



RRTA

RED ROSE TRANSIT AUTHORITY

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Financial Statements and Supplementary Information

June 30, 2015 and 2014



REINSEL KUNTZ LESHER
certified public accountants & consultants

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Red Rose Transit Authority

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June 30, 2015 and 2014

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Independent Auditor's Report

To the Board of Directors
Red Rose Transit Authority
Lancaster, Pennsylvania

Report on the Financial Statements

We have audited the accompanying financial statements of the Red Rose Transit Authority (the Authority) as of and for the years ended June 30, 2015 and 2014, 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.

Basis for Qualified Opinion

Sufficient information was not provided timely to allow the Authority to fully adopt the provisions of Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. The effects on the financial statements of this item is not reasonably determinable.

Qualified Opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the Red Rose Transit Authority as of June 30, 2015 and 2014, 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.

Adoption of GASB Statement No. 68 and 71

As described in Note 2 to the financial statements, in 2015 the Authority adopted the provisions of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27 and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. Our opinion is not modified in respect to these matters.

Required Supplementary Information

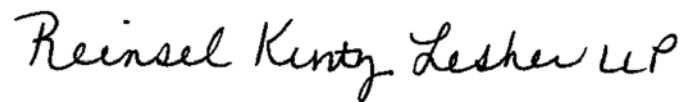
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information as listed in the table of contents and on pages 4 to 9 and page 39 to 41 be presented to supplement the basic financial statements. 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying financial information listed as supplementary information in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Reporting Required by *Government Auditing Standards* and the Pennsylvania Department of Transportation

In accordance with *Government Auditing Standards* and the audit requirements of the Pennsylvania Department of Transportation, we have also issued our report dated December 29, 2015 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* and the audit requirements of the Pennsylvania Department of Transportation in considering the Authority's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Reinsel Kintz Lesher LLP". The signature is written in a cursive, flowing style.

December 29, 2015
Lancaster, Pennsylvania

Red Rose Transit Authority

Management's Discussion and Analysis

June 30, 2015 and 2014

The following discussion and analysis of the Red Rose Transit Authority's (RRTA or the Authority) financial performance provides an introduction to the Authority's basic financial statements for the fiscal years ended June 30, 2015 and 2014. Please read it in conjunction with the Authority's financial statements, which begin on page 10.

Authority Activities and Highlights

- The Authority's net position decreased approximately \$1,170,000 for the year ended June 30, 2015, compared to an increase of approximately \$264,000 and a decrease of approximately \$51,000 for the years ended June 30, 2014 and 2013, 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 \$2,169,000, \$1,724,000, and \$3,098,000 for the years ended June 30, 2015, 2014, and 2013, respectively.
- The Authority's operating revenues increased approximately 3.3% or \$302,000 for the year ended June 30, 2015, increased approximately 1.3% or \$119,000 for the year ended June 30, 2014, and were flat for the year ended June 30, 2013. The increase is primarily the result of an increase in passenger fares, parking garage revenues, and lease payment income from the Queen Street Station during 2015. For the years ended June 30, 2015, 2014, and 2013, passenger fares approximated \$4,594,000, \$4,359,000, and \$4,274,000, respectively.
- The Authority's operating expenses increased approximately 9.0% or \$1,601,000 for the year ended June 30 2015, and decreased approximately 8.7% or \$1,680,000 for the year ended June 30, 2014, and increased approximately 6.3% or \$1,145,000, for the years ended June 30, 2013. The decrease was partly due to the lower price of diesel fuel and the lower price of health care from being a member in the public health care pool with a return of premiums due to lower experience. This was also the case with a return of prior premiums for workers compensation from the SAFTI Pool.
- The Authority provided 2,235,494 passenger trips during fiscal year 2015, compared to 2,188,679 and 2,197,582 in the fiscal years 2014 and 2013. The increase approximates 2.1% for 2015 compared to a 0.4% decrease in system ridership for 2014. This included a 2.0% increase in passengers using the Authority's fixed route system. From 2014 to 2015, passenger trips increased by 46,815 trips and from 2013 to 2014 passenger trips decreased by 8,903 trips.
- The Authority's beginning net position has been restated to properly reflect the effect of the implementation of GASB Statement No. 68. The June 30, 2014 financial statements as previously issued were restated for this adoption.

Red Rose Transit Authority

Management's Discussion and Analysis

June 30, 2015 and 2014

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.

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 GASB.

Statement of Net Position. The statement of net position presents the financial position of the Authority and includes information on RRTA's 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 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. The notes to financial statements are included in this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the Authority's progress in funding its obligation to provide pension benefits to its employees. This required supplementary information can be found on page 39 to 41 of this report.

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 exceeded liabilities by approximately \$39,610,000, \$40,780,000, and \$40,516,000 as of June 30, 2015, 2014, and 2013, respectively.

Red Rose Transit Authority

Management's Discussion and Analysis

June 30, 2015 and 2014

Financial Analysis (continued)

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

	<u>2015</u>	<u>2014</u>	<u>2013</u>
Assets			
Current assets	\$ 5,974,882	\$ 4,633,678	\$ 3,110,703
Capital assets, net	<u>39,649,461</u>	<u>40,663,258</u>	<u>41,661,903</u>
Total Assets	<u>45,624,343</u>	<u>45,296,936</u>	<u>44,772,606</u>
Deferred Outflow of Resources - Pension	<u>345,156</u>	<u>431,446</u>	<u>-</u>
Liabilities	5,576,111	4,244,159	2,725,261
Current liabilities			
Net pension liability	<u>783,108</u>	<u>704,293</u>	<u>1,531,756</u>
Total Liabilities	<u>6,359,219</u>	<u>4,948,452</u>	<u>4,257,017</u>
Net Position			
Investment in capital assets	36,649,461	40,663,258	41,661,903
Restricted	35,860	21,856	31,533
Unrestricted	<u>(75,041)</u>	<u>94,816</u>	<u>(1,177,847)</u>
Total Net Position	<u>\$ 39,610,280</u>	<u>\$ 40,779,930</u>	<u>\$ 40,515,589</u>

By far the largest portion of the Authority's net assets 100.0%, 99.7%, and 102.8% as of June 30, 2015, 2014, and 2013, respectively, reflects its investment in capital assets (e.g., land and land improvements, buildings and improvements, vehicles and equipment, and furniture and 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 restricted portion of the Authority's net assets at June 30, 2015, 2014, and 2013 represents resources that are subject to external restrictions on how they may be used. The remaining balance (deficit) of approximately \$(75,000), \$95,000, and \$(1,178,000) at June 30, 2015, 2014, and 2013, respectively, represents unrestricted surplus (deficit).

Red Rose Transit Authority

Management's Discussion and Analysis

June 30, 2015 and 2014

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>2015</u>	<u>2014</u>	<u>2013</u>
Operating Revenues			
Passenger fares	\$ 4,594,457	\$ 4,359,000	\$ 4,273,842
Government fare programs	4,068,262	3,860,777	3,933,070
Other operating revenues	687,867	829,306	723,505
Total Operating Revenues	<u>9,350,586</u>	<u>9,049,083</u>	<u>8,930,417</u>
Operating Expenses			
Salaries and wages	3,769,261	4,198,226	4,261,331
Fringe benefits	2,917,973	1,771,352	3,294,035
Purchased transportation	5,884,061	5,809,128	6,011,071
Other operating expenses	3,556,947	2,828,917	2,741,622
Depreciation	3,193,014	3,112,419	3,092,349
Total Operating Expenses	<u>19,321,256</u>	<u>17,720,042</u>	<u>19,400,408</u>
Nonoperating Revenues (Expenses)			
Operating grants			
Federal government	1,875,351	2,733,573	2,457,268
Commonwealth of Pennsylvania Act 44	4,656,906	3,813,525	4,626,810
Local governments	75,502	283,335	269,843
Interest income	44	777	2,587
Interest expense	-	-	(800)
Gain (loss) on disposal of equipment	24,657	380,006	(35,313)
Total Nonoperating Revenues (Expenses)	<u>6,632,460</u>	<u>7,211,216</u>	<u>7,320,395</u>
Capital Grant Funding	<u>2,168,560</u>	<u>1,724,084</u>	<u>3,098,322</u>
Increase (Decrease) in Net Position	<u>\$ (1,169,650)</u>	<u>\$ 264,341</u>	<u>\$ (51,274)</u>

The Authority is dependent on federal, state, and local governments to fund its operations. The funding received from these entities is included in nonoperating 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.

Red Rose Transit Authority

Management's Discussion and Analysis

June 30, 2015 and 2014

Capital Assets and Debt Administration

Capital Acquisitions

The Authority's investment in capital assets includes land and land improvements, buildings and improvements, revenue vehicles and equipment, service vehicles and 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, 2015, 2014, and 2013, net of accumulated depreciation, amounted to approximately \$39,649,000, \$40,663,000, and \$41,662,000, respectively. These amounts represent a net decrease (including additions, deletions, and depreciation) of approximately \$1,014,000, \$999,000, and \$31,000 for the years ended June 30, 2015, 2014, and 2013 respectively.

	Capital Assets at June 30 (Net of Accumulated Depreciation)		
	2015	2014	2013
Land and land improvements	\$ 4,276,819	\$ 4,075,111	\$ 3,980,403
Buildings and improvements	28,523,980	29,715,228	30,581,032
Revenue vehicles and equipment	4,694,390	5,411,928	5,469,834
Service vehicles and equipment	-	11,708	13,812
Furniture and office equipment	1,015,804	188,786	270,760
Miscellaneous revenue equipment	1,138,467	1,260,497	1,346,062
	<u>\$ 39,649,460</u>	<u>\$ 40,663,258</u>	<u>\$ 41,661,903</u>

During the years ended June 30, 2015, 2014, and 2013, the Authority expended approximately \$2,179,000, \$2,114,000, and \$3,828,000, respectively, on capital asset activities.

Additional information related to capital assets can be found in Note 8 to the financial statements.

Debt Administration

No debt is incurred by the Authority for the purchase of capital assets. Acquisitions are funded by federal, state, and local governmental grants.

The Authority has a \$1,000,000 line of credit with a tax-free interest rate of 0.5% less than prime. At June 30, 2015 and 2014, no amount was outstanding against the line of credit.

Additional information related to the Authority's debt can be found in Note 9 of this report.

Red Rose Transit Authority

Management's Discussion and Analysis

June 30, 2015 and 2014

Economic Factors

This was the first partial year of RRTA being managed by the newly formed South Central Transit Authority (SCTA) with the merger of the administrative functions with Berks Area Regional Transit Authority (BARTA). As a direct result of the merger, eight administrative positions were eliminated due to duplicative functions resulting in significant savings in administrative costs. Further, other cost savings were realized from combining legal services, audit services, healthcare, and purchase of spare parts for the vehicles for both fleets. Together, the savings were over \$800,000 per year which qualified both Berks and Lancaster Counties to eliminate the required local match for state operating funds for a five year period as allowed by Act 89. Under this provision, the state provided an incentive for transit systems to merge and whatever cost savings resulted would offset the required local match. The creation of SCTA resulted in savings in excess for the local match for both counties for a five year period and then after this period, the local match will be split 50/50 at the prior levels. This will result in an additional \$780,000 in operating funds in 2020.

For the fiscal year, ridership increased by 2% for RRTA which is better than the last few years as the economy continues to rebound slowly. In fact, RRTA has planned expansions for FY 2016 that included expanding service to two new warehouse centers, Urban Outfitters and Nordstrums in Lancaster that will both employ over 500 employees each. RRTA has existing routes that travel very close to both of these locations with minor expansions needed. The shared ride service showed similar ridership trend with RRTA showing a 2.8% increase.

RRTA is also working on maximizing leasing opportunities at the transit center in downtown area of the City of Lancaster. This added income will help offset the operating costs for bus service in both communities. There still remains some opportunities available for RRTA that will be explored including the leasing of air rights over the Queen Street Station Parking Garage in Lancaster.

Another major factor affecting operating costs has been the dropping price of diesel fuel worldwide. SCTA bid out diesel fuel for RRTA and BARTA combined and was able to lock in at a much lower price than previous years and saved \$1.00 per gallon of fuel which translates into nearly a combined \$750,000 savings in operating costs. It appears the lower price trend is continuing into the next fiscal year.

In terms of capital improvements, both systems ordered replacement buses during the year with delivery expected in October 2015 and include ten new electric hybrid buses in Lancaster. The electric hybrid buses have proven to increase the fuel economy by as much as 30% in Lancaster with the prior buses purchased. In both cases the new buses will be replacing buses that were beyond their useful life and costly to maintain. SCTA has developed a 25 year capital improvement plan for both systems.

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 about this report or if additional financial information is required, please contact the Authority's Chief Financial Officer, Benjamin Dice, at Red Rose Transit Authority, 45 Erick Road, Lancaster, PA 17601.

Red Rose Transit Authority

Statement of Net Position

	June 30,	
	2015	2014
Assets		
Current Assets		
Cash and cash equivalents	\$ 401,990	\$ 280,549
Cash and cash equivalents, restricted	4,642,512	3,485,671
Accounts receivable	428,332	379,465
Inventories - parts	252,951	331,656
Prepaid expenses	87,671	87,796
Capital grants receivable	161,426	68,541
Total Current Assets	5,974,882	4,633,678
Capital Assets		
Capital assets not being depreciated	3,858,875	3,858,875
Capital assets being depreciated, net	35,790,586	36,804,383
Capital Assets, Net	39,649,461	40,663,258
Total Assets	45,624,343	45,296,936
Deferred Outflow of Resources - Pension	345,156	431,446
Total Assets and Deferred Outflow of Resources	45,969,499	45,728,382
Liabilities		
Current Liabilities		
Accounts payable - operating	614,556	579,387
Accounts payable - capital	-	47,467
Accrued expenses		
Wages	14,544	84,826
Vacation wages	170,240	-
Payroll withholdings	134,259	46,808
Unearned Commonwealth of Pennsylvania Act 26 revenue	-	2,855
Unearned Commonwealth of Pennsylvania Act 44 revenue	4,119,787	2,943,851
Unearned Commonwealth of Pennsylvania Act 49 revenue	495,840	512,080
Other unearned revenue	26,885	26,885
Total Current Liabilities	5,576,111	4,244,159
Net Pension Liability	783,108	704,293
Total Liabilities	6,359,219	4,948,452
Net Position		
Net Position		
Investment in capital assets	39,649,461	40,663,258
Restricted for		
Disposition proceeds	25,977	11,973
Capital purchases	9,883	9,883
	35,860	21,856
Unrestricted net position (deficit)	(75,041)	94,816
Total Net Position, as Restated	\$ 39,610,280	\$ 40,779,930

See accompanying notes.

Red Rose Transit Authority

Statement of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30,	
	2015	2014
Operating Revenues		
Passenger fares	\$ 4,594,457	\$ 4,359,000
State Medical Assistance Transportation Program	2,298,760	2,403,263
State Shared Ride Program	1,769,502	1,457,514
Other contract revenue	1,774	2,715
Advertising	153,114	100,659
Miscellaneous income	532,979	725,932
Total Operating Revenues	9,350,586	9,049,083
Operating Expenses		
Salaries and wages	3,769,261	4,198,226
Fringe benefits	2,917,973	1,771,352
Services	1,332,267	295,189
Fuel and lubricants	828,727	1,127,983
Tires and tubes	67,732	65,688
Other materials and supplies	702,091	753,552
Utilities	184,320	154,949
Casualty and liability	318,006	286,925
Purchased transportation	5,884,061	5,809,128
Miscellaneous expense	123,804	144,631
Depreciation	3,193,014	3,112,419
Total Operating Expenses	19,321,256	17,720,042
Loss from Operations	(9,970,670)	(8,670,959)
Nonoperating Revenues		
Operating grants		
Federal government	1,875,351	2,733,573
Commonwealth of Pennsylvania Act 44 Funds	4,656,906	3,813,525
Local governments	75,502	283,335
Total Government Subsidies for Operations	6,607,759	6,830,433
Interest income	44	777
Gain on disposal of capital assets	24,657	380,006
Total Nonoperating Revenues	6,632,460	7,211,216
Loss Before Capital Grant Funding	(3,338,210)	(1,459,743)

Red Rose Transit Authority

Statement of Revenues, Expenses, and Changes in Net Position (continued)

	Years Ended June 30,	
	2015	2014
Capital Grant Funding		
Federal government	1,140,927	976,754
State government	1,009,043	733,333
Local governments and other	18,590	13,997
Total Capital Grant Funding	2,168,560	1,724,084
Increase (Decrease) in Net Position	(1,169,650)	264,341
Net Position, Beginning of Year, as Restated	40,779,930	40,515,589
Net Position, End of Year, as Restated	\$ 39,610,280	\$ 40,779,930

Red Rose Transit Authority

Statement of Cash Flows

	Years Ended June 30,	
	2015	2014
Cash Flows from Operating Activities		
Cash received from customers	\$ 8,768,740	\$ 8,496,610
Cash payments to suppliers for goods and services	(11,333,994)	(11,165,398)
Cash payments to employees for services	(4,327,735)	(4,745,729)
Other operating cash receipts	532,979	725,932
Net Cash Used in Operating Activities	(6,360,010)	(6,688,585)
Cash Flows Provided by Noncapital Financing Activities		
Receipts from operating and planning grants	7,783,695	8,377,294
Cash Flows from Capital and Related Financing Activities		
Receipts from capital grants	2,056,580	1,863,777
Receipts from sale of capital assets	24,657	380,007
Purchase of capital assets	(2,226,684)	(2,088,674)
Net Cash Provided by (Used in) Capital and Related Financing Activities	(145,447)	155,110
Cash Flows Provided by Investing Activities		
Interest income received	44	777
Net Increase in Cash and Cash Equivalents	1,278,282	1,844,596
Cash and Cash Equivalents, Beginning of Year	3,766,220	1,921,624
Cash and Cash Equivalents, End of Year	\$ 5,044,502	\$ 3,766,220
Cash and Cash Equivalents is Comprised of the Following on the Statement of Net Position		
Cash and cash equivalents	\$ 401,990	\$ 280,549
Cash and cash equivalents, restricted	4,642,512	3,485,671
	\$ 5,044,502	\$ 3,766,220

Red Rose Transit Authority

Statement of Cash Flows (continued)

	Years Ended June 30,	
	2015	2014
Reconciliation of Loss from Operations to Net Cash Used in Operating Activities		
Loss from operations	\$ (9,970,670)	\$ (8,670,959)
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation	3,193,014	3,112,419
(Increase) decrease in assets		
Accounts receivable	(48,867)	173,446
Inventories	78,705	4,280
Prepaid expenses	125	(11,776)
(Increase) decrease in deferred outflows of resources - pension	86,290	(431,446)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	222,578	(37,099)
Other unearned revenue	-	13
Net pension liability	78,815	(827,463)
Net Cash Used in Operating Activities	\$ (6,360,010)	\$ (6,688,585)

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 1 - Nature of Activity

The Red Rose Transit Authority (the Authority) was created November 28, 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 Lancaster. The Authority is governed by a five-member Board of Directors appointed by the Lancaster County Board of Commissioners.

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

The Authority is funded by a combination of passenger fares, other operating revenues, and federal, state, and local operating, planning, and capital grants.

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 to be 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 timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

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 non-operating 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. The principal operating revenues of the Authority are charges to customers for transportation services. Operating expenses include the cost of providing transportation services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The principal non-operating revenues of the Authority are operating, planning, and capital grants from the federal, state, and local governments and interest income. The principal non-operating expenses of the Authority are interest expense and gain (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 or penalties, 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 uncollectible, as applicable. Accounts receivable in excess of 90 days are evaluated for collectability and an allowance is established, as deemed necessary, based on the best information available and in an amount that management believes is adequate. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. The allowance was \$-0- at June 30, 2015 and 2014.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (continued)

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

Investments

The Board 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 method.

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:

Land improvements	5 years
Buildings and improvements	30 years
Revenue vehicles and equipment	5 to 12 years
Service vehicles and equipment	5 to 8 years
Furniture and office equipment	5 to 10 years
Miscellaneous revenue equipment	5 to 15 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.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

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, 2015 and 2014.

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 consist of capital assets, net of accumulated depreciation.

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

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

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

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.

Recent Accounting Pronouncements

In June 2012, Governmental Accounting Standards Board (GASB) issued Statement No. 68, *Accounting and Financial Reporting for Pensions*, an amendment of GASB Statement No. 27. The Authority adopted GASB Statement No. 68 for its 2015 financial statements. The adoption of this statement decreased the June 30, 2013 net position by \$542,781 and the June 30, 2014 net position by \$1,740,784.

In November 2013 the GASB issued statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*, an amendment of GASB 68. This statement is to address issues associated with defined benefit plan contributions after the measurement date.

In February 2015, the GASB issued Statement No. 72, *Fair Value Measurement and Application*. This statement provides guidance for determining a fair value measurement for financial reporting purposes and defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This statement also provides guidance for applying fair value to certain investments and disclosures related to fair value measurements. This guidance is effective for reporting periods beginning after June 15, 2015. The Authority is current evaluating what effect, if any, the adoption of this guidance will have on the Authority's financial statements.

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefit Plans Other Than Pensions*. This statement requires governments to report a liability on the face of the financial statements for the net OPEB liability. This guidance also requires governments to present more extensive note disclosures and supplementary information for OPEB plans. Statement No. 75 is effective for periods beginning after June 15, 2017. The Authority is current evaluating what effect, if any, the adoption of this guidance will have on the Authority's financial statements.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 2 - Summary of Significant Accounting Policies (continued)

Recent Accounting Pronouncements (continued)

In December 2015, the GASB issued Statement No. 78, *Pensions provided through Certain Multiple-Employer Defined Benefit Pension Plans*. This statement established accounting and financial reporting standards for defined benefit pensions provided to the employees of state and local governmental employers through a cost-sharing multiple-employer defined benefit pension plan (cost sharing plan) that meets the criteria in paragraph 4 of Statement 68 and certain other requirements. This statement is effective for reporting periods beginning after December 15, 2015 with early application permitted. The Authority has adopted the provisions of this statement as of June 30, 2015.

Note 3 - Budget Matters

The Authority has an annual budget, however, the Pennsylvania Municipal Authorities Act does not require it.

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

Cash Deposits

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.

As of June 30, 2015 and 2014, the carrying amounts of the Authority's bank deposits were \$4,948,104 and \$3,669,862, respectively, and the corresponding bank balances were \$5,010,954 and \$3,804,668, respectively, of which \$4,760,954 and \$3,554,668, respectively, were exposed to custodial risk because they were uninsured, but are collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Authority's name. The Authority also maintained petty cash on hand totaling \$3,479 at June 30, 2015 and 2014.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 5 - Cash and Cash Equivalents (continued)

Investments

The Authority had the following investments and maturities as of June 30:

Investment Type	Investment Maturities (in Years)	
	Fair Value	Less than One Year
June 30, 2015		
PA INVEST	\$ 82,963	\$ 82,963
PLGIT	9,956	9,956
	<u>\$ 92,919</u>	<u>\$ 92,919</u>
June 30, 2014		
PA INVEST	\$ 82,925	\$ 82,925
PLGIT	9,954	9,954
	<u>\$ 92,879</u>	<u>\$ 92,879</u>

As of June 30, 2015 and 2014, the Authority's investments in the Pennsylvania INVEST Program (PA INVEST) and the Pennsylvania Local Government Investment Trust (PLGIT) were rated AAAM by Standard & Poor's.

The Authority is authorized by statutes to invest its funds in certain governmental obligations. The Authority's investment policy is consistent with these limitations.

As a means of managing its exposure to fair value losses arising from changes in interest rates, the Authority's investment policy permits investments with a maturity date in excess of 18 months, provided market conditions, and projected use of funds warrants a longer term.

Note 6 - Restricted Cash

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

	2015	2014
Commonwealth of Pennsylvania Act 44	\$ 4,119,787	\$ 2,943,851
Commonwealth of Pennsylvania Act 49	495,840	512,080
Commonwealth of Pennsylvania Act 26	-	2,855
Other Unearned Amounts	26,885	26,885
	<u>\$ 4,642,512</u>	<u>\$ 3,485,671</u>

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 7 - Capital Grants Receivable

At June 30, 2015 and 2014, \$161,426 and \$68,541, respectively, are due from the Commonwealth of Pennsylvania.

Note 8 - Capital Assets

Capital asset activity is as follows for the years ended June 30:

	<u>Balance July 1, 2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2015</u>
Capital Assets Not Being Depreciated				
Land	\$ 3,858,875	\$ -	\$ -	\$ 3,858,875
Capital Assets Being Depreciated				
Land improvements	699,393	235,834	-	935,227
Buildings and improvements	35,523,353	32,456	-	35,555,809
Revenue vehicles and equipment	18,501,140	928,313	695,601	18,733,852
Service vehicles and equipment	371,282	-	-	371,282
Shop and garage equipment	490,856	-	-	490,856
Furniture and office equipment	1,640,395	903,123	27,057	2,516,461
Miscellaneous revenue equipment	2,914,374	79,491	110,389	2,883,476
Total Capital Assets Being Depreciated	<u>60,140,793</u>	<u>2,179,217</u>	<u>833,047</u>	<u>61,486,963</u>
Less Accumulated Depreciation				
Land improvements	483,157	32,125	-	515,282
Buildings and improvements	5,808,125	1,116,304	-	6,924,429
Revenue vehicles and equipment	13,089,212	1,645,849	695,601	14,039,460
Service vehicles and equipment	359,574	11,708	-	371,282
Shop and garage equipment	490,856	-	-	490,856
Furniture and office equipment	1,451,609	185,508	27,057	1,610,060
Miscellaneous revenue equipment	1,653,877	201,520	110,389	1,745,008
Less Accumulated Depreciation	<u>23,336,410</u>	<u>3,193,014</u>	<u>833,047</u>	<u>25,696,377</u>
Capital Assets Being Depreciated, Net	<u>36,804,383</u>	<u>(1,013,797)</u>	<u>-</u>	<u>35,790,586</u>
Capital Assets, Net	<u>\$ 40,663,258</u>	<u>\$ (1,013,797)</u>	<u>\$ -</u>	<u>\$ 39,649,461</u>

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 8 - Capital Assets (continued)

	<u>Balance July 1, 2013</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2014</u>
Capital Assets Not Being Depreciated				
Land	\$ 3,858,875	\$ -	\$ -	\$ 3,858,875
Capital Assets Being Depreciated				
Land improvements	589,406	109,987	-	699,393
Buildings and improvements	35,276,698	246,655	-	35,523,353
Revenue vehicles and equipment	17,872,648	1,531,056	902,564	18,501,140
Service vehicles and equipment	368,022	24,407	21,147	371,282
Shop and garage equipment	490,856	-	-	490,856
Furniture and office equipment	1,555,014	105,436	20,055	1,640,395
Miscellaneous revenue equipment	2,818,141	96,233	-	2,914,374
Total Capital Assets Being Depreciated	<u>58,970,785</u>	<u>2,113,774</u>	<u>943,766</u>	<u>60,140,793</u>
Less Accumulated Depreciation				
Land improvements	467,879	15,278	-	483,157
Buildings and improvements	4,695,665	1,112,460	-	5,808,125
Revenue vehicles and equipment	12,402,813	1,588,963	902,564	13,089,212
Service vehicles and equipment	354,211	26,510	21,147	359,574
Shop and garage equipment	490,856	-	-	490,856
Furniture and office equipment	1,284,254	187,410	20,055	1,451,609
Miscellaneous revenue equipment	1,472,079	181,798	-	1,653,877
Less Accumulated Depreciation	<u>21,167,757</u>	<u>3,112,419</u>	<u>943,766</u>	<u>23,336,410</u>
Capital Assets Being Depreciated, Net	<u>37,803,028</u>	<u>(998,645)</u>	<u>-</u>	<u>36,804,383</u>
Capital Assets, Net	<u>\$ 41,661,903</u>	<u>\$ (998,645)</u>	<u>\$ -</u>	<u>\$ 40,663,258</u>

Note 9 - Line of Credit

The Authority has a \$1,000,000 unsecured line of credit with a bank at with an interest rate of 0.50 percentage points less than the prime rate, or 4% at June 30, 2015 and 2014. As of June 30, 2015 and 2014, no amount was outstanding against the line of credit.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 10 - Red Rose Transit Authority Pension Plan

Plan Description

The Red Rose Transit Authority Pension Plan is a single-employer defined benefit pension plan administered by the Authority. A full-time employee becomes a participant in the plan after completion of 90 days of service, provided that the employee is an hourly employee covered under the collective bargaining agreement.

Benefits Provided

Normal Retirement

A participant is eligible for normal retirement after attainment of age 62, and completion of ten years of vested service or on the tenth anniversary of his date of participation, if earlier.

The normal retirement pension is payable monthly during the participant's lifetime, with payments ceasing upon the participant's death.

The amount of monthly pension is equal to an amount per year of benefit service based upon the date of retirement as outlined in the following schedule:

<u>Date of Retirement</u>	<u>Benefit Amount per Year of Benefit Service</u>
After March 31, 2011	\$ 43.50
After March 31, 2012	43.50
After March 31, 2013	43.50
After March 31, 2014	43.50

Late Retirement

If a participant continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the benefit accrued to the late retirement date.

Early Retirement

A participant is eligible for early retirement after attainment of age 55 and completion of 20 years of vesting service. The monthly early retirement pension is equal to the benefit accrued to the date of early retirement, reduced 5/9 of 1% for each of the first 60 months early and 5/18 of 1% for each month early in excess of 60 months.

Disability Retirement

If an active participant who has completed 15 years of vesting service becomes totally and permanently disabled, he is eligible for disability retirement after 36 weeks of disability. The monthly disability retirement pension is equal to the benefit accrued to the date of disability.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 10 - Red Rose Transit Authority Pension Plan (continued)

Benefits Provided (continued)

Death Benefits

The death benefit for a participant who has been married at least one year and is eligible for normal retirement or early retirement is a survivor pension for his spouse equal to 50% of the actuarially reduced pension the participant would have been entitled to if he had retired on the day before his death and elected a joint and 50% survivor pension.

Employees Covered by Benefit Terms

Inactive members of beneficiaries currently receiving benefits	47
Inactive members entitles to, but not yet receiving benefits	13
Active members	69
Total Members	<u>129</u>

Contributions

Effective June 1, 2009, employee contributions are \$0.98 per hour and employer contributions are made at the rate of \$1.48 per hour. Effective June 1, 2012, employee contributions are made at the rate of \$1.24 per hour and employer contributions are made at the rate of \$1.85 per hour. Effective June 1, 2013, employee contributions are made at the rate of \$1.36 per hour and employer contributions are made at the rate of \$2.04 per hour.

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

At June 30, 2015, the Authority reported a liability of \$593,448 for its net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of July 1, 2013. For the year ended June 30, 2015, the Authority recognized pension expense of \$343,511. At June 30, 2015, the Authority reported deferred outflows of resources related to the Red Rose Transit Authority Pension Plan from the following source:

	Deferred Outflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	<u>\$ 262,365</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:

2016	\$ 52,473
2017	52,473
2018	52,473
2019	52,473
2020	52,473

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 10 - Red Rose Transit Authority Pension Plan (continued)

Actuarial Assumptions

The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00
Investment rate of return	7.50

Mortality rates were based on the RP-2000 table for males and females which does not include projected mortality improvements.

The actuarial assumptions used in the July 1, 2013 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, 2015, 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	40 to 45 %	7.00 %
International equity	20 to 25	6.00
Fixed income	30 to 35	2.50
Cash	0 to 5	0.00

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 10 - Red Rose Transit Authority Pension Plan (continued)**Changes in the Net Pension Liability**

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at June 30, 2014	\$ 6,590,522	\$ 6,003,544	\$ 586,978
Service cost	154,836	-	154,836
Interest cost	492,015	-	492,015
Contributions - employer	-	312,685	(312,685)
Contributions - member	-	207,947	(207,947)
Net investment income	-	127,649	(127,649)
Benefit payments, including refunds of member contributions	(370,319)	(370,319)	-
Administrative expense	-	(7,900)	7,900
Net Changes	276,532	270,062	6,470
Balance at June 30, 2015	\$ 6,867,054	\$ 6,273,606	\$ 593,448

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 7.50% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	\$ 1,180,148	\$ 593,448	\$ 80,628

Note 11 - Red Rose Transit Authority Salaried Employees Pension Plan**Plan Description**

The Red Rose Transit Authority Salaried Employees Pension Plan is a single-employer defined benefit pension plan for salaried employees administered by the Authority.

Benefits Provided**Normal Retirement**

A participant is eligible for normal retirement after attainment of age 65, and completion of ten years of vested service.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 11 - Red Rose Transit Authority Salaried Employees Pension Plan (continued)

Benefits Provided (continued)

Normal Retirement (continued)

The normal retirement pension is payable monthly during the participant's lifetime, with payments ceasing upon the participant's death.

The amount of monthly pension is equal to 60% of average monthly compensation, less 83 1/3% of Primary Social Security, prorated if the participant has less than 15 years of benefit service at his normal retirement date.

Average monthly compensation is based upon five consecutive plan years of highest compensation out of the last ten years preceding retirement.

Late Retirement

If a participant continues working after his normal retirement date, his pension does not start until he actually retires. The monthly late retirement pension is equal to the greater of the actuarial equivalent of the retirement benefit determined as of the end of the preceding plan year or the benefit determined by the normal retirement pension formula.

Early Retirement

A participant is eligible for early retirement after attainment of age 55 and completion of ten years of vesting service. The monthly early retirement pension is equal to the benefit accrued to the date of early retirement, reduced 5/9 of 1% for each of the first 60 months early and 5/18 of 1% for each month early in excess of 60 months.

Disability Retirement

The death benefit for a participant who has been married at least one year and is eligible for normal retirement or early retirement is a survivor pension for his spouse equal to 50% of the actuarially reduced pension the participant would have been entitled to if he had retired on the day before his death and elected a joint and 50% survivor pension.

Employees Covered by Benefit Terms

Inactive members of beneficiaries currently receiving benefits	11
Inactive members entitles to, but not yet receiving benefits	10
Active members	<u>22</u>
Total Members	<u><u>43</u></u>

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 11 - Red Rose Transit Authority Salaried Employees Pension Plan (continued)

Contributions

No contributions are made by the participants. The Authority is required to contribute amounts necessary to fund the plan using the actuarial basis specified by statute.

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

At June 30, 2015, the Authority reported a liability of \$189,660 for its net pension liability. The net pension liability was measured as of June 30, 2015, and the total pension liability was determined by rolling forward the liabilities from an actuarial valuation as of July 1, 2013.

For the year ended June 30, 2015, the Authority recognized pension expense of \$100,796. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to the Red Rose Transit Authority Salaried Employees Pension Plan from the following sources:

	Deferred Outflows of Resources
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	\$ 82,791

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:

2016	\$ 16,558
2017	16,558
2018	16,558
2019	16,558
2020	16,559

Actuarial Assumptions

The total pension liability in the July 1, 2013 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00%
Salary increases	5.00
Investment rate of return	7.50

Mortality rates were based on the RP-2000 table which does not include projected mortality improvements.

The actuarial assumptions used in the July 1, 2013 valuation were based on past experience under the plan and reasonable future expectations which represent our best estimate of anticipated experience under the plan.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 11 - Red Rose Transit Authority Salaried Employees Pension Plan (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, 2015, 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	40 to 45 %	7.00 %
International equity	20 to 25	6.00
Fixed income	30 to 35	2.50
Cash	0 to 5	0.00

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The pension plan's fiduciary net position is projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability. The employer has always met the funding requirements of Pennsylvania law Act 205 of 1984. Act 205 requires full funding of the entry age normal cost plus plan expenses, as well as amortization of the unfunded liability.

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, 2014	\$ 2,067,859	\$ 1,950,544	\$ 117,315
Service cost	82,121	-	82,121
Interest cost	158,298	-	158,298
Contributions - employer	-	126,188	(126,188)
Net investment income	-	44,486	(44,486)
Benefit payments, including refunds of member contributions	(78,677)	(78,677)	-
Administrative expense	-	(2,600)	2,600
Net Changes	161,742	89,397	72,345
Balance at June 30, 2015	\$ 2,229,601	\$ 2,039,941	\$ 189,660

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 11 - Red Rose Transit Authority Salaried Employees Pension Plan (continued)

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 7.50% as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	<u>1% Decrease (6.50%)</u>	<u>Discount Rate (7.50%)</u>	<u>1% Increase (8.50%)</u>
Net Pension Liability	\$ 428,020	\$ 189,660	\$ (17,392)

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 that is retained by the Authority and utilized to offset deficits, ineligible expenditures, local share of capital grants, and other capital expenditures. At June 30, 2015 and 2014, the Authority has accumulated \$495,840 and \$512,080, respectively, which is recorded as unearned revenue. Effective July 1, 1987, this legislation was superseded by Act 73.

Note 13 - Unearned Commonwealth of Pennsylvania Act 26 Funds

In August 1991, the Pennsylvania legislature passed a dedicated source of funding for public transportation. This legislation, known as Act 26, provides 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. Under regulations promulgated by the Department of Transportation up to 50% or an amount approved by the Department of the Act 26 funds estimated to be received in each given year may be used for capital asset maintenance, and the balance may be used to fund department pre-approved capital projects. At June 30, 2015 and 2014, the Authority has \$-0- and \$2,855, respectively, which is recorded as unearned revenue. Any funds not used in any given year must be carried over and used for capital projects only. This funding was replaced with Commonwealth of Pennsylvania funding under Act 44 beginning July 1, 2007.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

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 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>2015</u>	<u>2014</u>
Balance, Beginning July 1, 2014	\$ 2,943,851	\$ 1,396,990
Funds received, state	<u>5,832,842</u>	<u>5,360,386</u>
Total Available	8,776,693	6,757,376
Funds expended	<u>(4,487,679)</u>	<u>(3,813,525)</u>
Balance, Ending June 30, 2015	<u>\$ 4,289,014</u>	<u>\$ 2,943,851</u>

For the years ended June 30, 2015 and 2014, \$490,000 and \$473,750, respectively, of Act 44 funds was utilized to fund the Authority's State Senior Citizens Program and was recorded as revenue under that program net of prior year over funding of \$-0-.

Note 15 - Disposition Proceeds/Restricted Net Position

The balance represents the proceeds from the disposal of vehicles. These funds and the interest earnings thereon are held in a restricted account to be expended in future years for the purchase of vehicles under the restrictions set forth in the related grants. At June 30, 2015 and 2014, the Authority has accumulated \$25,977 and \$11,973, respectively.

Note 16 - Capital Purchases/Restricted Net Position

The balance represents insurance or other proceeds received for the replacement of certain capital assets. These funds and the interest earnings thereon are held in a restricted account to be expended in future years for the replacement of the related capital assets. At June 30, 2015 and 2014, the Authority has accumulated \$9,883.

Note 17 - Board-Designated Unrestricted Net Position

At June 30, 2015 and 2014, the Board of Directors of the Authority has designated \$77,910 and \$80,131, respectively, of unrestricted net position for self-insurance reserves.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 18 - 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 Property & Liability 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 Property & 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 State Association for Transportation Insurance Property & Liability Pool provides that the State Association for Transportation Insurance Property & 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 premiums are not sufficient to fund operations or obligations of the State Association for Transportation Insurance Property & Liability Pool, additional supplementary premiums may be assessed to members on a pro-rata basis. Premiums paid to the State Association for Transportation Insurance Property & Liability Pool and charged to operations during the years ended June 30, 2015 and 2014 amounted to \$315,949 and \$284,958, respectively.

The Authority has joined together with other transit organizations in the Commonwealth of Pennsylvania to form 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 during the years ended June 30, 2015 and 2014 amounted to \$119,959 and \$349,122, respectively, which was net of premium refunds in the amounts of \$213,060 and \$197,423, respectively.

The Authority carries commercial insurance for other risks of loss, including employee health and accident insurance.

For the years ended June 30, 2015 and 2014, 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, 2015, 2014, and 2013.

Note 19 - Advertising

Advertising costs included in the statement of revenues, expenses, and changes in net position for the years ended June 30, 2015 and 2014 were \$47,055 and \$46,659, respectively.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 20 - Commitments and Contingencies

Commitments

Bus Tire Lease

The Authority leases bus tires under the terms of two operating leases that call for monthly payments based on actual mileage. Mileage rates are based on the billing rate per tire mile in effect during the preceding month based on calculations included in the lease agreements. The leases run through 2015 and automatically renew for two-year periods thereafter.

Parking Lot Lease

The Authority leases a parking lot for its park and ride program. Under the terms of the operating lease, monthly payments of \$900 are due through June 30, 2016. Total rent expense during the year amounted to \$10,800 for the years ended June 30, 2015 and 2014. The future minimum rental commitment totaled \$10,800 as of June 30, 2015.

Capital Purchases

The Authority has made commitments at June 30, 2015, approximately \$7,237,000 for the purchase of hybrid buses shared ride vehicles and various other capital expenditures. The 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 the federal, state, and local governments that initially funded their acquisition under the terms of the capital grants.

Audit

The grants received by the Authority are subject to audit by the 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.

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.

Note 20 - Commitments and Contingencies (continued)

Contingencies (continued)

Concentration of Labor

The Authority entered into a collective bargaining agreement with the maintenance employees through June 30, 2015. The Authority also entered into a collective bargaining agreement with drivers through June 30, 2016 and continuing in place during negotiations. Of the Authority's total workforce, 14% is covered by the agreement with the maintenance employees and 77% is covered by the agreement with the drivers.

Litigation

Perrotto Builders, Ltd. v. Red Rose Transit Authority

Red Rose Transit Authority (RRTA) has been sued by Perrotto Builders, Ltd. (Perrotto) in the Court of Common Pleas of Lancaster County, Docket No. CI-11-12539. In addition, RRTA sued Perrotto, and the two actions have been consolidated for discovery and trial. The lawsuits arise from Perrotto's work as the general construction contractor on a project known as Queen Street Station, Phase II, in Lancaster, Pennsylvania (the Project). Perrotto has not plead a specific amount in controversy; however, Red Rose Transit Authority believes that Perrotto is seeking an amount in excess of \$800,000, representing the amount of payments RRTA withheld from Perrotto for work allegedly performed from June through August 2011, prior to RRTA's October 2011 termination of Perrotto from work at the Project, as well as additional unspecified damages for Perrotto's claim of wrongful termination. RRTA is aggressively defending against Perrotto's complaint.

Perrotto Builders, Ltd. v. Red Rose Transit Authority (continued)

RRTA has completed the Project and paid the subcontractors whose services were required to achieve completion. Moreover, RRTA filed its own complaint against Perrotto for damages associated with the collapse of an adjacent building while Perrotto was doing foundation work on the Project, and for contractual liquidated damages, among others, and these two counter-suits have been consolidated. Perrotto and RRTA have begun to mediate their disputes and will continue to work with a mediator in an attempt to avoid lengthy litigation. The litigation is temporarily on hold pending the completion of mediation.

Shannon A. Smith and Vision Mechanical v. Red Rose Transit Authority

RRTA has also been sued by two other prime contractors who performed work on the Project - Vision Mechanical (mechanical contractor) (Vision) and Shannon A. Smith (electrical contractor) (Smith). RRTA paid both contractors in full for their work on the Project. However, they are seeking to recover delay damages including home office overhead using the Eichleay formula. Vision values its claim at \$250,000 while Smith values its claim at \$240,000 plus attorneys' fees and interest under the Public Contracting Act. Because the contracts preclude claims for delay damages, RRTA will at the appropriate time file a dispositive motion asking the Court to dismiss the claims. RRTA denies liability to all contractors and will vigorously defend. RRTA has asserted its own counterclaim against Vision and Smith and asserted the affirmative defense of offset because of delays they caused on the Project. These actions have been consolidated with the Perrotto/RRTA actions.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 20 - Commitments and Contingencies (continued)

Contingencies (continued)

Litigation (continued)

Perrotto v. Haahs v. Red Rose Transit Authority

Perrotto sued Timothy Haahs & Associates (Haahs), the design professional on the Project, arguing that Haahs' plans and specifications were defective. Perrotto alleges those defects caused a neighboring building to collapse into the Project during excavation and shoring and resulted in delays for which Haahs is allegedly liable to Perrotto. Perrotto also alleges that certain features of the Project were unbuildable as designed, causing Perrotto to incur significant expenses to correct work that was already completed and to design its own remedies. This allegedly created delays and additional expense and ultimately resulted in RRTA's termination of Perrotto from the Project. The unspecified damages Perrotto seeks in the action against Haahs clearly duplicate some of the damages Perrotto seeks from RRTA, and the cases will therefore be consolidated.

Haahs joined RRTA in this action claiming that RRTA is liable for some of the damages sought by Perrotto. RRTA filed preliminary objections to the joinder complaint, and those are currently pending in Lancaster County. RRTA will continue to vigorously defend. This action will ultimately end up in a global mediation along with the above actions.

Parking Garage Tax Exempt Status

The City of Lancaster and the School District of Lancaster have asserted that they are appealing the tax exempt status of the parking garage. Appeals were filed earlier this year, but were limited to an appeal of the tax exempt status of the premises leased to for profit entities. There is one lease to a for profit entity, the Federal Taphouse, which is a restaurant and bar, the valuation for which was first issued in September 2013. This valuation is not in issue. However, the city and school district are now asserting that the parking garage is not exempt from taxes. The Authority believes that the parking garage is tax exempt under the law and will vigorously defend any appeals.

Note 21 - Management Agreement

The Authority entered into a management agreement with Berks Area Regional Transportation Authority, Reading, Pennsylvania on October 21, 2013. The agreement called for Red Rose Transit Authority to provide executive director services to Berks Area Regional Transportation Authority. The original term was in effect through April 30, 2014 and called for payments totaling \$60,000 to be made, which was funded through a Technical Assistance Grant applied for by Red Rose Transit Authority. The agreement was extended on May 1, 2014 and again on August 1, 2014 for an additional period ending October 31, 2014. The contact extensions call for monthly payments in the amount of \$14,204, which covers the services of the executive director and also included information technology manager services.

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 21 - Management Agreement (continued)

The Authority entered into a Mutual Cooperation Agreement with the South Central Transit Authority which took effect on January 1, 2015. The agreement called for South Central Transit Authority to provide all executive, management, administrative, and support services. The Authority is to make monthly payments of \$175,000 for the services provided. The initial term of the agreement ended June 30, 2015. On June 19, 2015, a four year extension was approved which extended the agreement through June 30, 2019. Management service expense included in the statement of revenues, expenses, and changes in net position for the year ended June 30, 2015 was \$1,135,224.

The Authority entered into a subcontract agreement with the South Central Transit Authority which takes effect on July 1, 2015 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 Lancaster. 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 45 Erick Road and the Queen Street Station facilities. The Authority shall also assign its lease agreements for the Queen Street Station I as well as other such contracts to the South Central Transit Authority. South Central Transit Authority will be receiving future grants which will fund transportation services in the County of Lancaster and as a result, South Central Transit Authority may purchase vehicles, supplies, and services needed to provide the contracted transportation services.

Note 22 - Reclassification

Certain items on the 2014 financial statements have been reclassified to conform with the 2015 presentation.

Note 23 - Restatement of 2013 and 2014 Financial Statements

The Authority's beginning net position has been restated to properly reflect the effect of the implementation of GASB 68. The June 30, 2014 and 2013 financial statements, as previously issued, were restated for this correction.

	Statement of Net Position, June 30, 2013		
	As Previously Reported	As Restated	Effect of Changes
Assets			
Net pension benefit asset	\$ 209,028	\$ -	\$ (209,028)
Liabilities			
Net pension liability	\$ -	\$ (1,531,756)	\$ (1,531,759)
Net Position			
Unrestricted net position (deficit)	\$ 562,937	\$ (1,177,847)	\$ (1,740,784)

Red Rose Transit Authority

Notes to Financial Statements

June 30, 2015 and 2014

Note 23 - Restatement of 2013 and 2014 Financial Statements (continued)

	Statement of Net Position, June 30, 2014		
	As Previously Reported	As Restated	Effect of Changes
Assets			
Net pension benefit asset	\$ 269,934	\$ -	\$ (269,934)
Deferred Outflow of Resources			
Pension	\$ -	\$ 431,446	\$ 431,446
Liabilities			
Net pension liability	\$ -	\$ (704,293)	\$ (704,293)
Net Position			
Unrestricted net position	\$ 637,597	\$ 94,816	\$ (542,781)
	Statement of Revenues, Expenses and Changes in Net Position, June 30, 2014		
Operating Expense			
Fringe benefits	\$ 2,969,355	\$ 1,771,352	\$ (1,198,003)
Increase (Decrease) in Net Position	\$ (933,662)	\$ 264,341	\$ 1,198,003

Fringe benefits for the year ended June 30, 2014 were also reduced by a reclassification of insurance premium refunds as discussed in Note 18.

Note 24 - Subsequent Events

The Authority has evaluated subsequent events through December 29, 2015. This date is the date the financial statements were available to be issued. Except as discussed in Note 20, no events subsequent to June 30, 2015 were noted.

Red Rose Transit Authority

Schedule of Changes in the Net Pension Liability and Related Ratios

Year Ended June 30, 2015

Last Ten Fiscal Years*

	<u>RRTA Pension Plan</u>	<u>RRTA Salaried Employees Pension Plan</u>
Total Pension Liability		
Service cost	\$ 154,836	\$ 82,121
Interest	492,015	158,298
Benefit payments, including refunds of member contributions	<u>(370,319)</u>	<u>(78,677)</u>
Net Change in Total Pension Liability	276,532	161,742
Total Pension Liability, Beginning	<u>6,590,522</u>	<u>2,067,859</u>
Total Pension Liability, Ending	<u>\$ 6,867,054</u>	<u>\$ 2,229,601</u>
Plan Fiduciary Net Position		
Contributions - employer	\$ 312,685	\$ 126,188
Contributions - member	207,947	-
Net investment income	127,649	44,486
Benefit payments, including refunds of member contributions	(370,319)	(78,677)
Administrative expense	<u>(7,900)</u>	<u>(2,600)</u>
Net Change in Plan Fiduciary Net Position	270,062	89,397
Plan Net Position, Beginning	<u>6,003,544</u>	<u>1,950,544</u>
Plan Net Position, Ending	<u>\$ 6,273,606</u>	<u>\$ 2,039,941</u>
Authority's Net Pension Liability	<u>\$ 593,448</u>	<u>\$ 189,660</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	<u>91.4%</u>	<u>91.5%</u>
Covered Employee Payroll	<u>\$ 3,312,473</u>	<u>\$ 1,184,397</u>
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	<u>17.9%</u>	<u>16.0%</u>

* 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.

Red Rose Transit Authority

Schedule of Pension Contributions - Employees' Pension Plan Last Ten Fiscal Years*

Years	Actuarially Determined Contribution	Contributions from Employer	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Payroll
2006	\$ 209,377	\$ 156,778	\$ 52,599	\$ -	- %
2007	185,879	184,285	1,594	-	-
2008	176,933	205,882	(28,949)	-	-
2009	180,704	207,155	(26,451)	-	-
2010	170,031	226,450	(56,419)	-	-
2011	156,807	213,199	(56,392)	-	-
2012	191,849	216,450	(24,601)	-	-
2013	197,954	268,369	(70,415)	-	-
2014	267,849	295,649	(27,800)	-	-
2015	207,352	312,685	(105,333)	3,312,473	6.26

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 Valuation Date	7/1/2013
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar closed
Remaining Amortization Period	6 years
Asset Valuation Method	Market value of assets as determined by the trustee
Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	7.50%
Retirement Age	Normal Retirement Age
Mortality	RP2000 Table - This table does not include projected mortality improvements.

There have been no changes in the benefit terms since July 1, 2013.

Red Rose Transit Authority

Schedule of Pension Contributions - Salaried Employees' Pension Plan Last Ten Fiscal Years*

Years	Actuarially Determined Contribution	Contributions from Employer	Contribution Deficiency/ (Excess)	Covered Employee Payroll	Contributions as a % of Payroll
2006	\$ 52,532	\$ 52,000	\$ 532	\$ -	- %
2007	62,175	94,275	(32,100)	-	-
2008	76,185	77,000	(815)	-	-
2009	80,675	77,000	3,675	-	-
2010	81,512	81,862	(350)	-	-
2011	79,317	79,564	(247)	-	-
2012	92,138	93,346	(1,208)	-	-
2013	91,411	92,751	(1,340)	-	-
2014	113,406	116,263	(2,857)	-	-
2015	123,568	126,188	(2,620)	1,184,397	10.43

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 Valuation Date	7/1/2013
Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar closed
Remaining Amortization Period	14 years
Asset Valuation Method	Market value of assets as determined by the trustee
Inflation	3.00%
Salary Increases	5.00%
Investment Rate of Return	7.50%
Retirement Age	Normal Retirement Age
Mortality	RP2000 Table - This table does not include projected mortality improvements.

There have been no changes in the benefit terms since July 1, 2013.

Red Rose Transit AuthoritySchedule of LEG - Fixed Route Urban Expenses - FY 14-15
Year Ended June 30, 2015

<u>Operating Expenses</u>	<u>Vehicle Operation</u>	<u>Maintenance</u>	<u>General Admin</u>	<u>Totals</u>
1. Operators' Salaries & Wages	\$ 2,614,559	\$ -	\$ -	\$ 2,614,559
2. Other Salaries & Wages	200,528	577,329	173,820	951,677
3. Fringe Benefits	2,042,459	418,875	126,114	2,587,448
4. Services	-	190,009	740,036	930,045
5. Fuel & Lubricants	828,727	-	-	828,727
6. Tires & Tubes	-	67,733	-	67,733
7. Other Materials & Supplies	-	653,674	29,543	683,217
8. Utilities	-	-	152,638	152,638
9. Casualty & Liability Costs	-	-	309,046	309,046
10. Taxes	-	-	-	-
11. Purchased Transportation	-	-	-	-
12. Miscellaneous Expenses	-	-	113,424	113,424
13. Total System Expenses	\$ 5,686,273	\$ 1,907,620	\$ 1,644,621	9,238,514
Applied Reconciling Items				
14. Interest Expenses				-
15. Leases & Rentals				-
16. Depreciation (privately funded assets only)				-
17. Amortization of Intangibles				-
18. Purchase Lease Agreement				-
19. Related Parties Lease Agreement				-
20. Other Reconciling Items Identify				-
21. Total Applied Reconciling Items				-
22. Total Operating Expenses				9,238,514
Non-Applied Reconciling Items				
23. Depreciation (publicly funded assets only)				650,736
24. Other Post Employment Benefits (OPEB)				-
25. Other Reconciling Items Identify: Pension				166,021
Identify: Retiree life ins reclass				2,221
Identify: Misc				2,555
26. Total Non-Applied Reconciling Items				821,533
27. Total Operating Expenses per Audit				\$ 10,060,047

Red Rose Transit AuthoritySchedule of LEG - Non-Fixed Route ADA Paratransit Expenses - Urban - FY 14-15
Year Ended June 30, 2015

<u>Operating Expenses</u>	<u>Vehicle Operation</u>	<u>Maintenance</u>	<u>General Admin</u>	<u>Totals</u>
1. Operators' Salaries & Wages	\$ -	\$ -	\$ -	\$ -
2. Other Salaries & Wages	-	-	16,431	16,431
3. Fringe Benefits	-	-	13,205	13,205
4. Services	-	-	32,552	32,552
5. Fuel & Lubricants	-	-	-	-
6. Tires & Tubes	-	-	-	-
7. Other Materials & Supplies	-	-	1,527	1,527
8. Utilities	-	-	2,564	2,564
9. Casualty & Liability Costs	-	-	725	725
10. Taxes	-	-	-	-
11. Purchased Transportation	391,506	58,001	108,194	557,701
12. Miscellaneous Expenses	-	-	637	637
13. Total System Expenses	\$ 391,506	\$ 58,001	\$ 175,835	625,342
Applied Reconciling Items				
14. Interest Expenses				-
15. Leases & Rentals				-
16. Depreciation (privately funded assets only)				-
17. Amortization of Intangibles				-
18. Purchase Lease Agreement				-
19. Related Parties Lease Agreement				-
20. Other Reconciling Items Identify				-
21. Total Applied Reconciling Items				-
22. Total Operating Expenses				625,342
Non-Applied Reconciling Items				
23. Depreciation (publicly funded assets only)				-
24. Other Post Employment Benefits (OPEB)				-
25. Other Reconciling Items Identify				-
26. Total Non-Applied Reconciling Items				-
27. Total Operating Expenses per Audit				\$ 625,342

Red Rose Transit Authority

Schedule of LEG - Non-Fixed Route Shared Ride Expenses - Urban Standard - FY 14-15
 Year Ended June 30, 2015

Operating Expenses	Vehicle Operation	Maintenance	General Admin	Totals
1. Operators' Salaries & Wages	\$ -	\$ -	\$ -	\$ -
2. Other Salaries & Wages	-	-	158,341	158,341
3. Fringe Benefits	-	-	127,256	127,256
4. Services	-	-	313,701	313,701
5. Fuel & Lubricants	-	-	-	-
6. Tires & Tubes	-	-	-	-
7. Other Materials & Supplies	-	-	14,720	14,720
8. Utilities	-	-	24,710	24,710
9. Casualty & Liability Costs	-	-	6,988	6,988
10. Taxes	-	-	-	-
11. Purchased Transportation	3,344,891	495,539	924,371	4,764,801
12. Miscellaneous Expenses	-	-	6,125	6,125
13. Total System Expenses	\$ 3,344,891	\$ 495,539	\$ 1,576,212	5,416,642
Applied Reconciling Items				
14. Interest Expenses				-
15. Leases & Rentals				-
16. Depreciation (privately funded assets only)				-
17. Amortization of Intangibles				-
18. Purchase Lease Agreement				-
19. Related Parties Lease Agreement				-
20. Other Reconciling Items Identify				-
21. Total Applied Reconciling Items				-
22. Total Operating Expenses				5,416,642
Non-Applied Reconciling Items				
23. Depreciation (publicly funded assets only)				2,542,278
24. Other Post Employment Benefits (OPEB)				-
25. Other Reconciling Items Identify: SR Co-pays netted against inv Identify: Pension				(292,598) (916)
26. Total Non-Applied Reconciling Items				2,248,764
27. Total Operating Expenses per Audit				\$ 7,665,406

Red Rose Transit Authority

Schedule of LEG - Non-Public Expenses - Other Transportation - FY 14-15
 Year Ended June 30, 2015

Operating Expenses	Non-Shared Ride Paratransit	MATP - Non-Shared Ride Paratransit	MATP - Mileage Reimbursement	Other (Identify Above)	Totals
1. Operators' Salaries & Wages	\$ -	\$ -	\$ -	\$ -	\$ -
2. Other Salaries & Wages	-	18,918	-	7,824	26,742
3. Fringe Benefits	-	15,204	-	6,288	21,492
4. Services	-	37,480	-	15,501	52,981
5. Fuel & Lubricants	-	-	-	-	-
6. Tires & Tubes	-	-	-	-	-
7. Other Materials & Supplies	-	1,759	-	727	2,486
8. Utilities	-	2,952	-	1,221	4,173
9. Casualty & Liability Costs	-	835	-	345	1,180
10. Taxes	-	-	-	-	-
11. Purchased Transportation	-	548,288	-	262,122	810,410
12. Miscellaneous Expenses	-	732	-	303	1,035
13. Mileage Reimbursement	-	-	43,748	-	43,748
14. MATP - Non-Public Service Admin Reimb.	-	-	6,214	-	6,214
15. Total System Expenses	\$ -	\$ 626,168	\$ 49,962	\$ 294,331	970,461
Applied Reconciling Items					
16. Interest Expenses					-
17. Leases & Rentals					-
18. Depreciation (privately funded assets only)					-
19. Amortization of Intangibles					-
20. Purchase Lease Agreement					-
21. Related Parties Lease Agreement					-
22. Other Reconciling Items Identify					-
23. Total Applied Reconciling Items					-
24. Total Operating Expenses					970,461
Non-Applied Reconciling Items					
25. Depreciation (publicly funded assets only)					-
26. Other Post Employment Benefits (OPEB)					-
27. Other Reconciling Items Identify					-
28. Total Non-Applied Reconciling Items					-
29. Total Operating Expenses per Audit					\$ 970,461

Red Rose Transit Authority

Reconciliation of Operating Expenses to Financial Statements Prepared Under Accounting
Principles Generally Accepted in the United States of America
Year Ended June 30, 2015

Operating expenses reported on Schedule of LEG - Fixed Route Urban Expenses	\$ 10,060,047
Operating expenses reported on Schedule of LEG - Non-Fixed Route ADA Paratransit Expenses - Urban	625,342
Operating expenses reported on Schedule of LEG - Non-Fixed Route Shared Ride Expenses - Urban Standard	7,665,406
Operating expenses reported on Schedule of LEG - Non-Public Expenses - Other Transportation	970,461
	<hr/>
Operating Expenses Reported on the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 19,321,256</u>

Red Rose Transit Authority

Schedule of LEG - Fixed Route Revenues - FY 14-15

Year Ended June 30, 2015

	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
Transportation Revenues			
1. Passenger Fares	\$ 2,966,580	\$ -	\$ 2,966,580
2. Advertising	153,114	-	153,114
3. Charter	-	-	-
4. Route Guarantees	-	-	-
Other Revenue			
5. Identify: Concessions/Interest	1,789	-	1,789
6. Identify: QSS PG Rev	297,328	-	297,328
7. Identify: Other	245,789	-	245,789
8. Total Revenue	<u>3,664,600</u>	<u>-</u>	<u>3,664,600</u>
Non-Applied Reconciling Items			
9. Interest/investment Income	44	-	44
10. Identify: Gain on disposal of capital assets	24,657	-	24,657
11. Identify	-	-	-
12. Total Non-Applied Reconciling Items	<u>24,701</u>	<u>-</u>	<u>24,701</u>
13. Total Revenue per Audit	<u>\$ 3,689,301</u>	<u>\$ -</u>	<u>\$ 3,689,301</u>

Red Rose Transit Authority

 Schedule of LEG - Non-Fixed Route Revenues - Urban - FY 14-15
 Year Ended June 30, 2015

	ADA	Shared Ride 65+		Shared Ride Under 65		Public	Total
	Paratransit	Standard	DAS*	Standard	DAS*	Vanpool	
Transportation Revenues							
1. Passenger Fares	\$ 81,497	\$ 126,125	\$ -	\$ 36,281	\$ -	\$ -	\$ 243,903
2. Advertising	-	-	-	-	-	-	-
3. Shared-Ride Lottery Trip Reimbursement	-	1,769,502	-	-	-	-	1,769,502
4. PwD Trip Reimbursement	-	-	-	275,026	-	-	275,026
5. PwD Passenger Fares	-	-	-	48,695	-	-	48,695
6. AAA	-	139,479	-	106,246	-	-	245,725
7. MH/MR - Shared Ride Fare Structure	-	14,274	-	1,154,922	-	-	1,169,196
8. W2W - Shared Ride Fare Structure	-	-	-	-	-	-	-
9. MATP - Shared Ride Fare Structure	-	-	-	-	-	-	-
Other Agencies/Third Party Sponsors	-	-	-	1,615,140	-	-	1,615,140
10. Identify: Smaller agencies in Lanc	-	23,248	-	142,771	-	-	166,019
11. Identify	-	-	-	-	-	-	-
Other Revenue							
MATP							
12. Admin Reimbursement for MATP Shared Ride Fare Structure	-	-	-	-	-	-	-
Other (i.e. Block Grant)							
13. Identify: Misc income	-	-	-	301	-	-	301
14. Identify	-	-	-	-	-	-	-
15. Identify	-	-	-	-	-	-	-
16. Interest/Investment Income	-	-	-	-	-	-	-
17. Total Revenue	81,497	2,072,628	-	3,379,382	-	-	5,533,507
Non-Applied Reconciling Items							
18. Identify: Shared ride co-pays netted	-	-	-	(292,598)	-	-	(292,598)
19. Identify: Rounding	-	-	-	(16)	-	-	(16)
20. Total Non-Applied Reconciling Items	-	-	-	(292,614)	-	-	(292,614)
21. Total Revenue per Audit	\$ 81,497	\$ 2,072,628	\$ -	\$ 3,086,768	\$ -	\$ -	\$ 5,240,893

* Additional Department Approved Service (DAS) is Shared Ride Service provided by selected agencies grandfathered into the Section 1513 allocation formula.

Red Rose Transit Authority

Schedule of LEG - Non-Public Revenues - Other Transportation - FY 14-15
Year Ended June 30, 2015

Contract Revenue

Agency/Sponsor

1. MATP - Contract Rate Paratransit Revenue	\$	626,168
2. W2W - Contract Rate Paratransit Revenue		-
Other Contract Rate Paratransit Revenue		
3. Identify: JARC		258,963
4. Identify: Taxi		-
5. Identify		-

Other Revenue

6. MATP - Mileage Reimbursement		49,962
7. W2W - Other (i.e. vehicle purchase/repair, fixed-route fares)		-
8. Identify: Add'l Sec 1513 to balance SR		35,368

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 970,461

Non-Applied Reconciling Items

14. Identify		-
15. Identify		-

16. Total Non-Applied Reconciling Items -

17. Total Revenue per Audit \$ 970,461

Red Rose Transit Authority

Reconciliation of Operating Revenues to Financial Statements Prepared Under Accounting
Principles Generally Accepted in the United States of America
Year Ended June 30, 2015

Operating revenues reported on Schedule of LEG - Fixed Route Revenues	\$ 3,689,301
Operating revenues reported on Schedule of LEG - Non-Fixed Route Revenues - Urban	5,240,893
Operating revenues reported on Schedule of LEG - Non-Public Revenues - Other Transportation	<u>970,461</u>
Total Operating Revenues per Schedules	<u>9,900,655</u>
Reconciling Items	
Gain on disposal of capital assets	(24,657)
Senior citizen fixed route passenger fares in subsidy	(490,000)
Interest income	(44)
Section 1513 to balance shared ride	(35,384)
Rounding	<u>16</u>
	<u>(550,069)</u>
Operating Revenues Reported on the Statement of Revenues, Expenses, and Changes in Net Position	<u>\$ 9,350,586</u>

Red Rose Transit Authority

Schedule of LEG - Fixed Route Subsidies - FY 14-15
Year Ended June 30, 2015

	Fixed Route Urban	Fixed Route Rural	Total
1. Federal Operating Grant	\$ 1,400,000	\$ -	\$ 1,400,000
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	-	-	-
5. Other Federal Grants for Operating Costs Identify:	-	-	-
6. Subtotal Federal Subsidy	1,400,000	-	1,400,000
7. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - State Share	2,943,851	-	2,943,851
8. Act 44 Section 1513 Operating Grant Amount Charged - Current Year - State Share	1,155,561	-	1,155,561
9. Act 3 ASG Grant Amount Charged - State Share	-	-	-
10. Act 3 BSG Grant Amount Charged - State Share	-	-	-
11. Special Operating Grants - State Share Identify	-	-	-
12. Subtotal State Subsidy	4,099,412	-	4,099,412
13. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Municipal Source*	-	-	-
14. Act 44 Section 1513 Operating Grant Amount Charged - Current Year - Local Share - Municipal Source	74,502	-	74,502
15. Act 44 Section 1513 Operating Grant Amount Charged - Current Year - Local Share - Advertising Source**	-	-	-
16. Act 44 Section 1513 Operating Grant Amount Charged - Current Year - Local Share - Private Source	-	-	-
17. Act 3 ASG Grant Amount Charged - Local Share	-	-	-
18. Act 3 BSG Grant Amount Charged - Local Share	-	-	-
19. Special Operating Grants - Local Share Identify	-	-	-
20. Subtotal Local Subsidy	74,502	-	74,502
21. Grand Total Subsidy	5,573,914	-	5,573,914
Non-Applied Reconciling Items			
22. Identify Federal	-	-	-
23. Identify State	-	-	-
24. Identify Local	-	-	-
25. Total Non-Applied Reconciling Items	-	-	-
26. Grand Total Subsidy per Audit	\$ 5,573,914	\$ -	\$ 5,573,914

* Local match from municipal sources must be expanded the year it is received except for transit systems providing 15% match.

** Advertising revenue is only available as a local match if a municipality has agreed by resolution to offset any shortfall in advertising which results in insufficient local match funds. The use of advertising as local match reduces revenue available for operations and may reduce level of service or require fare increases.

Red Rose Transit Authority

Schedule of LEG - Non-Fixed Route Subsidies - Urban - FY 14-15
Year Ended June 30, 2015

	ADA	Shared Ride		Public	Total
	Paratransit	Standard	DAS*	Vanpool	
Subsidy					
1. Federal Operating Grant	\$ 475,351	\$ -	\$ -	\$ -	\$ 475,351
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	-	-	-	-	-
5. Other Federal Grants for Operating Costs Identify	-	-	-	-	-
6. Federal Shared-Ride Subsidy Identify	-	-	-	-	-
7. Subtotal Federal Subsidy	475,351	-	-	-	475,351
8. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - State Share	73,747	-	-	-	73,747
9. Act 44 Section 1513 Operating Grant Amount Charged - Current Year - State Share	(6,253)	(35,368)	-	-	(41,621)
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	-	-	-	-	-
13. State Shared Ride Subsidy Identify	-	-	-	-	-
14. Subtotal State Subsidy	67,494	(35,368)	-	-	32,126
15. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Municipal Source**	-	-	-	-	-
16. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Municipal Source	1,000	-	-	-	1,000
17. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Advertising Source***	-	-	-	-	-
18. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Private Source	-	-	-	-	-
19. Act 3 ASG Grant Amount Charged - Local Share	-	-	-	-	-
20. Act 3 BSG Grant Amount Charged - Local Share	-	-	-	-	-
21. Special Operating Grants - Local Share Identify	-	-	-	-	-
22. Local Shared Ride Subsidy Identify	-	-	-	-	-
23. Subtotal Local Subsidy	1,000	-	-	-	1,000
24. Grand Total Subsidy	543,845	(35,368)	-	-	508,477
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	\$ 543,845	\$ (35,368)	\$ -	\$ -	\$ 508,477

* Additional Department Approved Service (DAS) is Shared Ride Service provided by selected agencies grandfathered into the Section 1513 allocation formula.

** Local match from municipal sources must be expanded the year it is received except for transit systems providing 15% match.

*** Advertising revenue is only available as a local match if a municipality has agreed by resolution to offset any shortfall in advertising which results in insufficient local match funds. The use of advertising as local match reduces revenue available for operations and may reduce level of service or require fare increases.

Red Rose Transit Authority

Reconciliation of Operating Revenues to Financial Statements Prepared Under Accounting
Principles Generally Accepted in the United States of America
Year Ended June 30, 2015

Subsidies Reported on the Schedule of LEG - Fixed Route Subsidies	\$ 5,573,914
Subsidies Reported on the Schedule of LEG - Non-Fixed Route Subsidies - Urban	508,477
Reconciling items - senior citizen fixed route passenger fares in subsidy	<u>490,000</u>
	<u>\$ 6,572,391</u>
 Per Financial Statements	
Nonoperating revenues - Federal government	\$ 1,875,351
Nonoperating revenues - State government	4,656,906
Nonoperating revenues - Local government	<u>75,502</u>
 Subsidies Reported on the Statement of Revenues, Expenses, and Changes in Net Position	 <u>\$ 6,607,759</u>

Red Rose Transit Authority

Schedule of LEG - Budget Summary - FY 14-15
 Year Ended June 30, 2015

	Fixed Route		Non-Fixed Route								Non-Public Other Transportation	Total	
	Urban	Rural	ADA Paratransit		Shared Ride				Public Vanpool				
			Urban	Rural	Standard Urban	DAS* Urban	Standard Rural	DAS* Rural	Urban	Rural			
1. Total Operating Expenses	\$ 9,238,514	\$ -	\$ 625,342	\$ -	\$ 5,416,642	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 970,461	16,250,959
2. Total Revenue	3,664,600	-	81,497	-	5,452,010	-	-	-	-	-	-	970,461	10,168,568
3. Operating Deficit	(5,573,914)	-	(543,845)	-	35,368	-	-	-	-	-	-	-	(6,082,391)
4. Grand Total Subsidy	5,573,914	-	543,845	-	(35,368)	-	-	-	-	-	-	-	6,082,391
5. Applied Operating Result	-	-	-	-	-	-	-	-	-	-	-	-	-
Non-Applied Reconciling Items													
6. Total Non-Applied Reconciling Expense Items	821,533	-	-	-	2,248,764	-	-	-	-	-	-	-	3,070,297
7. Total Non-Applied Reconciling Revenue Items	24,701	-	(292,614)	-	-	-	-	-	-	-	-	-	(267,913)
8. Total Non-Applied Reconciling Subsidy Items	-	-	-	-	-	-	-	-	-	-	-	-	-
9. Operating Result per Audit	\$ (796,832)	\$ -	\$ (292,614)	\$ -	\$ (2,248,764)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (3,338,210)

* Additional Department Approved Service (DAS) is Shared Ride Service provided by selected agencies grandfathered into the Section 1513 allocation formula.

Red Rose Transit Authority

Schedule S1 - Local Match Provided - FY 14-15

Year Ended June 30, 2015

Act 44 Section 1513 Local Match for Operating Funds Received

<u>Contributor Name</u>	<u>Date of Final Payment*</u>	<u>Total Amount Provided</u>
County of Lancaster	10/27/2014	\$ 75,502
		-
		-
		-
Subtotal		75,502

Act 44 Section 1514 Local Match for Discretionary Capital Funds Received

Non Federal Projects

Federal Projects

Total Section 1514 Local Match Funds Received

<u>Contributor Name</u>	<u>Date of Final Payment*</u>	<u>Total Amount Provided</u>
		-
		-
		-
Subtotal		-

Act 44 Section 1514 Local Match for Capital Bond Funds Received

<u>Contributor Name</u>	<u>Date of Final Payment*</u>	<u>Total Amount Provided</u>
		-
		-
		-
Subtotal		-

Act 44 Section 1515 Local Match for New Initiatives

<u>Contributor Name</u>	<u>Date of Final Payment*</u>	<u>Total Amount Provided</u>
		-
		-
		-
Subtotal		-

Red Rose Transit Authority

Schedule S1 - Local Match Provided - FY 14-15 (continued)
Year Ended June 30, 2015

Act 44 Section 1516 Local Match for Programs of Statewide Significance

<u>Contributor Name</u>	<u>Date of Final Payment*</u>	<u>Total Amount Provided</u>
		-
		-
Subtotal		<u>-</u>

Local Match for PTAF Funds Received for Debt Service (PAAC and SEPTA only)

<u>Contributor Name</u>	<u>Date of Final Payment*</u>	<u>Total Amount Provided</u>
		-
		-
Subtotal		<u>-</u>

Unassigned Local Match Funding

<u>Contributor Name</u>	<u>Date of Final Payment*</u>	<u>Total Amount Provided</u>
		-
		-
Subtotal		<u>-</u>
Grand Total		<u>\$ 75,502</u>

* If local match was paid in installments, only the receipt date of the final payment must be provided.

Red Rose Transit Authority

Schedule S2 - Local Match Carryover FY 14-15
Year Ended June 30, 2015

A. Local match available as of June 30, 2014	<u>\$ -</u>
B. Local match funds provided during year-ended June 30, 2015	<u>75,502</u>
C. Local match operating expenditures for year ended June 30, 2015:	
a. Act 44 Section 1513 Local operating grant charged (prior years) - Municipal Source	-
b. Act 44 Section 1513 Local operating grant charged (current year) - Municipal Source	75,502
c. Act 44 Section 1513 Local operating grant charged (current year) - Advertising Source	-
d. Act 44 Section 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)	-
h. Other operating expenditures (if any)	-
i. Other operating expenditures (if any)	-
	<u>-</u>
D. Total local match operating expenditures for year-ended June 30, 2015 (Sum C.a - C.i)	<u>75,502</u>
E. Local match capital expenditures for year-ended June 30, 2015:	
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)	-
(Act 44 for PAAC and SEPTA only)	
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)	-
j. Other local match capital expenditures (if any)	-
k. Other local match capital expenditures (if any)	-
	<u>-</u>
F. Total local match capital expenditures for year-ended June 30, 2015 (Sum E.a - E.k)	<u>-</u>
G. Interest earned on local funds for year-ended June 30, 2015	<u>-</u>
H. Local match funds available as of June 30, 2015 (A+B-D-F+G)	<u><u>\$ -</u></u>

Red Rose Transit Authority

 Schedule S5 - Section 1513 Program Carryover - FY 14-15
 Year Ended June 30, 2015

	State Grant	Local Match	Total
A. FY 2014-15 Section 1513 URBAN Grant Agreement	\$ 5,832,842	\$ 75,502	\$ 5,908,344
Urban Section 1513 Grant Utilization For Fiscal Year Ended June 30, 2015			
1. Section 1513 fund balance as of June 30, 2014	\$ 2,943,851	-	\$ 2,943,851
2. Section 1513 funds received for FY 2015	5,832,842	75,502	5,908,344
3. PTAF Section 1513 funds received for FY 2015 (applicable to SEPTA and PAAC)	-	-	-
4. Total Section 1513 funds received for FY 2015 (Line 2+3, must agree with A above)	5,832,842	75,502	5,908,344
5. Interest income earned on Section 1513 funds in FY 2015	-	-	-
6. Total Section 1513 funds available in FY 2015 (Line 1+4+5)	8,776,693	75,502	8,852,195
7. Section 1513 funds used for Urban fixed route operating expenses in FY 2015	4,589,412	74,502	4,663,914
8. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2015	67,494	1,000	68,494
9. Section 1513 funds used for Rural fixed route operating expenses in FY 2015	-	-	-
10. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2015	-	-	-
11. Section 1513 funds used for Urban capital costs in FY 2015 (waiver required)	-	-	-
12. Section 1513 funds used for Rural capital costs in FY 2015 (waiver required)	-	-	-
13. Total Section 1513 used in FY 2015 (Line 7+8+9+10+11+12)	4,656,906	75,502	4,732,408
14. Section 1513 fund balance as of June 30, 2015 (Line 6-13)	\$ 4,119,787	-	\$ 4,119,787
B. FY 2014-15 Section 1513 RURAL Grant Agreement	\$ -	\$ -	\$ -
Rural Section 1513 Grant Utilization for Fiscal Year Ended June 30, 2015			
15. Section 1513 fund balance as of June 30, 2014	\$ -	-	\$ -
16. Section 1513 funds received for FY 2015 (must agree with B above)	-	-	-
17. Interest income earned on Section 1513 funds in FY 2015	-	-	-
18. Total Section 1513 funds available in FY 2015 (Line 15+16+17)	-	-	-
19. Section 1513 funds used for Rural fixed route operating expenses in FY 2015	-	-	-
20. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2015	-	-	-
21. Section 1513 funds used for Urban fixed route operating expenses in FY 2015	-	-	-
22. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2015	-	-	-
23. Section 1513 funds used for Rural capital costs in FY 2015 (waiver required)	-	-	-
24. Section 1513 funds used for Urban capital costs in FY 2015 (waiver required)	-	-	-
25. Total Section 1513 used in FY 2015 (Line 19+20+21+22+23+24)	-	-	-
26. Section 1513 fund balance as of June 30, 2015 (Line 18-25)	\$ -	\$ -	\$ -
C. Total Agency Section 1513 Grant Utilization for Fiscal Year Ended June 30, 2015			
27. Section 1513 fund balance as of June 30, 2014	\$ 2,943,851	-	\$ 2,943,851
28. Section 1513 funds received for FY 2015	5,832,842	75,502	5,908,344
29. PTAF Section 1513 funds received for FY 2015 (applicable to SEPTA and PAAC)	-	-	-
30. Total Section 1513 funds received for FY 2015 (Line 28+29)	5,832,842	75,502	5,908,344
31. Interest income earned on Section 1513 funds in FY 2015	-	-	-
32. Total Section 1513 funds available for FY 2015 (Line 27+30+31)	8,776,693	75,502	8,852,195
33. Section 1513 funds used for Urban fixed route operating expenses in FY 2015	4,589,412	74,502	4,663,914
34. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2015	67,494	1,000	68,494
35. Section 1513 funds used for Rural fixed route operating expenses in FY 2015	-	-	-
36. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2015	-	-	-
37. Section 1513 funds used for Urban capital costs in FY 2015 (waiver required)	-	-	-
38. Section 1513 funds used for Rural capital costs in FY 2015 (waiver required)	-	-	-
39. Total Section 1513 used in FY 2015 (Line 33+34+35+36+37+38)	4,656,906	75,502	4,732,408
40. Section 1513 fund balance as of June 30, 2015 (Line 32-39)	\$ 4,119,787	\$ -	\$ 4,119,787

Red Rose Transit Authority

Schedule S6 - Shared Ride Expense Allocation Worksheet

Year Ended June 30, 2015

Please respond to the following questions. Do you use the same administrative staff/facilities and/or vehicles/drivers to:

1. Provide services (i.e. home-delivered meals, etc.) other than passenger transportation? Yes No
2. Provide transportation services other than shared ride (i.e. exclusive ride taxi, fixed-route, charter, etc.)? Yes No
3. Provide transportation services at fares or contract rates which differ from the shared ride fare structure? Yes No

If you answered "yes" to any of the three questions, you must complete the Shared Ride Expense Allocation Worksheet.

Shared Ride Expense Allocation Worksheet

	% Allocated to Fixed Route	% Allocated to Paratransit (ADA)	% Allocated to Shared Ride	% Allocated to Non-Public	Basis for Allocation
1. Operators' Salaries & Wages	- %	- %	- %	- %	Other
2. Other Salaries & Wages	-	8.09	77.99	13.92	Other
3. Fringe Benefits	-	8.09	77.99	13.92	Other
4. Services	-	8.09	77.99	13.92	Other
5. Fuel & Lubricants	-	-	-	-	Other
6. Tires & Tubes	-	-	-	-	Other
7. Other Materials & Supplies	-	8.09	77.99	13.92	Other
8. Utilities	-	8.09	77.99	13.92	Other
9. Casualty & Liability Costs	-	8.09	77.99	13.92	Other
10. Taxes	-	-	-	-	Other
11. Purchased Transportation	-	8.09	77.99	13.92	Other
12. Miscellaneous Expenses	-	8.09	77.99	13.92	Other

Red Rose Transit Authority

Year Ended June 30, 2015

CAPITAL REPORT #1																			
FISCAL YEAR AND INCEPTION-TO-DATE CAPITAL PROJECT SPENDING																			
	A	B	C	D	E	F	G	H	I	J-1	J-2	J-3	J-4	J-5	J-6	K=SUM (A-J)	L	M=L-K	
1	Capital Project Title:	Transit Enhancements	AVL System	Shared-Ride Revenue Vehicles	Radios	Transit Development Plan	Queen Street Station Phase 2	SCTA Consolidation	Office Equipment & Furniture	Computer Hardware & Software	Ecolane	Fuel Dispensing System	Fixed Route Revenue Equipment	Preventative Maintenance	Americans with Disabilities	JARC	Total Spent	Total Granted Funds	Granted Funds Less Amt Spent
2	Expenditures Through the End of the Prior Fiscal Year																		
	Sources of Funds for the Current Fiscal Year																		
3	Federal Capital - 5303/5304/5305 - FTA Planning																		
4	Federal Capital - 5307 - FTA Urban Formula	\$ 13,137	\$ 617,585	\$ 365,086		\$ 49,103	\$ 25,965					\$ 313				\$ 1,071,189	\$ 1,071,189	\$ -	
5	Federal Capital - 5309 - FTA Fixed Guideway																		
6	Federal Capital - 5309 - FTA Bus/Bus Facilities																		
7	Federal Capital - 5309 - FTA New/Small Starts																		
8	Federal Capital - 5310 - FTA Senior and PWD																		
9	Federal Capital - 5311 - FTA Rural																		
10	Federal Capital - 5311 - FTA Other																		
11	Federal Capital - 5313/5314 - FTA Research & Tech																		
12	Federal Capital - 5316 - FTA JARC														155,943	155,943	155,943		
13	Federal Capital - FLEX																		
14	Federal Capital FHWA Programs (CMAQ, ITS, STP,...)																		
15	Federal Capital - Other			65,353	4,385								1,400,000	459,030		1,928,768	1,928,768		
16	State - 1513 - Waiver to Use for Capital																		
17	State Capital - 1514 - PA Bond Program			76,564			5,405									81,969	81,969		
18	State Capital - 1514 - Discretionary		148,416													148,416	148,416		
19	State Capital - 1515 - New Initiatives																		
20	State Capital - 1516 - CTC			277,027	1,060						37,620					315,707	315,707		
21	State Capital - 1516 - Other																		
22	State Capital - 1517 - Capital Improvement Program	2,734		130,044					12,516	80,991		56,534				282,819	282,819		
23	State Capital - PTAF																		
24	State Capital - All Sources Used for Debt Service																		
25	State Capital - ASG/BSG																		
26	State Capital - Other					18,113	162,019						646,977	138,225	157,782	1,123,116	1,123,116		
27	Local Match - 1513 - Waiver to Use for Capital																		
28	Local Match Capital - 1514 - PA Bond Program			2,525			1,086									3,611	3,611		
29	Local Match Capital - 1514 - Discretionary		5,980													5,980	5,980		
30	Local Match Capital - 1515 - New Initiatives																		
31	Local Match Capital - 1516 - CTC			464	36						3					503	503		
32	Local Match Capital - 1516 - Other																		
33	Local Match Capital - PTAF																		
34	Local Match Capital - All Sources Used for Debt Service																		
35	Local Match Capital - ASG/BSG																		
36	Local Match Other	550		594		611	5,596		3	9		1,054	78	34,342	1,000	43,837	43,837		
37	Local Contribution			10,656												10,656	10,656		
38	Proceeds from Agency Issued Bonds																		
39	Agency Loan Proceeds																		
40	Other Financing Transaction Proceeds																		
41	Internal Working Capital																		
42	Proceeds from Disposition of Assets																		
43	Foundations and Non-Profits																		
44	Private																		
45	Other																		
46	Total Sources of Funds Spent in the Current FY	16,421	771,981	928,313	5,481	67,827	32,456	167,615	12,519	81,000	37,623	57,588	391	2,081,319	598,255	313,725	5,172,514	5,172,514	\$ -
47	Total Sources of Funds Spent Inception-to-Date	16,421	771,981	928,313	5,481	67,827	32,456	167,615	12,519	81,000	37,623	57,588	391	2,081,319	598,255	313,725	5,172,514	5,172,514	\$ -
48	Total Granted Sources of Funds Inception to Date																		
49	Granted Sources Less Amount Spent Inception to Date	\$ (16,421)	\$ (771,981)	\$ (928,313)	\$ (5,481)	\$ (67,827)	\$ (32,456)	\$ (167,615)	\$ (12,519)	\$ (81,000)	\$ (37,623)	\$ (57,588)	\$ (391)	\$ (2,081,319)	\$ (598,255)	\$ (313,725)	\$ (5,172,514)	\$ (5,172,514)	\$ -