

WASHTENAW AREA TRANSPORTATION STUDY

**Annual Financial Statements
and
Auditors' Report**

June 30, 2008 and 2007

WASHTENAW AREA TRANSPORTATION STUDY COMMITTEE

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Stanek & Company, CPAs P.C.

Independent Auditors' Report

To the Board of Directors of
Washtenaw Area Transportation Study:

We have audited the accompanying statement of condition of Washtenaw Area Transportation Study ("the Committee") as of June 30, 2008 and 2007 and the related statements of revenues, expenditures and changes in fund balance and of cash flows for the years then ended. These financial statements are the responsibility of the Committee's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the financial position of the Committee as of June 30, 2008 and 2007, and the results of its operations and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purposes of forming an opinion on the financial statements taken as a whole. The supplemental schedules at June 30, 2008 and 2007 and for the years then ended are presented for the purposes of additional analysis and are not a required part of the financial statements. Such supplemental schedules have been subjected to our audit procedures.

Brighton, Michigan
November 11, 2008

WASHTENAW AREA TRANSPORTATION STUDY

Statement of Condition

June 30, 2008 and 2007

<u>Assets</u>	<u>2008</u>	<u>2007</u>
Current assets:		
Cash and cash equivalents	\$ 9,764	\$ 50,780
Short term investments	193,641	218,069
Grants receivable	297,298	163,286
Prepaid Expenses	4,782	4,319
	<u>505,485</u>	<u>436,454</u>
Total Current Assets		
Property and equipment:		
Equipment	133,550	127,216
Accumulated depreciation	(117,896)	(108,040)
	<u>15,654</u>	<u>19,176</u>
Total Assets	<u>\$ 521,139</u>	<u>\$ 455,630</u>
<u>Liabilities and Fund Balance</u>		
Current liabilities:		
Accounts payable	\$ 33,857	\$ 29,019
Accrued sick and vacation pay	58,110	40,576
Deferred revenue	429,172	386,035
	<u>521,139</u>	<u>455,630</u>
Total Current Liabilities		
Fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 521,139</u>	<u>\$ 455,630</u>

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues, Expenditures, and Changes in Fund Balance
For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Revenues:		
Federal Highway Administrative Grant	\$ 332,951	\$ 349,515
Federal Transit Administrative Grant	12,816	12,814
Membership dues and local funding	49,363	80,303
State Asset Management	16,098	12,662
State Planning and Research	140,000	-
Interest income	21,366	14,068
Miscellaneous	-	4,500
	<u>\$ 572,594</u>	<u>\$ 473,862</u>
Operating expenses:		
Plan monitoring	95,015	71,313
Plan development	236,534	163,416
Planning services	44,706	48,822
Plan implementation	55,333	47,914
Administrative staff	37,197	37,101
Rent	34,923	34,923
Depreciation	9,856	10,275
Printing	3,846	4,077
Supplies	3,384	2,733
Telephone	1,823	1,361
Travel	6,154	5,361
Postage	1,698	1,204
Insurance	31,554	27,578
Equipment	1,343	5,197
Training	3,616	2,459
Web hosting	434	420
License and subscriptions	2,183	958
Bookkeeping	2,995	3,850
Audit	-	4,900
	<u>572,594</u>	<u>473,862</u>
Total operating expenses	<u>572,594</u>	<u>473,862</u>
Revenue over(under) expense	\$ -	\$ -
Fund balance:		
Beginning of year	<u>-</u>	<u>-</u>
End of year	<u>\$ -</u>	<u>\$ -</u>

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY

Statement of Cash Flows

For the Years Ended June 30, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Revenues over (under)expenses	\$ -	\$ -
Adjustments to reconcile change in net assets to net cash used by operating activities:		
Depreciation	9,856	(1,652)
(Increase) decrease in operating assets:		
Grants receivable	(134,012)	(6,921)
Prepaid expenses	(463)	(1,701)
Increase (decrease) in operating liabilities		
Accounts payable	4,838	7,596
Accrued sick and vacation pay	17,534	15,496
Deferred revenue	43,138	12,197
	<u>(59,109)</u>	<u>25,015</u>
Cash flows from investing activities:		
Maturity (purchase) of certificate of deposit	24,428	(35,556)
Net purchases of fixed assets	(6,334)	(2,930)
	<u>18,094</u>	<u>(38,486)</u>
Net cash used by investing activities		
	<u>18,094</u>	<u>(38,486)</u>
Net increase (decrease) in cash	(41,015)	(13,471)
Cash, beginning	<u>50,780</u>	<u>64,251</u>
Cash, ending	<u>\$ 9,764</u>	<u>\$ 50,780</u>

The accompanying notes are integral part of the financial statements.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Organization

Washtenaw Area Transportation Study (“the Committee”) is an Intermunicipality Committee organized under Act 200 of the Michigan Public Acts of 1957.

The Committee has been established in response to the requirements of the Federal Highway Act of 1962 to coordinate transportation planning among state and local communities.

Voting members of the Committee and the percent of membership dues contributed by each are as follows:

Ann Arbor Transportation Authority	14.0%
City of Ann Arbor	9.7%
City of Chelsea	1.1%
City of Saline	1.1%
City of Ypsilanti	1.8%
Dexter Township	1.1%
Village of Dexter	1.1%
Southwest Washtenaw COG	1.1%
Township of Ann Arbor	1.1%
Township of Northfield	1.1%
Township of Pittsfield	2.5%
Township of Scio	1.1%
Township of Superior	1.1%
Township of Ypsilanti	4.2%
Eastern Michigan University	8.1%
University of Michigan	14.1%
Washtenaw County Board of Commissioners	21.6%
Washtenaw County Road Commission	14.1%

Ex-officio members of the Committee include the Southeast Michigan Council of Governments and the Federal Highway Administration.

Basis of accounting

The accounts are maintained and the financial statements are reported on the accrual basis of accounting.

Under the accrued basis of accounting, revenues are recorded when they are susceptible to accrual; that is, when they become both measurable and available to finance expenditures of the current period.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2008 and 2008

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Revenue recognition

The Committee provides transportation planning services funded by the Federal Highway Administration (“FHWA”) under Section 112, Federal Transit Administration (“FTA”) under section 5303, and Michigan Department of Transportation. The Committee is required to provide a matching share of grant sponsored activities. Membership dues paid by participating municipal units provide matching funds.

Revenue from grants and special studies are earned when the related expenditures are incurred.

Cash

For purpose of the statement of cash flows, cash includes cash maintained in a bank.

Equipment

The Committee capitalizes expenditures for equipment. Costs of maintenance and repairs are charged to expense when incurred. Equipment is carried at cost. Adjustments of equipment and related accumulated depreciation accounts are made for retirements and disposals.

Depreciation

Depreciation of equipment is computed using the straight-line method over a useful life of three and five years.

Deferred revenue

Deferred revenue represents membership dues in excess of amounts currently required as local match under federal grants. Historically, members have contributed dues in excess of the amount required to match federal funds to provide working capital to the Committee. Such amounts will be recognized as revenue in future years to meet local match requirements.

Bad debt expense and allowance for doubtful accounts

Bad debt expense represents uncollectible revenue billed in prior years. The committee has determined that all receivables are collectible. Accordingly, no allowance for bad debts has been recorded at June 30, 2008 and 2007.

Fair value of financial instruments

The carrying amounts reported in the balance sheets for cash, receivables, prepaid expenses and liabilities approximate fair value due to the short-term nature of the instruments.

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2008 and 2007

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued):

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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.

NOTE 2 – GRANT REVENUE BILLED:

Grant revenue provided by various programs requires a matching percentage from the local members of the Committee. The applicable local match percentages are as follows:

Federal Highway Administration (FHWA) - PL 112	18.15%
Federal Transit Administration (FTA) - 5303	20.00%
FHWA State Planning and Research (SPR) - require 20% match funded by MDOT	00.00%
State Asset Management	00.00%

A reconciliation of revenue to amounts billed to the FHWA, FTA, STP and State Asset Management at June 30, 2008 and 2007:

	<u>PL 112</u>	<u>5303</u>	<u>SPR</u>	<u>State Asset Mgnt.</u>
Year ended June 30, 2008				
Eligible expenditures	\$ 406,781	\$ 16,020	\$ 140,000	\$ 16,098
Federal percentage	<u>81.85%</u>	<u>80.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total revenue earned	332,951	12,816	140,000	16,098
Revenue billed	<u>332,951</u>	<u>12,816</u>	<u>140,000</u>	<u>16,098</u>
Total under(over) billed revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Year ended June 30, 2007				
Eligible expenditures	\$ 427,019	\$ 16,017	\$ -	\$ 12,662
Federal percentage	<u>81.85%</u>	<u>80.00%</u>	<u>0.00%</u>	<u>0.00%</u>
Total revenue earned	349,515	12,814	-	12,662
Revenue billed	<u>349,515</u>	<u>12,814</u>	<u>-</u>	<u>12,662</u>
Total under(over) billed revenue	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2008 and 2007

NOTE 3 – OPERATING LEASE:

The Committee leases its facilities under an operating lease agreement which requires monthly payments of \$2,910 through December of 2017. Total rental expense for the years ended June 30, 2008 and 2007 was \$34,923 and \$34,923, respectively.

Minimum future lease payments under non cancelable operating leases having remaining terms in excess of one year for each of the next five years and in aggregate are:

Year ended June 30,	
2009	34,923
2010	34,923
2011	34,923
Subsequent	<u>189,166</u>
	<u><u>\$ 293,935</u></u>

NOTE 4 – PENSION:

The Committee sponsors a Simplified Employee Pension (SEP) Program and contributes an amount equal to 15 percent of each full-time employee's salary to an SEP program selected by the employee. Pension expense for the years ended June 30, 2008 and 2007 was \$40,032 and \$35,658, respectively.

NOTE 5 – DUES AND LOCAL FUNDING:

A portion of the dues was used as a match for federal funding. The remaining amount was deferred and will be recognized as revenue in future years to meet local match requirements.

A reconciliation of the membership dues received at June 30, 2008 and 2007 is as follows:

	<u>2008</u>	<u>2007</u>
Membership dues	\$ 92,500	\$ 92,500
Deferred revenue	<u>43,137</u>	<u>12,197</u>
Membership dues funding	<u><u>\$ 49,363</u></u>	<u><u>\$ 80,303</u></u>

NOTE 6 – CONCENTRATION OF CREDIT RISK:

The Committee has several cash accounts in various financial institutions. The accounts are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$100,000. The amount in excess of the FDIC uninsured amounts at June 30, 2007, was \$24,673.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues and Expenditures-Budget versus Actual
For the Year Ended June 30, 2008

	2008 Budget	2008 Actual	Favorable (Unfavorable) Variance
Revenues:			
Federal Highway Administrative Grant	\$ 385,948	\$ 332,951	(52,997)
Federal Transit Administrative Grant	12,815	12,816	1
Membership dues and local funding	85,000	49,363	(35,637)
State - Asset Management	21,000	16,098	(4,902)
State Planning and Research	115,000	140,000	25,000
Interest income	10,000	21,366	11,366
Miscellaneous	19,237	-	(19,237)
	<u>\$ 649,000</u>	<u>\$ 572,594</u>	<u>(76,406)</u>
Operating expenses:			
Plan monitoring	84,000	95,015	(11,015)
Plan development	263,800	236,534	27,266
Planning services	66,000	44,706	21,294
Plan implementation	84,000	55,333	28,667
Administrative staff	34,500	37,197	(2,697)
Rent	35,000	34,923	77
Depreciation	-	9,856	(9,856)
Printing	4,000	3,846	154
Supplies	4,500	3,384	1,116
Telephone	1,400	1,823	(423)
Travel	6,500	6,154	346
Postage	1,200	1,698	(498)
Insurance	40,000	31,554	8,446
Equipment	16,000	1,343	14,657
Training	3,100	3,616	(516)
Web hosting	500	434	66
License and subscriptions	1,500	2,183	(683)
Bookkeeping	3,000	2,995	5
Audit and other miscellaneous	-	-	-
	<u>649,000</u>	<u>572,594</u>	<u>76,406</u>
Revenue over(under) expense	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

The accompanying notes are an integral part of the financial statements.

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues and Expenditures-Budget versus Actual
For the Year Ended June 30, 2007

	2007 Budget	2007 Actual	Favorable (Unfavorable) Variance
Revenues:			
Federal Highway Administrative Grant	\$ 460,802	\$ 349,515	(111,287)
Federal Transit Administrative Grant	12,815	12,814	(1)
Membership dues and local funding	92,500	80,303	(12,197)
State Planning and Research	61,401	-	(61,401)
State Asset Management	25,000	12,662	(12,338)
Interest income	4,000	14,068	10,068
Miscellaneous	-	4,500	4,500
	<u>\$ 656,518</u>	<u>\$ 473,861</u>	<u>(182,657)</u>
Operating expenses:			
Plan monitoring	93,607	71,313	22,294
Plan development	241,354	163,416	77,938
Planning services	67,246	48,822	18,424
Plan implementation	95,560	47,914	47,646
Administrative staff	46,251	37,101	9,150
Rent	35,000	34,923	77
Depreciation	-	10,275	(10,275)
Printing	4,000	4,077	(77)
Supplies	4,000	2,733	1,267
Telephone	1,800	1,361	439
Travel	7,200	5,361	1,839
Postage	1,400	1,204	196
Insurance	30,000	27,578	2,422
Equipment	16,000	5,197	10,803
Training	2,500	2,459	41
Web hosting	600	420	180
License and subscriptions	1,500	958	542
Bookkeeping	3,000	3,850	(850)
Audit and other miscellaneous	5,500	4,900	600
	<u>656,518</u>	<u>473,862</u>	<u>182,656</u>
Total operating expenses	<u>656,518</u>	<u>473,862</u>	<u>182,656</u>
Revenue over(under) expense	<u>\$ -</u>	<u>\$ 1 -</u>	<u>\$ 1</u>

The accompanying notes are an integral part of the financial statements.