



(A COMPONENT UNIT OF THE COUNTY OF CRAWFORD)

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2013



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the Crawford Area Transportation Authority, a component unit of the County of Crawford, as of and for the year ended June 30, 2013, 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 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 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Crawford Area Transportation Authority as of June 30, 2013, and the respective changes in financial position and 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 4-12 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 an opinion on the financial statements that collectively comprise the Crawford Area Transportation Authority's basic financial statements. The expense reports, revenue reports, subsidy reports, budget summary, and schedules on pages 29-43 are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The supplementary information referenced in the above paragraph 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 to 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 expense reports, revenue reports, subsidy reports, budget summary, and schedules on pages 29-43 are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2013, on our consideration of the 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 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 Crawford Area Transportation Authority's internal control over financial reporting and compliance.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Meadville, Pennsylvania

December 16, 2013

MANAGEMENT'S DISCUSSION AND ANALYSIS

**Crawford Area Transportation Authority
Management's Discussion and Analysis (MD&A)
June 30, 2013**

This discussion and analysis is intended to be read in conjunction with the audit and give the reader a perspective into the operations and administration of Crawford Area Transportation Authority (the Authority). It also provides an overall review of the Authority's financial activities as of and for the fiscal year ended June 30, 2013.

Authority Overview

The Authority has served the public transportation needs of Crawford County since 1979. The Authority's services focus on two primary types of public transportation: Fixed Route and Demand Response (Shared Ride). The delivery of public transportation services in a rural setting provides many challenges and opportunities. The Authority has worked hard over the last 7 years to proactively evaluate, monitor and plan for substantial changes within the administration and operations to ensure efficiency and stewardship of public funding and to meet the needs of our customers. To that end, from FY0607 – FY1112 the Authority has increased our number of paid staff from 13 to 35, doubled our vehicle fleet from 16 to 32, increased ridership by over 14% and maintained expenses at an annual growth rate of 1.4%.

Fixed Route Services

The Authority operates a total of 7 fixed routes in the City of Meadville including portions of West Mead and Vernon Township while operating 2 fixed routes in the City of Titusville. Fixed route service is open to the general public and has fees ranging from seniors age 65 and older ride free, adults (18-64) ride for \$1.00, age 6-17 ride for \$.50, and children 5 and under ride for free. Fixed route service is funded in part through grants from Section 1513 of PA Act 44 of 2007, Federal 5311 operating funding and local grants from the Crawford County Commissioners. Act 44 of 2007 streamlined the State funding sources and added accountability and performance measures in relation to allocation of funding. Act 44 funds are distributed to transit agencies against criteria which include: 25% of the award based on number of passengers, 10% of the award is based on number of senior passengers, 35% of the award is based on the number of revenue vehicle hours, and 30% of the award is based on the number of revenue vehicle miles.

Shared Ride Services (Demand Response)

The Authority operates shared ride services throughout all of Crawford County. Services in the Meadville and Titusville areas operate 7 days per week, services in the Conneaut Lake, Saegertown and Cochranon areas operate 5 days per week and all other areas of the County are serviced between 1-3 days per week.

The shared ride program is open to the general public and is supported through reimbursement of fares for persons age 65 and older and persons with disabilities through the PA Lottery program. Lottery reimbursement is set at 85% of approved shared ride fares. There are many agencies that will support the full fare of trips for riders under age 65 and agencies that will support all or a portion of the 15% senior citizen copay.

Such arrangements include Active Aging, Inc. paying the senior citizen copay less \$.50 per trip for all seniors riding to the local senior center and Community Health (Medical Assistance Transportation Provider) paying full shared ride fares for eligible customers taking medical trips. General public fares on the shared ride program range from \$11.65 - \$40.00 per one way trip. Senior Citizen and disability fares range from \$1.75 - \$6.00 per one way trip.

The shared ride program is further categorized by various types of service and reimbursement through the state and broken into ADA Paratransit service (mandatory complimentary service for persons under the age of 65 that live or travel within $\frac{3}{4}$ of a mile of the fixed route and have a disability that restricts them from utilizing the fixed route) and the Non-Public services provided to human service type entities. The Non-Public program encompasses hourly contract service to entities such as the Housing Authority of the City of Meadville, special grant programs for lower income persons and outreach. Non-Public service also includes per mile rate reimbursement for human service agencies and lower income groups such as the Crawford County Assistance Office. Miles based service is provided for trips to medical destinations outside of the Authority's normal service area. The Authority's rates for Non-Public operations for FY1213 are \$40.00 per hour drive time, \$20.00 per hour wait time and/or \$3.10 per mile.

Administration and Operations

The Authority is governed by a 5 member volunteer Board of Directors. Each Board Member is appointed to a four year term by the Crawford County Commissioners. The Board of Directors is ultimately responsible for the operations, funding and compliance of the Authority. The Board of Directors delegate the oversight and operations of the Authority to the Executive Director. Internally, in addition to the Executive Director, the Authority maintains a streamlined administration and operations staff that consists of a Finance Manager, Compliance Officer, Operations Manager, three Operations Supervisors and a Custodian. The Authority provides all operational services with internal staff. Maintenance activities for all vehicles are contracted through three private service garages throughout Crawford County.

The Executive Director is responsible for strategic planning, fiscal oversight, public/private relations, contracting and all functions of the Authority. The Finance Manager maintains the daily accounts receivable, accounts payable, payroll functions and all financial interactions/reporting with the Authority's customers and grant agencies. The Compliance Officer is responsible for maintaining safety and compliance of all services, creation and facilitation of the driver training program, customer ombudsmen and other functions in relation to safety and security. The Operations Manager is responsible for the day to day operations of the fixed route and shared ride programs which include driver scheduling, trip reservations, dispatching, new customer intake, oversight of maintenance contracts and all functions necessary to maintain operations. The three Operations Supervisors work directly with the Operations Manager to maintain the day to day operations. Finally, the Custodian is responsible for facility cleaning in Meadville, cleaning of all the Authority's vehicles and maintaining proper snow removal at the Meadville facility.

Highlights from FY12-13

Administration Facility receives LEED Silver certification

The Administration facility in Meadville has become only the 2nd Rural Transit Authority in Pennsylvania to receive LEED Certification.

Per the United States Green Building Council website (www.usgbc.org/LEED) "LEED, or Leadership in Energy & Environmental Design, is transforming the way we think about how our buildings and communities are designed, constructed, maintained and operated across the globe. Comprehensive and flexible, LEED is a green building tool that addresses the entire building lifecycle recognizing best-in-class building strategies. At its core, LEED is a program that provides third-party verification of green buildings. Building projects satisfy prerequisites and earn points to achieve different levels of certification." The Administration facility highlights many environmentally friendly features which include a 20' by 30' second floor skylight, independent heating/cooling units in each office space to provide efficient temperature control, carpet made through recycled content and many more features. The Administration facility is certified as LEED Silver, which is the 2nd level of certification in the LEED Certification process.

Staff Certifications

The Authority continues to be dedicated to the internal growth of staff through education and certification. To this end, two Operation Supervisors have successfully completed the PennTrain Professional Supervisor Certification Program. PennTrain is the official transit training program for the state of Pennsylvania that is offered through grants from the National Rural Transit Assistance Program administered through the Federal Transit Administration. Also, our Compliance Officer has received a certification of Master Transit Trainer through PennTrain. This program certifies our Compliance Officer as a recognized public transportation vehicle operator trainer. These certifications help improve the efficiency of the Authority's operation, the credibility of our staff and our stature within the transit industry.

Creation of Compliance Officer position

With growth of services, additional employees, the need for stricter oversight of bus driver training and State/Federal compliance, the position of Compliance Officer was authorized by the Board of Directors and filled in the fall of 2012. This position has since created and facilitated a Safety Committee, established a formal driver training program, created Standard Operating Procedure documents to guide a consistent response to routine issues faced by both fixed route and shared ride drivers and more.

Creation of Custodian position

Through planning and analysis of expenditures, the Board of Directors authorized the creation of the Custodian position in the spring of 2013. This position replaced all facility and vehicle cleaning contracts currently held by the Authority. Through the use of private contracts and a reliance on maintenance garages to clean buses, the quality of cleaning services were not sufficient to maintain a quality product for our customers. The Custodian position is now responsible for exterior and interior cleaning of the 32 vehicle fleet, 4 support vehicles, all bus shelters and the Administration facility in Meadville.

How does the Authority compare to other rural transit authorities in the Commonwealth?

The Authority is proud to continually maintain the lowest operating cost per passenger of any rural fixed route provider in the Commonwealth. PennDOT issues an annual report that highlights statistics and information relating to all public transportation providers in the Commonwealth. The Pennsylvania Public Transportation Annual Performance Report dated April 30, 2013 identifies 14 rural transit authorities in the Commonwealth.

The approximated average expense per fixed route passenger amongst the rural transit authorities is \$10.73. The Authority reported an approximate operating expense per passenger for FY1112 at \$3.82. This is the lowest expense per passenger amongst all rural transit providers in the Commonwealth. For the shared ride program, the same rural transit authorities report an approximate average expense per passenger of \$21.20. The Authority reported an approximate operating expense per passenger for FY1112 at \$16.00.

Management Review of Funding Opportunity and Challenges

PA Act 44 of 2007 streamlined the funding for Mass Transit (Fixed Route service) and provided a necessary influx of operating funds to the Authority. This funding stream is the only source of State funding that can be reserved for future usage. The Authority received \$557,537 for FY1213 and allocated 100% to current year operational expenses.

The Authority is also eligible for Federal 5311 funding (Fixed Route). 5311 funding is allocated directly to the transit authority for urban systems. Funding for rural systems is allocated to the State DOT (PennDOT) and then disbursed to the grantees (Rural Transit Authorities) through competitive grant applications.

At the Authority, we pride ourselves on being good stewards of public funding. We have worked extremely hard over the years to contain our costs and strategically improve our services. The Authority has seen a period of exponential growth coupled with strict control of expenses over the last 6 years. In FY0607, the Authority provided 241,631 passenger trips with a total system operating expense of \$1,437,495. In FY1112, the Authority provided 285,747 trips (18% increase) with a total system operating expense of \$1,557,752 (8.4% increase or 1.7% growth per year). Through this time frame, the Authority was successful in building an operating reserve of Section 1513 funding in the amount of \$369,754 as of June 30, 2012.

With this level of operating reserve, the Authority received a notification from PennDOT on July 19, 2012 requesting a resubmission of the Consolidated Operating Grant (COA) to remove all Federal 5311 funding from the application. This request was noted due to PennDOT's belief that the Authority's Section 1513 operating reserves were to a point that additional growth was not warranted. The result of this request caused the Authority to spend 100% of the current year Section 1513 allocation along with \$189,775 of Section 1513 reserves to maintain the fixed route and ADA Paratransit programs. This decision by PennDOT, coupled with a utilization of \$56,429 of Section 1513 funding to supplement the shared ride program has resulted in an operating reserve of Section 1513 funding as of June 30, 2013 of \$125,148.

The shared ride program is financially supported through fare reimbursement via the PA Lottery. In FY1213, the Authority received \$426,960 of lottery funds to support the shared ride program. It is important to note that the shared ride lottery funding is not grant based, it is strictly fare reimbursement. This poses a challenge to maintain an operation that is self-sufficient without guaranteed funding. The PA Lottery reimburses 85% of a senior citizen trip (PA legislation identifies a senior as a person age 65 or older). The challenge is present when unforeseen weather conditions or other conditions change that alter the travel patterns or cause persons to cancel pre-scheduled trips. When these cancellations occur, the Authority receives no revenue, thus putting a higher burden on active control over scheduling procedures, daily driver assignments and seeking out new ridership.

The Authority maintains a number of contracts with local social service agencies to support shared ride passenger fares. The two largest partnerships are Active Aging, Inc. and Community Health Services. Active Aging, Inc. pays the 15% rider copay less \$.50 per trip for seniors attending senior center functions. Active Aging, Inc. also pays the full (non-lottery subsidized) fare for persons attending senior center activities under the age of 65. The value of the Active Aging, Inc. contract for FY1213 was \$33,642. Community Health Services is the County Medical Assistance Transportation Provider (MATP). MATP is a division of the Department of Public Welfare and provides free transportation to eligible consumers for medical transportation. The Authority acts as a subcontractor for Community Health Services and is reimbursed 100% of the shared ride fare for all trips. Seniors riding through MATP are not eligible for lottery discounts. The value of the Community Health Services contract for FY1213 was \$48,340. The Authority maintains other third party contracts with local human service agencies to cover the 15% senior copay and/or provide full fare reimbursement to the Authority for client transportation. The Authority incurred an operating loss of \$56,429 for the shared ride program in FY1213.

The shared ride program is further distinguished for two additional modes of transportation, that of ADA Paratransit Service and Non-Public Human Service contracting. For the ADA Paratransit program, the only grant based funding source available is Federal 5311 funding. Federal 5311 funding is available for Rural transit authorities to recuperate up to 50% of the program operating deficit (expenses less fare revenue) to help stabilize the program. Based on PennDOT's decision to remove Federal 5311 funding from the Authority's COA, the Authority incurred an operating loss of \$68,865 in FY1213 for the ADA Paratransit Program.

Finally, the Authority operates within the shared ride program a service that PennDOT refers to as "Non-Public Contracting". This program affords the Authority the opportunity to provide transportation to human service agencies and other non-profit entities transportation on a per hour or per mile basis. The largest customer for this program is the Housing Authority of the City of Meadville. The Authority provided 103.5 hours of service for a total of \$4,140 reimbursement. Collectively for the FY1213, the Authority maintained an operating surplus of \$20,336 for the Non-Public Contracting program.

Financial Highlights

Total operating revenues were \$886,094 for the year ended June 30, 2013.

Total operating expenses were \$2,366,805 for the year ended June 30, 2013.

Total net position was \$5,064,652 as of June 30, 2013.

Overview of the Financial Statements

Change in accounting principle

During the year ended June 30, 2013, Crawford Area Transportation Authority changed their financial statement reporting from a regulatory basis of accounting to generally accepted accounting principles, as required by the Pennsylvania Department of Transportation.

This change resulted in depreciation of capital assets and recording a compensated absences liability and an offsetting reduction in Act 44 deferred revenue of \$38,724. The cumulative effect of the depreciation change has been reported as an adjustment to the beginning net position for the year ended June 30, 2013 (See Note O for more details).

Crawford Area Transportation Authority's basic financial statements are comprised of: 1) statement of net position, 2) statement of revenues, expenses and changes in net position, 3) statement of cash flows, and 4) notes to the financial statements. This report also includes other supplementary information in addition to the basic financial statements.

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB).

Statement of Net Position

The statement of net position presents the financial position of the Authority. It presents information on assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

Statement of Revenues, Expenses and Changes in Net Position

The statement of revenues, expenses and changes in net position presents information showing how the Authority's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Revenues are recognized when earned, not when they are received. Expenses are recognized when incurred, not when they are paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. earned but unused sick leave).

Statement of Cash Flows

The statement of cash flows presents information on the effect changes in assets and liabilities have on cash during the course of the fiscal year.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

This is the first year that the Authority has presented financial information in accordance with generally accepted accounting principles, therefore, no comparative information is presented. In future years, when prior information is available, the information will be comparative.

Financial Analysis

Net Position

The Authority's net position may serve over time as a useful indicator of the Authority's financial position. The Authority's assets exceed liabilities by \$5,064,652 as of June 30, 2013.

Statement of Net Position June 30, 2013

Current assets	\$ 408,065
Capital assets, net	5,020,906
Total Assets	5,428,971
Current liabilities	139,710
Long-term liabilities	224,609
Total Liabilities	364,319
Invested in capital assets	5,020,906
Restricted net position	38,913
Unrestricted net position	4,833
Total Net Position	\$ 5,064,652

The largest portion of the Authority's net position is its investment in capital assets (e.g. land, buildings, buses, vans and equipment). The Authority received capital grant funding from the federal, state, and local governments to acquire these capital assets. Therefore, certain restrictions are placed on their disposal and any proceeds from the sale of these assets are restricted for purchases of other capital assets, subject to approval from PennDOT.

Changes in Net Position

A condensed summary of the Authority's statement of revenues, expenses and changes in net assets is presented below:

Statement of Revenues, Expenses and Changes in Net Position For the Fiscal Year ended June 30, 2013

Operating Revenues:	
Passenger fares and government programs	\$ 710,031
Contract revenues	161,591
Other operating revenues	14,472
Total Operating Revenues	<u>\$ 886,094</u>
Operating Expenses:	
Wages and benefits	1,024,213
Fuel, tires and other materials	315,989
Depreciation	640,092
Other operating expenses	386,511
Total Operating Expenses	<u>2,366,805</u>
Nonoperating Revenues and Expenses:	
Commonwealth of Pennsylvania planning grant	42,521
Commonwealth of Pennsylvania operating grant	803,741
Local governments	36,878
Loss on disposal of capital assets	(27,301)
Planning grant expenses	(41,379)
Total Nonoperating Revenues and Expenses	<u>814,460</u>
Capital Grant Funding	<u>2,000</u>
Decrease in Net Position	<u>\$ (664,251)</u>

The Authority is primarily dependent on Federal, State, and local grants and contributions to fund its operating deficits. The funding assistance received from these entities is included in nonoperating revenues and accounted for approximately 50% of operating and nonoperating revenues for the year ended June 30, 2013.

Non-Financial Statistical Information

	Ridership	
	FY11-12	FY12-13
Fixed Route Program		
Senior Citizens (Age 65+)	40,274	36,708
Full Fare	118,096	111,551
Third Party Sponsor	26,709	33,327
Age 6-17 (half fare)	13,847	13,285
Under Age 5 (free)	15,761	12,959
Transfers (free)	23,989	25,725
	<u>238,676</u>	<u>233,555</u>

	Ridership	
	FY11-12	FY12-13
Shared Ride Program		
Senior Citizens (Age 65+)	29,825	30,860
Persons with Disabilities	3,095	3,262
ADA Paratransit	2,647	4,150
Medical Assistance	4,969	2,330
Non-Lottery Funded	545	579
Hourly/per mile Contract	5,980	9,708
	<u>47,061</u>	<u>50,889</u>

	Total Vehicle Miles	
	FY11-12	FY12-13
Fixed Route Program	228,347	236,697
Shared Ride Program	225,371	244,803
	<u>453,718</u>	<u>481,500</u>

Request for Information

This financial report is designed to provide a general overview of the Authority's finances and to demonstrate accountability for the use of public funds. Questions about any of the information provided in this report, or requests for additional financial information should be addressed to the Executive Director at Crawford Area Transportation Authority, 214 Pine Street, Meadville, PA 16335.

Crawford Area Transportation Authority

Statement of Net Position

June 30, 2013

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$	41,731
Cash and cash equivalents - restricted		182,803
Accounts receivable		33,798
Grants receivable		99,650
Prepaid insurance		50,083

TOTAL CURRENT ASSETS 408,065

CAPITAL ASSETS, NET

5,020,906

\$ 5,428,971

LIABILITIES AND NET POSITION

CURRENT LIABILITIES

Accounts payable	\$	53,299
Accrued expenses		70,946
Grants refundable		15,465

TOTAL CURRENT LIABILITIES 139,710

DEFERRED REVENUE

Act 26 grant	187
Act 3 grant - ASG and BSG	36,159
Act 4 grant	21,309
Act 44 grant	125,148
Local match	14,879
Proceeds from prior year vehicle sales	26,927

224,609

TOTAL LIABILITIES 364,319

NET POSITION

Invested in capital assets	5,020,906
Restricted (Note I)	38,913
Unrestricted	4,833

TOTAL NET POSITION 5,064,652

\$ 5,428,971

See notes to the financial statements.

Crawford Area Transportation Authority
Statement of Revenues, Expenses and Changes in Net Position
Year Ended June 30, 2013

	Fixed Route	Rural ADA	Shared Ride	Total
OPERATING REVENUES				
Passenger Fares	\$ 116,539	\$ 11,368	\$ 46,201	\$ 174,108
State Shared Ride Program	-	-	426,960	426,960
State Welfare to Work Program	64,946	-	-	64,946
State Persons with Disabilities Program	-	-	44,017	44,017
Area Agency on Aging	-	-	33,642	33,642
Other Contract Revenue	23,778	-	104,171	127,949
Advertising	180	-	-	180
Miscellaneous Income	7,146	713	6,433	14,292
	<u>212,589</u>	<u>12,081</u>	<u>661,424</u>	<u>886,094</u>
OPERATING EXPENSES				
Salaries & Wages	383,510	40,926	375,584	800,020
Fringe Benefits	110,305	11,418	102,470	224,193
Services	167,140	6,079	51,968	225,187
Fuel & Lubricants	175,606	10,416	93,746	279,768
Tires & Tubes	-	762	6,855	7,617
Other Materials & Supplies	12,463	1,687	14,454	28,604
Utilities	16,730	1,846	16,620	35,196
Casualty & Liability Costs	34,693	3,472	31,223	69,388
Miscellaneous	27,467	4,340	24,933	56,740
Depreciation	344,863	29,523	265,706	640,092
	<u>1,272,777</u>	<u>110,469</u>	<u>983,559</u>	<u>2,366,805</u>
LOSS FROM OPERATIONS	(1,060,188)	(98,388)	(322,135)	(1,480,711)
NONOPERATING REVENUE/(EXPENSES)				
Capital Funds Used for Operating Assistance and Planning Grants:				
RVT/EMTA Technical Assistance Grant	-	-	42,521	42,521
Operating Grants:				
Commonwealth of Pennsylvania Act 44 Funds	678,447	68,865	56,429	803,741
Local governments Act 44 Matching Funds	31,238	-	-	31,238
Other Commonwealth and Local Operating Funds	5,640	-	-	5,640
	<u>715,325</u>	<u>68,865</u>	<u>56,429</u>	<u>840,619</u>
Total Government Subsidies for Operations	715,325	68,865	56,429	840,619
Gain (Loss) on Disposal of Capital Assets	(36,583)	-	9,282	(27,301)
RVT/EMTA Technical Assistance Grant Expenses	-	-	(41,379)	(41,379)
	<u>678,742</u>	<u>68,865</u>	<u>66,853</u>	<u>814,460</u>
TOTAL NONOPERATING REVENUE/(EXPENSES)	678,742	68,865	66,853	814,460
LOSS BEFORE CAPITAL GRANT FUNDING	(381,446)	(29,523)	(255,282)	(666,251)
CAPITAL GRANT FUNDING				
Federal	1,600	-	-	1,600
State	333	-	-	333
Local	67	-	-	67
	<u>2,000</u>	<u>-</u>	<u>-</u>	<u>2,000</u>
DECREASE IN NET POSITION	(379,446)	(29,523)	(255,282)	(664,251)
NET POSITION, BEGINNING OF YEAR - AS RESTATED (NOTE O)	<u>3,246,595</u>	<u>244,735</u>	<u>2,237,573</u>	<u>5,728,903</u>
NET POSITION, END OF YEAR	<u>\$ 2,867,149</u>	<u>\$ 215,212</u>	<u>\$ 1,982,291</u>	<u>\$ 5,064,652</u>

See notes to the financial statements.

Crawford Area Transportation Authority
Statement of Cash Flows
Year Ended June 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from services provided	\$ 861,099
Payments to suppliers for goods and services	(722,806)
Payments to employees for services	(800,020)
Payments for employee benefits and taxes	<u>(224,193)</u>
NET CASH USED BY OPERATING ACTIVITIES	(885,920)
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Receipts from operating grants	605,737
Receipts from technical assistance grant	21,104
Payments to employees for technical assistance	(38,587)
Payments for employees benefits and taxes for technical assistance	<u>(2,792)</u>
NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES	585,462
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(22,287)
Proceeds from sale of capital assets	<u>16,916</u>
NET CASH USED BY CAPITAL AND RELATED FINANCING ACTIVITIES	<u>(5,371)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(305,829)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>530,363</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 224,534</u></u>

See notes to the financial statements.

Crawford Area Transportation Authority
Statement of Cash Flows (Continued)
Year Ended June 30, 2013

**RECONCILIATION OF OPERATING LOSS TO
NET CASH USED BY OPERATING ACTIVITIES**

Operating Loss	\$ (1,480,711)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	640,092
Decrease in accounts receivable	6,992
Increase in grants receivable	(31,987)
Increase in prepaid expenses	(26,905)
Decrease in accounts payable	(3,943)
Increase in accrued expenses	10,542
	<hr/>
NET CASH USED BY OPERATING ACTIVITIES	<u><u>\$ (885,920)</u></u>

See notes to the financial statements.

Crawford Area Transportation Authority

Notes to the Financial Statements

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 in 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

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 capital purchases.

The Authority received the following non-operating funding during the year ended June 30, 2013:

Technical Assistance Grant - The PA Department of Transportation, Bureau of Public Transportation entered into an agreement with the Williamsport Bureau of Transportation DBA River Valley Transit Authority (RVT) on March 22, 2012 to provide Technical Assistance and Management support to the Endless Mountains Transportation Authority (EMTA) with an estimated completion date of October 31, 2012 which was extended until June 30, 2013 for a total grant value of \$262,000. On October 31, 2013 the grant was extended from July 1, 2013 through June 30, 2014 for a total additional value of \$178,000. Per the Technical Assistance Grant, RVT has included in the grant documents, at the request of the PA Department of Transportation, Bureau of Public Transportation, shared ride management support services to be provided by the Authority. The total value of services for the year ended June 30, 2013 was \$42,521.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Crawford Area Transportation Authority conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Basic Financial Statements

These financial statements are presented in accordance with GASB Statement No. 34 *Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments* (GASB No. 34). The Authority is engaged only in business-type activities and is required to present the financial statements as required for enterprise funds which are part of proprietary funds. The Authority does not report any component units.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

Proprietary funds account for activities of the Authority similar to those found in the private sector, where cost recovery and the determination of net income are useful or necessary for sound fiscal management. The focus of proprietary fund measurement is upon the determination of operating income, changes in net position, financial position and cash flows. Currently, enterprise funds are the only type of proprietary fund that the Authority uses.

Measurement Focus and Basis of Accounting

The statement of net position and the statement of revenues, expenses and changes in net position are reported using the flow of economic resources measurement focus and 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 revenue as soon as all eligibility requirements imposed by the provider have been met. Such revenue is subject to review by the funding agency, which may result in disallowance in subsequent periods.

All of the Authority's activities are accounted for in a single proprietary or business-type fund. Proprietary funds distinguish operating revenues and expenses from non-operating items and capital contributions. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. Revenues and expenses not meeting this definition are reported as either nonoperating revenues and expenses or capital grant funding.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments have the option of following subsequent private-sector guidance for the business-type activities, subject to this same limitation. The Authority has elected to follow subsequent private-sector guidance.

Cash and Cash Equivalents

The Authority considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

The Authority considers all interest bearing and non-interest bearing checking and savings accounts to be cash and cash equivalents (including restricted assets).

Cash and Cash Equivalents - Restricted

Cash and cash equivalents, whose use is limited to a specific purpose, have been classified as restricted in the statement of net position.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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, 2013.

Capital Assets

The Authority records capital assets at cost or, if donated, at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets. The following estimated useful lives are used for depreciation purposes:

<u>Assets</u>	<u>Useful life (Years)</u>
Facility	30
Transportation equipment	4-10
Office furniture and equipment	4-15
Other support vehicles	4

Expenses for repairs and maintenance costs are charged against operations. Renewals and betterments that materially extend the life of an asset are capitalized.

Upon sale of property, proceeds related to assets still having useful lives are returned to the various granting agencies or applied to current capital project grants. All other proceeds are recognized as miscellaneous income. The cost and related accumulated depreciation are eliminated from the respective accounts.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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.

Classification of Revenues and Expenses

The Authority distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services in connection with the Authority's ongoing operations. The principal operating revenues of the Authority are charges to customers for transportation services, revenues from third party contracts, and operating subsidies from the state. Operating expenses include cost of providing transportation services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. The principal nonoperating revenues of the Authority are operating, planning and capital grants from federal, state and local governments.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Net Position

The Authority's net position consists of three components - invested in capital assets, restricted and unrestricted. Invested in capital assets consists of capital assets, net of accumulated depreciation. Net position is reported as restricted when constraints placed on net position use are either externally imposed by creditors, grantors, contributors or laws, or regulations or other governments or imposed by law through constitutional provisions or enabling legislation. The Authority's restricted net position is expendable. Unrestricted net position consist of net position that does not meet the definition of "restricted" or "invested in capital assets".

Budgetary Data

The Authority prepares an annual budget of its operating revenues and operating expenses. The budget is accepted by the Authority's Board of Directors by the passage of a resolution.

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 16, 2013, 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 \$21,416. Cash on hand includes receipts in the amount of \$21,316 that had not yet been deposited at June 30, 2013.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned. The Authority does not have a policy for custodial risk on deposits. At June 30, 2013, the carrying amount of the Authority's deposits was \$203,118 with the corresponding bank balance of \$249,523. The entire bank balance at June 30, 2013 was covered by federal depository insurance.

Restricted Cash

Restricted cash consists of unspent grant funding from the state. The amount of unspent grant funds at June 30, 2013 was \$182,803.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE D - CAPITAL ASSETS

Capital asset activity for the year ended June 30, 2013, was as follows:

	Balance 6/30/12	Additions	Disposals	Balance 6/30/13
Land	\$ 420,824	\$ -	\$ -	\$ 420,824
Facility	2,820,980	2,000	-	2,822,980
Transportation equipment	3,828,806	5,267	(297,281)	3,536,792
Office furniture and equipment	249,500	15,020	(1,515)	263,005
Other support vehicles	78,645	-	-	78,645
	<u>7,398,755</u>	<u>22,287</u>	<u>(298,796)</u>	<u>7,122,246</u>
Less: Accumulated depreciation	<u>(1,712,456)</u>	<u>(640,092)</u>	<u>251,208</u>	<u>(2,101,340)</u>
Net capital assets	<u>\$ 5,686,299</u>	<u>\$ (617,805)</u>	<u>\$ (47,588)</u>	<u>\$ 5,020,906</u>

NOTE E - COMPENSATED ABSENCES

Prior to July 1, 2011, full-time employees could earn vacation, sick and personal time off, which could be accumulated and carried over into future years up to a maximum of 60 vacation, 60 sick, and 30 personal days. Employees were entitled to all of their vacation and half of their sick and personal days upon proper termination of employment. As of July 1, 2011, the Crawford Area Transportation Authority Board of Directors adopted a revised policy on the accrual of compensated absences. Full-time 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. The amount of accrued compensated absences at June 30, 2013 is \$41,228. This amount is included in the statement of net position in accrued expenses.

NOTE F - GRANTS REFUNDABLE

Grants refundable consists of monies received by the Authority but not spent as of June 30, 2013. These funds are due back to the funding source upon their request.

A summary of grants refundable at June 30, 2013 is as follows:

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

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE G - LINE OF CREDIT

The Authority has a line of credit with Erie Bank, in the amount of \$250,000. The line of credit is subject to interest at 65% of the bank's prime lending rate plus .25%. The interest rate at June 30, 2013 was 3.175%. The line of credit had no outstanding balance at June 30, 2013.

NOTE H - DEFERRED REVENUE

In August 1991, the Pennsylvania legislature passed a dedicated source of funding for public transportation. This legislation, known as Act 26, provided for additional sales taxes to be collected by the Department of Revenue and passed through the Department of Transportation to transit authorities for both capital and capital asset maintenance costs. Effective July 1, 2007, the Pennsylvania legislature passed Act 44, which eliminated additional state funding under Act 26. Expenditures from the remaining funds are to be used for capital projects. The local match required on these restricted funds is 1/30 of capital expenditures.

In April 1997, the Pennsylvania legislature passed a dedicated source of funding for public transportation. This legislation, known as Act 3, provided for a transfer of sales tax collected by the Department of Revenue and passed through the Department of Transportation to transit authorities for operating assistance, capital and capital asset maintenance costs. Effective July 1, 2007, the Pennsylvania legislature passed Act 44, which eliminated additional state funding under Act 3. Expenditures from the remaining funds are to be used for capital projects. The local match required on these restricted funds is 1/30 of capital expenditures.

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.

For the year ended June 30, 2013, the following transactions occurred relative to the Act 26, Act 3 BSG, Act 3 ASG, and Act 4 funding:

	Act 26	Act 3 BSG	Act 3 ASG	Act 4
Balance, July 1, 2012	\$ 187	\$ 28,402	\$ 7,888	\$ 21,190
Interest earned	-	159	43	119
Total available	187	28,561	7,931	21,309
Funds expended	-	-	(333)	-
Balance, June 30, 2013	<u>\$ 187</u>	<u>\$ 28,561</u>	<u>\$ 7,598</u>	<u>\$ 21,309</u>

The Authority received funding 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 receives local match funds from the County of Crawford and from other municipalities. Of the deferred balance at June 30, 2013, \$8 is from the County of Crawford and \$14,871 is from other municipalities.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE H - DEFERRED REVENUE (CONTINUED)

When the Authority disposes of capital assets purchased with grant monies, the proceeds are to be held and used for future capital purchases.

For the year ended June 30, 2013, the following transactions occurred relative to the Act 44 funding, local match, and proceeds from sales of capital assets:

	<u>Act 44</u>	<u>Local Match</u>	<u>Capital Asset Sales</u>
Balance, July 1, 2012	\$ 369,754	\$ 5,539	\$ 30,298
Funds received	557,537	40,562	16,916
Interest earned	1,598	83	-
	<hr/>	<hr/>	<hr/>
Total available	928,889	46,184	47,214
Funds expended	(803,741)	(31,305)	(20,287)
	<hr/>	<hr/>	<hr/>
Balance, June 30, 2013	<u>\$ 125,148</u>	<u>\$ 14,879</u>	<u>\$ 26,927</u>

NOTE I - NET POSITION

The Board of Directors has set aside funds for the future costs associated with the Technical Assistance Grant RVT/EMTA. These funds amounted to \$4,833 at June 30, 2013.

Restricted net position in the amount of \$38,913 (fixed route - \$3,961 and shared ride - \$34,952) at June 30, 2013 represents the excess of revenues over expenses from prior years for the Authority's contract service operation provided as part of the fixed route and shared ride programs for non-profit agencies purchasing bus service from the Authority at hourly contract rates. The occurrence of revenue over expenses for this operation date as far back as the June 30, 1990 audited financial statements.

NOTE J - 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 K - OPERATING LEASE

Prior to December 31, 2012, the Authority rented the Titusville office facilities under a yearly operating lease running from June 1st to May 31st with variable monthly payments of \$175 to \$180. The Authority had also entered into an operating lease for a parking lot for the Titusville fleet of commercial vehicles.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE K - OPERATING LEASE (CONTINUED)

On December 1, 2012, the Authority entered into an operating lease for the Titusville office facilities and parking lot. The lease terms are from January 1, 2013 to December 31, 2015 with monthly payments of \$455.

One of the Crawford Area Transportation Authority board members is the executive director of the Organization who owns the leased property.

Total rental expense for the year ended June 30, 2013 was \$4,149.

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

<u>Year ended June 30,</u>		
2014	\$	5,460
2015	\$	5,460
2016	\$	2,730

NOTE L - 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 5% of the employee's contribution. Contributions for the year ended June 30, 2013 were \$12,616. The assets in this plan are held in trust for the exclusive benefit of the participants and beneficiaries, and therefore, in accordance with GASB Statement No. 32, the assets and liabilities are not included in the Authority's financial statements.

NOTE M - RISK MANAGEMENT

The Authority is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Authority is a member in the State Association for Transportation Insurance Property & Liability Pool (SAFTI), a public entity risk pool currently operating as a common risk management and insurance program. The Authority pays annual premiums to SAFTI for its property, general liability, automobile liability, auto physical damage and crime, boiler and machinery, and public officials' error and omissions insurance coverage. The agreement for formation of SAFTI provides that SAFTI will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain amounts specified for each type of coverage. In the event annual premiums are not sufficient to fund operations or obligations of SAFTI, additional supplementary premiums may be assessed to members on a pro-rata basis. Premiums paid to SAFTI for the above coverages and charged to operations amounted to \$69,388 for the year ended June 30, 2013.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE M - RISK MANAGEMENT (CONTINUED)

The Authority is a member in the State Association for Transportation Insurance Workers' Compensation Pool, a public entity risk pool currently operating as a common risk management and insurance program. The Authority pays annual premiums to the State Association for Transportation Insurance Workers' Compensation Pool for its workers' compensation insurance coverage. The agreement for formation of the State Association for Transportation Insurance Workers' Compensation Pool provides that the State Association for Transportation Insurance Workers' Compensation Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain amounts specified. In the event annual premiums are not sufficient to fund operations or obligations of the State Association for Transportation Insurance Workers' Compensation Pool, additional supplementary premiums may be assessed to members on a pro-rata basis. Premiums paid to the State Association for Transportation Insurance Workers' Compensation Pool and charged to operations amounted to \$42,121 for the year ended June 30, 2013.

For the year ended June 30, 2013, there has been no significant reduction in insurance coverage from coverage in the prior years. Settled claims have not exceeded the insurance coverage purchased for the years ended June 30, 2013, 2012, and 2011.

NOTE N - 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 miles driven during the year ended June 30, 2013. The allocation of general administration expenses for the fiscal year ended June 30, 2013 was: Fixed Route 50%, Shared Ride 45%, and Rural ADA 5%.

NOTE O - CHANGE IN ACCOUNTING PRINCIPLES

During the year ended June 30, 2013, the Authority changed their financial statement reporting from a regulatory basis of accounting to GAAP, as required by the Pennsylvania Department of Transportation. This change resulted in depreciation of capital assets and recording a compensated absences liability and an offsetting reduction in Act 44 deferred revenue of \$38,724. The cumulative effect of the depreciation change has been reported as an adjustment to the beginning net position for the year ended June 30, 2013.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE O - CHANGE IN ACCOUNTING PRINCIPLES (CONTINUED)

	Invested in Capital Assets	Restricted	Unrestricted	Total
Net position, beginning of year - as previously reported	\$ 7,527,416	\$ 38,913	\$ 3,692	\$ 7,570,021
Restatement:				
Depreciation of capital assets	<u>(1,841,118)</u>	<u>-</u>	<u>-</u>	<u>(1,841,118)</u>
Net position, beginning of year - as restated	<u>\$ 5,686,298</u>	<u>\$ 38,913</u>	<u>\$ 3,692</u>	<u>\$ 5,728,903</u>

NOTE P- SHARED RIDE EXPENSE DETAILS

PennDOT Bureau of Public Transportation Intelli-Grants Consolidated Operating Applications require the breakout of "Shared Ride" expenses 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 the Authority's operation and fiscal accounting of expenses, the Authority considers all services provided in the shared ride program as "shared ride" service. The Authority does not maintain independent categories of expenses for Non-Shared Ride or Non-Shared Ride MATP. This is due to the integrated nature of service operation. Each day, every 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, the Authority uses industry standard allocation methods to determine costs for these categories. The Authority uses a percentage of total Shared Ride paid driver hours from each type of service to determine the expense breakout and allocation in this note.

Crawford Area Transportation Authority

Notes to the Financial Statements

NOTE P- SHARED RIDE EXPENSE DETAILS (CONTINUED)

EXPENSES	Total	Shared Ride	Non - Shared Ride	MATP
	Shared Ride			Non - Shared Ride
Salaries & Wages	\$ 375,584	\$ 351,909	\$ 17,378	\$ 6,297
Fringe Benefits	102,470	96,011	4,741	1,718
Services	51,968	48,692	2,405	871
Fuel & Lubricants	93,746	87,836	4,338	1,572
Tires & Tubes	6,855	6,423	317	115
Other Materials & Supplies	14,454	13,543	669	242
Utilities	16,620	15,572	769	279
Casualty & Liability Costs	31,223	29,255	1,445	523
Miscellaneous	24,933	23,361	1,154	418
Depreciation	265,706	248,957	12,294	4,455
TOTAL EXPENSES	\$ 983,559	\$ 921,559	\$ 45,510	\$ 16,490

REQUIRED REPORTS AND SCHEDULES

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: FIXED ROUTE EXPENSES
SUBCATEGORY: RURAL

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<u>Vehicle Operation</u>	<u>Maintenance</u>	<u>General Admin</u>	<u>Totals</u>
Operating Expenses				
1 Operator's Salaries & Wages	\$ 246,244	\$ -	\$ -	\$ 246,244
2 Other Salaries & Wages	-	-	137,266	137,266
3 Fringe Benefits	64,165	-	46,140	110,305
4 Services	-	154,477	12,663	167,140
5 Fuel & Lubricants	175,606	-	-	175,606
6 Tires & Tubes	-	-	-	-
7 Other Materials & Supplies	-	6,235	6,228	12,463
8 Utilities	-	-	16,730	16,730
9 Casualty & Liability Costs	17,347	-	17,346	34,693
10 Taxes	-	-	-	-
11 Purchased Transportation	-	-	-	-
12 Miscellaneous Expenses	8,509	-	18,958	27,467
13 Expense Transfers	-	-	-	-
14 Total System Expenses	<u>511,871</u>	<u>160,712</u>	<u>255,331</u>	<u>927,914</u>
Applied Reconciling Items				
15 Interest Expense				-
16 Leases & Rentals				-
17 Depreciation (privately funded assets only)				-
18 Amortization of Intangibles				-
19 Purchase Lease Agreement				-
20 Related Parties Lease Agreement				-
Other Reconciling Items				
21 Identify _____				-
22 Total Applied Reconciling Items				<u>-</u>
23 Total Operating Expenses				<u>927,914</u>
Non-Applied Reconciling Items				
24 Depreciation (publicly funded assets only)				344,863
25 Other Post Employment Benefits (OPEB)				-
Other Reconciling Items				
26 Identify _____				-
27 Total Non-Applied Reconciling Items				<u>344,863</u>
28 Total Operating Expenses per Audit				<u><u>\$ 1,272,777</u></u>

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: ADA PARATRANSIT EXPENSES
SUBCATEGORY: RURAL

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<u>Vehicle Operation</u>	<u>Maintenance</u>	<u>General Admin</u>	<u>Totals</u>
Operating Expenses				
1 Operator's Salaries & Wages	\$ 27,489	\$ -	\$ -	\$ 27,489
2 Other Salaries & Wages	-	-	13,437	13,437
3 Fringe Benefits	6,655	-	4,763	11,418
4 Services	-	4,814	1,265	6,079
5 Fuel & Lubricants	10,416	-	-	10,416
6 Tires & Tubes	-	762	-	762
7 Other Materials & Supplies	-	975	712	1,687
8 Utilities	-	-	1,846	1,846
9 Casualty & Liability Costs	1,737	-	1,735	3,472
10 Taxes	-	-	-	-
11 Purchased Transportation	-	-	-	-
12 Miscellaneous Expenses	675	-	3,665	4,340
13 Expense Transfers	-	-	-	-
14 Total System Expenses	<u>46,972</u>	<u>6,551</u>	<u>27,423</u>	<u>80,946</u>
Applied Reconciling Items				
15 Interest Expense				-
16 Leases & Rentals				-
17 Depreciation (privately funded assets only)				-
18 Amortization of Intangibles				-
19 Purchase Lease Agreement				-
20 Related Parties Lease Agreement				-
Other Reconciling Items				
21 Identify _____				-
22 Total Applied Reconciling Items				<u>-</u>
23 Total Operating Expenses				<u>80,946</u>
Non-Applied Reconciling Items				
24 Depreciation (publicly funded assets only)				29,523
25 Other Post Employment Benefits (OPEB)				-
Other Reconciling Items				
26 Identify _____				-
27 Total Non-Applied Reconciling Items				<u>29,523</u>
28 Total Operating Expenses per Audit				<u><u>\$ 110,469</u></u>

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: SHARED RIDE EXPENSES
SUBCATEGORY: RURAL

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>
	<u>Vehicle Operation</u>	<u>Maintenance</u>	<u>General Admin</u>	<u>Totals</u>
Operating Expenses				
1 Operator's Salaries & Wages	\$ 237,312	\$ -	\$ -	\$ 237,312
2 Other Salaries & Wages	-	-	114,597	114,597
3 Fringe Benefits	55,648	-	40,363	96,011
4 Services	-	38,014	10,678	48,692
5 Fuel & Lubricants	87,836	-	-	87,836
6 Tires & Tubes	-	6,423	-	6,423
7 Other Materials & Supplies	-	7,543	6,000	13,543
8 Utilities	-	-	15,572	15,572
9 Casualty & Liability Costs	14,627	-	14,628	29,255
10 Taxes	-	-	-	-
11 Purchased Transportation	-	-	-	-
12 Miscellaneous Expenses	4,647	-	18,714	23,361
13 Expense Transfers	-	-	-	-
14 Total System Expenses	<u>400,070</u>	<u>51,980</u>	<u>220,552</u>	<u>672,602</u>
Applied Reconciling Items				
15 Interest Expense				-
16 Leases & Rentals				-
17 Depreciation (privately funded assets only)				-
18 Amortization of Intangibles				-
19 Purchase Lease Agreement				-
20 Related Parties Lease Agreement				-
Other Reconciling Items				
21 Identify _____				-
22 Total Applied Reconciling Items				<u>-</u>
23 Total Operating Expenses				<u>672,602</u>
Non-Applied Reconciling Items				
24 Depreciation (publicly funded assets only)				248,957
25 Other Post Employment Benefits (OPEB)				-
Other Reconciling Items				
26 Identify <u>RVT/EMTA Tech Assistance</u>				<u>41,379</u>
27 Total Non-Applied Reconciling Items				<u>290,336</u>
28 Total Operating Expenses per Audit				<u><u>\$ 962,938</u></u>

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: NON-PUBLIC EXPENSES
SUBCATEGORY: OTHER TRANSPORTATION

Please identify programs included on this form

Hourly rate transportation and per mile transportation to human service agencies, housing authorities and other entities

	Non-Shared-Ride Paratransit	MATP - Non- Shared-Ride Paratransit	MATP - Mileage Reimbursement	Other (Identify Above)	Totals
Operating Expenses					
Operator's Salaries & Wages	\$ 11,719	\$ 4,247	\$ -	\$ -	\$ 15,966
Other Salaries & Wages	5,659	2,050	-	-	7,709
Fringe Benefits	4,741	1,718	-	-	6,459
Services	2,405	871	-	-	3,276
Fuel & Lubricants	4,338	1,572	-	-	5,910
Tires & Tubes	317	115	-	-	432
Other Materials & Supplies	669	242	-	-	911
Utilities	769	279	-	-	1,048
Casualty & Liability Costs	1,445	523	-	-	1,968
Taxes	-	-	-	-	-
Purchased Transportation	-	-	-	-	-
Miscellaneous Expenses	1,154	418	-	-	1,572
Expense Transfers	-	-	-	-	-
Mileage Reimbursement	-	-	-	-	-
MATP - Non-Public Service Admin Expense	-	-	-	-	-
Total System Expenses	33,216	12,035	-	-	45,251
Applied Reconciling Items					
15 Interest Expense					-
16 Leases & Rentals					-
17 Depreciation (privately funded assets only)					-
18 Amortization of Intangibles					-
19 Purchase Lease Agreement					-
20 Related Parties Lease Agreement					-
Other Reconciling Items					-
21 Identify _____					-
22 Total Applied Reconciling Items					-
23 Total Operating Expenses					45,251
Non-Applied Reconciling Items					
24 Depreciation (publicly funded assets only)					16,749
25 Other Post Employment Benefits (OPEB)					-
Other Reconciling Items					-
26 Identify _____					-
27 Total Non-Applied Reconciling Items					16,749
28 Total Operating Expenses per Audit					\$ 62,000

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: FIXED ROUTE REVENUE

	<i>A</i> <u>Urban</u>	<i>B</i> <u>Rural</u>	<i>C</i> <u>Total</u>
Transportation Revenues			
1 Passenger fares	\$ -	\$ 140,317	\$ 140,317
2 Advertising	-	180	180
3 Charter	-	-	-
4 Route Guarantees	-	-	-
Other (Revenue)			
5 Interest/Investment Income	-	-	-
6 Identify <u>Insurance Refunds</u>	-	7,146	7,146
7 Identify _____	-	-	-
8 Identify _____	-	-	-
9 Total Revenue	<u>-</u>	<u>147,643</u>	<u>147,643</u>
Non-Applied Reconciling Items			
10 Identify <u>Loss on Disposal of Assets</u>	-	(36,583)	(36,583)
11 Identify _____	-	-	-
12 Total Non-Applied Reconciling Items	<u>-</u>	<u>(36,583)</u>	<u>(36,583)</u>
13 Total Revenue per Audit	<u>\$ -</u>	<u>\$ 111,060</u>	<u>\$ 111,060</u>

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: NON-FIXED ROUTE REVENUE
SUBCATEGORY: RURAL

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>
	ADA	Shared Ride 65+		Shared Ride Under 65		Public	Total
	Paratransit	Standard	DAS*	Standard	DAS*	Vanpool	
Transportation Revenues							
1	Passenger fares	\$ 11,368	\$ 38,667	\$ -	\$ 7,534	\$ -	\$ 57,569
2	Advertising	-	-	-	-	-	-
3	Shared-Ride Lottery Trip Reimbursement	-	426,960	-	-	-	426,960
4	PwD Trip Reimbursement	-	-	-	44,017	-	44,017
5	AAA	-	28,606	-	5,036	-	33,642
6	MH/MR - Shared Ride Fare Structure	-	-	-	-	-	-
7	W2W - Shared Ride Fare Structure	-	-	-	-	-	-
8	MATP - Shared-Ride Fare Structure	-	-	-	28,145	-	28,145
Other Agencies/Third Party Sponsors							
9	Identify <u>Other Agencies</u>	-	9,779	-	660	-	10,439
10	Identify _____	-	-	-	-	-	-
Other Revenue							
MATP							
11	Admin Reimbursement for MATP						
	Shared Ride Fare Structure	-	-	-	-	-	-
Other (i.e. block grant) identify							
12	Identify <u>Insurance Refunds</u>	713	6,433	-	-	-	7,146
13	Identify _____	-	-	-	-	-	-
14	Identify _____	-	-	-	-	-	-
15	Interest/Investment Income	-	-	-	-	-	-
16	Total Revenue	12,081	510,445	-	85,392	-	607,918
Non-Applied Reconciling Items							
17	Identify <u>Gain on Disposal of Assets</u>	-	9,282	-	-	-	9,282
18	Identify <u>RVT/EMTA Tech Assistance</u>	-	42,521	-	-	-	42,521
19	Total Non-Applied Reconciling Items	-	51,803	-	-	-	51,803
20	Total Revenue per Audit	<u>\$ 12,081</u>	<u>\$ 562,248</u>	<u>\$ -</u>	<u>\$ 85,392</u>	<u>\$ -</u>	<u>\$ 659,721</u>

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: NON-PUBLIC REVENUES
SUBCATEGORY: OTHER TRANSPORTATION

<i>A</i>	<i>B</i>
	<u>Total</u>
Transportation Revenues	
1 MATP - Contract Rate Paratransit Revenue	\$ 20,195
2 W2W - Contract Rate Paratransit Revenue	-
Other Contract Rate Paratransit Revenue	
3 Identify <u>Housing Auth & Misc</u>	38,192
4 Identify <u>Allegheny College</u>	7,200
5 Identify _____	-
Other Revenue	
6 MATP - Mileage Reimbursement	-
7 W2W - Other (i.e. vehicle purchase/repair, fixed route fares)	-
8 Identify _____	-
Admin Reimbursement	
9 MATP - Contract Rate Paratransit Admin	-
10 MATP - Mileage Reimbursement Admin	-
11 W2W - Admin/Case Management	-
12 Interest/Investment Income	-
13 Total Revenue	<u>65,587</u>
Non-Applied Reconciling Items	
14 Identify _____	-
15 Identify _____	-
16 Total Non-Applied Reconciling Items	<u>-</u>
17 Total Revenue per Audit	<u><u>\$ 65,587</u></u>

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: FIXED ROUTE SUBSIDIES

	<i>A</i>	<i>B</i>	<i>C</i>
	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
Subsidy			
1 Federal Operating Grant	\$ -	\$ -	\$ -
2 Federal Capital Grant to Fund Preventive Maintenance Costs	-	-	-
3 Federal Capital Grant to Fund Capital Costs of Contracting	-	-	-
4 Federal Capital Grant to Fund Associated Capital Maintenance Costs	-	-	-
Other Federal Grants for Operating Costs	-	-	-
5 Identify _____	-	-	-
6 Subtotal Federal Subsidy	-	-	-
7 Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - State Share	-	120,910	120,910
8 Act 44 Section 1513 Operating Grant Amount Charged - Current Year - State Share	-	557,537	557,537
9 Act 3 ASG Grant Amount Charged - State Share	-	-	-
10 Act 3 BSG Grant Amount Charged - State Share	-	-	-
Special Operating Grants - State Share	-	-	-
11 Identify Welfare to Work Grant _____	-	64,946	64,946
12 Subtotal State Subsidy	-	743,393	743,393
13 Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share	-	-	-
Municipal Sources	-	-	-
14 Act 44 Section 1513 Operating Grant Amount Charged - Current Year - Local Share	-	31,238	31,238
Municipal Sources	-	-	-
15 Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share	-	-	-
Advertising Sources	-	-	-
16 Act 44 Section 1513 Operating Grant Amount Charged - Current Year - Local Share	-	-	-
Advertising Sources	-	-	-
17 Act 3 ASG Grant Amount Charged - Local Share	-	-	-
18 Act 3 BSG Grant Amount Charged - Local Share	-	-	-
Special Operating Grants - Local Share	-	-	-
19 Identify HAP & HSDF _____	-	5,640	5,640
20 Subtotal Local Subsidy	-	36,878	36,878
21 Grand Total Subsidy	-	780,271	780,271
Non-Applied Reconciling Items			
22 Identify Federal Capital Grant _____	-	1,600	1,600
23 Identify State Capital Grant _____	-	333	333
24 Identify Local Capital Grant _____	-	67	67
25 Total Non-Applied Reconciling Items	-	2,000	2,000
26 Grand Total Subsidy per Audit	<u>\$ -</u>	<u>\$ 782,271</u>	<u>\$ 782,271</u>

Crawford Area Transportation Authority
FY 2012-13 COA LEGACY BUDGET
CATEGORY: NON-FIXED ROUTE SUBSIDIES
SUBCATEGORY: RURAL

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>
	ADA Paratransit	Shared Ride Standard	DAS*	Public Vanpool	Total
Subsidy					
1 Federal Operating Grant	\$ -	\$ -	\$ -	\$ -	\$ -
2 Federal Capital Grant to Fund Preventive Maintenance Costs	-	-	-	-	-
3 Federal Capital Grant to Fund Capital Costs of Contracting	-	-	-	-	-
4 Federal Capital Grant to Fund Associated Capital Maintenance Costs Other Federal Grants for Operating Costs	-	-	-	-	-
5 Identify _____ Federal Shared-Ride Subsidy	-	-	-	-	-
6 Identify _____	-	-	-	-	-
7 Subtotal Federal Subsidy	-	-	-	-	-
8 Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - State Share	68,865	56,429	-	-	125,294
9 Act 44 Section 1513 Operating Grant Amount Charged - Current Year - State Share	-	-	-	-	-
10 Act 3 ASG Grant Amount Charged - State Share	-	-	-	-	-
11 Act 3 BSG Grant Amount Charged - State Share Special Operating Grants - State Share	-	-	-	-	-
12 Identify _____ State Shared Ride Subsidy	-	-	-	-	-
13 Identify _____	-	-	-	-	-
14 Subtotal State Subsidy	68,865	56,429	-	-	125,294
15 Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Municipal Sources	-	-	-	-	-
16 Act 44 Section 1513 Operating Grant Amount Charged - Current Year - Local Share - Municipal Sources	-	-	-	-	-
17 Act 44 Section 1513 Operating Grant Amount Charged - Current Year - Local Share - Advertising Sources	-	-	-	-	-
18 Act 44 Section 1513 Operating Grant Amount Charged - Current Year - Local Share - Private Sources	-	-	-	-	-
19 Act 3 ASG Grant Amount Charged - Local Share	-	-	-	-	-
20 Act 3 BSG Grant Amount Charged - Local Share Special Operating Grants - Local Share	-	-	-	-	-
21 Identify _____ Local Shared Ride Subsidy	-	-	-	-	-
22 Identify _____	-	-	-	-	-
23 Subtotal Local Subsidy	-	-	-	-	-
24 Grand Total Subsidy	68,865	56,429	-	-	125,294
Non-Applied Reconciling Items					
25 Identify Federal _____	-	-	-	-	-
26 Identify State _____	-	-	-	-	-
27 Identify Local _____	-	-	-	-	-
28 Total Non-Applied Reconciling Items	-	-	-	-	-
29 Grand Total Subsidy per Audit	<u>\$ 68,865</u>	<u>\$ 56,429</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125,294</u>

Crawford Area Transportation Authority
 FY 2012-13 COA LEGACY BUDGET
 CATEGORY: BUDGET SUMMARY

	<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	<i>H</i>	<i>I</i>	<i>J</i>	<i>K</i>	<i>L</i>
	Fixed Route		ADA Paratransit		Shared Ride		Shared Ride		Public Vanpool		Non-Public Transportation - Other	Total
	Urban	Rural	Urban	Rural	Standard Urban	DAS* Urban	Standard Rural	DAS* Rural	Urban	Rural		
1 Total Operating Expenses	\$ -	\$ 927,914	\$ -	\$ 80,946	\$ -	\$ -	\$ 672,602	\$ -	\$ -	\$ -	\$ 45,251	\$ 1,726,713
2 Total Revenue	-	147,643	-	12,081	-	-	595,837	-	-	-	65,587	821,148
3 Operating Deficit	-	(780,271)	-	(68,865)	-	-	(76,765)	-	-	-	20,336	(905,565)
4 Grand Total Subsidy	-	780,271	-	68,865	-	-	56,429	-	-	-	-	905,565
5 Applied Operating Result**	-	-	-	-	-	-	(20,336)	-	-	-	20,336	-
Non-Applied Reconciling Items												
6 Total Non-Applied Reconciling Expense Items	-	(344,863)	-	(29,523)	-	-	(290,336)	-	-	-	(16,749)	(681,471)
7 Total Non-Applied Reconciling Revenue Items	-	(36,583)	-	-	-	-	51,803	-	-	-	-	15,220
8 Total Non-Applied Reconciling Subsidy Items	-	2,000	-	-	-	-	-	-	-	-	-	2,000
9 Operating Result per Audit	\$ -	\$ (379,446)	\$ -	\$ (29,523)	\$ -	\$ -	\$ (258,869)	\$ -	\$ -	\$ -	\$ 3,587	\$ (664,251)

Crawford Area Transportation Authority
Local Match Provided (FY 2012-13)
June 30, 2013

List below all local cash contributions provided for the year ended June 30, 2013:

Act 44 Section 1513 Local Match for Operating Funds Received:
 (Including any PTAF Matching Funds - PAAC and SEPTA only)

<u>CONTRIBUTOR NAME</u>	<u>DATE OF FINAL PAYMENT</u>	<u>TOTAL AMOUNT PROVIDED</u>
Crawford County Commissioners	5/17/2013	\$ 31,238
SUBTOTAL		\$ 31,238

Unassigned Local Match Funding:

<u>CONTRIBUTOR NAME</u>	<u>DATE OF FINAL PAYMENT</u>	<u>TOTAL AMOUNT PROVIDED</u>
City of Meadville	6/7/2013	\$ 9,124
West Mead Township	10/5/2012	\$ 200
SUBTOTAL		\$ 9,324
GRAND TOTAL		\$ 40,562

Crawford Area Transportation Authority
Local Match Carryover (FY 2012-13)
June 30, 2013

A	Local match available as of June 30, 2012	\$ 5,539
B	Local match funds provided during year ended June 30, 2013	40,562
C	Local match operating expenditures for year ended June 30, 2013:	
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	31,238
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 grant charged (previous years - RURAL ONLY)	-
g	Other operating expenditures (if any) IDENTIFY MATCHED PROGRAM <input type="text"/>	-
D	Total local match operating expenditures for year ended June 30, 2013	31,238
E	Local match capital expenditures for year ended June 30, 2013:	
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)	-
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) IDENTIFY MATCHED PROGRAM <input type="text" value="Fed 5311"/>	67
j	Other local match capital expenditures (if any) IDENTIFY MATCHED PROGRAM <input type="text"/>	-
F	Total local match capital expenditures for year ended June 30, 2013	67
G	Interest earned on local funds for year ended June 30, 2013	83
H	Local Match Funds Available as of June 30, 2013	\$ 14,879

Crawford Area Transportation Authority
Rural PTAF/BSG/ASG Carryover (FY 2012-13)
June 30, 2013

	Act 26		Act 3			
	PTAF	PTAF Required Local Match	BSG	BSG Required Local Match	ASG	ASG Required Local Match
Funds available from prior years	\$ 187	\$ 7	\$ 28,402	\$ 967	\$ 7,888	\$ 301
Interest Income earned in FY 2012-13	-	-	159	5	43	1
Total funds available in FY 2012-13	187	7	28,561	972	7,931	302
Funds used for operating in FY 2012-13	-	-	-	-	-	-
Funds used for capital in FY 2012-13	-	-	-	-	333	11
Funds available for FY 2013-14	\$ 187	\$ 7	\$ 28,561	\$ 972	\$ 7,598	\$ 291

Crawford Area Transportation Authority
Rural Section 1513 Program Carryover (FY 2012-13)
June 30, 2013

	SECTION 1513 STATE GRANT	SECTION 1513 REQUIRED LOCAL MATCH
1 Section 1513 funds available from prior years	\$ 369,754	\$ -
2 Section 1513 funds received for FY 2012-13	557,537	31,238
3 Interest income earned on Section 1513 funds in FY 2012-13	1,598	-
4 Total Section 1513 funds available in FY 2012-13	928,889	31,238
5 Section 1513 funds used for Rural fixed route operating expenses in FY 2012-13	678,447	31,238
6 Section 1513 funds used for Rural non-fixed route operating expenses in FY 2012-13	125,294	-
7 Total Section 1513 used in FY 2012-13	803,741	31,238
8 Section 1513 funds available for FY 2013-14	\$ 125,148	\$ -

Crawford Area Transportation Authority
Shared Ride Expense Allocation Worksheet
June 30, 2013

	% Allocated to Fixed Route	% Allocated to Paratransit (ADA)	% Allocated to Shared-Ride	% Allocated to Non-Public	Basis for Allocation
Operators Salaries and Wages	46.72%	5.22%	48.06%	0.00%	Actual expenses
Other Salaries and Wages	50.25%	4.93%	44.82%	0.00%	Actual expenses
Fringe Benefits	49.21%	5.09%	45.71%	0.00%	Actual expenses
Services	50.00%	5.00%	45.00%	0.00%	Actual expenses
Fuel and Lubricants	62.77%	3.72%	33.51%	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	0.00%	10.00%	90.00%	0.00%	Actual expenses
Other Materials and Supplies	43.57%	5.90%	50.53%	0.00%	Actual expenses
Utilities	47.53%	5.25%	47.22%	0.00%	Actual expenses
Casualty and Liability Costs	50.00%	5.00%	45.00%	0.00%	Liability insurance based upon the value of the fleet; the remaining costs were allocated on the basis of person hours.
Taxes	50.00%	5.00%	45.00%	0.00%	Actual expenses
Purchased Transportation	77.29%	2.41%	20.30%	0.00%	Actual expenses
Miscellaneous	48.47%	7.55%	43.98%	0.00%	Actual expenses were based on person hours and the remaining expenses were allocated on the basis of administrative hours.

See Note P for a description of Shared Ride and Non - Public Allocations.



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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***

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

We have audited, 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, the financial statements of Crawford Area Transportation Authority as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise Crawford Area Transportation Authority's basic financial statements and have issued our report thereon dated December 16, 2013.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Crawford Area 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 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. Accordingly, we do not express an opinion on the effectiveness of Crawford Area 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 weaknesses 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. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be significant deficiencies. 2013-1, 2013-2.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Crawford Area 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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and responses as item 2013-3.

Crawford Area Transportation Authority's Response to Findings

The Crawford Area Transportation Authority's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. Crawford Area 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.

McGill, Power, Bell & Associates, LLP

McGill, Power, Bell & Associates, LLP

Meadville, Pennsylvania

December 16, 2013

Crawford Area Transportation Authority

Schedule of Findings and Responses

Year Ended June 30, 2013

Findings and Responses

2013-1 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.

2013-2 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 generally accepted accounting principles 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 generally accepted accounting principles.

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 Responses

Year Ended June 30, 2013

Effect: The Crawford Area Transportation Authority does not prepare internally generated financial statements in accordance with generally accepted accounting principles.

Recommendation: The Crawford Area Transportation Authority should hire an individual or firm to prepare the financial statements in conformity with generally accepted accounting principles.

Response: Management of Crawford Area Transportation Authority believes that the most economically feasible way to produce financial statements in accordance with the generally accepted accounting principles is to employ McGill, Power, Bell & Associates, LLP to prepare the financial statements to conform to professional standards.

2013-3 Lack of separate accounting for state grant funds and local matching contributions.

Condition: Crawford Area Transportation Authority deposits all funds into one checking account.

Criteria: Under current regulatory requirements set forth by the Pennsylvania Department of Transportation, separate accounting is required for state grant funds and local matching requirements.

Cause: The Crawford Area Transportation Authority currently does not have multiple checking or savings accounts or separate general ledger cash accounts to properly separate the state grant funds from each other as well as other sources of revenue.

Effect: The Crawford Area Transportation Authority does not have multiple checking or savings accounts or separate general ledger cash accounts to properly separate the state grant funds from each other, as well as other sources of revenue.

Recommendation: The Crawford Area Transportation Authority should open additional checking or savings accounts at their financial institution and set up separate general ledger accounts if they plan to use the same account for a particular state grant and the matching funds associated with that grant.

Response: Management of Crawford Area Transportation Authority will open additional checking or savings accounts to properly segregate their state grant funds from other state grants, as well as other sources of revenue.