

**Centre Area Transportation Authority**



**Financial Statements and  
Supplementary Information**

**June 30, 2017 and 2016**



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# Centre Area Transportation Authority

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## Independent Auditor's Report

To the Board of Directors  
Centre Area Transportation Authority  
State College, Pennsylvania

### Report on the Financial Statements

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

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

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

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

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

## **Opinion**

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 to 8 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

## **Other 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 supplementary information listed in the table of contents is fairly stated in all material respects in relation to the basic financial statements as a whole.

The accompanying other operating statistics - unaudited listed as supplementary information on page 28 is presented for purposes of additional analysis and are not a required part of the basic financial statements. This information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

**Other Reporting Required by *Government Auditing Standards* and 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 18, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements of the Pennsylvania Department of Transportation in considering the Authority's internal control over financial reporting and compliance.

RKL LLP

December 18, 2017  
Lancaster, Pennsylvania

## **Centre Area Transportation Authority**

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### Management's Discussion and Analysis

June 30, 2017 and 2016

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

#### **Authority Activities and Highlights**

- The Authority's net position increased by \$12,218,512 or 32.41% for the year ended June 30, 2017, compared to an increase of \$11,324,657 or 42.95% and an increase of \$7,456,842 or 39.43% for the years ended June 30, 2016 and 2015, respectively.
- The Authority is in the process of constructing a new operating facility which represents approximately a \$42,000,000 project. This project is being funded through federal, state, and local grants.
- The Authority's operating revenues decreased 4.03%, while expenses, including depreciation, increased by 13.91% for the year ended June 30, 2017. Increased revenues resulted primarily from higher purchase-of-service income from the Authority's apartment pass program and contracted service to The Pennsylvania State University (Penn State), as well as increased sales of Penn State's Ride for \$5. The primary reasons for the increase in operating expenditures include wage increases and higher employee benefit costs. For the years ended June 30, 2016 and 2015, operating revenues increased 2.53% and 9.55%, respectively, while expenses, including depreciation, increased 1.80% and 6.09%, respectively.
- The Authority provided approximately 6.9 million trips and recorded almost 1.9 million total revenue miles during the year ended June 30, 2017 in fixed route service. Demand responsive paratransit service accounted for approximately an additional 35,000 trips and 153,000 revenue miles, and commuter services provided approximately 170,000 trips and 854,000 million revenue miles.
- Operational highlights for the year ended June 30, 2017 continued work on the Authority's facility expansion project funded by PennDOT and a Federal State of Good Repair grant.

#### **Overview of the Financial Statements**

CATA'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 the financial statements. This report also includes other supplementary information.

The Authority's financial statements are prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board.

**Statement of Net Position** - The statement of net position presents the financial position of the Authority and includes information on CATA's assets and liabilities, with the difference between them 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.

## Centre Area Transportation Authority

### Management's Discussion and Analysis

June 30, 2017 and 2016

#### Overview of the Financial Statements (continued)

**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.

**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 Authority's financial statements. The notes to the financial statements are included in 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 CATA, assets exceed liabilities by \$49,912,890, \$37,694,378, and \$26,369,721 at June 30, 2017, 2016, and 2015, respectively.

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Assets</b>			
Current assets	\$ 8,924,683	\$ 10,774,887	\$ 8,817,398
Capital assets, net	<u>49,861,990</u>	<u>37,643,478</u>	<u>26,318,821</u>
<b>Total Assets</b>	<u>58,786,673</u>	<u>48,418,365</u>	<u>35,136,219</u>
<b>Liabilities</b>	<u>8,873,783</u>	<u>10,723,987</u>	<u>8,766,498</u>
<b>Net Position</b>			
Investment in capital assets	49,861,990	37,643,478	26,318,821
Unrestricted	<u>50,900</u>	<u>50,900</u>	<u>50,900</u>
<b>Total Net Position</b>	<u>\$ 49,912,890</u>	<u>\$ 37,694,378</u>	<u>\$ 26,369,721</u>

By far the largest portion of the Authority's net position reflects in its investment in capital assets (e.g., land, construction-in-process, buildings, vehicles, and equipment). CATA receives capital grant funding from the federal, state, and local governments to acquire these capital assets. Therefore, certain restrictions are placed on their disposal. CATA uses these capital assets to support and provide public transportation services. For this reason, and due to the restrictions placed on the disposal of these capital assets, these assets are not available for future spending.



## Centre Area Transportation Authority

### Management's Discussion and Analysis

June 30, 2017 and 2016

#### Financial Analysis (continued)

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

	<u>2017</u>	<u>2016</u>	<u>2015</u>
<b>Operating Revenues</b>			
Passenger fares	\$ 7,497,141	\$ 7,647,563	\$ 7,532,922
Grant subsidized fares	257,295	244,579	281,503
Other operating revenues	<u>415,297</u>	<u>620,628</u>	<u>488,563</u>
<b>Total Operating Revenues</b>	<u>8,169,733</u>	<u>8,512,770</u>	<u>8,302,988</u>
<b>Operating Expenses</b>			
Salaries, wages, and payroll taxes	8,762,592	8,425,028	7,794,003
Fringe benefits	3,778,717	2,665,031	3,111,406
Purchased transportation	798,761	656,920	720,343
Depreciation	2,756,375	2,407,235	2,160,669
Other operating expenses	<u>3,208,434</u>	<u>2,793,721</u>	<u>2,862,533</u>
<b>Total Operating Expenses</b>	<u>19,304,879</u>	<u>16,947,935</u>	<u>16,648,954</u>
<b>Nonoperating Revenues (Expenses)</b>			
Federal government	1,674,377	3,139,837	3,256,078
Local governments	561,540	560,937	574,074
State government	6,143,208	2,334,316	2,400,503
Interest income	-	160	199
Interest expense	(354)	(7,320)	(45,557)
Loss on disposal of capital assets	<u>(13,225)</u>	<u>(72)</u>	<u>(21,230)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<u>8,365,546</u>	<u>6,027,858</u>	<u>6,164,067</u>
<b>Capital Grant Funding</b>	<u>14,988,112</u>	<u>13,731,964</u>	<u>9,638,741</u>
<b>Increase in Net Position</b>	<u>\$ 12,218,512</u>	<u>\$ 11,324,657</u>	<u>\$ 7,456,842</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, wages, and fringe benefits. Operating revenues consist primarily of passenger fares, over half of which represent income from contracts with apartment complexes and Penn State to purchase free-fare transportation for specified passenger groups or on specific routes.

## Centre Area Transportation Authority

### Management's Discussion and Analysis June 30, 2017 and 2016

#### Capital Assets and Debt Administration

##### Capital Assets

CATA's investment in capital assets includes land, construction-in-process, buildings, revenue and service vehicles and equipment, shop and garage equipment, furniture and office equipment, and miscellaneous revenue equipment. Capital acquisitions are recorded at cost and are funded by federal, state, and local government grants.

CATA's investment in capital assets as of June 30, 2017, 2016, and 2015, net of accumulated depreciation, amounted to \$49,861,990, \$37,643,478, and \$26,318,821, respectively. These amounts represent a net increase (including additions, deletions, and depreciation) of \$12,218,512 or 32.46% for the year ended June 30, 2017, a net increase (including additions, deletions, and depreciation) of \$11,324,657 or 42.95% for the year ended June 30, 2016, and a net increase of \$7,456,842 or 39.53% for the years ended June 30, 2016 and 2015, respectively, from the previous years.

	Capital Assets at June 30,		
	2017	2016	2015
Land	\$ 340,700	\$ 340,700	\$ 340,700
Construction-in-process	20,614,316	19,725,608	6,385,919
Buildings	19,211,971	8,662,307	8,576,448
Revenue vehicles and equipment	22,229,130	21,997,767	17,329,628
Service vehicles and equipment	477,748	365,239	260,897
Shop and garage equipment	436,621	357,637	220,958
Furniture and office equipment	1,529,589	837,302	5,398,904
Miscellaneous revenue equipment	351,643	180,694	223,820
	<u>\$ 65,191,718</u>	<u>\$ 52,467,254</u>	<u>\$ 38,737,274</u>

During the year ended June 30, 2017, the Authority expended \$15,017,227 on two service vehicles, ERP software, communications/computer equipment, passenger shelters/signs/amenities, various office/shop equipment, and the Authority's facility expansion project.

During the year ended June 30, 2016, the Authority expended \$13,931,980 on five vanpool vans, ten service vehicles, APTS improvements, upgraded computer equipment, addition of passenger shelters/signs/amenities, a new point of sale system, and the Authority's facility expansion project.

During the year ended June 30, 2015, the Authority expended \$9,638,741 on ten 40' buses, five 33' buses, three paratransit vehicles, two vanpool vans, and five service vehicles; a strategic plan update; paratransit software improvements; APTS improvements; upgraded computer equipment; a new phone system; addition of passenger shelters, signs, and other stop amenities; and the Authority's facility expansion project.

For the upcoming fiscal year, we anticipate construction work to continue for the Authority's facility expansion project; acquisition of vanpool vans; continued improvements to shelters and other passenger amenities; and continued upgrades to software for scheduling. These projects will be funded through federal and state grants, along with the required local matching capital funds.

## **Centre Area Transportation Authority**

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### Management's Discussion and Analysis

June 30, 2017 and 2016

#### **Capital Assets and Debt Administration (continued)**

##### **Capital Assets (continued)**

Additional information on the Authority's capital assets can be found in Note 10 to the financial statements.

##### **Debt Administration**

The Authority uses the lines of credit noted below for the purchase of capital assets. Additionally, acquisitions are also funded by federal, state, and local governmental grants.

The Authority has a \$3,000,000 line of credit and a \$3,198,780 line of credit. At June 30, 2017, \$-0- was outstanding against the lines of credit.

Additional information on the Authority's debt can be found in Note 11 to the financial statements.

#### **Economic Factors**

Although Centre County is predominantly rural, the Authority's service area includes the main campus of Penn State, with over 50,000 students, staff, and faculty, and the surrounding suburban areas. With parking at a premium on campus, very high population densities along student housing corridors, and increasing traffic congestion, CATA provides nearly seven million rides each year, an extraordinary number for a small transit system. This extremely high ridership remains the key to obtaining additional federal funds through the Small Transit Intensive Cities (STIC) program, which provides CATA with additional federal formula assistance annually, and through the Act 89 allocation formula that provides additional state operating assistance for CATA.

Again this year, ridership is strong from contracts with student apartment complexes and Penn State. With these contracts, well over half of all passenger fare revenues, and considerably more than half of all passengers, are derived from purchase of service arrangements.

All categories of fares on CATA's bus, paratransit, and commuter services are regularly evaluated and reassessed appropriately. The Authority is dependent on the Federal Transit Administration, the Pennsylvania Department of Transportation, and local governments to finance the deficit between operating revenues and operating expenses.

With continued growth in the area, over the past few years CATA has met demands for new or added service to accommodate riders in new residential and commercial developments being built at the outskirts of the urbanized area and beyond. This is something that may become particularly challenging going forward given limited funding sources, particularly in the capital arena.

#### **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 Director of Finance at CATA, 2081 W. Whitehall Road, State College, Pennsylvania 16801; telephone: 814-238-2282 ext. 5179.

# Centre Area Transportation Authority

## Statement of Net Position

	June 30,	
	2017	2016
<b>Assets</b>		
<b>Current Assets</b>		
Cash	\$ 400	\$ 300
Cash - restricted	3,186,752	2,540,982
Accounts receivable	224,034	231,216
Inventory - parts	570,184	571,635
Prepaid expenses	286,672	371,416
Due from Commonwealth of Pennsylvania	44,013	40,766
Federal operating assistance receivable	1,434,438	1,441,808
Capital grants receivable	3,178,190	5,576,764
<b>Total Current Assets</b>	<b>8,924,683</b>	<b>10,774,887</b>
<b>Capital Assets</b>		
Capital assets not being depreciated	20,955,016	20,066,308
Capital assets being depreciated, net	28,906,974	17,577,170
<b>Total Capital Assets</b>	<b>49,861,990</b>	<b>37,643,478</b>
<b>Total Assets</b>	<b>58,786,673</b>	<b>48,418,365</b>
<b>Liabilities</b>		
<b>Current Liabilities</b>		
Accounts payable	962,105	2,846,931
Accrued expenses		
Wages and related withholdings	100,641	353,364
Vacation wages	470,361	446,040
Payroll taxes	6,978	26,239
Other	21,750	21,750
Unearned pass income	11,668	10,534
Unearned revenue - vanpool for capital funds	779,265	501,406
Unearned revenue - local grant funds	390,299	290,232
Unearned revenue - Commonwealth of Pennsylvania Act 44 funds	6,130,716	6,227,491
<b>Total Liabilities</b>	<b>8,873,783</b>	<b>10,723,987</b>
<b>Net Position</b>		
<b>Net Position</b>		
Investment in capital assets	49,861,990	37,643,478
Unrestricted	50,900	50,900
<b>Total Net Position</b>	<b>\$ 49,912,890</b>	<b>\$ 37,694,378</b>

See accompanying notes.

## Centre Area Transportation Authority

### Statement of Revenues, Expenses, and Changes in Net Position

	Years Ended June 30,	
	2017	2016
<b>Operating Revenues</b>		
Passenger fares	\$ 2,595,093	\$ 2,873,630
Route guarantees	4,578,545	4,394,205
Vanpool fares	323,503	379,728
State Shared Ride Program	257,295	244,579
Other contract revenue	6,890	7,605
Advertising	124,145	96,489
Miscellaneous income	284,262	516,534
	<u>8,169,733</u>	<u>8,512,770</u>
<b>Total Operating Revenues</b>	<b>8,169,733</b>	<b>8,512,770</b>
<b>Operating Expenses</b>		
Salaries and wages	8,762,592	8,425,028
Fringe benefits	3,778,717	2,665,031
Services	607,080	507,258
Fuel and lubricants	682,187	660,052
Tires and tubes	90,472	81,328
Other material and supplies	992,535	764,567
Utilities	268,958	214,991
Casualty and liability	331,330	348,986
Purchased transportation	798,761	656,920
Miscellaneous expense	235,872	216,539
Depreciation	2,756,375	2,407,235
	<u>19,304,879</u>	<u>16,947,935</u>
<b>Total Operating Expenses</b>	<b>19,304,879</b>	<b>16,947,935</b>
<b>Loss from Operations</b>	<b>(11,135,146)</b>	<b>(8,435,165)</b>
<b>Nonoperating Revenues (Expenses)</b>		
Capital funds used for operating assistance		
Federal government	122,421	-
Commonwealth of Pennsylvania	29,601	-
Local governments	980	-
Operating grants		
Federal government	1,551,956	3,139,837
Commonwealth of Pennsylvania Act 44 funds	6,113,607	2,334,316
Local governments Act 44 matching funds	550,477	524,264
Other local operating funds	10,083	36,673
	<u>8,379,125</u>	<u>6,035,090</u>
<b>Total Government Subsidies for Operations</b>	<b>8,379,125</b>	<b>6,035,090</b>
Interest income	-	160
Loss on disposal of capital assets	(13,225)	(72)
Interest expense	(354)	(7,320)
	<u>(13,579)</u>	<u>(7,232)</u>
<b>Total Nonoperating Revenues (Expenses)</b>	<b>8,365,546</b>	<b>6,027,858</b>
<b>Loss Before Capital Grant Funding</b>	<b>(2,769,600)</b>	<b>(2,407,307)</b>

See accompanying notes.

## Centre Area Transportation Authority

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

	Years Ended June 30,	
	2017	2016
<b>Capital Grant Funding</b>		
Federal government	6,950,887	10,530,855
State government	7,890,330	3,057,783
Local governments and other	146,895	143,326
<b>Total Capital Grant Funding</b>	<b>14,988,112</b>	<b>13,731,964</b>
<b>Increase in Net Position</b>	<b>12,218,512</b>	<b>11,324,657</b>
<b>Net Position at Beginning of the Year</b>	<b>37,694,378</b>	<b>26,369,721</b>
<b>Net Position at End of the Year</b>	<b>\$ 49,912,890</b>	<b>\$ 37,694,378</b>

## Centre Area Transportation Authority

### Statement of Cash Flows

	Years Ended June 30,	
	2017	2016
<b>Cash Flows from Operating Activities</b>		
Cash received from customers	\$ 7,766,395	\$ 7,263,045
Cash payments to suppliers for goods and services	(9,584,543)	(4,786,863)
Cash payments to employees for services	(9,010,255)	(8,267,068)
Other operating cash receipts	408,407	613,023
<b>Net Cash Used in Operating Activities</b>	<b>(10,419,996)</b>	<b>(5,177,863)</b>
<b>Cash Flows from Noncapital Financing Activities</b>		
Receipts from operating and planning grants	8,289,401	8,576,697
Payments on notes payable, net	-	(2,778,815)
Interest paid	(354)	(7,320)
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>8,289,047</b>	<b>5,790,562</b>
<b>Cash Flows from Capital and Related Financing Activities</b>		
Receipts from capital grants	17,764,612	13,805,769
Purchase of capital assets	(14,988,112)	(13,731,964)
<b>Net Cash Provided by Capital and Related Financing Activities</b>	<b>2,776,500</b>	<b>73,805</b>
<b>Cash Flows Provided by Investing Activities</b>		
Interest income received	319	160
<b>Net Increase in Cash</b>	<b>645,870</b>	<b>686,664</b>
<b>Cash at Beginning of Year</b>	<b>2,541,282</b>	<b>1,854,618</b>
<b>Cash at End of Year</b>	<b>\$ 3,187,152</b>	<b>\$ 2,541,282</b>
<b>Cash is Comprised of the Following on the Statement of Net Position</b>		
Cash	\$ 400	\$ 300
Cash - restricted	3,186,752	2,540,982
	<b>\$ 3,187,152</b>	<b>\$ 2,541,282</b>

## Centre Area Transportation Authority

### Statement of Cash Flows (continued)

	Years Ended June 30,	
	2017	2016
<b>Reconciliation of Operating Loss to Net Cash Used in Operating Activities</b>		
Loss from operations	\$ (11,135,146)	\$ (8,435,165)
Adjustments to reconcile loss from operations to net cash used in operating activities		
Depreciation	2,756,375	2,407,235
(Increase) decrease in assets		
Accounts and other receivables	3,935	7,090
Inventory	1,451	(69,302)
Prepaid expenses	84,744	(255,042)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(2,132,489)	1,811,113
Deferred revenue	1,134	(643,792)
<b>Net Cash Used in Operating Activities</b>	<b>\$ (10,419,996)</b>	<b>\$ (5,177,863)</b>



## **Centre Area Transportation Authority**

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### Notes to Financial Statements

June 30, 2017 and 2016

#### **Note 1 - Nature of Activity**

The Centre Area Transportation Authority (the Authority) was created May 17, 1974 by the Borough of State College under the laws of the Commonwealth of Pennsylvania, in compliance with the Pennsylvania Municipality Authorities Act, for the purpose of providing public transportation within Centre County. On February 11, 1984, the Authority was reorganized as a joint authority by the Borough of State College and the Townships of College, Ferguson, Harris, and Patton. The Authority is governed by a five-member board, one appointed by each of the sponsoring municipalities.

The Authority provides standard bus service on fixed routes, vanpool services, and door-to-door transportation services to the general public and to qualifying elderly and handicapped persons at special fares.

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

#### **Note 2 - Summary of Significant Accounting Policies**

The accompanying financial statements are in accordance to 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.

## **Centre Area Transportation Authority**

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### Notes to Financial Statements

June 30, 2017 and 2016

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

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

Operating revenues and expenses are distinguished from nonoperating items in the statement of revenues, expenses, and changes in net position. Operating revenues and expenses generally result from providing services in connection with the Authority's principal ongoing operations. 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 nonoperating revenues and expenses. The principal nonoperating revenues of the Authority are operating and capital grants from the federal, state, and local governments and interest income. The principal nonoperating expenses are interest expense and losses on the disposal of capital assets.

When restricted and unrestricted resources are available for 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**

For purposes of reporting cash flows, the Authority considers all cash accounts, which are not subject to withdrawal restrictions or penalties, and all highly-liquid debt investments purchased with a maturity of three months or less to be cash.

###### **Restricted Assets**

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

###### **Accounts Receivable**

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

## Centre Area Transportation Authority

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### Notes to Financial Statements

June 30, 2017 and 2016

#### Note 2 - Summary of Significant Accounting Policies (continued)

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

###### Inventory and Prepaid Expenses

Inventory is 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 include property, plant, and equipment with a cost in excess of \$500 and a useful life greater than one year and are recorded at historical cost and depreciated utilizing the straight-line method over their estimated useful lives as follows:

Buildings	10 to 45 years
Revenue vehicles and equipment	4 to 12 years
Service vehicles and equipment	5 to 10 years
Shop and garage equipment	10 to 15 years
Furniture and office equipment	4 to 15 years
Miscellaneous revenue equipment	5 to 12 years

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

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

###### Long-Lived Assets

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

###### Compensated Absences

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

## **Centre Area Transportation Authority**

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### Notes to Financial Statements

June 30, 2017 and 2016

#### **Note 2 - Summary of Significant Accounting Policies (continued)**

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

###### **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.

###### **Net Position**

Net position is classified into three categories as follows:

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

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

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

###### **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 Pronouncement**

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

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

## Centre Area Transportation Authority

### Notes to Financial Statements

June 30, 2017 and 2016

#### Note 3 - Budget Matters

The Authority adopts 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

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, 2017 and 2016, the carrying amounts of the Authority's bank deposits were \$3,186,752 and \$2,540,982 and the corresponding bank balances were \$3,261,793 and \$3,761,916 of which \$3,011,793 and \$3,511,916, 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 has petty cash funds of \$400 and \$300 as of June 30, 2017 and 2016, respectively.

#### Note 6 - Restricted Cash

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

	<u>2017</u>	<u>2016</u>
Deferred Vanpool funds for capital	\$ 779,265	\$ 501,406
Unearned local government funds	390,299	290,232
Commonwealth of Pennsylvania Act 44	<u>2,017,188</u>	<u>1,749,344</u>
	<u>\$ 3,186,752</u>	<u>\$ 2,540,982</u>

At June 30, 2017 and 2016, the Authority utilized \$4,113,528 and \$4,478,147 of Act 44 funds on operating and capital projects, which will be returned to the restricted account upon payment of the federal and state share of those projects which are in grants receivable at June 30, 2017.

#### Note 7 - Due from Commonwealth of Pennsylvania

At June 30, 2017 and 2016, \$44,013 and \$40,766, respectively, was due for the State Shared Ride Program.

## Centre Area Transportation Authority

### Notes to Financial Statements

June 30, 2017 and 2016

#### Note 8 - Federal Operating Assistance Receivable

At June 30, 2017 and 2016, \$1,434,438 and \$1,441,808, respectively, was due from the Federal Transit Administration for operating assistance.

#### Note 9 - Capital Grants Receivable

The following amounts are due on capital project grants at June 30:

	2017	2016
Federal government	\$ 1,370,999	\$ 2,281,093
Commonwealth of Pennsylvania	1,807,191	3,295,671
	<u>\$ 3,178,190</u>	<u>\$ 5,576,764</u>

#### Note 10 - Capital Assets

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

	2017			
	Balance July 1, 2016	Additions	Deletions/ Transfers	Balance June 30, 2017
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 340,700	\$ -	\$ -	\$ 340,700
Construction-in-process	19,725,608	13,531,983	(12,643,275)	20,614,316
<b>Total Capital Assets Not Being Depreciated</b>	<u>20,066,308</u>	<u>13,531,983</u>	<u>(12,643,275)</u>	<u>20,955,016</u>
<b>Capital Assets Being Depreciated</b>				
Buildings	8,662,307	-	10,549,664	19,211,971
Revenue vehicles and equipment	21,997,767	364,162	(132,799)	22,229,130
Service vehicles and equipment	365,239	112,509	-	477,748
Shop and garage equipment	357,637	79,314	(330)	436,621
Furniture and office equipment	837,302	729,195	(36,908)	1,529,589
Miscellaneous revenue equipment	180,694	170,949	-	351,643
<b>Total Capital Assets Being Depreciated</b>	<u>32,400,946</u>	<u>1,456,129</u>	<u>10,379,627</u>	<u>44,236,702</u>
<b>Accumulated Depreciation</b>				
Buildings	6,217,279	460,455	(2,093,612)	4,584,122
Revenue vehicles and equipment	7,534,603	1,927,433	(71,697)	9,390,339
Service vehicles and equipment	114,374	93,685	-	208,059
Shop and garage equipment	203,967	32,451	(330)	236,088
Furniture and office equipment	669,063	170,839	(36,908)	802,994
Miscellaneous revenue equipment	84,490	23,636	-	108,126
<b>Accumulated Depreciation</b>	<u>14,823,776</u>	<u>2,708,499</u>	<u>(2,202,547)</u>	<u>15,329,728</u>

# Centre Area Transportation Authority

## Notes to Financial Statements

June 30, 2017 and 2016

### Note 10 - Capital Assets (continued)

	2017			Balance June 30, 2017
	Balance July 1, 2016	Additions	Deletions/ Transfers	
<b>Capital Assets Being Depreciated, Net</b>	<b>17,577,170</b>	<b>(1,252,370)</b>	<b>12,582,174</b>	<b>28,906,974</b>
<b>Capital Assets, Net</b>	<b>\$ 37,643,478</b>	<b>\$ 12,279,613</b>	<b>\$ (61,101)</b>	<b>\$ 49,861,990</b>
	2016			
	Balance July 1, 2015	Additions	Deletions/ Transfers	Balance June 30, 2016
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 340,700	\$ -	\$ -	\$ 340,700
Construction-in-process	6,385,919	13,339,641	48	19,725,608
<b>Total Capital Assets Not Being Depreciated</b>	<b>6,726,619</b>	<b>13,339,641</b>	<b>48</b>	<b>20,066,308</b>
<b>Capital Assets Being Depreciated</b>				
Buildings	8,576,448	-	85,859	8,662,307
Revenue vehicles and equipment	17,329,628	158,509	4,509,630	21,997,767
Service vehicles and equipment	260,897	173,774	(69,432)	365,239
Shop and garage equipment	220,958	4,655	132,024	357,637
Furniture and office equipment	5,398,904	32,715	(4,594,317)	837,302
Miscellaneous revenue equipment	223,820	22,669	(65,795)	180,694
<b>Total Capital Assets Being Depreciated</b>	<b>32,010,655</b>	<b>392,322</b>	<b>(2,031)</b>	<b>32,400,946</b>
<b>Accumulated Depreciation</b>				
Buildings	5,942,647	306,671	(32,039)	6,217,279
Revenue vehicles and equipment	5,366,305	1,974,634	193,664	7,534,603
Service vehicles and equipment	77,415	35,668	1,291	114,374
Shop and garage equipment	124,433	28,139	51,395	203,967
Furniture and office equipment	718,567	48,456	(97,960)	669,063
Miscellaneous revenue equipment	189,086	13,667	(118,263)	84,490
<b>Accumulated Depreciation</b>	<b>12,418,453</b>	<b>2,407,235</b>	<b>(1,912)</b>	<b>14,823,776</b>
<b>Capital Assets Being Depreciated, Net</b>	<b>19,592,202</b>	<b>(2,014,913)</b>	<b>(119)</b>	<b>17,577,170</b>
<b>Capital Assets, Net</b>	<b>\$ 26,318,821</b>	<b>\$ 11,324,728</b>	<b>\$ (71)</b>	<b>\$ 37,643,478</b>

## Centre Area Transportation Authority

### Notes to Financial Statements

June 30, 2017 and 2016

#### Note 11 - Lines of Credit

The Authority has a \$3,000,000 secured line of credit with a bank of which \$-0- was outstanding at June 30, 2017 and 2016, respectively. Interest is accrued on the outstanding balance at LIBOR plus 3.50% (4.75% and 4.00% at June 30, 2017 and 2016, respectively). The note is secured by future receipts and revenues of the Authority.

The Authority has a \$3,198,780 secured line of credit with a bank of which \$-0- was outstanding at June 30, 2017 and 2016, respectively. Interest is accrued on the outstanding principal balance at LIBOR plus 3.50% (4.75% and 4.00% at June 30, 2017 and 2016). The note is secured by future receipts and revenues of the Authority.

The lines of credit outstanding at June 30, 2017 are subject to the terms of the loan agreement which provides, among other things, for restrictions on indebtedness and liens. Also, the Authority is required to maintain a certain level of financial performance in relation to the debt service requirements.

#### Note 12 - Unearned Revenue - Vanpool Funds for Capital

The Authority charges \$200 a month for depreciation to each pool using a van in its Vanpool Program. These funds are unearned until a capital replacement is made. At June 30, 2017 and 2016, \$779,265 and \$501,406, respectively, of these charges have been deferred.

#### Note 13 - Unearned Revenue - Local Government Funds

Local grant funds in the amount of \$390,299 and \$290,232 at June 30, 2017 and 2016, respectively, are the local share for capital projects received in advance from local governments.

#### Note 14 - Unearned Revenue - Commonwealth of Pennsylvania Act 44 Funds

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

	<u>2017</u>	<u>2016</u>
<b>Balance, Beginning of Year</b>	<b>\$ 6,227,491</b>	\$ 2,829,133
Funds received	<b>6,016,513</b>	5,732,674
Interest earned	<b>319</b>	-
<b>Total Available</b>	<b>12,244,323</b>	8,561,807
Funds expended	<b>6,113,607</b>	2,334,316
<b>Balance, End of Year</b>	<b>\$ 6,130,716</b>	\$ 6,227,491



## **Centre Area Transportation Authority**

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### Notes to Financial Statements

June 30, 2017 and 2016

#### **Note 15 - 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 and 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, 2017 and 2016 amounted to \$255,137 and \$267,228, 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, 2017 and 2016 amounted to \$324,908 and \$259,112, respectively, which was net of premium refunds in the amounts of \$259,110 and \$253,542, respectively.

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

For the years ended June 30, 2017 and 2016, 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, 2017, 2016, and 2015.

## **Centre Area Transportation Authority**

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### Notes to Financial Statements

June 30, 2017 and 2016

#### **Note 16 - Defined Contribution Plan**

The Authority provides pension benefits for its employees through a defined contribution money purchase plan. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Employees who have 12 months of entry service are eligible to participate. The Authority contributes an amount equal to 8% of each covered employee's annual compensation. Employees who are active members are required to make contributions equal to 4% of covered compensation. The Authority's contributions for each employee (and interest allocated to the employee's account) are partially vested between three and six years of service and become fully vested after seven years of service. Authority contributions for and interest forfeited by employees are used to reduce the Authority's current period contribution requirement. The Authority's contribution of \$595,381 and \$523,626 was charged to operations for the years ended June 30, 2017 and 2016, respectively.

#### **Note 17 - Advertising**

Advertising costs included in the statement of revenues, expenses, and changes in net position for the years ended June 30, 2017, and 2016 were \$20,901 and \$29,590, respectively.

#### **Note 18 - Commitments and Contingencies**

##### **Commitments**

##### **Bus Tire Lease**

The Authority leases bus tires under the terms of an operating lease that calls for monthly payments based on actual mileage. Mileage rates are based on billing rate per tire mile in effect during the preceding month based on calculations included in the lease agreement. The lease runs through June 30, 2018.

##### **Office Space Lease**

The Authority leases office space located at 3075 Enterprise Drive, State College, Pennsylvania. The lease was renewed through August 31, 2017, with monthly payments of \$3,565.

The total minimum rental commitment at June 30, 2017 for the aforementioned lease is \$3,565, which is due during the year ending June 30, 2018.

##### **Fuel**

The Authority has entered into an agreement to lock in natural gas prices when future prices are favorable. Any additional natural gas hedged is sold back to the supplier at the current market rate. Any additional natural gas needed is purchased at the market rate. The contract runs through December 31, 2017.

## Centre Area Transportation Authority

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### Notes to Financial Statements

June 30, 2017 and 2016

#### Note 18 - Commitments and Contingencies (continued)

##### Commitments (continued)

###### Building Construction

The Authority is in the process of constructing a new operating facility, including office space with an estimated cost of approximately \$42,000,000. Total costs incurred on the project at June 30, 2017 are \$33,257,591. The remaining expenditures will be funded through federal, state, and local grants.

###### Maintenance and Support Contract

The Authority has renewed the maintenance and support contract for a software program at a total cost to the Authority of \$688,498. The remaining commitment on the contract at June 30, 2017 is \$430,556, which is due as follows during the years ending June 30:

2018	\$	138,956
2019		147,192
2020		144,407

##### 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.

## **Centre Area Transportation Authority**

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### Notes to Financial Statements

June 30, 2017 and 2016

#### **Note 18 - Commitments and Contingencies (continued)**

##### **Contingencies (continued)**

###### **Litigation**

In the normal course of business, the Authority is involved in various legal proceedings. In the opinion of management, any liability resulting from such proceedings would not have a material adverse effect on the financial statements.

###### **Concentration of Labor**

The Authority entered into a collective bargaining agreement with the drivers, custodial, and maintenance employees through March 31, 2018. Of the Authority's total workforce, approximately 82% is covered by the agreement.

###### **Major Customer**

The Authority provided route guarantee services, under the terms of a contract expiring June 30, 2017, for the Pennsylvania State University in the amount of \$2,499,673 and \$2,400,782 for the years ended June 30, 2017 and 2016, respectively, which represents 31% and 28%, respectively, of total operating revenues. In addition, the Pennsylvania State University provided \$134,708 and \$129,528 of local government operating grants for the years ended June 30, 2017 and 2016, respectively.

#### **Note 19 - Reclassification of 2016 Financial Statements**

Certain items on the 2016 financial statements have been reclassified to conform to the 2017 financial statement presentation.

#### **Note 20 - Subsequent Events**

The Authority has evaluated subsequent events through December 18, 2017. This date is the date the financial statements were available to be issued. There were no material events subsequent to June 30, 2017, except as follows:

The Authority entered into contracts to purchase ten buses at an approximate cost of \$3,617,500 and four additional vans at a cost of approximately \$144,000. These expenditures will be funded through federal, state, and local capital grants.

**Centre Area Transportation Authority**

Operating Expenses

	Year Ended June 30, 2017							2017	2016
	Drivers	Maintenance	Supervisors and Dispatchers	Maintenance Supervisor	Custodians	Administration	Interns	Total Expenses	Total Expenses
Salaries and wages	\$ 5,595,473	\$ 882,165	\$ 664,701	\$ 258,646	\$ 267,395	\$ 1,088,564	\$ 5,648	\$ 8,762,592	\$ 8,425,028
Fringe benefits	2,516,377	379,125	240,169	156,602	145,275	340,719	450	3,778,717	2,665,031
<b>Total Compensation</b>	<b>8,111,850</b>	<b>1,261,290</b>	<b>904,870</b>	<b>415,248</b>	<b>412,670</b>	<b>1,429,283</b>	<b>6,098</b>	<b>12,541,309</b>	11,090,059
Services	-	-	-	-	-	607,080	-	607,080	507,258
Fuel and lubricants	682,187	-	-	-	-	-	-	682,187	660,052
Tires and tubes	90,472	-	-	-	-	-	-	90,472	81,328
Other material and supplies	304,381	663,174	-	-	-	24,980	-	992,535	764,567
Utilities	-	-	-	-	-	268,958	-	268,958	214,991
Casualty and liability	-	331,330	-	-	-	-	-	331,330	348,986
Purchased transportation	-	-	-	-	-	798,761	-	798,761	656,920
Miscellaneous expense	-	-	-	-	-	235,872	-	235,872	216,539
Depreciation	-	-	-	-	-	2,756,375	-	2,756,375	2,407,235
<b>Total Expenses</b>	<b>\$ 9,188,890</b>	<b>\$ 2,255,794</b>	<b>\$ 904,870</b>	<b>\$ 415,248</b>	<b>\$ 412,670</b>	<b>\$ 6,121,309</b>	<b>\$ 6,098</b>	<b>\$ 19,304,879</b>	\$ 16,947,935

## Centre Area Transportation Authority

### Changes in Net Position

	Years Ended June 30,			
	2017		2016	
	<u>Investment in Capital Assets</u>	<u>Unrestricted Net Assets</u>	<u>Investment in Capital Assets</u>	<u>Unrestricted Net Assets</u>
<b>Net Position at Beginning of Year</b>	<b>\$ 37,643,478</b>	<b>\$ 50,900</b>	<b>\$ 26,318,821</b>	<b>\$ 50,900</b>
Depreciation expense	(2,756,375)	-	(2,407,235)	-
Capital grant funding				
Federal government	6,950,887	-	10,530,855	-
State government	7,890,330	-	3,057,783	-
Local governments and other	146,895	-	143,326	-
Loss on disposal of capital assets	(13,225)	-	(72)	-
<b>Net Position at End of Year</b>	<b><u>\$ 49,861,990</u></b>	<b><u>\$ 50,900</u></b>	<b><u>\$ 37,643,478</u></b>	<b><u>\$ 50,900</u></b>

## Centre Area Transportation Authority

Other Operating Statistics - Unaudited

	Years Ended June 30,				
	2017	2016	2015	2014	2013
<b>Passenger Trips</b>	<b>6,914,167</b>	7,055,328	7,299,840	7,343,135	7,088,317
<b>Passenger Miles</b>	<b>17,285,418</b>	17,638,320	16,498,649	17,599,169	17,039,532
<b>Operating Revenues, Expenses, and Loss from Operations</b>					
Revenues	\$ 8,169,733	\$ 8,512,770	\$ 8,302,988	\$ 7,756,853	\$ 7,186,404
Expenses	<b>19,304,879</b>	16,947,935	16,648,954	15,870,772	15,870,772
<b>Loss from Operations</b>	<b>\$ (11,135,146)</b>	\$ (8,435,165)	\$ (8,345,966)	\$ (8,113,919)	\$ (8,684,368)
<b>Operating Recovery</b>	<b>42.32%</b>	50.23%	49.87%	48.88%	45.28%
<b>Operating Revenues per Passenger Trip</b>	<b>\$ 1.18</b>	\$ 1.21	\$ 1.14	\$ 1.06	\$ 1.01
<b>Operating Expenses per Passenger Trip</b>	<b>\$ 2.79</b>	\$ 2.40	\$ 2.28	\$ 2.16	\$ 2.24
<b>Operating Revenues per Passenger Mile</b>	<b>\$ 0.47</b>	\$ 0.48	\$ 0.50	\$ 0.44	\$ 0.42
<b>Operating Expenses per Passenger Mile</b>	<b>\$ 1.12</b>	\$ 0.96	\$ 1.01	\$ 0.90	\$ 0.93
<b>Base Fare</b>	<b>\$ 1.75</b>	\$ 1.75	\$ 1.75	\$ 1.50	\$ 1.50
<b>Nonoperating Revenues</b>					
Federal grants	\$ 1,674,377	\$ 3,139,837	\$ 3,256,078	\$ 857,062	\$ 1,925,771
Local grants	<b>561,540</b>	560,937	574,074	558,041	533,378
Commonwealth of Pennsylvania	<b>29,601</b>	-	-	-	-
Commonwealth of Pennsylvania Act 44 funds	<b>6,113,607</b>	2,334,316	2,400,503	4,917,804	3,207,108
Interest income	-	160	199	221	384
<b>Total Nonoperating Revenues</b>	<b>\$ 8,379,125</b>	\$ 6,035,250	\$ 6,230,854	\$ 6,333,128	\$ 5,666,641

Note: The data above includes fixed route, paratransit, and vanpool service.

## Centre Area Transportation Authority

Schedule of LEG - Fixed Route Urban Expenses - FY 16-17

Year Ended June 30, 2017

Operating Expenses	Vehicle Operation	Maintenance	General Admin	Totals
1. Operators' Salaries & Wages	\$ 5,508,236	\$ -	\$ -	\$ 5,508,236
2. Other Salaries & Wages	541,824	1,458,458	1,094,212	3,094,494
3. Fringe Benefits	2,732,055	662,453	349,814	3,744,322
4. Services	5,508	55,890	649,219	710,617
5. Fuel & Lubricants	506,074	20,319	-	526,393
6. Tires & Tubes	86,708	12	-	86,720
7. Other Materials & Supplies	3,749	851,741	60,642	916,132
8. Utilities	-	-	254,586	254,586
9. Casualty & Liability Costs	-	197,235	42,970	240,205
10. Taxes	-	-	-	-
11. Purchased Transportation	-	-	-	-
12. Miscellaneous Expenses	51,679	6,756	132,418	190,853
<b>13. Total System Expenses</b>	<b>\$ 9,435,833</b>	<b>\$ 3,252,864</b>	<b>\$ 2,583,861</b>	<b>15,272,558</b>
<b>Applied Reconciling Items</b>				
14. Interest Expenses				354
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:				-
<b>21. Total Applied Reconciling Items</b>				<b>354</b>
<b>22. Total Operating Expenses</b>				<b>15,272,912</b>
<b>Non-Applied Reconciling Items</b>				
23. Depreciation (publicly funded assets only)				2,756,375
24. Other Post Employment Benefits (OPEB)				-
25. Other Reconciling Items				-
Identify: Loss on disposal of capital assets				13,225
Identify:				-
<b>26. Total Non-Applied Reconciling Items</b>				<b>2,769,600</b>
<b>27. Total Operating Expenses per Audit</b>				<b>\$ 18,042,512</b>



## Centre Area Transportation Authority

Schedule of LEG - Non-Fixed Route ADA Paratransit Expenses - Urban - FY 16-17

Year Ended June 30, 2017

Operating Expenses	Vehicle Operation	Maintenance	General Admin	Totals
1. Operators' Salaries & Wages	\$ -	\$ -	\$ -	\$ -
2. Other Salaries & Wages	27,064	4,556	-	31,620
3. Fringe Benefits	9,262	1,982	-	11,244
4. Services	-	-	1,315	1,315
5. Fuel & Lubricants	2,229	-	-	2,229
6. Tires & Tubes	1,667	-	-	1,667
7. Other Materials & Supplies	-	3,771	34	3,805
8. Utilities	1,590	-	-	1,590
9. Casualty & Liability Costs	-	-	-	-
10. Taxes	-	-	-	-
11. Purchased Transportation	398,339	-	-	398,339
12. Miscellaneous Expenses	1,083	-	58	1,141
<b>13. Total System Expenses</b>	<b><u>\$ 441,234</u></b>	<b><u>\$ 10,309</u></b>	<b><u>\$ 1,407</u></b>	<b><u>452,950</u></b>
<b>Applied Reconciling Items</b>				
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:				-
<b>21. Total Applied Reconciling Items</b>				<b><u>-</u></b>
<b>22. Total Operating Expenses</b>				<b><u>452,950</u></b>
<b>Non-Applied Reconciling Items</b>				
23. Depreciation (publicly funded assets only)				-
24. Other Post Employment Benefits (OPEB)				-
25. Other Reconciling Items				-
Identify:				-
<b>26. Total Non-Applied Reconciling Items</b>				<b><u>-</u></b>
<b>27. Total Operating Expenses per Audit</b>				<b><u>\$ 452,950</u></b>

## Centre Area Transportation Authority

Schedule of LEG - Non-Fixed Route Shared Ride Expenses - Urban Standard - FY 16-17

Year Ended June 30, 2017

Operating Expenses	Vehicle Operation	Maintenance	General Admin	Totals
1. Operators' Salaries & Wages	\$ -	\$ -	\$ -	\$ -
2. Other Salaries & Wages	32,745	5,514	-	38,259
3. Fringe Benefits	11,206	2,397	-	13,603
4. Services	-	-	1,591	1,591
5. Fuel & Lubricants	2,697	-	-	2,697
6. Tires & Tubes	2,017	-	-	2,017
7. Other Materials & Supplies	-	4,563	41	4,604
8. Utilities	-	-	-	-
9. Casualty & Liability Costs	-	1,923	-	1,923
10. Taxes	-	-	-	-
11. Purchased Transportation	400,422	-	-	400,422
12. Miscellaneous Expenses	1,310	-	71	1,381
<b>13. Total System Expenses</b>	<b>\$ 450,397</b>	<b>\$ 14,397</b>	<b>\$ 1,703</b>	<b>466,497</b>
<b>Applied Reconciling Items</b>				
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:				-
<b>21. Total Applied Reconciling Items</b>				<b>-</b>
<b>22. Total Operating Expenses</b>				<b>466,497</b>
<b>Non-Applied Reconciling Items</b>				
23. Depreciation (publicly funded assets only)				-
24. Other Post Employment Benefits (OPEB)				-
25. Other Reconciling Items				-
Identify:				-
<b>26. Total Non-Applied Reconciling Items</b>				<b>-</b>
<b>27. Total Operating Expenses per Audit</b>				<b>\$ 466,497</b>

## Centre Area Transportation Authority

Schedule of LEG - Non-Fixed Route Public Vanpool Expenses - Urban - FY 16-17

Year Ended June 30, 2017

Operating Expenses	Vehicle Operation	Maintenance	General Admin	Totals
1. Operators' Salaries & Wages	\$ -	\$ -	\$ -	\$ -
2. Other Salaries & Wages	31,533	26,917	31,533	89,983
3. Fringe Benefits	8,770	10,736	8,770	28,276
4. Services	8,097	-	1,785	9,882
5. Fuel & Lubricants	106,563	-	-	106,563
6. Tires & Tubes	68	-	-	68
7. Other Materials & Supplies	6,373	17,137	-	23,510
8. Utilities	-	-	-	-
9. Casualty & Liability Costs	-	91,125	-	91,125
10. Taxes	-	-	-	-
11. Purchased Transportation	-	-	-	-
12. Miscellaneous Expenses	-	-	7,091	7,091
<b>13. Total System Expenses</b>	<b><u>\$ 161,404</u></b>	<b><u>\$ 145,915</u></b>	<b><u>\$ 49,179</u></b>	<b><u>356,498</u></b>
<b>Applied Reconciling Items</b>				
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:				-
<b>21. Total Applied Reconciling Items</b>				<b><u>-</u></b>
<b>22. Total Operating Expenses</b>				<b><u>356,498</u></b>
<b>Non-Applied Reconciling Items</b>				
23. Depreciation (publicly funded assets only)				-
24. Other Post Employment Benefits (OPEB)				-
25. Other Reconciling Items				-
Identify:				-
<b>26. Total Non-Applied Reconciling Items</b>				<b><u>-</u></b>
<b>27. Total Operating Expenses per Audit</b>				<b><u>\$ 356,498</u></b>

## **Centre Area Transportation Authority**

Reconciliation of Operating Expenses to Financial Statements Prepared Under Accounting  
Principles Generally Accepted in the United States of America  
Year Ended June 30, 2017

Operating expenses reported on Schedule of LEG - Fixed Route Urban Expenses - FY 16-17	\$ 18,042,512
Operating expenses reported on Schedule of LEG - Non-Fixed Route ADA Paratransit Expenses - Urban - FY 16-17	452,950
Operating expenses reported on Schedule LEG - Non-Fixed Route Shared Ride Expenses - Urban Standard - FY 16-17	466,497
Operating expenses reported on Schedule of LEG - Non-Fixed Route Public Vanpool Expenses - Urban - FY 16-17	356,498
Reconciling item - rounding	<u>1</u>
<b>Total Operating Expenses Per Schedules</b>	<b><u><u>\$ 19,318,458</u></u></b>
<b>Per Financial Statements</b>	
Total operating expenses	\$ 19,304,879
Interest expense	354
Loss of disposal of capital assets	<u>13,225</u>
<b>Operating Expenses Reported on the Statement of Revenues, Expenses, and Changes in Net Position</b>	<b><u><u>\$ 19,318,458</u></u></b>

## Centre Area Transportation Authority

Schedule of LEG - Fixed Route Revenues - FY 16-17

Year Ended June 30, 2017

	<u>Urban</u>	<u>Rural</u>	<u>Total</u>
<b>Transportation Revenues</b>			
1. Passenger Fares	\$ 4,578,942	\$ -	\$ 4,578,942
2. Advertising	124,145	-	124,145
3. Charter	-	-	-
4. Route Guarantees	2,498,673	-	2,498,673
<b>Other Revenue</b>			
5. Identify: Interest	-	-	-
6. Identify: CNG Tax Credit	267,835	-	267,835
7. Identify: Misc	16,059	-	16,059
<b>8. Total Revenue</b>	<u>7,485,654</u>	<u>-</u>	<u>7,485,654</u>
<b>Non-Applied Reconciling Items</b>			
9. Interest/investment Income	-	-	-
10. Identify:	-	-	-
11. Identify:	-	-	-
<b>12. Total Non-Applied Reconciling Items</b>	<u>-</u>	<u>-</u>	<u>-</u>
<b>13. Total Revenue per Audit</b>	<u>\$ 7,485,654</u>	<u>\$ -</u>	<u>\$ 7,485,654</u>

**Centre Area Transportation Authority**

Schedule of LEG - Non-Fixed Route Revenues - Urban - FY 16-17  
 Year Ended June 30, 2017

	ADA	Shared Ride 65+		Shared Ride Under 65		Public	Total
	Paratransit	Lottery Sponsored	DAS*	Standard	DAS*	Vanpool	
<b>Transportation Revenues</b>							
1. Passenger Fares	\$ 46,845	\$ 45,405	\$ -	\$ 3,773	\$ -	\$ 323,503	\$ 419,526
2. Advertising	-	-	-	-	-	-	-
3. Shared-Ride Lottery Trip Reimbursement	-	257,295	-	-	-	-	257,295
4. PwD Trip Reimbursement	-	-	-	-	-	-	-
5. PwD Passenger Fares	-	-	-	-	-	-	-
6. AAA	-	-	-	-	-	-	-
7. MH/MR - Shared Ride Fare Structure	-	-	-	-	-	-	-
8. W2W - Shared Ride Fare Structure	-	-	-	-	-	-	-
9. MATP - Shared Ride Fare Structure	-	-	-	-	-	-	-
Other Agencies/Third Party Sponsors							
10. Identify: Escorts	-	-	-	-	-	-	-
11. Identify:	-	-	-	-	-	-	-
<b>Other Revenue</b>							
MATP							
12. Admin Reimbursement for MATP Shared Ride Fare Structure	-	-	-	-	-	-	-
<b>Other (i.e. Block Grant)</b>							
13. Identify: PSU Rideshare	-	-	-	-	-	-	-
14. Identify: Misc	41	49	-	-	-	7,168	7,258
15. Identify:	-	-	-	-	-	-	-
16. Interest/Investment Income	-	-	-	-	-	-	-
<b>17. Total Revenue</b>	<b>46,886</b>	<b>302,749</b>	<b>-</b>	<b>3,773</b>	<b>-</b>	<b>330,671</b>	<b>684,079</b>
<b>Non-Applied Reconciling Items</b>							
18. Identify:	-	-	-	-	-	-	-
19. Identify:	-	-	-	-	-	-	-
<b>20. Total Non-Applied Reconciling Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>21. Total Revenue per Audit</b>	<b>\$ 46,886</b>	<b>\$ 302,749</b>	<b>\$ -</b>	<b>\$ 3,773</b>	<b>\$ -</b>	<b>\$ 330,671</b>	<b>\$ 684,079</b>

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

## **Centre Area Transportation Authority**

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Reconciliation of Operating Revenues to Financial Statements Prepared Under Accounting

Principles Generally Accepted in the United States of America

Year Ended June 30, 2017

Operating revenues reported on Schedule of LEG - Fixed Route Revenues - FY 16-17	\$ 7,485,654
Operating revenues reported on Schedule of LEG - Non-Fixed Route Revenues - Urban - FY 16-17	<u>684,079</u>
 <b>Operating Revenues Reported on the Statement of Revenues, Expenses, and Changes in Net Position</b>	 <b><u><u>\$ 8,169,733</u></u></b>

## Centre Area Transportation Authority

Schedule of LEG - Fixed Route Subsidies - FY 16-17

Year Ended June 30, 2017

	Fixed Route Urban	Fixed Route Rural	Total
1. Federal Operating Grant	\$ 832,515	\$ -	\$ 832,515
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:	-	-	-
<b>6. Subtotal Federal Subsidy</b>	<b>832,515</b>	<b>-</b>	<b>832,515</b>
7. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - State Share	6,227,491	-	6,227,491
8. Act 44 Section 1513 Operating Grant Amount Charged - Current Year - State Share	173,936	-	173,936
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:	-	-	-
<b>12. Subtotal State Subsidy</b>	<b>6,401,427</b>	<b>-</b>	<b>6,401,427</b>
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	550,477	-	550,477
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: Contribution over Requirement	2,839	-	2,839
<b>20. Subtotal Local Subsidy</b>	<b>553,316</b>	<b>-</b>	<b>553,316</b>
<b>21. Grand Total Subsidy</b>	<b>7,787,258</b>	<b>-</b>	<b>7,787,258</b>
<b>Non-Applied Reconciling Items</b>			
22. Identify: Federal	-	-	-
23. Identify: State	-	-	-
24. Identify: Local	-	-	-
<b>25. Total Non-Applied Reconciling Items</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>26. Grand Total Subsidy per Audit</b>	<b>\$ 7,787,258</b>	<b>\$ -</b>	<b>\$ 7,787,258</b>

\* Local match from municipal sources must be expended 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.



**Centre Area Transportation Authority**

Schedule of LEG - Non-Fixed Route Subsidies - Urban - FY 16-17  
 Year Ended June 30, 2017

	ADA	Shared Ride		Public	Total
	Paratransit	Standard	DAS*	Vanpool	
<b>Subsidy</b>					
1. Federal Operating Grant	\$ 406,064	\$ 159,975	\$ -	\$ 25,827	\$ 591,866
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:	-	-	-	-	-
<b>7. Subtotal Federal Subsidy</b>	<b>406,064</b>	<b>159,975</b>	<b>-</b>	<b>25,827</b>	<b>591,866</b>
8. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - State Share	-	-	-	-	-
9. Act 44 Section 1513 Operating Grant Amount Charged - Current Year - State Share	-	-	-	-	-
10. Act 3 ASG Grant Amount Charged - State Share	-	-	-	-	-
11. Act 3 BSG Grant Amount Charged - State Share					
Special Operating Grants - State Share	-	-	-	-	-
12. Identify	-	-	-	-	-
13. State Shared Ride Subsidy					
Identify:	-	-	-	-	-
<b>14. Subtotal State Subsidy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
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	-	-	-	-	-
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:	-	-	-	-	-
<b>23. Subtotal Local Subsidy</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>24. Grand Total Subsidy</b>	<b>406,064</b>	<b>159,975</b>	<b>-</b>	<b>25,827</b>	<b>591,866</b>
<b>Non-Applied Reconciling Items</b>					
25. Identify: Federal	-	-	-	-	-
26. Identify: State	-	-	-	-	-
27. Identify: Local	-	-	-	-	-
<b>28. Total Non-Applied Reconciling Items</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>29. Grand Total Subsidy per Audit</b>	<b>\$ 406,064</b>	<b>\$ 159,975</b>	<b>\$ -</b>	<b>\$ 25,827</b>	<b>\$ 591,866</b>

\* 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 expended 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.

## Centre Area Transportation Authority

Reconciliation of Reported Subsidies to Financial Statements Prepared Under Accounting Principles

Generally Accepted in the United States of America

Year Ended June 30, 2017

Subsidies Reported on the Schedule of LEG - Fixed Route Subsidies - FY 16-17	\$ 7,787,258
Subsidies Reported on the Schedule of LEG - Non-Fixed Route Subsidies - Urban - FY 16-17	591,866
Reconciling item - rounding	<u>1</u>
<b>Total Reported Subsidy per Schedules</b>	<b><u><u>\$ 8,379,125</u></u></b>
<b>Per Financial Statements</b>	
Federal government	\$ 1,674,377
Commonwealth of Pennsylvania Act 44 funds	6,143,208
Local governments Act 44 matching funds	551,457
Other local operating funds	<u>10,083</u>
<b>Subsidies Reported on the Statement of Revenues, Expenses, and Changes in Net Position</b>	<b><u><u>\$ 8,379,125</u></u></b>

**Centre Area Transportation Authority**

Schedule of LEG - Budget Summary - FY 16-17

Year Ended June 30, 2017

	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	\$ 15,272,912	\$ -	\$ 452,950	\$ -	\$ 466,497	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,192,359
2. Total Revenue	7,485,654	-	46,886	-	306,522	-	-	-	-	-	-	-	7,839,062
<b>3. Operating Deficit</b>	<b>(7,787,258)</b>	<b>-</b>	<b>(406,064)</b>	<b>-</b>	<b>(159,975)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(8,353,297)</b>
4. Grand Total Subsidy	7,787,258	-	406,064	-	159,975	-	-	-	-	-	-	-	8,353,297
<b>5. Applied Operating Result</b>	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Non-Applied Reconciling Items</b>													
6. Total Non-Applied Reconciling Expense Items	2,769,600	-	-	-	-	-	-	-	-	-	-	-	2,769,600
7. Total Non-Applied Reconciling Revenue Items	-	-	-	-	-	-	-	-	-	-	-	-	-
8. Total Non-Applied Reconciling Subsidy Items	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>9. Operating Result per Audit</b>	<b>\$ (2,769,600)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ (2,769,600)</b>

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

**Centre Area Transportation Authority**

Schedule S1 - Local Match Provided - FY 16-17

Year Ended June 30, 2017

**Act 44 Section 1513 Local Match for Operating Funds Received**

Contributor Name	Date of Final Payment*	Total Amount Provided
State College Borough		\$ 104,142
Ferguson Township		99,012
Patton Township		77,125
College Township		65,241
Harris Township		22,254
Spring Township		21,706
Bellefonte Borough		18,104
Halfmoon Township		5,550
Benner Township		4,423
Penn State University		<u>134,708</u>
<b>Subtotal</b>		<u>552,265</u>

**Act 44 Section 1514 Local Match for Discretionary Capital Funds Received**

Non Federal Projects		-
Federal Projects		<u>150,000</u>
Total Section 1514 Local Match Funds Received		<u>150,000</u>

Contributor Name	Date of Final Payment*	Total Amount Provided
Penn State University, Member Municipalities, Contracted Municipalities		-
		<u>-</u>
<b>Subtotal</b>		<u>-</u>

**Act 44 Section 1514 Local Match for Capital Bond Funds Received**

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

**Act 44 Section 1515 Local Match for New Initiatives**

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

**Centre Area Transportation Authority**

Schedule S1 - Local Match Provided - FY 16-17 (continued)

Year Ended June 30, 2017

**Act 44 Section 1516 Local Match for Programs of Statewide Significance**

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

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

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

**Unassigned Local Match Funding**

<b>Contributor Name</b>	<b>Date of Final Payment*</b>	<b>Total Amount Provided</b>
Centre Regional Planning Commission		8,295
Capital funds used for operating assistance		1,051
<b>Subtotal</b>		<b>9,346</b>
<b>Grand Total</b>		<b>\$ 711,611</b>

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

## Centre Area Transportation Authority

Schedule S1A - Local Match Provided - FY 16-17

Year Ended June 30, 2017

	<u>Operating</u>	<u>Capital</u>	<u>Total</u>	<u>Final Payment</u>
State College Borough	\$ 104,142	\$ 28,286	\$ 132,428	4/11/2017
Ferguson Township	99,012	26,893	125,905	4/11/2017
Patton Township	77,125	20,948	98,073	4/17/2017
College Township	65,241	17,720	82,961	4/26/2017
Harris Township	22,254	6,044	28,298	4/7/2017
Spring Township	21,706	5,896	27,602	4/3/2017
Bellefonte Borough	18,104	4,917	23,021	4/6/2017
Halfmoon Township	5,550	1,507	7,057	4/13/2017
Benner Township	4,423	1,201	5,624	4/7/2017
Penn State university	134,708	36,588	171,296	4/12/2017
Other	8,295	1,051	9,346	
<b>Total Operating and Capital</b>	<b><u>\$ 560,560</u></b> *	<b><u>\$ 151,051</u></b>	<b><u>\$ 711,611</u></b>	

\* Total operating includes local above match of \$1,818.

## Centre Area Transportation Authority

Schedule S2 - Local Match Carryover - FY 16-17

Year Ended June 30, 2017

A.	Local match available as of June 30, 2016	<u>\$ 867</u>
B.	Local match funds provided during year-ended June 30, 2017	<u>711,611</u>
C.	Local match operating expenditures for year ended June 30, 2017:	
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	550,477
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): Local above required	2,839
h.	Other operating expenditures (if any): Planning grants	8,295
i.	Other operating expenditures (if any)	<u>-</u>
D.	Total local match operating expenditures for year-ended June 30, 2017 (Sum C.a - C.i)	<u>561,611</u>
E.	Local match capital expenditures for year-ended June 30, 2017:	
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): Local match on non-bond funds	150,000
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, 2017 (Sum E.a - E.k)	<u>150,000</u>
G.	Interest earned on local funds for year-ended June 30, 2017	<u>-</u>
H.	Local match funds available as of June 30, 2017 (A+B-D-F+G)	<u>\$ 867</u>

**Centre Area Transportation Authority**

Schedule S5 - Section 1513 Program Carryover - FY 16-17  
Year Ended June 30, 2017

	<u>State Grant</u>	<u>Local Match</u>	<u>Total</u>
<b>A. FY 2015-16 Section 1513 URBAN Grant Agreement</b>	<b>\$ 6,016,341</b>	<b>\$ 550,447</b>	<b>\$ 6,566,788</b>
<b>Urban Section 1513 Grant Utilization For Fiscal Year Ended June 30, 2017</b>			
1. Section 1513 fund balance as of June 30, 2016	\$ 6,227,491	\$ -	\$ 6,227,491
2. Section 1513 funds received for FY 2017	-	-	-
3. PTAF Section 1513 funds received for FY 2017 (applicable to SEPTA and PAAC)	6,016,341	552,265	6,568,606
4. Total Section 1513 funds received for FY 2017 (Line 2+3, must agree with A above)	6,016,341	552,265	6,568,606
5. Interest income earned on Section 1513 funds in FY 2017	491	-	491
6. Total Section 1513 funds available in FY 2017 (Line 1+4+5)	12,244,323	552,265	12,796,588
7. Section 1513 funds used for Urban fixed route operating expenses in FY 2017	6,113,607	552,265	6,665,872
8. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2017	-	-	-
9. Section 1513 funds used for Rural fixed route operating expenses in FY 2017	-	-	-
10. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2017	-	-	-
11. Section 1513 funds used for Urban capital costs in FY 2017 (waiver required)	-	-	-
12. Section 1513 funds used for Rural capital costs in FY 2017 (waiver required)	-	-	-
13. Total Section 1513 used in FY 2017 (Line 7+8+9+10+11+12)	6,113,607	552,265	6,665,872
<b>14. Section 1513 fund balance as of June 30, 2017 (Line 6-13)</b>	<b>\$ 6,130,716</b>	<b>\$ -</b>	<b>\$ 6,130,716</b>
<b>B. FY 2016-16 Section 1513 RURAL Grant Agreement</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Rural Section 1513 Grant Utilization for Fiscal Year Ended June 30, 2017</b>			
15. Section 1513 fund balance as of June 30, 2016	\$ -	\$ -	\$ -
16. Section 1513 funds received for FY 2017 (must agree with B above)	-	-	-
17. Interest income earned on Section 1513 funds in FY 2017	-	-	-
18. Total Section 1513 funds available in FY 2017 (Line 15+16+17)	-	-	-
19. Section 1513 funds used for Rural fixed route operating expenses in FY 2017	-	-	-
20. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2017	-	-	-
21. Section 1513 funds used for Urban fixed route operating expenses in FY 2017	-	-	-
22. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2017	-	-	-
23. Section 1513 funds used for Rural capital costs in FY 2017 (waiver required)	-	-	-
24. Section 1513 funds used for Urban capital costs in FY 2017 (waiver required)	-	-	-
25. Total Section 1513 used in FY 2017 (Line 19+20+21+22+23+24)	-	-	-
<b>26. Section 1513 fund balance as of June 30, 2017 (Line 18-25)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>C. Total Agency Section 1513 Grant Utilization for Fiscal Year Ended June 30, 2017</b>			
27. Section 1513 fund balance as of June 30, 2016	\$ 6,227,491	\$ -	\$ 6,227,491
28. Section 1513 funds received for FY 2017	-	-	-
29. PTAF Section 1513 funds received for FY 2017 (applicable to SEPTA and PAAC)	6,016,341	552,265	6,568,606
30. Total Section 1513 funds received for FY 2017 (Line 28+29)	6,016,341	552,265	6,568,606
31. Interest income earned on Section 1513 funds in FY 2017	491	-	491
32. Total Section 1513 funds available for FY 2017 (Line 27+30+31)	12,244,323	552,265	12,796,588
33. Section 1513 funds used for Urban fixed route operating expenses in FY 2017	6,113,607	552,265	6,665,872
34. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2017	-	-	-
35. Section 1513 funds used for Rural fixed route operating expenses in FY 2017	-	-	-
36. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2017	-	-	-
37. Section 1513 funds used for Urban capital costs in FY 2017 (waiver required)	-	-	-
38. Section 1513 funds used for Rural capital costs in FY 2017 (waiver required)	-	-	-
<b>39. Total Section 1513 used in FY 2017 (Line 33+34+35+36+37+38)</b>	<b>6,113,607</b>	<b>552,265</b>	<b>6,665,872</b>
<b>40. Section 1513 fund balance as of June 30, 2017 (Line 32-39)</b>	<b>\$ 6,130,716</b>	<b>\$ -</b>	<b>\$ 6,130,716</b>



## Centre Area Transportation Authority

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### Shared Ride Retained Earnings

Year Ended June 30, 2017

1. Shared Ride retained earnings balance as of June 30, 2016	\$	-
2. Shared Ride revenue received for FY 2016-17		-
3. Interest income on shared-ride revenue earned for FY 2016-17		-
		<hr/>
4. Total shared-ride funds available in FY 2016-17		-
5. Shared Ride revenue used for operating expenses in FY 2016-17		-
		<hr/>
6. Shared Ride retained earnings balance as of June 30, 2017	\$	-
		<hr/> <hr/>

**Centre Area Transportation Authority**

Year Ended June 30, 2017

Capital Report #1														
Fiscal Year and Inception-to-Date Capital Project Spending														
		A	B	C	D	E	F	G	H	I	J	K=SUM (A:J)	L	M=L-K
1	Capital Project Title	Buildings	Revenue Vehicles	Facilities	Information Technology	Non-Revenue Vehicles	Other Equipment					Total Spent	Total Granted Funds	Granted Funds Less Amt Spent
2	Expenditures Through the End of the Prior Fiscal Year	\$ 24,504,231	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,504,231	\$ -	\$ (24,504,231)
	<b>Sources of Funds for the Current Fiscal Year</b>													
3	Federal Capital - 5303/5304/5305 - FTA Planning	-	-	-	-	-	-	-	-	-	-	-	-	-
4	Federal Capital - 5307 - FTA Urban Formule	6,718,652	-	75,117	-	-	-	-	-	-	-	6,793,769	6,793,769	-
5	Federal Capital - 5309 - FTA Fixed Guideway	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Federal Capital - 5309 - FTA Bus/Bus Facilities	-	122,357	-	-	-	-	-	-	-	-	122,357	122,357	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-
13	Federal Capital - FLEX	-	-	7,018	-	-	27,743	-	-	-	-	34,761	34,761	-
14	Federal Capital FHWA Programs (CMAQ, ITS, STP,...)	-	-	-	-	-	-	-	-	-	-	-	-	-
15	Federal Capital - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
16	State - 1513 - Waiver to Use for Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
17	State Capital - 1514 - PA Bond Program	193,839	-	-	-	-	-	-	-	-	-	193,839	193,839	-
18	State Capital - 1514 - Discretionary	6,461,776	29,601	72,493	536,200	56,840	6,711	-	-	-	-	7,163,621	7,163,621	-
19	State Capital - 1515 - New Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-
20	State Capital - 1516 - CTC	-	-	-	-	-	-	-	-	-	-	-	-	-
21	State Capital - 1516 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
22	State Capital - 1517 - Capital Improvement Program	-	-	-	89,594	443,276	-	-	-	-	-	532,870	532,870	-
23	State Capital - PTAF	-	-	-	-	-	-	-	-	-	-	-	-	-
24	State Capital - All Sources Used for Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-
25	State Capital - ASG/BSG	-	-	-	-	-	-	-	-	-	-	-	-	-
26	State Capital - Other	-	-	-	-	-	-	-	-	-	-	-	-	-
27	Local Match - 1513 - Waiver to Use for Capital	-	-	-	-	-	-	-	-	-	-	-	-	-
28	Local Match Capital - 1514 - PA Bond Program	-	-	-	-	-	-	-	-	-	-	-	-	-
29	Local Match Capital - 1514 - Discretionary	-	-	-	-	-	-	-	-	-	-	-	-	-
30	Local Match Capital - 1515 - New Initiatives	-	-	-	-	-	-	-	-	-	-	-	-	-
31	Local Match Capital - 1516 - CTC	-	-	-	-	-	-	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-	-	-	-	-	-	-
37	Local Contribution	91,208	980	16,255	17,292	20,938	222	-	-	-	-	146,895	146,895	-
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	-	-	-	-	19,105	-	-	-	-	-	19,105	19,105	-
43	Foundations and Non-Profits	-	-	-	-	-	-	-	-	-	-	-	-	-
44	Private	-	-	-	-	-	-	-	-	-	-	-	-	-
45	Other	-	-	-	-	-	-	-	-	-	-	-	-	-
46	Total Sources of Funds Spent in the Current FY	13,465,475	152,938	170,883	643,086	540,159	34,676	-	-	-	-	15,007,217	15,007,217	\$ -
												Grand Total		
47	Total Sources of Funds Spent Inception-to-Date	37,969,706	152,938	170,883	643,086	540,159	34,676	-	-	-	-	39,511,448	-	
48	Total Granted Sources of Funds Inception to Date	37,969,706	152,938	170,883	643,086	540,159	34,676	-	-	-	-	39,511,448	-	
49	Granted Sources Less Amount Spent Inception to Date	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -