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the Schedule presents only a selected portion of the operation of the Authority, it is not intended to and does not present the assets, liabilities, and net assets, or revenues, expenditures, and change in net assets of Crawford Area Transportation Authority.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in OMB Circular A-87, *Cost Principles for State, Local and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

# Crawford Area Transportation Authority

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

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### SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unqualified opinion on the financial statements of the Crawford Area Transportation Authority.
2. Two significant deficiencies disclosed during 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*.
3. No instances of noncompliance material to the financial statements of the Crawford Area Transportation Authority, which would be required to be reported in accordance with *Government Auditing Standards*, were disclosed during the audit.
4. No significant deficiencies relating to the audit of the major federal award program are reported in the Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133.
5. The auditor's report on compliance for the major federal award program for the Crawford Area Transportation Authority expresses an unqualified opinion on all major federal programs.
6. There were no audit findings that are required to be reported in accordance with Section 510(a) of OMB Circular A-133 reported in this schedule.
7. The programs tested as major programs were: Formula Grants for Other Than Urbanized Areas - CFDA # 20.509 and ARRA-Formula Grants for Other Than Urbanized Areas - CFDA # 20.509.
8. The threshold used for distinguishing between Type A and B programs was \$300,000.
9. The Organization did not qualify as a low-risk auditee.

# Crawford Area Transportation Authority

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

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### FINDINGS - FINANCIAL STATEMENT AUDIT

#### SIGNIFICANT DEFICIENCIES

2011-1 Lack of segregation of accounting duties.

*Condition:* The Crawford Area Transportation Authority has a lack of segregation of duties in the accounting department.

*Criteria:* Internal controls should be in place so that the same person does not have the ability to authorize and record transactions as well as have custody over assets.

*Cause:* The Crawford Area Transportation Authority does not have enough employees in the accounting department to properly segregate all accounting duties.

*Effect:* The lack of segregation of duties could lead to misstatements in the account balances and financial statements either through error or fraud.

*Recommendation:* Internal controls should be implemented so that the authorization and recording of transactions and the custody of assets are done by separate individuals, including board members.

*Response:* Management believes that, due to the size of the Crawford Area Transportation Authority, it would not be cost-beneficial to hire additional personnel at this time.

2011-2 Inadequate internal control over the preparation of financial statements.

*Condition:* In the normal course of business, the Crawford Area Transportation Authority does not prepare internally generated financial statements in accordance with the regulatory basis of accounting as described in Note B and consequently does not have a process, including internal controls, in place in order to prepare complete financial statements.

*Criteria:* Under current professional standards, the Crawford Area Transportation Authority is responsible for the internal control process which includes the preparation of year-end financial statements in accordance with the regulatory basis of accounting as described in Note B.

*Cause:* The Crawford Area Transportation Authority currently does not have the personnel in place to prepare the financial statements and related disclosures in conformity with professional standards.

# Crawford Area Transportation Authority

## Schedule of Findings and Questioned Costs

Year Ended June 30, 2011

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*Effect:* The Crawford Area Transportation Authority does not prepare internally generated financial statements in accordance with the regulatory basis of accounting as described in Note B.

*Recommendation:* The Crawford Area Transportation Authority should hire an individual or firm to prepare the financial statements in conformity with professional standards.

*Response:* Management of Crawford Area Transportation Authority believes that the most economically feasible way to produce financial statements in accordance with the regulatory basis of accounting as described in Note B is to employ McGill, Power, Bell & Associates, LLP to prepare the financial statements to conform to professional standards.

### FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAM AUDIT

None noted