



Berks Area Regional Transportation Authority

**Financial Statements and
Supplementary Information**

June 30, 2017 and 2016



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Berks Area Regional Transportation Authority

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June 30, 2017 and 2016

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Independent Auditor's Report

To the Board of Directors
Berks Area Regional Transportation Authority
Reading, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Berks Area Regional Transportation Authority (the Authority) as of and for the years ended June 30, 2017 and 2016, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and the audit requirements of the Pennsylvania Department of Transportation. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Berks Area Regional Transportation Authority as of June 30, 2017 and 2016, and the changes in its financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Required Supplementary Information

Accounting principles generally accepted in the United States of America, require that the management's discussion and analysis and the required supplementary information as listed in the table of contents on pages 3 to 9 and pages 39 to 42 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 audits 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 Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 27, 2017, on our consideration of the 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 the Authority's internal control over financial reporting and compliance.

RKL LLP

November 27, 2017
Lancaster, Pennsylvania

Berks Area Regional Transportation Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

The following discussion and analysis of the Berks Area Regional Transportation Authority's (BARTA or the Authority) financial performance provides an introduction to the Authority's basic financial statements for the fiscal years ended June 30, 2017 and 2016. Please read it in conjunction with the Authority's financial statements.

Authority Activities and Highlights

- The Authority's net position increased approximately \$207,000 for the year ended June 30, 2017, compared to a decrease of approximately \$1,521,000 and a decrease of approximately \$1,968,000 for the years ended June 30, 2016 and 2015, respectively. These changes were primarily the result of fluctuations in capital grant revenues which are utilized to purchase capital assets (replacement revenue vehicles and building improvements). Capital grant revenues approximated \$3,384,000, \$2,090,000, and \$2,198,000 for the years ended June 30, 2017, 2016, and 2015, respectively.
- The Authority's operating revenues increased approximately \$4,794,000 or 97.5% for the year ended June 30, 2017. The Authority's operating revenues decreased approximately \$1,881,000 or 27.7% for the year ended June 30, 2016 and increased by \$298,000 or 4.6% for the year ended June 30, 2015. The increase is primarily the result of an increase in purchased service revenue which was caused by the change in the relationship with South Central Transportation Authority.
- The Authority's operating expenses decreased by approximately \$540,000 or 4.0% for the year ended June 30 2017, and decreased approximately \$7,782,000 or 36.7% for the year ended June 30, 2016 and increased approximately \$1,796,000 or 9.2% for the year ended June 30, 2015. The decrease is primarily attributable to a decrease in salaries and fringe benefits.
- The Authority provided 3,037,789 passenger trips during fiscal year 2017, compared to 3,134,873 and 3,279,541 in the fiscal years 2016 and 2015. The decrease approximates 3.1% for 2017 compared to a 4.4% decrease in system ridership for 2016. This included a 3.1% decrease in passengers using the Authority's fixed route system. From 2016 to 2017, passenger trips decreased by 90,182 trips and from 2015 to 2016 passenger trips decreased by 144,668 trips.

Overview of the Financial Statements

The Authority's basic financial statements include a statement of net position; statement of revenues, expenses, and changes in net position; statement of cash flows; and notes to financial statements. This report also includes other supplementary information in addition to the basic financial statements themselves.

Berks Area Regional Transportation Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

Overview of the Financial Statements (continued)

The Authority's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America 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 BARTA's assets and deferred outflows of resources and liabilities and deferred inflows of resources. BARTA's net position is presented as the difference between the Authority's assets and deferred outflows of resources and liabilities and deferred inflows of resources on this report. 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 vacation 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 Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the financial statements.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information, including management's discussion and analysis and information concerning the Authority's progress in funding its obligation to provide pension benefits and other postemployment benefits to its employees.

Financial Analysis

Net Position. As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by approximately \$24,739,000, \$24,533,000, and \$26,053,000 as restated as of June 30, 2017, 2016, and 2015, respectively.

Berks Area Regional Transportation Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

Financial Analysis (continued)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Assets			
Current assets	\$ 1,175,179	\$ 1,200,537	\$ 6,108,999
Capital assets, net	27,469,118	27,668,199	29,321,092
Net pension asset	91,304	-	-
Total Assets	28,735,601	28,868,736	35,430,091
Deferred Outflow of Resources - Pension	872,618	862,624	242,861
Liabilities			
Current and other liabilities	1,031,204	1,019,437	1,029,316
Unearned grant funds	169,144	181,103	5,079,683
Postemployment benefit liability	1,135,828	1,075,015	1,022,599
Net pension liability	2,399,790	2,855,061	2,413,107
Total Liabilities	4,735,966	5,130,616	9,544,705
Deferred Inflow of Resources - Pension	132,850	68,003	74,803
Net Position			
Investment in capital assets	27,469,118	27,668,199	29,321,092
Unrestricted net deficit	(2,729,715)	(3,135,458)	(3,267,648)
Total Net Position	\$ 24,739,403	\$ 24,532,741	\$ 26,053,444

By far the largest portion of the Authority's net assets, 111.0%, 112.8%, and 112.5% as of June 30, 2017, 2016, and 2015, respectively, reflects its investment in capital assets (e.g., land, buildings, service vehicles and equipment, and furniture and office equipment). The Authority receives capital grant funding from federal, state, and local governments to acquire these capital assets. Therefore, certain restrictions are placed on their disposal. The Authority uses these capital assets to provide services to citizens. For this reason, and due to the restrictions placed on the disposal of these capital assets, these assets are not available for future spending.

The remaining balance of approximately \$2,730,000, \$3,135,000, and 3,268,000 at June 30, 2017, 2016, and 2015, respectively, represents unrestricted deficits of \$2,510,694, \$3,135,458, and \$3,267,648 at June 30, 2017, 2016, and 2015, respectively, represents cumulative losses as a result of the net pension liability recorded on the statement of net position in response to GASB Statement No. 68.

Berks Area Regional Transportation Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

Financial Analysis (continued)

Changes in Revenues and Expenses. A condensed summary of the Authority's statement of revenues, expenses, and changes in net position is presented below for the years ended June 30:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Operating Revenues			
Passenger fares	\$ 400	\$ 93	\$ 3,212,606
Government fare programs	-	-	3,258,476
Other operating revenues	<u>9,709,675</u>	<u>4,915,850</u>	<u>326,024</u>
Total Operating Revenues	<u>9,710,075</u>	<u>4,915,943</u>	<u>6,797,106</u>
Operating Expenses			
Salaries and payroll taxes	5,289,355	5,413,688	5,639,181
Fringe benefits	3,546,188	3,749,079	4,420,995
Fuel, lubricants, and antifreeze	-	-	1,830,533
Purchased transportation	-	-	1,609,120
Other operating expenses	469,036	523,990	3,863,979
Depreciation	<u>3,583,210</u>	<u>3,740,918</u>	<u>3,845,990</u>
Total Operating Expenses	<u>12,887,789</u>	<u>13,427,675</u>	<u>21,209,798</u>
Nonoperating Revenues (Expenses)			
Federal government	-	4,902,529	10,291,994
Interest income	247	475	-
Loss on disposal of equipment	<u>-</u>	<u>(1,541)</u>	<u>(45,180)</u>
Total Nonoperating Revenues (Expenses)	<u>247</u>	<u>4,901,463</u>	<u>10,246,814</u>
Capital Grant Funding	<u>3,384,129</u>	<u>2,089,566</u>	<u>2,197,859</u>
Increase (Decrease) in Net Position	<u>\$ 206,662</u>	<u>\$ (1,520,703)</u>	<u>\$ (1,968,019)</u>

The Authority is dependent on a management agreement with South Central Transit Authority to fund its operations. The funding received from this entity is included in other operating revenues.

The Authority's major expenses are salaries and purchased transportation. Purchased transportation represents amounts paid to the Authority's subcontractors for the provision of shared ride services. Effective July 1, 2015, these services were transferred to the SCTA. See Note 19.

Berks Area Regional Transportation Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

Capital Assets and Debt Administration

Capital Assets

The Authority's investment in capital assets includes land and land improvements, construction in progress, buildings and improvements, revenue vehicles and equipment, service vehicles and equipment, shop and garage equipment, furniture and office equipment, and miscellaneous revenue equipment. Capital acquisitions are recorded at cost. Acquisitions are funded by federal, state, and local governmental grants.

The Authority's investment in capital assets as of June 30, 2017, 2016, and 2015, net of accumulated depreciation, amounted to \$27,469,118, \$27,668,199, and \$29,321,092, respectively. These amounts represent a net decrease (including additions, deletions, and depreciation) of \$199,081, \$1,652,893, and \$1,693,311 for the years ended June 30, 2017, 2016, and 2015, respectively.

	Capital Assets at June 30 (Net of Accumulated Depreciation)		
	2017	2016	2015
Land and land improvements	\$ 577,296	\$ 577,296	\$ 577,296
Construction in progress	-	-	138,611
Buildings and improvements	16,833,716	17,931,033	18,901,850
Revenue vehicles and equipment	8,401,482	7,161,937	7,490,466
Service vehicles and equipment	14,466	19,284	39,346
Shop and garage equipment	146,659	208,010	269,280
Furniture and office equipment	31,263	78,521	119,380
Miscellaneous revenue equipment	1,464,236	1,692,118	1,784,863
	\$ 27,469,118	\$ 27,668,199	\$ 29,321,092

During the years ended June 30, 2017, 2016, and 2015, the Authority expended approximately \$3,384,000, \$2,090,000, and \$2,198,000, respectively, on capital asset activities.

Additional information related to capital assets can be found in Note 9 to the financial statements.

Debt Administration

The Authority has no debt.

Berks Area Regional Transportation Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

Economic Factors

This fiscal year represented the second full year of the merger of the administrative functions between BARTA and the Red Rose Transit Authority (RRTA) with the newly formed South Central Transit Authority (SCTA). With the merger, BARTA only employs the drivers and mechanics necessary to provide the fixed-route service within Berks County while all administrative functions are now performed by SCTA. It should be noted that SCTA is the designated recipient for all new federal and state funds and has direct responsibility for the maintenance of all facilities through a long-term lease agreement with BARTA. All new vehicles purchased for either fixed-route service or shared ride service are now owned by SCTA and leased back to BARTA to operate and maintain. Through the cost savings from the merger and increased operating funds from the state, BARTA added service this fiscal year. The new service was aimed at improving access to jobs by adding Sunday service on eight of the best performing routes in the system that serve high commercial and shopping areas and has proven to be very successful.

For the fiscal year, overall ridership decreased by 3.1% with fixed-route ridership decreasing 3.1% and the shared ride ridership decreasing 5.7%. This has been a continuing downward trend beginning in FY 2015 when ridership decreased by 5.1% and then in FY 2016 decreased by 4.7%. This has been a national trend for transit too as the low cost of gasoline during this time period appears to have had a dramatic effect on ridership. For the shared ride service, it appears that reductions in funding in many of the human service agencies is also negatively affecting ridership, but the efforts to advertise the service to seniors has had a positive effect with a 21.1% increase in senior rides.

In an effort to address the downward trends, a Transit Development Plan Update is planned for FY 2018 that will evaluate the need to increase levels of service and evaluate the need for service between Lancaster and Berks counties. There was also service expansion planned for the beginning of FY 2018 to increase the frequency of service on the systems best route due to high ridership demand and some smaller additions to increase the service during peak hours, plus improve on-time performance. This planning study will be completed for all of SCTA's services and recommendations for future service levels will be expected by fall of 2018.

In terms of capital improvements, BARTA received four new hybrid electric buses in October, 2016 that replaced four 2004 Opus buses that were beyond their useful life. There were also seven buses ordered to replace a portion of seventeen 2005 buses that will be beyond their useful life with another ten to be ordered in early FY 2018 to replace the remaining ten 2005 buses. For the shared-ride service, vehicle replacements were also completed with twelve vans being replaced in Reading during the fiscal year and another 17 to be ordered at the end of 2017. This will reduce the operating and maintenance costs for this service.

One of the major projects planned in Reading is the expansion of the vehicle storage area at the BARTA operations center. At present only about half of the vehicle fleets, both fixed-route and shared-ride, can be stored inside which has created some issues during the winter with snow removal and vehicle maintenance. The design and engineering for this project is currently underway with the project expected to be bid by March 2018 with construction expected to take about 12 months. The federal funding for this project is expected to be in place by the time the project is bid.

Berks Area Regional Transportation Authority

Management's Discussion and Analysis

June 30, 2017 and 2016

Economic Factors (continued)

Further, with the continuing decrease in oil prices during the fiscal year, SCTA was able to lock-in fuel purchases for a two year period at \$1.3163 per gallon the first year and \$1.5055 the second year that began April 1, 2017 compared to \$2.08 per gallon in FY 2015 and \$3.08 in FY 2014. For gasoline for the shared ride fleet, the price is \$1.1669 the first year and \$1.3214 the second year compared to \$1.7657 in FY 2015 and \$2.7703 in FY 2014. This translates into operating savings of nearly \$400,000 for an entire fiscal year. There has also been an effort to increase shared ride fares in order to reduce the financial burden of this service on the operating reserves which has become unsustainable. A fare increase was approved beginning July 1, 2017 that is expected to generate the additional revenue needed for this service to be financial sustainable and not drain financial resources.

Contacting the Authority's Financial Management

This financial report is designed to provide our customers, creditors, and funding agencies with a general overview of the Authority's finances and to show the Authority's accountability for the money it receives. If there are any questions regarding this report, or if additional financial information is required, please contact the Authority's Chief Financial Officer at 45 Erick Road, Lancaster, PA 17601.

Berks Area Regional Transportation Authority

Statement of Net Position

	June 30,	
	2017	2016
Assets		
Current Assets		
Cash and cash equivalents	\$ 245,140	\$ 5,804
Cash and cash equivalents - restricted	423,636	245,266
Accounts receivable, including amounts due from South Central Transit Authority; 2017 \$403,451; 2016 \$741,233	406,317	741,586
Inventories	45,595	45,413
Prepaid expenses	54,491	116,680
Capital grants receivable	-	24,157
Due from Commonwealth of Pennsylvania	-	3,462
Due from County of Berks	-	18,169
Total Current Assets	1,175,179	1,200,537
Capital Assets		
Capital assets not being depreciated	577,296	577,296
Capital assets being depreciated, net	26,891,822	27,090,903
Capital Assets, Net	27,469,118	27,668,199
Other Assets - Net Pension Asset		
Pennsylvania Municipal Retirement System	91,304	-
Total Assets	28,735,601	28,868,736
Deferred Outflow of Resources - Pension		
Transit Union Retirement and Disability Plan	423,409	584,783
Pennsylvania Municipal Retirement System	449,209	277,841
	872,618	862,624
Total Assets and Deferred Outflow of Resources	29,608,219	29,731,360

Berks Area Regional Transportation Authority

Statement of Net Position (continued)

	June 30,	
	2017	2016
Liabilities		
Current Liabilities		
Accounts payable	210,815	180,157
Accrued expenses		
Wages	494,459	503,932
Professional fees	-	17,000
Other	631	67,757
Payroll withholdings	56,685	73,868
Due to Commonwealth of Pennsylvania	14,122	14,122
Proceeds from disposal of capital assets	254,492	162,601
Unearned Commonwealth of Pennsylvania Act 49 Funds	169,144	181,103
Total Current Liabilities	1,200,348	1,200,540
Long-Term Liabilities		
Postemployment benefit liability	1,135,828	1,075,015
Net pension liability		
Transit Union Retirement and Disability Plan	2,399,790	2,674,256
Pennsylvania Municipal Retirement System	-	180,805
Total Long-Term Liabilities	3,535,618	3,930,076
Total Liabilities	4,735,966	5,130,616
Deferred Inflow of Resources - Pension		
Transit Union Retirement and Disability Plan	110,893	68,003
Pennsylvania Municipal Retirement System	21,957	-
	132,850	68,003
Net Position		
Net Position		
Investment in capital assets	27,469,118	27,668,199
Unrestricted net deficit	(2,729,715)	(3,135,458)
Total Net Position	\$ 24,739,403	\$ 24,532,741

Berks Area Regional Transportation Authority

Statement of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30,	
	2017	2016
Operating Revenues		
Purchased service revenue	\$ 9,709,675	\$ 4,915,435
Passenger fares	400	93
Miscellaneous income	-	415
Total Operating Revenues	9,710,075	4,915,943
Operating Expenses		
Salaries and wages	5,289,355	5,413,688
Fringe benefits	3,546,188	3,749,079
Services	13,493	52,953
Other material and supplies	-	2,291
Casualty and liability	417,667	448,214
Miscellaneous expense	37,876	20,532
Depreciation	3,583,210	3,740,918
Total Operating Expenses	12,887,789	13,427,675
Loss from Operations	(3,177,714)	(8,511,732)
Nonoperating Revenues (Expenses)		
Operating grants		
Federal government	-	77,772
Commonwealth of Pennsylvania Act 44 Funds	-	4,824,757
Total Government Subsidies for Operations	-	4,902,529
Interest income	247	475
Loss on disposal of capital assets	-	(1,541)
Total Nonoperating Revenues (Expenses)	247	4,901,463
Loss Before Capital Grant Funding	(3,177,467)	(3,610,269)
Capital Grant Funding		
Federal government	2,501,853	1,311,011
State government	864,501	773,556
Other	17,775	4,999
Total Capital Grant Funding	3,384,129	2,089,566
Increase (Decrease) in Net Position	206,662	(1,520,703)
Net Position at Beginning of Year	24,532,741	26,053,444
Net Position at End of Year	\$ 24,739,403	\$ 24,532,741

See accompanying notes.

Berks Area Regional Transportation Authority

Statement of Cash Flows

	Years Ended June 30,	
	2017	2016
Cash Flows from Operating Activities		
Cash received from customers	\$ 10,048,806	\$ 4,719,737
Cash payments to suppliers for goods and services	(4,454,776)	(4,205,825)
Cash payments to employees for services	(5,298,829)	(5,376,012)
Other operating cash receipts	-	415
Net Cash Provided by (Used in) Operating Activities	295,201	(4,861,685)
Cash Flows Provided by Noncapital Financing Activities		
Receipts from operating and planning grants	6,210	400,958
Cash Flows from Capital and Related Financing Activities		
Receipts from capital grants	3,390,511	2,060,410
Proceeds from sale of capital assets	109,666	96,954
Purchase of capital assets	(3,384,129)	(2,089,566)
Net Cash Provided by Capital and Related Financing Activities	116,048	67,798
Cash Flows from Investing Activities		
Sale of investments	-	1,958,433
Interest income received	247	475
Net Cash Provided by Investing Activities	247	1,958,908
Net Increase (Decrease) in Cash and Cash Equivalents	417,706	(2,434,021)
Cash and Cash Equivalents at Beginning of Year	251,070	2,685,091
Cash and Cash Equivalents at End of Year	\$ 668,776	\$ 251,070
Cash is Comprised of the Following on the Statement of Net Position		
Cash and cash equivalents	\$ 245,140	\$ 5,804
Cash and cash equivalents - restricted	423,636	245,266
	\$ 668,776	\$ 251,070

Berks Area Regional Transportation Authority

Statement of Cash Flows (continued)

	Years Ended June 30,	
	2017	2016
Reconciliation of Loss from Operations to Net Cash Provided by (Used in) Operating Activities		
Loss from operations	\$ (3,177,714)	\$ (8,511,732)
Adjustments to reconcile loss from operations to net cash provided by (used in) operating activities		
Depreciation	3,583,210	3,740,918
(Increase) decrease in assets		
Accounts receivable and other receivables	338,731	(195,791)
Inventories	(182)	399,043
Net pension asset (liability)	(546,575)	441,954
Prepaid expenses	62,189	87,869
Increase in deferred outflow of resources - pension	(9,994)	(619,763)
Increase (decrease) in liabilities		
Accounts payable and other current liabilities	(80,124)	(249,799)
Postemployment benefit liability	60,813	52,416
Increase (decrease) in deferred inflow of resources - pension	64,847	(6,800)
	64,847	(6,800)
Net Cash Provided by (Used in) Operating Activities	\$ 295,201	\$ (4,861,685)

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 1 - Nature of Activity

The Berks Area Regional Transportation Authority (the Authority) was organized October 1, 1973 under the laws of the Commonwealth of Pennsylvania in compliance with the Pennsylvania Municipality Authorities Act, for the purpose of providing public transportation within the County of Berks. The Authority is governed by a five-member board appointed by the Berks County Board of Commissioners.

The Authority has two operating divisions: the fixed route division, which provides scheduled bus service on fixed routes and the special services division, which provides demand responsive transportation services in specially equipped vehicles to the general public and to qualifying elderly and handicapped persons.

The Authority is funded through a purchase of service agreement with South Central Transit Authority.

Note 2 - Summary of Significant Accounting Policies

The accompanying financial statements are in accordance with accounting principles generally accepted in the United States of America as applicable to governmental units. The following is a summary of the more significant accounting policies used by the Authority.

The Financial Reporting Entity

Accounting principles generally accepted in the United States of America require that the reporting entity consists of the primary government and organizations for which the primary government is financially accountable. In addition, the primary government may determine through the exercise of management's professional judgment, that the inclusion of an organization that does not meet the financial accountability criteria is necessary in order to prevent the reporting entity's financial statements from being misleading. In such instances, that organization should be included as a component unit if the nature and significance of their relationship with the primary government or other component units are such that exclusion from the financial reporting entity would render the financial reporting entity's financial statements incomplete or misleading. In evaluating how to define the reporting entity, management has considered all potential component units. The decision to include a potential component unit in the reporting entity was made based upon the above criteria. There are no agencies or entities which should be presented with the Authority.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

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

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Measurement Focus, Basis of Accounting, and Financial Statement Presentation (continued)

Operating revenues and expenses are distinguished from nonoperating items in the statement of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. Through June 30, 2017, the principal operating revenues of the Authority are charges to customers for transportation services. Effective July 1, 2015, the Authority leased all of its transportation operations to South Central Transit Authority. Operating expenses include the cost of providing transportation services, 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 and capital grants from the federal, state, and local government's interest income, and gained disposal of capital assets. The principal nonoperating expenses of the Authority are interest expense and loss on disposal of capital assets.

When restricted and unrestricted resources are available for its use, it is the Authority's policy to use unrestricted resources for current operating purposes first.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America 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.

Assets, Liabilities, Net Position, Revenues, and Expenses

Cash and Cash Equivalents

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

Restricted Assets

Certain proceeds from the Authority's state and local grants are classified as restricted assets on the statement of net position because their use is limited by the grantor.

Accounts Receivable

All accounts receivable are shown net of an allowance for uncollectibles, as applicable. Accounts receivable in excess of 90 days are evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance as of June 30, 2017 and 2016 was \$-0-.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Net Position, Revenues, and Expenses (continued)

Investment of Funds

The Board of Directors is permitted to invest the Authority's funds as defined in the Pennsylvania Municipality Authorities Act. Authorized types of investments include the following:

1. U.S. Treasury bills
2. Short-term obligations of the U.S. Government and Federal agencies
3. Insured savings and checking accounts and certificates of deposit in banks, savings and loan associations, and credit unions
4. General obligation bonds of the federal government, the Commonwealth of Pennsylvania or any state agency, or of any Pennsylvania political subdivision
5. Shares of mutual funds whose investments are restricted to the above categories

When making investments, the Board of Directors can combine monies from more than one fund under the Authority's control for the purchase of a single investment and join with other political subdivisions and municipal authorities in the purchase of a single investment.

Investments are stated at fair value.

Inventories and Prepaid Expenses

Inventories are valued at the lower of cost or market on a first-in, first-out basis.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid expenses.

Capital Assets

Capital assets are those assets with a cost in excess of \$800 and purchased under capital grant agreements with an estimated useful life greater than one year. Capital assets are recorded at cost and depreciated utilizing the straight-line method over their estimated useful lives as follows:

Buildings	10 to 30 years
Revenue vehicles and equipment	4 to 15 years
Service vehicles and equipment	5 to 10 years
Shop and garage equipment	5 to 10 years
Furniture and office equipment	3 to 10 years
Miscellaneous revenue equipment	5 to 10 years

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

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Net Position, Revenues, and Expenses (continued)

Capital Assets (continued)

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

Long-Lived Assets

Long-lived assets are reviewed for impairment whenever events or circumstances indicate that the carrying amount of the assets may not be recoverable. An asset is considered to be impaired when the undiscounted estimated net cash flows to be generated by the asset are less than the carrying amount. The impairment recognized is the amount by which the carrying amount exceeds the fair value of the impaired asset. Fair value estimates are based on assumptions concerning the amount and timing of estimated future cash flows and discount rates reflecting varying degrees of perceived risk. Management has concluded that no impairment adjustments were required during the years ended June 30, 2017 and 2016.

Compensated Absences

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

Unearned Revenues

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Net Position

Net position is classified into three categories as follows:

Investment in capital assets consists of capital assets, net of accumulated depreciation.

Restricted net position is amounts that have externally imposed restrictions on how the funds can be spent.

Unrestricted net position is amounts that do not meet the definitions of "investment in capital assets" or "restricted" and is available for Authority operations.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 2 - Summary of Significant Accounting Policies (continued)

Assets, Liabilities, Net Position, Revenues, and Expenses (continued)

Capital Grants

Capital grants are recorded for amounts restricted to capital acquisition. The Authority recognizes capital grants when earned (generally when the related capital expenditure is incurred). Capital grants are reported in the statement of revenues, expenses, and changes in net position after nonoperating revenues.

Advertising Costs

Advertising costs are expensed as incurred.

Employee Benefits

The Authority participates in two pension plans covering substantially all employees. Pension plan expense is determined as specified in each plan. The Authority's policy is to fund all required pension costs.

Postemployment Benefits

The Authority provides for one-half of the health insurance premiums for retired employees for the ages 62 through 64. The Authority funds postemployment benefits as they are incurred.

Recent Accounting Pronouncements

In June 2015, the Governmental Accounting Standards Board (GASB) issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. This statement amends and financial accounting and reporting requirements for sponsors (employers) of OPEB plans. GASB Statement No. 75 is effective for periods beginning after June 15, 2017.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87 is effective for periods beginning after December 15, 2019.

The Authority is currently evaluating what effect the adoption of these GASB statements will have on its financial statements.

Note 3 - Budget Matters

The Authority adopts an annual budget, however, it is not required by the Pennsylvania Municipality Authorities Act.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 4 - Stewardship, Compliance, and Accountability

Compliance with Finance-Related Legal and Contractual Provisions

The Authority had no material violations of finance-related legal and contractual provisions.

Note 5 - Cash and Cash Equivalents

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

At June 30, 2017 and 2016, the carrying amounts of the Authority's cash and cash equivalents deposits were \$662,972 and \$245,266, and the bank balances were \$674,245 and \$259,075, of which \$424,245 and \$9,075, respectively, was exposed to custodial risk, because it was uninsured, but was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name. The Authority has \$5,804 of cash on hand and petty cash at both June 30, 2017 and 2016.

Note 6 - Cash and Cash Equivalents - Restricted

Cash and cash equivalents, whose use is limited to a specific purpose, have been classified as "restricted" in the financial statements. Restricted cash and cash equivalents consist of the following at June 30:

	<u>2017</u>	<u>2016</u>
Proceeds from disposal of capital assets	\$ 254,492	\$ 64,163
Unearned Commonwealth of Pennsylvania Act 49 Funds	169,144	181,103
	<u>\$ 423,636</u>	<u>\$ 245,266</u>

Note 7 - Inventories

The classification of inventories is as follows at June 30:

	<u>2017</u>	<u>2016</u>
Parts and supplies	\$ 182	\$ -
Fuel and lubricants	45,413	45,413
	<u>\$ 45,595</u>	<u>\$ 45,413</u>

Note 8 - Capital Grants Receivable

At June 30, 2017 and 2016, \$0- and \$24,157, respectively, are due from the Federal Transit Authority.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 9 - Capital Assets

Capital asset activity was as follows for the years ended June 30, 2017 and 2016:

	Balance July 1, 2016	Additions	Deletions	Balance June 30, 2017
Capital Assets Not Being Depreciated				
Land and improvements	\$ 577,296	\$ -	\$ -	\$ 577,296
Capital Assets Being Depreciated				
Buildings	29,298,698	-	-	29,298,698
Revenue vehicles and equipment	22,620,768	3,334,272	1,812,776	24,142,264
Service vehicles and equipment	259,796	-	-	259,796
Shop and garage equipment	1,209,677	1,409	45,213	1,165,873
Furniture and office equipment	457,424	2,133	5,700	453,857
Miscellaneous revenue equipment	2,226,493	46,315	-	2,272,808
Total Capital Assets Being Depreciated	56,072,856	3,384,129	1,863,689	57,593,296
Accumulated Depreciation				
Buildings	11,367,665	1,097,317	-	12,464,982
Revenue vehicles and equipment	15,458,831	2,094,726	1,812,776	15,740,781
Service vehicles and equipment	240,512	4,818	-	245,330
Shop and garage equipment	1,001,667	62,760	45,213	1,019,214
Furniture and office equipment	378,903	49,391	5,700	422,594
Miscellaneous revenue equipment	534,375	274,198	-	808,573
Accumulated Depreciation	28,981,953	3,583,210	1,863,689	30,701,474
Capital Assets Being Depreciated, Net	27,090,903	(199,081)	-	26,891,822
Total Capital Assets	\$ 27,668,199	\$ (199,081)	\$ -	\$ 27,469,118

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 9 - Capital Assets (continued)

	Balance July 1, 2015	Additions	Deletions	Balance June 30, 2016
Capital Assets Not Being Depreciated				
Land	\$ 577,296	\$ -	\$ -	\$ 577,296
Construction in progress	138,611	-	138,611	-
Total Capital Assets Not Being Depreciated	<u>715,907</u>	<u>-</u>	<u>138,611</u>	<u>577,296</u>
Capital Assets Being Depreciated				
Buildings	29,156,808	141,890	-	29,298,698
Revenue vehicles and equipment	22,817,028	1,854,410	2,050,670	22,620,768
Service vehicles and equipment	267,805	-	8,009	259,796
Shop and garage equipment	1,176,882	38,685	5,890	1,209,677
Furniture and office equipment	443,687	14,337	600	457,424
Miscellaneous revenue equipment	2,151,069	178,855	103,431	2,226,493
Total Capital Assets Being Depreciated	<u>56,013,279</u>	<u>2,228,177</u>	<u>2,168,600</u>	<u>56,072,856</u>
Accumulated Depreciation				
Buildings	10,254,960	1,112,705	-	11,367,665
Revenue vehicles and equipment	15,326,562	2,182,941	2,050,672	15,458,831
Service vehicles and equipment	228,460	19,260	7,208	240,512
Shop and garage equipment	907,600	99,957	5,890	1,001,667
Furniture and office equipment	324,304	55,199	600	378,903
Miscellaneous revenue equipment	366,208	270,856	102,689	534,375
Accumulated Depreciation	<u>27,408,094</u>	<u>3,740,918</u>	<u>2,167,059</u>	<u>28,981,953</u>
Capital Assets Being Depreciated, Net	<u>28,605,185</u>	<u>(1,512,741)</u>	<u>1,541</u>	<u>27,090,903</u>
Total Capital Assets	<u>\$ 29,321,092</u>	<u>\$ (1,512,741)</u>	<u>\$ 140,152</u>	<u>\$ 27,668,199</u>

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 10 - Due To/From Commonwealth of Pennsylvania

The amounts due to/from the Commonwealth of Pennsylvania are for state-funded programs in which the Authority participates. Amounts due to the state are excess funding allowed to be part of the funding of the respective programs in the subsequent year. The programs are as follows at June 30:

	<u>2017</u>	<u>2016</u>
Due from Commonwealth of Pennsylvania		
State Capital Improvement Program	\$ -	\$ 3,462
Due to Commonwealth of Pennsylvania - Capital Grant	<u>\$ 14,122</u>	<u>\$ 14,122</u>

Note 11 - Due From County of Berks

At June 30, 2017 and 2016, the amounts due from the County of Berks are \$-0- and \$18,169, respectively. These amounts are for reimbursement of planning expenses and transportation services under the State Medical Assistance Transportation Program.

Note 12 - Unearned Commonwealth of Pennsylvania Act 49 Funds

In May 1984, the Pennsylvania Department of Transportation changed its methodology of determining the amount of operating assistance funding. This legislation, Act 49, allowed for an assumed rate of operating revenue which is retained by the Authority and utilized to offset deficits, ineligible expenditures, local share of capital grants, and other capital expenditures. At June 30, 2017 and 2016, the Authority has accumulated \$169,144 and \$181,103, respectively, which is recorded as unearned revenue. Effective July 1, 1987, this legislation was superseded.

Note 13 - Unearned Commonwealth of Pennsylvania Act 3 Base Supplemental Grant Funds

In April 1997, the Pennsylvania legislature passed a dedicated source of funding for public transportation. This legislation, known as Act 3, provides for the transfer of 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. Under regulations promulgated by the Department of Transportation, Act 3 Base Supplemental Grant funds may be used for operating deficits, capital asset maintenance, and preapproved capital projects. This funding was replaced with Commonwealth of Pennsylvania funding under Act 44 on July 1, 2007. Any funds not used in any given year may be carried over and used for the above purposes.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 13 - Unearned Commonwealth of Pennsylvania Act 3 Base Supplemental Grant Funds (continued)

The following transactions occurred relative to the Act 3 Base Supplemental Grant account for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Balance, Beginning of Year	\$ -	\$ 77,703
Interest	-	60
Total Available	-	77,763
Funds expended	-	77,763
Balance, End of Year	\$ -	\$ -

Note 14 - Unearned Commonwealth of Pennsylvania Act 44 Funds

In July 2007, the Pennsylvania legislature enacted Act 44, which provides a dedicated source of funding for public transportation. The funding under this Act replaces state operating grants, the State Senior Citizens Program Grant, and dedicated tax revenues under Act 26 and Act 3. Funding under Act 44, as amended by Act 89, is to be used for operating purposes and requires certain levels of local government support. Funds not expended in the year of receipt can be carried forward for future operating expenses. The following transactions occurred in relation to the Act 44 account for the years ended June 30:

	<u>2017</u>	<u>2016</u>
Balance, Beginning of Year	\$ -	\$ 4,815,905
Funds reallocated	-	960
Interest earned	-	7,892
	-	4,824,757
Funds expended	-	(4,824,757)
Balance, End of Year	\$ -	\$ -

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses

Transit Union Retirement and Disability Plan Description

BARTA Transit Union Retirement and Disability Plan (the Union Plan) is a single-employer defined benefit pension plan administered by the Authority. Bus drivers who are members of the Amalgamated Transit Union Division #1345 are members. The plan provides for normal and early retirement, disability, vested, and death benefits. Benefits are provided by the plan document. Employees classified as full-time are eligible to participate in the plan after a 120 day probationary period.

Benefits Provided

A member is eligible for normal retirement after attainment of age 65. The normal retirement pension is payable monthly during the member's lifetime, with payments ceasing upon the member's death. The amount of monthly pension is equal to \$50.00 per month per year of credited service. For employees who retire after July 1, 2014, the benefit credit is \$52.00 for years of service after July 1, 2014. For employees who retire after July 1, 2015, the benefit credit is \$54 for years of service after July 1, 2015. For employees who retire after July 1, 2016, the benefit credit is \$56 for years of service after July 1, 2016.

Employees Covered by Benefit Terms

At June 30, 2017, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	72
Inactive employees entitled to, but not yet receiving benefits	11
Active members	<u>100</u>
	<u>183</u>

Contributions

The Authority is required to contribute amounts necessary to fund the plan using the actuarial basis specified by statute. The Authority is obligated to contribute to the plan \$1.96 per hour worked, not including sick pay, and the employees contribute \$.98 per hour worked, not including sick pay.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017 and 2016, the Authority reported a liability of \$2,399,790 and \$2,674,256, respectively, for its net pension liability. The net pension liability was measured as of June 30, 2017 and 2016, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of July 1, 2016. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

For the years ended June 30, 2017 and 2016, the Authority recognized pension expense of \$341,688 and pension credit of \$87,573 respectively. The Authority reported deferred outflows of resources related to the Transit Union Retirement and Disability Plan from the following source at June 30:

	<u>2017</u>	<u>2016</u>
Deferred Outflows of Resources		
Differences between projected and actual earnings on pension plan investments	<u>\$ 423,409</u>	<u>\$ 584,783</u>
Deferred Inflows of Resources		
Differences between projected and actual experience	\$ (76,322)	\$ (68,003)
Differences between projected and actual earnings on pension plan investments	<u>(34,571)</u>	<u>-</u>
	<u>\$ (110,893)</u>	<u>\$ (68,003)</u>

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows for the years ended June 30 and thereafter:

2018	\$ 144,557
2019	144,557
2020	83,842
2021	(16,817)
2022	(8,175)
Thereafter	(35,448)

Actuarial Assumptions

The total pension liability in the July 1, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Investment rate of return	8.00%, net of expenses including inflation

Mortality rates were based on the RP-2000 Combined Mortality Table for males and females.

The actuarial assumptions used in the July 1, 2015 valuation were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses (continued)

Actuarial Assumptions (continued)

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. As of June 30, 2017, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	54.00 %	5.50 - 7.50 %
International equity	15.00	4.50 - 6.50
Fixed income	28.00	1.00 - 3.00
Cash	3.00	0.00 - 1.00

Discount Rate

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

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2015	\$ 9,645,981	\$ 7,232,874	\$ 2,413,107
Service cost	155,528	-	155,528
Interest cost	764,313	-	764,313
Contributions - employer	-	421,452	(421,452)
Contributions - member	-	169,115	(169,115)
Net investment income	-	78,725	(78,725)
Benefit payments, including refunds of member contributions	(495,182)	(495,182)	-
Administrative expense	-	(10,600)	10,600
Net Changes	424,659	163,510	261,149

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses (continued)

Changes in the Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2016	10,070,640	7,396,384	2,674,256
Service cost	162,924	-	162,924
Interest cost	794,872	-	794,872
Changes for experience	(16,493)	-	(16,493)
Contributions - employer	-	405,499	(405,499)
Contributions - member	-	190,699	(190,699)
Net investment income	-	635,636	(635,636)
Benefit payments, including refunds of member contributions	(562,349)	(562,349)	-
Administrative expense	-	(16,065)	16,065
Net Changes	378,954	653,420	(274,466)
Balance at June 30, 2017	\$ 10,449,594	\$ 8,049,804	\$ 2,399,790

Sensitivity of the Authority's Net Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 8.00% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (7.00%) or one percentage point higher (9.00%) than the current rate:

	1% Decrease (7.00%)	Discount Rate (8.00%)	1% Increase (9.00%)
Net Pension Liability	\$ 3,339,925	\$ 2,399,790	\$ 1,583,924

Pennsylvania Municipal Retirement System

The Authority also administers and contributes to the Pennsylvania Municipal Retirement System and the I.A.M. National Pension Fund. The assets of the plans are invested separately and each plan's assets may be used only for the payment of benefits to the members of that plan in accordance with the terms of the plan.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses (continued)

Pennsylvania Municipal Retirement System (continued)

The plan is a single-employer defined benefit pension plan controlled by the provisions of Resolution of 7-21-77 adopted pursuant to Act 15. The plan participates in the Pennsylvania Municipal Retirement System (PMRS), which is an agent multiple-employer public employee retirement system that acts as a common investment and administrative agent for participating municipal pension plans. As of the date of this report, the most recent information available was as of December 31, 2015. As of January 1, 2015, no BARTA employees actively participate in the PMRS program.

Employees Covered by Benefit Terms

At December 31, 2015, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet receiving benefits	-
Active members	<u>18</u>
	<u><u>32</u></u>

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2015, the Authority has an asset of \$91,304 for its net pension asset. The net pension asset was measured as of December 31, 2015, and the total pension asset was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2013. No significant events or changes in assumptions occurred between the valuation date and the fiscal year end.

For the year ended June 30, 2017, the Authority recognized pension income of \$(263,042). The Authority has unreported deferred outflows of resources related to the PMRS from the following sources at June 30:

	<u>2017</u>	<u>2016</u>
Deferred Outflows of Resources		
Differences between projected and actual earnings on pension plan investments	\$ 247,485	\$ 39,824
Differences between projected and actual experience	190,414	238,017
Changes in assumptions	<u>11,310</u>	<u>-</u>
	<u><u>\$ 449,209</u></u>	<u><u>\$ 277,841</u></u>
Deferred Inflows of Resources		
Differences between projected and actual experience	<u><u>\$ (21,957)</u></u>	<u><u>\$ -</u></u>

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses (continued)

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

Amounts unreported as deferred outflows of resources and deferred inflows of resources related to pensions should have been recognized in pension expense as follows for the years ended June 30:

2016	\$	109,834
2017		109,834
2018		109,834
2019		99,878
2020		(2,128)

Actuarial Assumptions

The total pension liability in the January 1, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Investment rate of return	5.50%, net of expenses including inflation

Mortality rates were based on the Pre-Retirement Mortality: Males - RP 2000 with one year set back, Females - RP 2000 with 5 year set back.

The actuarial assumptions used in the January 1, 2015 valuation were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. As of June 30, 2017, the target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities (large capitalized firms)	25.00 %	6.90 %
Domestic equities (small capitalized firms)	15.00	6.80
International equities (international developed markets)	15.00	4.00
International equity (emerging markets)	10.00	7.60
Real estate	20.00	7.10
Fixed income	15.00	2.40

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses (continued)

Discount Rate

The discount rate used to measure the Total Pension Liability was 5.50%. We have assumed that the employees will continue to contribute to the plan at the current rates and the employers will continue the historical and legally required practice of contributing to the plan based on an actuarially determined contribution, reflecting a payment equal to annual normal cost, the expected administrative expenses, and an amount necessary to amortize the remaining unfunded actuarial liability as a level dollar amount over a closed period. See the latest Act 205 Form for details on the closed period.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2013	\$ 3,991,253	\$ 4,197,728	\$ (206,475)
Service cost	123,696	-	123,696
Interest cost	220,918	-	220,918
Differences between expected and actual experience	285,620	-	285,620
Contributions - employer	-	61,527	(61,527)
Contributions - member	-	119	(119)
Net investment income	-	191,231	(191,231)
Benefit payments, including refunds of member contributions	(199,165)	(199,165)	-
Administrative expense	-	(9,923)	9,923
Net Changes	431,069	43,789	387,280

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses (continued)

Changes in the Net Pension Liability (continued)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2014	4,422,322	4,241,517	180,805
Service cost	-	-	-
Interest cost	235,459	-	235,459
Changes of benefit terms	(490,584)	-	(490,584)
Differences between expected and actual experience	(26,348)	-	(26,348)
Changes of assumptions	13,572	-	13,572
Contributions - employer	-	79,401	(79,401)
Contributions - member	-	87	(87)
Net investment income	-	(66,012)	66,012
Benefit payments, including refunds of member contributions	(232,914)	(232,914)	-
Administrative expense	-	(9,268)	9,268
Net Changes	<u>(500,815)</u>	<u>(228,706)</u>	<u>(272,109)</u>
Balance at December 31, 2015	<u>\$ 3,921,507</u>	<u>\$ 4,012,811</u>	<u>\$ (91,304)</u>

Sensitivity of the Authority's Net Pension Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 5.50% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (4.50%) or one percentage point higher (6.50%) than the current rate:

	1% Decrease (4.50%)	Discount Rate (5.50%)	1% Increase (6.50%)
Net Pension Liability	<u>\$ 286,996</u>	<u>\$ (91,304)</u>	<u>\$ (409,275)</u>

I.A.M. National Pension Fund

The Authority contributes to the I.A.M. National Pension Fund, a cost-sharing multiple employer defined benefit pension plan administered by the International Union, for employees who are members of Local Lodge #724, District 152, International Association of Machinists and Aerospace Workers, A. F. of L. C. I. O (the Union). Employees classified as full-time are eligible to participate in the plan after a 90-day probationary period.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 15 - Pension Plans and Related Expenses (continued)

I.A.M. National Pension Fund (continued)

For the years ended June 30, 2017 and 2016, contributions to the plan are made at \$4.45 and \$4.35, respectively, per man-hour worked up to a maximum of \$178 and \$174 per week, per employee, respectively. As of June 30, 2017 and 2016, 18 and 20 of the Authority's employees were covered under the plan. The Authority's contributions to the plan for the years ended June 30, 2017 and 2016 were \$170,279 and \$150,638, respectively, and equal to the required contributions for each year.

The plan does not issue publicly available financial statements. The terms of the plan are determined by a collective bargaining agreement with the Union which expires June 30, 2018.

Note 16 - Postemployment Benefits Other than Pensions

The Authority provides postemployment benefits for bus drivers, administrative employees, and shop employees. The Authority pays 50% of the health insurance premiums only from ages 62 through 64. Spouse coverage is available only if they pay 100% of the cost of coverage. Dependent children can participate only if the retiree pays 100% of the cost of coverage.

Benefit provisions for the bus drivers and the shop employees are established and amended through negotiations between the Authority and the respective union.

Funding Policy and Annual OPEB Cost

The Authority currently funds other postemployment benefit (OPEB) costs as they occur. For the year ended June 30, 2017, the Authority incurred \$14,367 in OPEB costs for current premiums. Plan members receiving benefits contributed \$21,424 or approximately 60% of the total premiums through their required contributions.

The Authority's annual OPEB expense is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The Authority's annual OPEB cost for the current year and the related information is as follows:

Annual required contribution	\$ 112,531
Adjustment to the annual required contribution	(59,654)
Interest on net OPEB obligation	<u>43,727</u>
Annual OPEB cost	96,604
Contributions made	<u>(35,791)</u>
Increase in net OPEB obligation	60,813
Net OPEB obligation at beginning of year	<u>1,075,015</u>
Net OPEB Obligation at End of Year	<u><u>\$ 1,135,828</u></u>

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 16 - Postemployment Benefits Other than Pensions (continued)

Funding Policy and Annual OPEB Cost (continued)

The Authority's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for the plan were as follows for the years ended June 30:

Years Ended	Annual OPEB Cost (AOC)	Percentage of AOC Contributed	Net OPEB Liability
6/30/17	\$ 96,604	37.0%	\$ 1,135,828
6/30/16	96,966	45.9%	1,075,015
6/30/15	97,429	44.4%	1,022,599

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2014, the most recent actuarial valuation, was as follows:

Number of participants covered	<u>197</u>
Actuarial present value at attained age (APVAA)	<u>\$ 1,321,910</u>
Actuarial accrued liability (AAL)	\$ 854,183
Actuarial value of assets (AVA)	<u>-</u>
Unfunded actuarial accrued liability (UAAL)	<u>\$ 854,183</u>
Funded ratio	<u>-%</u>
Covered payroll	<u>\$ 7,112,082</u>
Unfunded actuarial accrued liability (funding excess) as a percentage of covered payroll	<u>12.0%</u>

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as supplementary information provides multi-year trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial liability for benefits.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 16 - Postemployment Benefits Other than Pensions (continued)

Actuarial Methods and Assumptions

Projections of benefits are based on the substantive plan (the plan as understood by the employer and plan members) and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the Authority and the plan members to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions are as follows:

Actuarial Valuation Date	July 1, 2014
Actuarial Cost Method	Entry age normal
Amortization Method	Level annual dollar amount
Remaining Amortization Period	30-year open period
Asset Valuation Method	Market value
Actuarial Assumptions	
Investment rate of return	4.50% per annum
Projected salary increases	4.00% per annum
Healthcare Inflation Rate	Declining scale from 6.5% in 2014, decreasing .5% per year to 5.5% in 2016. Rates gradually decrease to 4.2% in 2089.

Note 17 - 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 has joined together with other transit organizations in the Commonwealth of Pennsylvania to form the State Association for Transportation Insurance (SAFTI) Property and Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program. The Authority pays annual premiums to the SAFTI Property and Liability Pool for its property; general liability; automobile liability; automobile physical damage; crime, boiler, and machinery; and public officials' errors and omissions insurance coverage. The agreement for formation of the SAFTI Property and Liability Pool provides that the SAFTI Property and Liability Pool 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 contributions are not sufficient to fund operations or obligations of the SAFTI Property and Liability Pool, additional supplementary premiums may be assessed to members on a pro-rata basis. Premiums paid to the SAFTI Property and Liability Pool and charged to operations during the years ended June 30, 2017 and 2016 amounted to \$417,667 and \$446,194, respectively.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 17 - Risk Management (continued)

The Authority has joined together with other transit organizations in the Commonwealth of Pennsylvania to form the SAFTI 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 SAFTI Workers' Compensation Pool for its workers' compensation insurance coverage. The agreement for formation of the SAFTI Workers' Compensation Pool provides that the SAFTI 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 SAFTI Workers' Compensation Pool, additional supplementary premiums may be assessed to members on a pro-rata basis. Premiums paid to the SAFTI Workers' Compensation Pool and charged to operations during the years ended June 30, 2017 and 2016 amounted to \$203,864 and \$110,164, respectively, which was net of premium refunds in the amounts of \$285,942 and \$468,766, respectively.

The Authority carries commercial insurance for other risks, including employee benefits.

For the years ended June 30, 2017, 2016, and 2015, claims settled were not in excess of insurance coverage. In addition, settled claims have not exceeded the insurance coverage purchased for the years ended June 30, 2017, 2016, and 2015.

Note 18 - Commitment and Contingencies

Commitment

Bus Tire Lease

The Authority leases bus tires under the terms of an operating lease that calls for monthly payments based on actual mileage. Mileage rates are determined based on calculations included in the lease agreement.

Capital Purchases

The Authority has capital commitments of approximately \$4,602,000. These expenditures will be funded through federal, state, and local capital grants.

Contingencies

Grants

A significant portion of the Authority's support is received from federal, state, and local governments in the form of operating and capital grant assistance. A significant reduction in the level of this support would have a material effect on the Authority's operations.

Capital Assets

Although title to the capital assets rests with the Authority, upon disposition, the proceeds may need to be returned to federal, state, and local governments that initially funded their acquisition under the terms of the capital grants.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 18 - Commitment and Contingencies (continued)

Contingencies (continued)

Audit

The grants received by the Authority are subject to audit by federal and state governments. As of the date of this report, management is unaware of any material adjustments that will be required as a result of such audits.

Multi-Employer Pension Plans

Governmental regulations impose certain requirements relative to multi-employer pension plans. In the event of plan termination or employer withdrawal, an employer may be liable for a portion of the plan's unfunded vested benefits. The Authority has not received information from the plans' administrators to determine its share of unfunded vested benefits. The Authority does not anticipate withdrawal from the plans, nor is the Authority aware of any expected plan terminations.

Unemployment Compensation

The Authority has elected to fund unemployment compensation insurance with the Commonwealth of Pennsylvania Unemployment Compensation Fund on a reimbursable status, whereby the Authority reimburses the Commonwealth for actual benefits paid to qualified claimants.

Concentration of Labor

The Authority entered into a collective bargaining agreement with the maintenance employees through June 30, 2018. The Authority also entered into a collective bargaining agreement with drivers through June 30, 2019. Of the Authority's total workforce, 100% is covered under collective bargaining agreements.

Note 19 - Management Agreement

The Authority entered into a subcontract agreement with the South Central Transit Authority, which takes effect on July 1, 2016 and extends through June 30, 2020. The agreement calls for the Authority to provide fixed route transportation services and paratransit services for the County of Berks. Under the agreement, the Authority will continue to utilize its existing vehicles to provide the services. The agreement also calls for the Authority to lease the building at 1700 North Eleventh Street, the BARTA Transportation Center, Franklin Street Park and Ride Garage, and the Franklin Street Station, as well as administrative vehicles to the South Central Transit Authority. The payment of all such maintenance, repairs, operating, and insurance costs by South Central Transit Authority shall be the consideration for the lease of such properties, without the payment of any additional sums and shall be considered the rent for such properties. South Central Transit Authority will be receiving future grants which will fund transportation services in the County of Berks and as a result, South Central Transit Authority may purchase vehicles, supplies, and services needed to provide the contracted transportation services. Any existing leases or contracts shall be assigned to the South Central Transit Authority.

Berks Area Regional Transportation Authority

Notes to Financial Statements

June 30, 2017 and 2016

Note 19 - Management Agreement (continued)

Under the terms of this agreement, the Authority provides fixed route and paratransit service for the South Central Transportation Authority in exchange for the South Central Transit Authority funding the operating deficit of the Authority. During the year ended June 30, 2017 and 2016, the Authority received \$9,709,675 and \$4,915,435, respectively, in operating revenue from South Central Transportation Authority in exchange for the services provided.

Note 20 - Subsequent Events

The Authority has evaluated subsequent events through November 27, 2017. This date is the date the financial statements were available to be issued. There were no material events subsequent to June 30, 2017.

Berks Area Regional Transportation Authority

 Schedule of Changes in Net Pension Liability and Related Ratios
 Last Ten Fiscal Years*

	BARTA Transit Union Retirement and Disability Plan			Pennsylvania Municipal Retirement System	
	Years Ended June 30,			Years Ended June 30,	
	2017	2016	2015	2017	2016
Total Pension Liability					
Service cost	\$ 162,924	\$ 155,528	\$ 154,218	\$ -	\$ 123,696
Interest cost	794,872	764,313	751,800	235,459	220,918
Changes of benefit terms	-	-	-	(490,584)	-
Changes in assumptions	-	-	-	13,572	-
Difference between expected and actual experience	(16,493)	-	(81,603)	(26,348)	285,620
Benefit payments, including refunds of member contributions	(562,349)	(495,182)	(422,927)	(232,914)	(199,165)
Net Change in Total Pension Liability	378,954	424,659	401,488	(500,815)	431,069
Total Pension Liability, Beginning	10,070,640	9,645,981	9,244,493	4,422,322	3,991,253
Total Pension Liability, Ending	\$ 10,449,594	\$ 10,070,640	\$ 9,645,981	\$ 3,921,507	\$ 4,422,322
Plan Fiduciary Net Position					
Contributions - employer	\$ 405,499	\$ 421,452	\$ 310,871	\$ 79,401	\$ 61,527
Contributions - member	190,699	169,115	152,673	87	119
Net investment income	635,636	78,725	255,443	(66,012)	191,231
Benefit payments, including refunds of member contributions	(562,349)	(495,182)	(422,927)	(232,914)	(199,165)
Administrative expense	(16,065)	(10,600)	(61,219)	(9,268)	(9,923)
Net Change in Plan Fiduciary Net Position	653,420	163,510	234,841	(228,706)	43,789
Plan Net Position, Beginning	7,396,384	7,232,874	6,998,033	4,241,517	4,197,728
Plan Net Position, Ending	\$ 8,049,804	\$ 7,396,384	\$ 7,232,874	\$ 4,012,811	\$ 4,241,517
Authority's Net Pension (Asset) Liability	\$ 2,399,790	\$ 2,674,256	\$ 2,413,107	\$ (91,304)	\$ 180,805
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	77.0%	73.4%	75.0%	102.3%	95.9%
Covered Employee Payroll	\$ 4,528,151	\$ 4,600,925	\$ 4,699,257	\$ -	\$ 1,154,695
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	53.0%	58.1%	51.4%	N/A	15.7%

* This schedule is to present the information for ten years. However, until a full ten-year trend is compiled, information for those years which information is available is shown.

Berks Area Regional Transportation Authority

Schedule of Pension Contributions - Transit Union Retirement and Disability Plan Last Ten Fiscal Years*

Years	Actuarially Determined Contribution	Contributions from Employer	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Payroll
2011	\$ 291,367	\$ 294,016	\$ (2,649)	\$ -	0.0%
2012	289,710	289,710	-	-	0.0%
2013	330,608	330,608	-	-	0.0%
2014	310,871	310,871	-	4,699,257	6.62%
2015	421,452	421,452	-	4,600,925	9.16%
2016	405,499	405,499	-	4,528,151	8.96%

Actuarial Methods and Assumptions

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

Methods and assumptions used to determine contribution rates are as follows:

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar closed
Remaining Amortization Period	Eight years
Asset Valuation Method	Smoothed value with a corridor of 80% to 120% of market value
Inflation	3.00%
Salary Increases	0.00% - non-pay benefit formula
Investment Rate of Return	8.00%
Retirement Age	Earlier of normal retirement age or age 62 with 25 years of vesting service
Mortality	RP2000 Table, post retirement only. This table does not include projected mortality improvements.

There have been no changes in the benefit terms since June 30, 2017.

* Only six years are available.

Berks Area Regional Transportation Authority

Schedule of Pension Contributions - Pennsylvania Municipal Retirement System Last Ten Fiscal Years*

Year	Actuarially Determined Contribution	Contributions from Employer	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Payroll
2014	\$ 68,430	\$ 61,527	\$ 6,903	\$ 1,154,695	5.3%
2015	79,314	79,401	(87)	-	0.0%

Actuarial Methods and Assumptions

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

Methods and assumptions used to determine contribution rates are as follows:

Actuarial Cost Method	Entry age
Amortization Method	Level dollar based upon the amortization periods in Act 205
Asset Valuation Method	Based upon the municipal reserves
Inflation	3.00%
Salary Increases	Age related scale with merit and inflation component
COLA Increases	3.00% for this eligible for a COLA
Pre-Retirement Mortality	Males - RP 2000 with one year set back, Females - RP 2000 with five years set back
Post-Retirement Mortality	Sex distinct RP-2000 Combined Healthy Mortality

There have been no changes in the benefit terms since June 30, 2017.

* Only two years are available.

Berks Area Regional Transportation Authority

Schedule of Funding Progress - Postemployment Benefits Other than Pension

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL UAAL (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
July 1, 2014	\$ -	\$ 854,183	\$ 854,183	- %	\$ 7,112,082	12.0 %
July 1, 2012	-	570,014	570,014	-	6,579,066	8.7
July 1, 2009	-	2,046,864	2,046,864	-	5,904,662	34.7