CITY OF WILLIAMSPORT, PA
RESOLUTION

RESOLUTION # 9195 DATE 10-21-21

TITLE

RESOLUTION

ACCEPTANCE OF THE JUNE 30 WILLIAMSPORT BUREAU OF TRANPORTATION ANNUAL AUDIT

WHEREAS, pursuant to the Pennsylvania Department of Transportation's Audit requirements, an annual audit performed by a certified public accounting firm must be completed at the end of each fiscal year. The audit is performed in accordance with Generally Accepted Government Auditing Standards (GAGAS) and the financial statements in the audit are to be presented in accordance with Generally Accepted Principals (GAAP). The financial statements are to include results for the year being audited as well as the prior year for comparative purposes.

WHEREAS, the required audit has been performed by RKL LLC, 1800 Fruit Pike, Lancaster, PA 17604-8408, an independent auditing firm engaged by Williamsport Bureau of Transportation dba River Valley Transit.

WHERAS, The results of the audit have been reported to Williamsport City Council on 21 October 2021.

WHEREAS, the auditor has issued an "adverse opinion".

THEREFORE, be it resolved that the Williamsport City Council on behalf of River Valley Transit, accepted the audit titled Financial Statements and Supplementary information for the year ended 30 June 2020, as reported.

Approved

Janice M. Frank
City Clerk

Randy Allison
President

Draft 9/22/21

City of Williamsport, Pennsylvania Bureau of Transportation

A Component Unit of the City of Williamsport

Financial Statements and Supplementary Information

June 30, 2020

Table of Contents
June 30, 2020

	Page
INDEPENDENT AUDITOR'S REPORT	1 to 3
FINANCIAL STATEMENTS	
Statement of Net Position	4 and 5
Statement of Revenues, Expenses, and Changes in Net Position	6 and 7
Statement of Cash Flows	8 and 9
Notes to Financial Statements	10 to 29
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in the Net Pension Liability and Related Ratios	30
Schedule of Pension Contributions	31
Schedule of Investment Returns	32
Schedule of Changes in Postemployment Benefit Liability and Related Ratios	33 and 34
SUPPLEMENTARY INFORMATION	
Schedule of LEG - Fixed Route Urban Expenses - FY 19-20	35
Schedule of LEG - Non-Fixed Route ADA Paratransit Expenses - Urban - FY 19-20	36
Reconciliation of Operating Expenses to Financial Statements Prepared Under Accounting Principles Generally Accepted in the United States of America	37
Schedule of LEG - Fixed Route Revenues - FY 19-20	38
Schedule of LEG - Non-Fixed Route Revenues - Urban - FY 19-20	39
Reconciliation of Operating Revenues to Financial Statements Prepared Under Accounting Principles Generally Accepted in the United States of America	40

	Page
SUPPLEMENTARY INFORMATION (CONTINUED)	
Schedule of LEG - Fixed Route Subsidies - FY 19-20	41
Schedule of LEG - Non-Fixed Route Subsidies - Urban - FY 19-20	42
Reconciliation of Reported Subsidies to Financial Statements Prepared Under Accounting Principles Generally Accepted in the United States of America	43
Schedule of LEG - Budget Summary - FY 19-20	44
Schedule S1 - Local Match Provided - FY 19-20	45 and 46
Schedule S2 - Local Match Carryover - FY 19-20	47
Schedule S5 - Urban Section 1513 Program Carryover - FY 19-20	48
Capital Report #1 - Fiscal Year and Inception-to-Date Capital Project Spending	49
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and the Audit Requirements of the Pennsylvania Department of Transportation	50 and 51
Schedule of Findings and Responses	52 to 56
Corrective Action Plan	

Independent Auditor's Report

To the Board of Directors
City of Williamsport, Pennsylvania Bureau of Transportation
Williamsport, Pennsylvania

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the City of Williamsport, Pennsylvania Bureau of Transportation (the Bureau), as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America, 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.

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 of 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 adverse audit opinion.

Basis for Adverse Opinion

As discussed in Note 4, through auditing procedures performed over certain account balances at June 30, 2020, we were unable to satisfy ourselves that the financial statements are free from material misstatements. Auditing procedures performed disclosed the improper use of grant funds, as well as inadequate records to support grant funded expenditures. As a result of these matters, we were unable to determine whether the amounts reported as assets held, liabilities incurred, revenues earned and expenses incurred, grant receivables, or deferred revenue were properly stated at June 30, 2020.

Adverse Opinion

In our opinion, because of the significance of the matter described in the Basis for Adverse Opinion paragraph, the financial statements referred to above, do not present fairly the financial position of the Bureau as of June 30, 2020, or the results of its operations or its cash flows for the year 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 required supplementary information as listed in the table of contents 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 (GASB) 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.

Management has omitted the Management's Discussion and Analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, 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. Our opinion on the basic financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Bureau'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. Due to the nature of the basis for disclaimer of opinion, we are unable to determine whether 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.

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 _____, 2021, on our consideration of the Bureau'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 Bureau's internal control over financial reporting and compliance.

_____, 2021
Lancaster, Pennsylvania

City of Williamsport, Pennsylvania Bureau of Transportation

Draft 9/22/21

Statement of Net Position
June 30, 2020

Assets	
Current Assets	
Cash, restricted	$ 2,192,946
Accounts receivable, other	220,193
Grants receivable	2,740,253
Due from the City of Williamsport - Debt Service Fund	541,931
Inventories	487,808
Prepaid expenses	28,293
Total Current Assets	6,211,424
Capital Assets	
Capital assets not being depreciated	923,236
Capital assets being depreciated, net	53,813,527
Total Capital Assets	54,736,763
Other Assets	
Net investment in direct financing leases	1,710,708
Property under capital lease, net	1,275,850
Total Other Assets	2,986,558
Total Assets	63,934,745
Deferred Outflows of Resources	
Pension, pension	2,021,235
Loss on refunding	475,951
Total Deferred Outflows of Resources	2,497,186
Total Assets and Deferred Outflows of Resources	66,431,931

See accompanying notes.

Statement of Net Position (continued)
June 30, 2020

Liabilities	
Current Liabilities	
Accounts payable	$ 372,159
Accrued expenses	
Salaries and wages	677,833
Other	15,400
Current portion of bonds payable	421,217
Due to City of Williamsport	1,074,888
Due to other governments	2,398,479
Unearned Commonwealth of Pennsylvania Act 44/89 funds	1,061,003
Unearned local revenue	535,267
Unearned revenue, other	18,452
Total Current Liabilities	6,574,698
Long-Term Liabilities	
Long-term debt	1,912,785
Long-term portion of bonds payable	8,873,725
Net pension liability	1,647,121
Postemployment benefit liability	7,328,573
Total Long-Term Liabilities	19,762,204
Total Liabilities	26,336,902
Deferred Inflows of Resources	
Pension	1,958,406
Net Position	
Net Position	
Investment in capital assets	47,700,346
Unrestricted	(9,563,723)
Total Net Position	$ 38,136,623

See accompanying notes.

City of Williamsport, Pennsylvania Bureau of Transportation

Draft 9/22/21

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended June 30, 2020

Operating Revenues		
Passenger fares	$	636,334
State Medical Assistance Transportation Program		613,681
State Persons with Disabilities Program		19,248
Other contract revenue		52,495
Advertising		43,491
Miscellaneous income		530,202
Total Operating Revenues		1,895,451
Operating Expenses		
Salaries and wages		4,206,100
Fringe benefits		3,580,196
Services		198,620
Fuel and lubricants		115,820
Tires and tubes		57,136
Other materials and supplies		563,292
Utilities		90,519
Casualty and liability		115,442
Purchased transportation		339,349
Miscellaneous expense		1,026,219
Depreciation and amortization		3,770,059
Total Operating Expenses		14,062,752
Loss from Operations		(12,167,301)
Nonoperating Revenues (Expenses)		
Operating grants		
Federal government		2,474,281
Commonwealth of Pennsylvania Act 44/89 funds		4,459,568
Local governments		535,580
Total government subsidies for operations		7,469,429
Contribution from City		495,077
Interest expense		(536,982)
Interest income		19,070
Total Nonoperating Revenues (Expenses)		7,446,594
Loss before Capital Grant Funding		(4,720,707)

See accompanying notes.

City of Williamsport, Pennsylvania Bureau of Transportation

Statement of Revenues, Expenses, and Changes in Net Position (continued)
Year Ended June 30, 2020

Capital Grant Funding	
Federal government	$ 1,918,730
State government	697,581
Local government and other	2,838
Total Capital Grant Funding	2,619,149
Decrease in Net Position	(2,101,558)
Net Position at Beginning of Year	40,238,181
Net Position at End of Year	$ 38,136,623

See accompanying notes.

City of Williamsport, Pennsylvania Bureau of Transportation

Statement of Cash Flows
Year Ended June 30, 2020

Cash Flows from Operating Activities	
Cash received from customers	$ 1,914,517
Cash payments to suppliers for goods and services	(3,948,933)
Cash payments to employees for services	(4,062,443)
Net Cash Used in Operating Activities	(6,096,859)
Cash Flows from Noncapital Financing Activities	
Cash receipts from operating grants	6,648,051
Net Cash Provided by Noncapital Financing Activities	6,648,051
Cash Flows from Capital and Related Financing Activities	
Receipts from capital grants	2,342,530
Acquisition and construction of capital assets	(2,333,816)
Payments on line of credit	(650,000)
Payments on long-term debt	(395,040)
Borrowings of long-term debt	1,912,785
Net Cash Provided by Capital and Related Financing Activities	876,459
Cash Flows from Investing Activities	
Interest expense	(536,982)
Interest income	19,070
Net Cash Used in Investing Activities	(517,912)
Net Increase in Cash	909,739
Cash, Restricted at Beginning of Year	1,283,207
Cash, Restricted at End of Year	$ 2,192,946

See accompanying notes.

Statement of Cash Flows (continued)
Year Ended June 30, 2020

Reconciliation of Loss from Operations to Net Cash Used in Operating Activities	
Loss from operations	$ (12,167,301)
Adjustments to reconcile loss from operations to net cash used in operating activities	
Depreciation and amortization	3,770,059
Contribution from City	495,077
(Increase) decrease in assets	
Accounts receivable and other receivables	19,066
Prepaid expenses	19,393
Inventory	(10,817)
(Increase) decrease in deferred outflows	
Pension	(154,331)
Loss on Refunding	27,327
Increase (decrease) in liabilities	
Accounts payable	109,986
Accrued liabilities	145,939
Due to City and other government	985,228
Net pension liability	(944,046)
Postemployment benefit liability	286,640
Increase (decrease) in deferred inflows	
Pension	1,320,921
Net Cash Used in Operating Activities	$ (6,096,859)

See accompanying notes.

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Note 1 - Nature of Activity

The City of Williamsport, Pennsylvania Bureau of Transportation (the Bureau) provides mass transit services to residents of the City of Williamsport, Pennsylvania (the City) and surrounding communities. The Bureau's operations are funded through user charges (bus fares), as well as federal, state, and local operating and capital grants and subsidies. The Bureau is a department of the City; the City accounts for the operations of the Bureau as a proprietary fund-type.

The Bureau provides scheduled bus service on fixed routes and demand response transportation services in specially-equipped vehicles to the general public and to qualifying elderly and handicapped persons.

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

Note 2 - Summary of Significant Accounting Policies

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

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 that 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 Bureau.

The Bureau is a component unit of the City.

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 and utilizes the proprietary fund type. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

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 Bureau's principal ongoing operations. The principal operating revenues of the Bureau 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 Bureau are operating and capital grants from federal, state, and local governments and interest income. The principle nonoperating expenses are losses on the disposal of capital assets.

When restricted and unrestricted resources are available for its use, it is the Bureau'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 Bureau 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.

Cash, Restricted

Certain proceeds from the Bureau'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 was $654,603 at June 30, 2020.

Draft 9/22/21

Note 2 - Summary of Significant Accounting Policies (continued)

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

Inventories and Prepaid Expenses

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

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

Bond Premiums and Deferred Refunding Losses

Bond premiums/discounts and deferred refunding losses are being amortized using the interest method over the term of the bonds. Net amortized expense for the year ended June 30, 2020 totaled $20,336. Amortization expenses for the years ending June 30, 2021 through 2025 will be $20,336 each year.

Capital Assets

Capital assets include property and equipment with a cost in excess of $18,000 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:

Land improvements	15 to 30 years
Building	30 to 50 years
Furniture and office equipment	4 to 15 years

Maintenance and repairs of capital assets are expensed when incurred. Upon retirement, sale, or other disposition of capital assets, the cost and accumulated depreciation are eliminated 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 or be restricted for the future purchase of capital assets.

Due from Other Governments

Amounts reported as due from other governments for operating purposes are classified as current assets.

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, 2020.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Compensated Absences

The Bureau 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 Bureau.

Unearned Revenues

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

Deferred Outflows of Resources and Deferred Inflows of Resources

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

Net Position

Net position is classified into three categories as follows:

Net investment in capital assets - consists of capital assets, net of accumulated depreciation.

Restricted net position - are amounts that have externally imposed restrictions on how the funds can be spent. The Bureau had no restricted amounts as of June 30, 2020.

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

Capital Grants

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

Advertising Costs

Advertising costs are expensed as incurred.

Employee Benefits

The Bureau participates in the City pension plan covering substantially all employees. Pension plan expense is determined as specified for the plan. The Bureau's policy is to fund all required pension costs.

Note 2 - Summary of Significant Accounting Policies (continued)

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

Postemployment Benefits

The Bureau provides health insurance benefits for retired employees that have attained age plus years of service of greater than 85 years, as well as a minimum age of 55 until Medicare eligibility. The Bureau funds postemployment benefits as they are incurred.

Recent Accounting Pronouncements

In January 2017, the Governmental Accounting Standards Board (GASB) issued Statement No. 84, *Fiduciary Activities*. This Statement amends the financial accounting and reporting requirements for sponsors (employers) of pension and other postemployment benefit (OPEB) plans. GASB Statement No. 84 is effective for periods beginning after December 15, 2019.

In June 2017, the GASB issued Statement No. 87, *Leases*. This Statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. GASB Statement No. 87 was modified by GASB Statement No. 95 and is now effective for periods beginning after June 15, 2021.

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

Note 3 - Budget Matters

The Bureau adopts an annual budget.

Note 4 - Basis for Adverse Opinion

As a result of the audit procedures performed, we were unable to determine whether the amounts reported as assets held, liabilities incurred, revenues earned and expenses incurred, grant receivables, or deferred revenue were properly stated at June 30, 2020. The Bureau did not maintain adequate records related to the ownership of assets and related liabilities, as well as the use of grant funds in compliance with the respective grant agreements. As a result, we are unable to satisfy ourselves that the financial statements are free from material misstatement.

Note 5 - Cash, Restricted

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

As of June 30, 2020, the carrying amounts of the Bureau's bank deposits were $2,192,946 and the corresponding bank balances were $2,228,501, of which $1,703,316 was exposed to custodial risk because they were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Bureau's name or secured by a letter of credit. The Bureau maintains $200 in petty cash.

Cash, whose use is limited to a specific purpose, has been classified as "restricted" in the financial statements. At June 30, 2020, Cash, Restricted consists of balances restricted for capital or other external uses in the amount of $1,900,346 and unearned Commonwealth of Pennsylvania Act 44/89 funds in the amount of $292,400.

At June 30, 2020, all of the Bureau's cash was restricted due to state statutes limiting use of the funds.

At June 30, 2020, the Bureau had utilized $768,603 of grant funds on operations, which are returned to the restricted account upon receipt of the state or local share of those projects.

Note 6 - Grants Receivable

The following amounts are due on various grants at June 30, 2020:

Grants receivable through related parties	$ 2,256,314
Commonwealth of Pennsylvania	483,939
	$ 2,740,253

Note 7 - Capital Assets

Capital asset activity was as follows for the year ended June 30, 2020:

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Not Being Depreciated				
Land	$ 923,236	$ -	$ -	$ 923,236
Assets in progress	481,389	-	481,389	-
Total Capital Assets Not Being Depreciated	1,404,625	-	481,389	923,236

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Note 7 - Capital Assets (continued)

	Balance July 1, 2019	Additions	Deletions	Balance June 30, 2020
Capital Assets Being Depreciated				
Land improvements	$ 633,380	$ -	$ -	$ 633,380
Building	59,201,183	204,901	158	59,405,926
Machinery and equipment	28,566,186	2,610,304	5,210,939	25,965,551
Museum exhibits	536,099	-	-	536,099
Total Capital Assets Being Depreciated	88,936,848	2,815,205	5,211,097	86,540,956
Accumulated Depreciation				
Land improvements	387,139	30,046	-	417,185
Building	16,030,632	1,959,838	-	17,990,470
Machinery and equipment	17,288,886	1,705,728	5,210,939	13,783,675
Museum exhibits	536,099	-	-	536,099
Accumulated Depreciation	34,242,756	3,695,612	5,210,939	32,727,429
Capital Assets Being Depreciated, Net	54,694,092	(880,407)	158	53,813,527
Capital Assets, Net	$ 56,098,717	$ (880,407)	$ 481,547	$ 54,736,763

Note 8 - Property Held Under Capital Lease

In December 1999, the Bureau became the lessee of a portion of a new parking deck (consisting of 150 parking spaces and an enclosed area for the exclusive use of its "Park & Ride" passenger program) under a capital lease agreement with the Williamsport Parking Authority. The lease term expires in 2029, with two bargain renewal options, which extend the term to 2049. Under the terms of the capital lease agreement, the Bureau was required to make the full lease payment upon commencement of the lease.

These assets are being amortized over their respective lease terms, which approximate their estimated productive lives. Amortization of assets under capital leases amounted to $44,898 for the year ended June 30, 2020.

Property held under capital leases related to the Bureau are as follows for the year ended June 30, 2020:

150 parking spaces	$ 2,100,000
Enclosed waiting area for "Park & Ride" program	100,000
	2,200,000
Accumulated amortization	(924,150)
Property Held Under Capital Lease, Net	$ 1,275,850

Note 9 - Direct Financing Leases

The Bureau is invested in long-term office space rentals in the Trade and Transit Centers under various direct financing lease agreements that expire from 2029 to 2045.

The following is a summary of the components of the Bureau's net investment in direct financing leases at June 30, 2020:

Total minimum lease payments to be received	$ 828,890
Estimated residual value of leased property	82,951
Unearned expense	798,867
Net Investment in Direct Financing Leases	$ 1,710,708

Unearned income/expense is amortized using the straight-line method over the lease term of 29 years.

Minimum lease payments to be received is as follows for the years ending June 30:

2021	$ 32,000
2022	42,000
2023	42,000
2024	42,000
2025	42,000
Thereafter	628,890
	$ 828,890

Note 10 - Unearned Revenues Under Commonwealth of Pennsylvania Act 44/89

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 Act 3. Funding under Act 44 is to be used for operating purposes and requires certain levels of local government support. Funds not expended in the year of receipt can be carried forward for future operating expenses. Act 44 was amended by Act 89 of 2013. The following transactions occurred relative to the Act 44/89 account for the year ended June 30, 2020:

Balance at Beginning of Year	$ 676,092
Funding	4,473,411
Total Available	5,149,503
Funds expended	(4,088,500)
Balance at End of Year	$ 1,061,003

Note 11 - Unearned Local Revenue

Local grant funds in the amount of $535,267 at June 30, 2020 are local shares for operating assistance and capital projects received in advance from the City and other local municipalities.

Note 12 - Long-Term Debt

General Obligation Bonds

In November 2017, the City issued its General Obligation Bonds, Series of 2017, in the face amount of $19,310,000 for the purpose of currently refunding the City's $2,500,000 General Obligation Note, Series of 2016, currently refunding $1,000,000 of the City's $5,000,000 General Obligation Note, Series of 2017, advance refunding the City's $8,300,000 General Obligation Bonds, Series of 2013, advance refunding the City's $8,290,000 General Obligation Bonds, Series of 2014, and paying the costs of issuance of the bonds. The bonds bear interest at variable rates ranging from 2.00% to 5.00%; interest payments are due semi-annually on January 1 and July 1 of each year. Principal payments commence on July 1, 2018, and continue through and including July 1, 2038. The Bureau's portion of the debt was $8,464,799 at June 30, 2020. Additionally, there are bond issuance premiums and deferred funding losses which are being amortized over the life of the bonds. At June 30, 2020, the deferred losses totaled $475,951 and the premium paid equaled $(830,143).

Future maturities of principal and interest are as follows for the year ending June 30:

	Principal	Interest	Total
2021	$ 421,217	$ 347,962	$ 769,179
2022	442,635	328,472	771,107
2023	464,053	305,805	769,858
2024	485,471	282,067	767,538
2025	511,648	257,139	768,787
Thereafter	6,139,775	1,497,501	7,637,276
	$ 8,464,799	$ 3,018,946	$ 11,483,475

General Obligation Notes

In November 2019, the City issued a General Obligation Note, Series of 2019, in the face amount of $2,000,000 to finance capital projects of the City. The note bear interest at 2.98%; interest payments are due monthly commencing on January 1, 2020. Principal payments commence on January 1, 2022, and continue through the maturity date. The Bureau's portion of the debt was $1,912,785 at June 30, 2020.

Note 12 - Long-Term Debt (continued)

General Obligation Notes (continued)

Future maturities of principal and interest are as follows for the year ending June 30:

	Principal	Interest	Total
2021	$ -	$ 56,963	$ 56,963
2022	68,892	58,290	127,182
2023	168,491	53,360	221,851
2024	173,519	48,332	221,851
2025	178,962	42,889	221,851
Thereafter	1,322,921	137,599	1,460,520
	$ 1,912,785	$ 397,433	$ 2,310,218

Note 13 - Unrestricted Deficit in Net Position

The Bureau has incurred a cumulative deficit in net position at June 30, 2020 of $9,563,723. The deficit is primarily the result of salaries, wages, and benefits, but is funded by the federal, state, and local governments. The Bureau anticipates recovery of this deficit over time, as these benefits are paid and subsidies are received.

Note 14 - Risk Management

Property and Liability Insurance

The Bureau 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 Bureau has joined together with other transit organizations in the Commonwealth of Pennsylvania to form the State Association for Transportation Insurance (SAFTI) Property & Liability Pool, a public entity risk pool currently operating as a common risk management and insurance program. The Bureau pays annual premiums to the SAFTI Property & Liability Pool for its property; general liability; automobile liability; automobile physical damage; crime, boiler, and machinery; and public officials' errors and omissions insurance coverage. The agreement for formation of the SAFTI Property & Liability Pool provides that the SAFTI 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 SAFTI Property & Liability Pool, additional supplementary premiums may be assessed to members on a pro-rata basis. Premiums paid to the SAFTI Property & Liability Pool and charged to operations during the years ended June 30, 2020 amounted to $115,442.

Note 14 - Risk Management (continued)

Workers' Compensation Insurance

The Bureau has joined together with other transit organizations in the Commonwealth of Pennsylvania to form the SAFTI Workers' Compensation Pool, a public entity risk pool currently operating as a common risk management and insurance program. The Bureau pays annual premiums to the SAFTI Workers' Compensation Pool for its workers' compensation insurance coverage. The agreement for formation of the SAFTI Workers' Compensation Pool provides that the SAFTI Workers' Compensation Pool will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of certain amounts specified. In the event annual premiums are not sufficient to fund operations or obligations of the SAFTI Workers' Compensation Pool, additional supplementary premiums may be assessed to members on a pro-rata basis. Premiums charged to the SAFTI Workers' Compensation Pool and charged to operations during the years ended June 30, 2020 amounted to $138,700.

Commercial Insurance

The Bureau carries commercial insurance for all other risks of loss, including health care and workers' compensation. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Note 15 - Advertising

Advertising costs included in the statement of revenues, expenses, and changes in net position for the year ended June 30, 2020 were $43,491.

Note 16 - City of Williamsport Officers' and Employees' Pension Plan

Plan Description

The City of Williamsport Officers' and Employees' Pension Plan (the Plan) is a single-employer defined benefit pension plan administered by the City. The City is the only participating employer into the Plan. The pension plan provides pension benefits for normal retirement at the age of 65. Separately issued financial statements are available by contacting the Bureau.

Benefits Provided

Under the requirements for normal retirement, upon reaching age 60 and the completion of 12 years of services, participants receive 2.5% of Average Monthly Compensation multiplied by Years of Service up to a maximum benefit of 50% of Average Monthly Compensation, payable in the Normal Form of Payment. Optional Forms of Benefit Payment may be elected by the participant. For participants electing early retirement, the benefit may be elected immediately and will be reduced by 4.0% for each year by which commencement of benefits precedes Normal Retirement date.

Note 16 - City of Williamsport Officers' and Employees' Pension Plan (continued)

Benefits Provided (continued)

A monthly benefit is calculated in the same manner as under Normal Retirement as of initial Deferred Retirement Option Programs (DROP) participation date. During DROP period, the monthly benefit based on the option elected by the participant is credited to a DROP account with interest at the actual rate of return on pension fund assets (but no less than 0% and no greater than 4.5%). At final retirement, a lump-sum payment is made to the participant equal to the accumulated value of the DROP account. The monthly benefit is then paid directly to the participant.

Nonvested participants who voluntarily terminate employment will receive a Refund of Employee Contributions. Vested participants may elect to receive the Accrued Benefit at date of termination, payable at Normal Retirement, in lieu of a Refund of Employee Contributions. Benefit may be elected immediately but will reduced as for Early Retirement.

Employees Covered by Benefit Terms

The following employees were covered by the Plan at June 30, 2020:

Active employees	79
Retirees and beneficiaries currently receiving benefits	32
	111

Contributions

Act 205 requires that annual contributions to the Plan be based upon the Plan's Minimum Municipal Obligation, which is based on the Plan's biennial actuarial valuation. Investment expenses, including investment manager and custodial services, are funded through investment earnings. Administrative expenses, including actuarial and consultant services, are funded through investment earnings and/or contributions. Participants are required to contribute 5.5% of annual compensation. The Bureau is required to contribute amounts necessary to fund the Plan using the actuarial basis specified by statute.

At June 30, 2020, the Bureau reported a liability of $1,647,121 for its net pension liability. The net pension liability was measured as of December 31, 2019.

For the year ended June 30, 2020, the Bureau recognized pension expense of $717,621. The Bureau reported deferred outflows of resources and deferred inflows of resources related to the Plan from the following sources at December 31, 2019:

Deferred Outflows of Resources	$
Differences between expected and actual experience	5,871
Changes of assumptions	1,066,734
Differences between projected and actual earnings	948,630
	$ 2,021,235

Draft 9/22/21

Note 16 - City of Williamsport Officers' and Employees' Pension Plan (continued)

Contributions (continued)

Deferred Inflows of Resources	$
Differences between expected and actual experience	479,235
Differences between projected and actual earnings	1,479,171
	$ 1,958,406

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

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

2021	
2022	$ (2,379)
2023	2,743
2024	133,410
2025	(200,113)
Thereafter	61,509
	67,659

Actuarial Assumptions

The total pension liability as of June 30, 2020 was determined using the following actuarial assumptions applied to all periods included in the measurement:

Interest rate	7.5%
Salary increases	4.5%, compounded annually
Asset Smoothing	4-year smoothing

Mortality rates were based on the RP-2014 Mortality Table with 50% of Blue Collar Adjustment.

The actuarial assumptions used in the December 31, 2019 valuation were based on past experience under the Plan and reasonable future expectations, which represent our best estimate of anticipated experience under the Plan.

Draft 9/22/21

Note 16 - City of Williamsport Officers' and Employees' Pension Plan (continued)

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class included in the pension plan's target asset allocation are summarized in the following table as of December 31, 2019:

	Target Allocation	Long-Term Expected Real Rate of Return
Asset Class		
Equity	XX.XX %	XX.XX %
Fixed income	XX.XX	XX.XX
Cash	XX.XX	XX.XX
	XX.XX %	

Discount Rate

The discount rate used to measure the total pension liability was 7.50%. The projection of cash flows used to determine the discount rate assumed that municipal contributions will be made each year as required under Pennsylvania Act 205. Based on this assumption, the fund's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Deferred Retirement Option Program

The City offers DROP for its plan that allows participants who qualify to continue working and still be entitled to a pension benefit in addition to a lump sum DROP amount. A description of the DROP terms is presented below:

Eligibility	Any member who is eligible for a Normal Retirement Benefit under the Plan.
Term	The maximum period that a member can participate in the DROP is 5 years.
Pension benefit calculation	A calculation is made of the monthly Normal Retirement Benefit as of the DROP Participation Date.

Draft 9/22/21

Note 16 - City of Williamsport Officers' and Employees' Pension Plan (continued)

Deferred Retirement Option Program (continued)

DROP Account — A member's DROP account shall consist of the total of the following: an amount equal to the participant's total monthly Normal Retirement Benefit, plus interest at the actual rate of return on the Fund, but not less than 0% or more than 4.5%. A member shall collect their DROP amount upon participants' termination of employment.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2018	$ 14,657,955	$ 12,066,758	$ 2,591,197
Service cost	483,334	-	483,334
Interest	1,133,289	-	1,133,289
Differences between expected and actual experience	(433,752)	-	(433,752)
Changes in assumptions	870,465	-	870,465
Contributions, employer	-	495,107	(495,107)
Contributions, member	-	231,825	(231,825)
Net investment income	-	2,323,494	(2,323,494)
Benefit payments	(952,175)	(952,175)	-
Administrative expenses	-	(53,014)	53,014
Net Changes	1,101,161	2,045,237	(944,076)
Balance at December 31, 2019	$ 15,759,116	$ 14,111,995	$ 1,647,121

There were no significant changes in assumptions from the prior actuarial valuations.

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

The following is a sensitivity analysis of the net pension liability to changes in the discount rate. The table below presents the net pension liability calculated using the discount rate of 7.50%, as well as what the net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.50%) or one percentage point higher (8.50%) than the current rate:

	1% Decrease (6.50%)	Discount Rate (7.50%)	1% Increase (8.50%)
Net Pension Liability	$ 3,316,061	$ 1,647,121	$ 234,022

Note 17 - Postemployment Benefits Other Than Pensions (OPEB) - Health and Welfare Plan Employees and Retirees

Plan Description

The Bureau provides postretirement medical, vision, and life insurance for employees who retire and have attained an age plus years of service amount equal to or greater than 85 years and have attained the age of 55. The cost of such medical, vision, and life insurance coverage for retirees and spouses are primarily funded through annual appropriations from the Bureau. Retired employees who are ineligible under the above requirements and choose to participate in the medical plan must pay 100 percent of the composite rate cost of such coverage. The Bureau participates in the City of Williamsport, Pennsylvania OPEB Plan a single employer defined benefit OPEB plan administered by the City.

Benefits Provided

The employer will cover part or all the cost of retiree's medical insurance for life, and vision coverage until age 65 based on age plus years of service at retirement. At age 65, the employer will make a monthly contribution of up to 50% of the COBRA single premium rate under the active members plan into a Health Reimbursement Account (HRA) based on age plus years of service, which the retiree can use toward premiums for a Medicare supplement plan or other eligible healthcare expenses. For 2018, the maximum amount of the post-65 HRA contribution is $500 per month. Separately issued financial statements are not prepared.

Retirees under age 65 can remain on the group plan that covers active employees, the $500 deductible plan of the Preferred Provider Organization, until age 65.

For retirees after January 1, 2010, the benefit is $10,000. For those who retired before January 1, 2010, the life insurance amount is based on the contract under which they retired.

Funding Policy

The Bureau currently funds OPEB costs as they occur.

Employees Covered by Benefit Terms

The following employees were covered by the Plan at January 1, 2018:

Inactive employees or beneficiaries currently receiving benefit payments	21
Inactive employees entitled to but not yet received benefit payments	
Active employees	73
	94

Note 17 - Postemployment Benefits Other Than Pensions (OPEB) - Health and Welfare Plan Employees and Retirees (continued)

Postemployment Benefits Liability, Postemployment Benefit Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Postemployment Benefits

At June 30, 2020, the Bureau reported a liability of $7,328,573 for its postemployment benefit liability. The net postemployment benefit liability was measured as of January 1, 2018 and the total postemployment benefit liability was determined by rolling forward the liabilities from an actuarial valuation as of January 1, 2018. For the year ended June 30, 2020 the Bureau recognized postemployment benefit expense of $286,640 related to this Plan.

Actuarial Methods and Assumptions

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

Actuarial Valuation Date	January 1, 2018
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Market value
Discount Rate	3.25% per annum based on 20-Year tax-exempt general obligation municipal bonds with an average rating of AA/Aa
Healthcare Inflation Rate	Medical and prescription drug costs are assumed to decrease by 0.25% through 2023. Rate reduced to 5.00% in 2024
Inflation	2.75%
Interest Rate	3.25%
Mortality	RP-2014 Mortality Tables with 50% Blue Collar Adjustment and rates set forward 5 years for disabled lives

Draft 9/22/21

Note 17 - Postemployment Benefits Other Than Pensions (OPEB) - Health and Welfare Plan Employees and Retirees (continued)

Changes in the Net Postemployment Benefit Liability

	Increase (Decrease)		
	Total Postemployment Benefit Liability (a)	Plan Fiduciary Net Position (b)	Net Postemployment Benefit Liability (a) - (b)
Balance at December 31, 2018	$ 7,041,933	$ -	$ 7,041,933
Service cost	221,009	-	221,009
Interest cost	233,342	-	233,342
Contributions employer	-	167,711	(167,711)
Benefit payments*	(167,711)	(167,711)	-
Net Changes	286,640	-	286,640
Balance at December 31, 2019	$ 7,328,573	$ -	$ 7,328,573

* Payments are actuarially determined expected benefit payments, which may vary from actual benefit payments due to implied subsidy and experience that is different than expected.

The plan does not have a trust and; therefore, there are no investments.

Sensitivity of the Bureau's Net Postemployment Benefit Liability to Changes in the Discount Rate

The following is a sensitivity analysis of the net postemployment benefit liability to changes in the discount rate. The table below presents the net postemployment benefit liability calculated using the discount rate of 3.25% as well as what the net postemployment benefit liability would be if it were calculated using a discount rate that is one percentage point lower (2.25%) or one percentage point higher (4.25%) than the current rate:

	1% Decrease (2.25%)	Discount Rate (3.25%)	1% Increase (4.25%)
Net Postemployment Benefit Liability	$ 9,165,162	$ 7,328,573	$ 5,962,437

Note 17 - Postemployment Benefits Other Than Pensions (OPEB) - Health and Welfare Plan Employees and Retirees (continued)

Sensitivity of the Bureau's Net Postemployment Benefit Liability to Changes in the Healthcare Cost Trend Rate

The following is a sensitivity analysis of the net postemployment benefit liability to changes in the healthcare cost trend rate. The table below presents the net postemployment benefit liability calculated using the healthcare cost trend rate of 6.50%, as well as what the net postemployment benefit liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Healthcare Cost Trend Rate (6.50%)	1% Increase (7.50%)
Net Postemployment Benefit Liability	$ 5,962,437	$ 7,328,574	$ 9,165,162

Note 18 - Contingencies

Grants

A significant portion of the Bureau'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 Bureau's operations.

Capital Assets

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

Audit

The grants received by the Bureau 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.

Litigation

In the normal course of business, the Bureau 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.

Draft 9/22/21

Note 19 - Related Party Transactions

The Bureau has had, and may be expected to have in the future, transactions in the ordinary course of business with directors and organizations with which they are associated on substantially the same terms as those prevailing at the time for comparable transactions with others. The aggregate amounts of these transactions are not significant to the financial statements.

Note 20 - Risks and Uncertainties

The Bureau has been notified that certain grants and other activities are being reviewed and analyzed by various state agencies to determine the Bureau's compliance with the requirements of the respective grant agreements.

Additionally, it is reasonably possible that the financial statements have been, or will be, materially and adversely impacted in the near term as a result of these conditions.

Note 21 - Subsequent Events

The Bureau has evaluated subsequent events through _____, 2021. This date is the date the financial statements were available to be issued. No material events subsequent to June 30, 2020 were noted.

City of Williamsport, Pennsylvania Bureau of Transportation

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

	Years Ended June 30,				
	2020	2019	2018	2017	2016
Total Pension Liability					
Service cost	$ 483,334	$ 344,619	$ 328,992	$ 286,382	$ 273,396
Interest	1,133,289	1,074,588	1,021,809	957,548	909,093
Differences between expected and actual experience	(433,752)	-	(195,387)	-	23,146
Change in assumptions**	870,465	-	481,014	-	222,679
Benefit payments, including refunds of member contributions	(952,175)	(554,216)	(811,815)	(676,674)	(467,744)
Net Change in Total Pension Liability	1,101,161	864,991	824,613	567,256	960,570
Total Pension Liability at Beginning of Year	14,657,955	13,792,964	12,968,351	12,401,095	11,440,525
Total Pension Liability at End of Year	$ 15,759,116	$ 14,657,955	$ 13,792,964	$ 12,968,351	$ 12,401,095
Plan Fiduciary Net Position					
Contributions, employer	$ 495,107	$ 362,629	$ 351,523	$ 322,203	$ 316,542
Contributions, member	231,825	216,158	180,254	159,728	161,935
Net investment income (loss)	2,323,494	(604,627)	1,645,225	897,889	(9,200)
Benefit payments, including refunds of member contributions	(952,175)	(554,216)	(811,815)	(676,674)	(467,744)
Administrative expenses	(53,044)	(58,729)	(51,123)	(62,055)	(55,501)
Net Change in Plan Fiduciary Net Position	2,045,207	(638,785)	1,314,064	641,091	(53,968)
Plan Net Position at Beginning of Year	12,066,788	12,705,573	11,391,509	10,750,418	10,804,386
Plan Net Position at End of Year	$ 14,111,995	$ 12,066,788	$ 12,705,573	$ 11,391,509	$ 10,750,418
Authority's Net Pension Liability	$ 1,647,121	$ 2,591,167	$ 1,087,391	$ 1,576,842	$ 1,650,677
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	89.5%	82.3%	92.1%	87.8%	86.7%
Covered Employee Payroll	$ 4,291,065	$ 2,888,438	$ 2,701,183	$ 2,657,924	$ 2,547,182
Authority's Net Pension Liability as a Percentage of Covered Employee Payroll	38.4%	89.7%	40.3%	59.3%	64.8%

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

** Assumption changes were that the discount rate was decreased from 7.75% to 7.5% and the assumed rate of salary increase was lowered from 4.75% to 4.5%.

City of Williamsport, Pennsylvania Bureau of Transportation

Schedule of Pension Contributions
Last Ten Fiscal Years

	Years Ended June 30,				
	2020	2019	2018	2017	2016
Contractually required contribution	$ 495,107	$ 482,083	$ 502,055	$ 480,156	$ 470,612
Contributions in relation to the contractually required contribution	495,107	482,083	502,055	480,156	470,612
Contribution Excess	$ -	$ -	$ -	$ -	$ -
Covered employee payroll	$ 4,291,065	$ 2,888,438	$ 2,701,183	$ 2,657,924	$ 2,547,182
Contributions as a percentage of covered employee payroll	11.5%	16.7%	18.6%	18.1%	10.1%

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

Actuarial Cost Method	Entry age normal
Amortization Method	Level dollar closed
Remaining Amortization Period	Seven years
Asset Valuation Method	Four-year smoothed market
Inflation Rate	3.00%
Salary Increases	4.50%
Investment Rate of Return	7.50%
Retirement Age	Normal Retirement Age, or attained age, if currently eligible to retire.
Mortality	RP-2014 Mortality Table with 50% of Blue Collar Adjustment

City of Williamsport, Pennsylvania Bureau of Transportation

Schedule of Investment Returns
Last Ten Fiscal Years*

	Years Ended June 30,		
	2020	2019	2018
Annual Money-Weighted Rate of Return, Net of Investment Expenses	**0.00%**	-5.02%	8.60%

* This Schedule is to present the information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

City of Williamsport, Pennsylvania Bureau of Transportation

Schedule of Changes in Postemployment Benefit Liability and Related Ratios
Last Ten Fiscal Years*

	Years Ended June 30, 2020	2019
Total Postemployment Benefit (Asset) Liability		
Service cost	$ 221,009	$ 215,094
Interest cost	233,342	224,188
Benefit payments	(167,711)	(159,432)
Net Change in Total Postemployment Benefit (Asset) Liability	286,640	279,850
Total Postemployment Benefit Liability at Beginning of Year	7,041,934	6,762,084
Total Postemployment Benefit Liability at End of Year	$ 7,328,574	$ 7,041,934
Covered Employee Payroll	$ 3,468,385	$ 2,888,438
Authority's Net Postemployment Benefit Liability as a Percentage of Covered Employee Payroll	211.30%	243.80%

* This Schedule is to present the information for 10 years. However, until a full 10-year trend is compiled, information for those years for which information is available is shown.

No assets have been accumulated for the payment of benefits.

City of Williamsport, Pennsylvania Bureau of Transportation

Schedule of Changes in Postemployment Benefit Liability and Related Ratios (continued)
Last Ten Fiscal Years

Actuarial Methods and Assumptions, Union Employees OPEB

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

Actuarial Valuation Date	January 1, 2018
Actuarial Cost Method	Entry age normal
Asset Valuation Method	Market value
Discount Rate	3.25% based on the index rate for 20-year tax-exempt obligation municipal bonds with an average rating of AA/Aa or higher.
Healthcare Inflation Rate	Medical/Rx are projected at 6.5% decreasing by 0.25% annually until it reaches 5.0%. Medicare Part B is projected at 5.0%. Vision is projected at 4.0%.
Salary Increases	Pays are assumed to increased at the assumed rate of inflation.
Mortality	75% of scale AA to the RP-2014 mortality table with 50% blue collar adjustment
Retirement Age	Age 62 with 14 years of service
Election of Coverage	All future retirees hired on or after January 1, 2015: 100% elect individual coverage Current retirees: Continuation of current coverage level, except that current retirees who have opted-out of coverage prior to age 65 are assumed to opt back into coverage at age 65.
Spouse Age	Female spouse is assumed to be three years younger than male spouse

Schedule of LEG - Fixed Route Urban Expenses - FY 19-20
Year Ended June 30, 2020

Operating Expenses	Vehicle Operation	Maintenance	General Admin	Totals
1. Operators' Salaries & Wages	$ 2,097,577	$ -	$ -	$ 2,097,577
2. Operators' Paid Absences	181,340	-	-	181,340
3. Other Salaries & Wages	264,701	878,983	792,592	1,936,276
4. Other Paid Absences	34,750	46,568	64,073	145,391
5. Fringe Benefits	1,254,959	406,073	401,338	2,062,370
6. Services	-	300,759	380,370	681,129
7. Fuel & Lubricants	88,766	72,395	-	161,161
8. Tires & Tubes	45,471	11,665	-	57,136
9. Other Materials & Supplies	-	403,398	50,829	454,227
10. Utilities	(74,942)	-	90,519	15,577
11. Casualty & Liability Costs	-	-	115,442	115,442
12. Taxes	-	-	-	-
13. Purchased Transportation	-	-	-	-
14. Miscellaneous Expenses	-	-	47,217	47,217
15. Total System Expenses	$ 3,892,622	$ 2,119,841	$ 1,942,380	7,954,843
Applied Reconciling Items				
16. Interest Expenses				-
17. Operating Lease Expenses				-
18. Depreciation (privately funded assets only)				-
19. Amortization of Intangibles				-
20. Capital Leases				-
21. Related Parties Lease Agreement (privately funded assets only)				-
22. Voluntary Non-Exchange Transactions				-
23. Extraordinary and Special Items				-
24. Other Reconciling Items				
Identify: planning expenses, rounding				120,601
25. Total Applied Reconciling Items				120,601
26. Total Operating Expenses				8,075,444
Non-Applied Reconciling Items				
27. Depreciation (publicly funded assets only)				3,740,668
28. Other Postemployment Benefits (OPEB) (publicly funded assets only)				1,004,261
29. Other Reconciling Items				
Identify				1,647,931
30. Total Non-Applied Reconciling Items				6,392,860
31. Total Operating Expenses per Audit				$ 14,468,304

City of Williamsport, Pennsylvania Bureau of Transportation

Draft 9/22/21

Schedule of LEG - Non-Fixed Route ADA Paratransit Expenses - Urban - FY 19-20
Year Ended June 30, 2020

Operating Expenses	Vehicle Operation	Maintenance	General Admin	Totals
1. Operators' Salaries & Wages	$ -	$ -	$ -	$ -
2. Operators' Paid Absences	-	-	-	-
3. Other Salaries & Wages	-	-	8,961	8,961
4. Other Paid Absences	-	-	-	-
5. Fringe Benefits	-	-	2,987	2,987
6. Services	-	-	-	-
7. Fuel & Lubricants	-	-	-	-
8. Tires & Tubes	-	-	-	-
9. Other Materials & Supplies	-	-	-	-
10. Utilities	-	-	-	-
11. Casualty & Liability Costs	-	-	-	-
12. Taxes	-	-	-	-
13. Purchased Transportation	119,481	-	-	119,481
14. Miscellaneous Expenses	-	-	-	-
15. Total System Expenses	$ 119,481	$ -	$ 11,948	131,429
Applied Reconciling Items				
16. Interest Expenses				-
17. Operating Lease Expenses				-
18. Depreciation (privately funded assets only)				-
19. Amortization of Intangibles				-
20. Capital Leases				-
21. Related Parties Lease Agreement				-
22. Voluntary Non-Exchange Transactions				-
23. Extraordinary and Special Items				-
24. Other Reconciling Items				
Identify				
25. Total Applied Reconciling Items				-
26. Total Operating Expenses				131,429
Non-Applied Reconciling Items				
27. Depreciation (publicly funded assets only)				-
28. Other Post Employment Benefits (OPEB)				-
29. Voluntary Non-Exchange Transactions				-
30. Other Reconciling Items				
Identify				
31. Total Non-Applied Reconciling Items				-
32. Total Operating Expenses per Audit				$ 131,429

City of Williamsport, Pennsylvania Bureau of Transportation

Draft 9/22/21

Reconciliation of Operating Expenses to Financial Statements Prepared Under Accounting Principles Generally Accepted in the United States of America
Year Ended June 30, 2020

Operating expenses reported on Schedule of LEG - Fixed Route Urban Expenses - FY 19-20	$ 14,468,304
Operating expenses reported on Schedule of LEG - Non-Fixed Route ADA Paratransit Expenses - Urban - FY 19-20	131,429
Operating Expenses Reported on the Statement of Revenues, Expenses, and Changes in Net Position	$ 14,599,733
Per Financial Statements	
Total operating expenses	$ 14,062,752
Interest expense	536,982
Reconciling item, rounding	(1)
Operating Revenues Reported on the Statement of Revenues, Expenses, and Changes in Net Position	$ 14,599,733

City of Williamsport, Pennsylvania Bureau of Transportation

Draft 9/22/21

Schedule of LEG - Fixed Route Revenues - FY 19-20
Year Ended June 30, 2020

	Urban	Rural	Total
Transportation Revenues			
1. Passenger-Paid Fares	$ 467,233	$ -	$ 467,233
2. Organization-Paid Fares	211,500	-	211,500
3. Advertising	43,491	-	43,491
4. Subtotal Transportation Revenues	722,224	-	722,224
Other (Revenue)			
5. Total Recoveries	-	-	-
6. Identify: Charter Income	10,096	-	10,096
7. Identify: Souvenir Sales	289	-	289
8. Identify: Miscellaneous	(14,805)	-	(14,805)
9. Identify: Parts Discounts	392	-	392
10. Identify:	-	-	-
11. Subtotal Other Revenue	(4,028)	-	(4,028)
12. Total Revenue	718,196	-	718,196
Non-Applied Reconciling Items			
13. Identify: Interest Income	19,070	-	19,070
14. Identify: Rounding	(1)	-	(1)
15. Identify: See Attached Schedule	1,653,083	-	1,653,083
16. Total Non-Applied Reconciling Items	1,672,152	-	1,672,152
17. Total Revenue per Audit	$ 2,390,348	$ -	$ 2,390,348

Draft 9/22/21

City of Williamsport, Pennsylvania Bureau of Transportation

Schedule of LEG - Non-Fixed Route Revenues - Urban - FY 19-20

Year Ended June 30, 2020

	ADA Paratransit	Shared Ride 65+ Urban Standard	Shared Ride 65+ Rural DAS*	Shared Ride Under 65 Urban Standard	Shared Ride Under 65 Rural DAS*	Public Vanpool	Total
Transportation Revenues							
1. Passenger fares	$ 19,248	$ -	$ -	$ -	$ -	$ -	$ 19,248
2. PwD Passenger Fares	-	-	-	-	-	-	-
3. Shared-Ride Lottery Trip Reimbursement	-	-	-	-	-	-	-
4. PwD Trip Reimbursement	-	-	-	-	-	-	-
5. AAA	-	-	-	-	-	-	-
6. MH/MR - Shared Ride Fare Structure	-	-	-	-	-	-	-
7. W2W - Shared Ride Fare Structure	-	-	-	-	-	-	-
8. MATP - Shared Ride Fare Structure	-	-	-	-	-	-	-
9. Identify	-	-	-	-	-	-	-
10. Identify	-	-	-	-	-	-	-
11. Subtotal Transportation Revenue	19,248	-	-	-	-	-	19,248
Other Revenue							
12. Advertising	-	-	-	-	-	-	-
13. Total recoveries	-	-	-	-	-	-	-
Other (i.e. Block Grant) Identify							
14. Identify	-	-	-	-	-	-	-
15. Identify	-	-	-	-	-	-	-
16. Identify	-	-	-	-	-	-	-
17. Interest/Investment Income	-	-	-	-	-	-	-
18. Total Revenue	19,248	-	-	-	-	-	19,248
Non-Applied Reconciling Items							
19. Identify	-	-	-	-	-	-	-
20. Identify	-	-	-	-	-	-	-
21. Total Non-Applied Reconciling Items	-	-	-	-	-	-	-
22. Total Revenue per Audit	$ 19,248	$ -	$ -	$ -	$ -	$ -	$ 19,248
23. Total Revenue per Audit	$ 19,248	$ -	$ -	$ -	$ -	$ -	$ 19,248

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

City of Williamsport, Pennsylvania Bureau of Transportation

Reconciliation of Operating Revenues to Financial Statements Prepared Under Accounting Principles Generally Accepted in the United States of America
Year Ended June 30, 2020

Operating revenues reported on Schedule of LEG - Fixed Route Revenues - FY 19-20	$ 2,390,348
Operating revenues reported on Schedule of LEG - Non-Fixed Route Revenues - Urban - FY 19-20	19,248
Total Operating Revenues per Schedules	$ 2,409,596
Per Financial Statements	
Total operating revenues	$ 1,895,451
Contribution from City	495,077
Interest income	19,070
Reconciling item, rounding	(2)
Operating Revenues Reported on the Statement of Revenues, Expenses, and Changes in Net Position	$ 2,409,596

Schedule of LEG - Fixed Route Subsidies - FY 19-20
Year Ended June 30, 2020

Subsidy	Fixed Route Urban	Fixed Route Rural	Total
1. Federal Operating Grant	$ 2,436,535	$ -	$ 2,436,535
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: Planning Grant	57,938	-	57,938
6. Subtotal Federal Subsidy	2,494,473	-	2,494,473
7. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - State Share	4,020,257	-	4,020,257
8. Act 44 Section 1513 Operating Grant Amount Charged - Current Year - State Share	-	-	-
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: Clinton County Demonstration Grant	371,068	-	371,068
12. Subtotal State Subsidy	4,391,325	-	4,391,325
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	399,717	-	399,717
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 - Planning Grant & Clinton County Local share	71,733	-	71,733
20. Subtotal Local Subsidy	471,450	-	471,450
21. Grand Total Subsidy	7,357,248	-	7,357,248
Non-Applied Reconciling Items			
22. Identify Federal: rounding	-	-	-
23. Identify State	-	-	-
24. Identify Local	-	-	-
25. Total Non-Applied Reconciling Items	-	-	-
26. Grand Total Subsidy per Audit	$ 7,357,248	$ -	$ 7,357,248

City of Williamsport, Pennsylvania Bureau of Transportation

Schedule of LEG - Non-Fixed Route Subsidies - Urban - FY 19-20

Year Ended June 30, 2020

Draft 9/22/21

Subsidy	ADA Paratransit	Shared Ride Standard	Shared Ride DAS*	Public Vanpool	Total
1. Federal Operating Grant	$ 37,746	$ -	$ -	$ -	$ 37,746
2. Federal Capital Grant to Fund Preventive Maintenance Costs	-	-	-	-	-
3. Federal Capital Grant to Fund Capital Costs of Contracting	-	-	-	-	-
4. Federal Capital Grant to Fund Associated Capital Maintenance Costs	-	-	-	-	-
5. Other Federal Grants for Operating Costs Identify	-	-	-	-	-
6. Federal Shared-Ride Subsidy Identify	-	-	-	-	-
7. Subtotal Federal Subsidy	37,746	-	-	-	37,746
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	68,243	-	-	-	68,243
10. Act 3 ASG Grant Amount Charged - State Share	-	-	-	-	-
11. Act 3 BSG Grant Amount Charged - State Share	-	-	-	-	-
12. Special Operating Grants - State Share Identify	-	-	-	-	-
13. State Shared Ride Subsidy Identify	-	-	-	-	-
14. Subtotal State Subsidy	68,243	-	-	-	68,243
15. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Municipal Source	-	-	-	-	-
16. Act 44 Section 1513 Operating Grant Amount Charged - Current Years - Local Share - Municipal Source	6,192	-	-	-	6,192
17. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Advertising Source	-	-	-	-	-
18. Act 44 Section 1513 Operating Grant Amount Charged - Prior Years - Local Share - Private Source	-	-	-	-	-
19. Act 3 ASG Grant Amount Charged - Local Share	-	-	-	-	-
20. Act 3 BSG Grant Amount Charged - Local Share	-	-	-	-	-
21. Special Operating Grants - Local Share Identify	-	-	-	-	-
22. Local Shared Ride Subsidy Identify	-	-	-	-	-
23. Subtotal Local Subsidy	6,192	-	-	-	6,192
24. Grand Total Subsidy	112,181	-	-	-	112,181
Non-Applied Reconciling Items					
25. Identify Federal	-	-	-	-	-
26. Identify State	-	-	-	-	-
27. Identify Local	-	-	-	-	-
28. Total Non-Applied Reconciling Items	-	-	-	-	-
29. Grand Total Subsidies per Audit	$ 112,181	$ -	$ -	$ -	$ 112,181

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

Draft 9/22/21

City of Williamsport, Pennsylvania Bureau of Transportation

Reconciliation of Reported Subsidies to Financial Statements Prepared Under Accounting Principles Generally Accepted in the United States of America
Year Ended June 30, 2020

Subsidies Reported on the Schedule of LEG - Fixed Route Subsidies - FY 19-20	$ 7,357,248
Subsidies Reported on the Schedule of LEG - Non-Fixed Route Subsidies - Urban - FY 19-20	112,181
Total Reported Subsidy per Schedules	$ 7,469,429
Per Financial Statements	
Federal government	$ 2,474,281
Commonwealth of Pennsylvania Act 44/89 funds	4,459,568
Local governments	535,580
Subsidies Reported on the Statement of Revenues, Expenses, and Changes in Net Position	$ 7,469,429

City of Williamsport, Pennsylvania Bureau of Transportation
Schedule of LEG - Budget Summary - FY 19-20
Year Ended June 30, 2020

Draft 9/22/21

	Fixed Route		ADA Paratransit		Non-Fixed Route Shared Ride						Non-Public Transportation	
	Urban	Rural	Urban	Rural	Standard Urban	DAS* Urban	Standard Rural	DAS* Rural	Public Vanpool Urban	Public Vanpool Rural	Other	Total
1. Total Operating Expenses	$ 8,075,444	$ -	$ 131,429	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 8,206,873
2. Total Revenue	718,196	-	19,248	-	-	-	-	-	-	-	-	737,444
3. Operating Deficit	(7,357,248)	-	(112,181)	-	-	-	-	-	-	-	-	(7,469,429)
4. Grand Total Subsidy	7,357,248	-	112,181	-	-	-	-	-	-	-	-	7,469,429
5. Applied Operating Result	-	-	-	-	-	-	-	-	-	-	-	-
Non-Applied Reconciling Items												
6. Total Non-Applied Reconciling Expense Items	6,392,860	-	-	-	-	-	-	-	-	-	-	6,392,860
7. Total Non-Applied Reconciling Revenue Items	1,672,152	-	-	-	-	-	-	-	-	-	-	1,672,152
8. Total Non-Applied Reconciling Subsidy Items	-	-	-	-	-	-	-	-	-	-	-	-
9. Operating Result per Audit	$ (4,720,708)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (4,720,708)

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

City of Williamsport, Pennsylvania Bureau of Transportation

Draft 9/22/21

Schedule S1 - Local Match Provided - FY 19-20
Year Ended June 30, 2020

Act 44 Section 1513 Local Match for Operating Funds Received

Contributor Name	Date of Final Payment	Total Amount Provided
Borough of Duboistown	07/28/2020	$ 1,994
Loyalsock Township	08/04/2020	39,624
Borough of Montoursville	07/23/2020	17,146
Borough of Muncy	07/30/2020	1,221
Old Lycoming Township	07/24/2020	9,054
Borough of South Williamsport	08/14/2020	14,985
Borough of Hughesville	07/30/2020	500
Borough of Montgomery	07/21/2020	500
Lycoming County	4/28/2020	100,000
City of Williamsport	07/30/2020	209,663
Subtotal		394,687

Act 44 Section 1514 Local Match for Discretionary Capital Funds Received

Non-Federal Projects	2,838
Federal Projects	-
Total Section 1514 Local Match Funds Received	2,838

Contributor Name	Date of Final Payment	Total Amount Provided
		-
		-
		-
		-
Subtotal		-

Act 44 Section 1514 Local Match for Capital Bond Funds Received

Contributor Name	Date of Final Payment	Total Amount Provided
		-
		-
		-
		-
Subtotal		-

Act 44 Section 1515 Local Match for New Initiatives

Contributor Name	Date of Final Payment	Total Amount Provided
		$ -
		-
		-
		-
Subtotal		-

Act 44 Section 1516 Local Match for Programs of Statewide Significance

Contributor Name	Date of Final Payment	Total Amount Provided
		-
		-
		-
		-
Subtotal		-

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

Contributor Name	Date of Final Payment	Total Amount Provided
		-
		-
		-
		-
Subtotal		-

Unassigned Local Match Funding

Contributor Name	Date of Final Payment	Total Amount Provided
Clinton County Service	7/30/2020	37,500
		-
		-
		-
Subtotal		37,500
Grand Total		$ 435,025

Schedule S2 - Local Match Carryover - FY 19-20
Year Ended June 30, 2020

A.	Local match available as of June 30, 2019			$ 617,628
B.	Local match funds provided during year ended June 30, 2020			435,025
C.	Local match operating expenditures for year ended June 30, 2020:			
	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	477,642		
	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 (PY funds not collected)	36,906		
	h. Other operating expenditures (if any)	-		
	i. Other operating expenditures (if any)	-		
	Other operating expenditures (if any)	-		
D.	Total local match operating expenditures for year ended June 30, 2020 (Sum C.a - C.i)			514,548
E.	Local match capital expenditures for year ended June 30, 2020:			
	a. Section 1514 - Discretionary local match capital expenditures (if any)	2,838		
	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	-		
	j. Other	-		
	k. Other	-		
F.	Total local match capital expenditures for year ended June 30, 2020 (Sum E.a - E.k)			2,838
G.	Interest earned on local funds for year ended June 30, 2020			-
H.	Local match funds available as of June 30, 2020 (A + B - D - F + G)			$ 535,267

City of Williamsport, Pennsylvania Bureau of Transportation

Schedule S5 - Urban Section 1513 Program Carryover - FY 19-20

Year Ended June 30, 2020

Draft 9/22/21

	State Grant	Local Match	Total
A. FY 2019-20 Section 1513 URBAN Grant Agreement	$ 4,473,411	$ -	$ 4,473,411
Urban Section 1513 Grant Utilization for Fiscal Year Ended June 30, 2020			
1. Section 1513 fund balance as of June 30, 2019	$ 676,092	$ -	$ 676,092
2. Section 1513 funds received for FY 2020	4,473,411	405,909	4,879,320
3. PTAF Section 1513 funds received for FY 2019 (applicable to SEPTA and PAAC)	-	-	-
4. Total Section 1513 funds received for FY 2020 (Line 2+3, must agree with A above)	4,473,411	405,909	4,879,320
5. Interest income earned on Section 1513 funds in FY 2020	-	-	-
6. Total Section 1513 funds available in FY 2020 (Line 1+4+5)	5,149,503	405,909	5,555,412
7. Section 1513 funds used for Urban fixed route operating expenses in FY 2020	-	-	-
8. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2020	4,088,500	405,909	4,494,409
9. Section 1513 funds used for Rural fixed route operating expenses in FY 2020	-	-	-
10. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2020	-	-	-
11. Section 1513 funds used for Urban capital costs in FY 2020 (waiver required)	-	-	-
12. Section 1513 funds used for Rural capital costs in FY 2020 (waiver required)	-	-	-
13. Total Section 513 used in FY 2020 (Line 7+8+9+10+11+12)	4,088,500	405,909	4,494,409
14. Section 1513 Fund Balance as of June 30, 2020 (Line 6-13)	$ 1,061,003	$ -	$ 1,061,003
B. FY 2019-20 Section 1513 RURAL Grant Agreement	$ -	$ -	$ -
Rural Section 1513 Grant Utilization for Fiscal Year Ended June 30, 2020			
15. Section 1513 fund balance as of June 30, 2019	$ -	$ -	$ -
16. Section 1513 funds received for FY 2020 (must agree with B above)	-	-	-
17. Interest income earned on Section 1513 funds in FY 2020	-	-	-
18. Total Section 1513 funds available in FY 2020 (Line 15+16+17)	-	-	-
19. Section 1513 funds used for Rural fixed route operating expenses in FY 2020	-	-	-
20. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2020	-	-	-
21. Section 1513 funds used for Urban fixed route operating expenses in FY 2020	-	-	-
22. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2020	-	-	-
23. Section 1513 funds used for Rural capital costs in FY 2020 (waiver required)	-	-	-
24. Section 1513 funds used for Urban capital costs in FY 2020 (waiver required)	-	-	-
25. Total Section 513 used in FY 2020 (Line 19+20+21+22+23+24)	-	-	-
26. Section 1513 Fund Balance as of June 30, 2020 (Line 18-25)	$ -	$ -	$ -
C. Total Agency Section 1513 Grant Utilization for Fiscal Year Ended June 30, 2020			
27. Section 1513 fund balance as of June 30, 2019	$ 676,092	$ -	$ 676,092
28. Section 1513 funds received for FY 2020	4,473,411	405,909	4,879,320
29. PTAF Section 1513 funds received for FY 2020 (applicable to SEPTA and PAAC)	-	-	-
30. Total Section 1513 funds received for FY 2020 (Line 28+29)	4,473,411	405,909	4,879,320
31. Interest income earned on Section 1513 funds in FY 2020	-	-	-
32. Total Section 1513 funds available for FY 2020 (Line 27+30+31)	5,149,503	405,909	5,555,412
33. Section 1513 funds used for Urban fixed route operating expenses in FY 2020	-	-	-
34. Section 1513 funds used for Urban non-fixed route operating expenses in FY 2020	4,088,500	405,909	4,494,409
35. Section 1513 funds used for Rural fixed route operating expenses in FY 2020	-	-	-
36. Section 1513 funds used for Rural non-fixed route operating expenses in FY 2020	-	-	-
37. Section 1513 funds used for Urban capital costs in FY 2020 (waiver required)	-	-	-
38. Section 1513 funds used for Rural capital costs in FY 2020 (waiver required)	-	-	-
39. Total Section 1513 Used in FY 2019-20 (Line 33+34+35+36+37+38)	4,088,500	405,909	4,494,409
40. Section 1513 Fund Balance as of June 30, 2020 (Line 32-39)	$ 1,061,003	$ -	$ 1,061,003

City of Williamsport, Pennsylvania Bureau of Transportation

Capital Report #1 - Fiscal Year and Inception-to-Date Capital Project Spending

Year Ended June 30, 2020

Draft 9/22/21

###	Capital Project Title	A WBT-17-18-131-4	B WBT-17-18-111-3	C 3 SUPPORT	D FY18 CCA	E WBT-17-18-114-1	F WBT-17-18-114-2	G WBT-17-18-124-3	H WBT-18-10	I WBT-18-15	J WBT-19-20	K WBT-19-20	L WBT-19-20	M WBT-19-20	N WBT-19-20	O WBT-19-20	P WBT-19-20	Q WBT-19-20	R RESUM (A:Q) Total Spent	S Total Granted	T=S-R Granted Funds
###	Expenditures Through the End of the Prior Fiscal Year	$ 1,174,394	$ 1,182,720	$ 125,000	$ 520,000	$ 459,306	$ 12,813	$ -	$ -	$ 50,000	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 3,523,233	$ 3,523,233	$ -
	Sources of Funds for the Current Fiscal Year																				
###	Federal Capital - 5309/5304/5305 - FTA Planning	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - 5307 - FTA Urban Formula	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - 5309 - FTA Fixed Guideway	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - 5309 - FTA Bus/Bus Facilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - 5309 - FTA New/Small Starts	-	-	-	1,918,730	-	-	-	-	-	-	-	-	-	-	-	-	-	1,918,730	1,920,000	1,270
###	Federal Capital - 5310 - FTA Senior and PWD	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - 5311 - FTA Rural	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - 5311 - FTA Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - 5313/5314 - FTA Research & Tech	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - 5316 - FTA JARC	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - FLEX	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital FHWA Programs (CMAQ, ITS, STP,...)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Federal Capital - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State - 1513 - Waiver to Use for Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - 1514 - PA Bond Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - 1514 - Discretionary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - 1515 - New Initiatives	-	-	-	669,680	50,601	18,431	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - 1516 - CTC	-	-	-	-	-	-	-	-	-	-	-	52,448	-	14,665	-	-	-	695,726	2,324,845	1,629,117
###	State Capital - 1516 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - 1517 - Capital Improvement Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - PTAF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - All Sources Used for Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - ASG/BSG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	State Capital - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	4,180,000	4,180,000
###	Local Match - 1513 - Waiver to Use for Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Match Capital - 1514 - PA Bond Program	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Match Capital - 1514 - Discretionary	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Match Capital - 1515 - New Initiatives	-	-	-	-	-	504	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Match Capital - 1516 - CTC	-	-	-	-	-	-	-	-	-	-	-	1,356	-	470	-	-	-	2,840	34,157	31,317
###	Local Match Capital - 1516 - Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Match Capital - PTAF	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Match Capital - All Sources Used for Debt Service	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Match Capital - ASG/BSG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Match Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Local Contribution	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Proceeds from Agency Issued Bonds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Agency Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Other Financing Transaction Proceeds	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Internal Working Capital	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Proceeds from Disposition of Assets	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Foundations and Non-Profits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Private	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Other	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
###	Total Sources of Funds Spent in the Current FY	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
					2,478,410	50,601	18,935														
###	Total Sources of Funds Spent Inception-to-Date	1,174,394	1,182,720	125,000	2,998,410	510,907	31,748	-	-	50,000	-	-	-	-	15,035	-	-	-	2,817,296	$ 8,459,000	$ 2,309,471
###	Total Granted Sources of Funds Inception to Date	1,200,000	1,200,000	125,000	3,998,000	700,500	40,000	100,000	10,000	50,000	250,000	23,000	111,000	200,000	25,000	40,000	1,300,000	75,000	Grand Total		
###	Granted Sources Less Amount Spent Inception to Date	$ 25,606	$ 17,280	$ -	$ 1,590	$ 189,093	$ 8,252	$ 100,000	$ 10,000	$ -	$ 250,000	$ 23,000	$ 111,000	$ 200,000	$ 25,000	$ 40,000	$ 1,300,000	$ 75,000	$ 2,308,471		

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and the Audit Requirements of the Pennsylvania Department of Transportation

Independent Auditor's Report

To the Board of Directors
City of Williamsport, Pennsylvania Bureau of Transportation
Scotrun, Pennsylvania

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the City of Williamsport, Pennsylvania Bureau of Transportation (the Bureau) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Bureau's basic financial statements, and have issued our report thereon dated _____, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Bureau's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Bureau's internal control. Accordingly, we do not express an opinion on the effectiveness of the Bureau's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and; therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be significant deficiencies. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses, that we consider to be a material weakness (Finding 2020-001).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Bureau's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and; accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*. However, the results of our tests did disclose instances of noncompliance or other matters that are required to be reported under the audit requirements of the Pennsylvania Department of Transportation, which are described in the accompanying Schedule of Findings and Responses as Findings 2020-002, 2020-003, 2020-004, and 2020-005.

City of Williamsport, Pennsylvania Bureau of Transportation's Response to Findings

The Bureau of Transportation's response to the findings identified in our audit is described in the accompanying corrective action plan. The Bureau of Transportation's response was not subjected to the auditing procedures applied in the audit of the financial statements and; accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* and the audit requirements of the Pennsylvania Department of Transportation in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

_____, 2021
Lancaster, Pennsylvania

Draft 9/22/21

		Questioned Costs
Finding 2020-001	**Material Weakness**	N/A

Management override of controls.

Criteria

An effective system of internal accounting control necessitates an adequate segregation of duties, so that no one individual handles a transaction from its inception to its completion.

Condition

With the internal control structure not in place during the year, members of the management team were able to override the control environment.

Effect

The internal control system is more susceptible to errors and other irregularities, either intentional or unintentional, not being discovered.

Recommendation

Management and the Bureau board have the ultimate responsibility for the design, implementation, and maintenance of internal controls. The Bureau board should consider a system to enable Bureau employees to anonymously report instances to a third-party independent of management were board approved policies and procedures are not complied with.

Management's Response and Corrective Action

See attached response.

		Questioned Costs
Finding 2020-003	Improper Vehicle Purchases	$ 61,675

Criteria

Pennsylvania Act 44/89 funding is awarded with requirements attached to what expenses can be funded with this revenue.

Condition

The Bureau provided a related entity with $61,675 of Act 44/89 funds without Pennsylvania Department of Transportation (PennDOT)'s approval to purchase capital assets. The funds were ultimately reimbursed through a credit to out of service area.

Effect

Misuse of funds could lead to future funding being withheld.

Recommendation

The Bureau should use Pennsylvania Act 44/89 revenue for the intended use in accordance with the grant agreement.

Management's Response and Corrective Action

See attached response.

		Questioned Costs
Finding 2020-004	**Improper Use of Operating Funds**	N/A

Criteria

State funding is awarded with requirements attached to what expenses can be funded with this revenue.

Condition

During the course of our audit is was discovered that management used operating funds to pay debt services and other ineligible expenses for the year ended June 30, 2020. Per the terms of operating grant, only certain operating expenses are eligible for submission for reimbursement.

Effect

Misuse of funds could lead to future funding being withheld.

Recommendation

The Bureau should use funding for the intended use in accordance with the grant agreement.

Management's Response and Corrective Action

See attached response.

Draft 9/22/21

		Questioned Costs
Finding 2020-005	**Instance of Noncompliance**	N/A

The Bureau did not receive adequate local operating match from the supporting municipalities.

Criteria

PennDOT operating grant funds require the System to receive a local operating grant in the amount specified in the agreement.

Condition

During our audit procedures, we noted $394,687 of local match for the year ended June 30, 2020 was received; however, the PennDOT operating grant had a required local match of $405,909. This represents a shortfall of $11,222. It was also noted that $36,906, which was included in the amount of local match received during the year ended June 30, 2019, was not actually received.

Effect

The System is not in compliance with certain grant agreements and may have its funding negatively adjusted by the grantor.

Cause

The System did not have a structure in place to adequately enter and maintain accounting and financial records.

Recommendation

Management should immediately contact the local agencies to obtain local operating match as required under the grant agreement.

Management's Response and Corrective Action

See attached response.

Derk Slaughter 10.22.2021
Mayor
Margaret J Goodling