

WASHTENAW AREA TRANSPORTATION STUDY

**Annual Financial Statements
and
Auditors' Report**

June 30, 2010 and 2009

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WASHTENAW AREA TRANSPORTATION STUDY COMMITTEE

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June 30, 2010 and 2009

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Stanek & Company, CPAs P.C.

Independent Auditors' Report

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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, 2010 and 2009 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, 2010 and 2009, 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, 2010 and 2009 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
August 12, 2010

WASHTENAW AREA TRANSPORTATION STUDY

Statement of Condition

June 30, 2010 and 2009

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<u>Assets</u>	<u>2010</u>	<u>2009</u>
Current assets:		
Cash and cash equivalents	\$ 116,722	\$ 96,288
Short term investments	262,197	255,577
Grants receivable	158,673	158,868
Prepaid Expenses	2,631	2,759
Total Current Assets	<u>540,223</u>	<u>513,493</u>
Property and equipment:		
Equipment	53,676	53,676
Accumulated depreciation	<u>(48,034)</u>	<u>(44,566)</u>
	<u>5,642</u>	<u>9,109</u>
Total Assets	<u>\$ 545,865</u>	<u>\$ 522,602</u>
<u>Liabilities and Fund Balance</u>		
Current liabilities:		
Accounts payable	\$ 25,970	\$ 21,695
Accrued sick and vacation pay	46,320	56,976
Deferred revenue	<u>473,575</u>	<u>443,930</u>
Total Current Liabilities	545,865	522,602
Fund balance	<u>-</u>	<u>-</u>
Total liabilities and fund balance	<u>\$ 545,865</u>	<u>\$ 522,602</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, 2010 and 2009

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	2010	2009
Revenues:		
Federal Highway Administrative Grant	\$ 301,353	\$ 387,083
Federal Transit Administrative Grant	12,816	12,816
Membership dues and local funding	62,855	66,714
State Planning and Research	1,179	-
State Asset Management	12,597	5,468
Interest income	6,826	11,514
Miscellaneous	2,600	-
	\$ 400,226	\$ 483,595
Operating expenses:		
Plan monitoring	42,615	58,175
Plan development	71,980	158,553
Planning services	62,059	55,259
Plan implementation	85,560	69,135
Administrative staff	39,136	36,461
Rent	34,923	34,923
Depreciation	3,467	6,545
Printing	4,374	2,434
Supplies	4,430	3,540
Telephone	1,625	1,711
Travel	4,918	7,380
Postage	1,211	1,334
Insurance	28,275	31,796
Equipment	4,225	1,803
Training	1,820	1,738
Bookkeeping	3,595	3,785
Audit	-	5,250
Legal fees	-	319
Web hosting	462	462
License and subscriptions	1,227	994
Unemployment expense	4,324	1,998
	-	-
Total operating expenses	400,226	483,595
Revenue over(under) expense	\$ -	\$ -
Fund balance:		
Beginning of year	-	-
End of year	\$ -	\$ -

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, 2010 and 2009

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	<u>2010</u>	<u>2009</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	3,468	6,545
(Increase) decrease in operating assets:		
Grants receivable	195	138,431
Prepaid expenses	128	2,023
Increase (decrease) in operating liabilities		
Accounts payable	4,275	(12,162)
Accrued sick and vacation pay	(10,656)	(1,134)
Deferred revenue	29,646	25,786
	<u>27,055</u>	<u>159,489</u>
Net cash provided by operating activities		
	<u>27,055</u>	<u>159,489</u>
Cash flows from investing activities:		
Maturity (purchase) of certificate of deposit	<u>(6,620)</u>	<u>(72,965)</u>
Net cash used by investing activities	<u>(6,620)</u>	<u>(72,965)</u>
Net increase (decrease) in cash	20,434	86,524
Cash, beginning	<u>96,288</u>	<u>9,764</u>
Cash, ending	<u>\$ 116,722</u>	<u>\$ 96,288</u>

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

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2010 and 2009

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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, 2010 and 2009

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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, 2010 and 2009.

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, 2010 and 2009

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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, 2010 and 2009:

	PL 112	5303	SPR	State Asset Mgmt.
Year ended June 30, 2010				
Eligible expenditures	\$ 368,177	\$ 16,020	\$ 1,179	\$ 12,597
Federal percentage	81.85%	80.00%	0.00%	0.00%
Total revenue earned	301,353	12,816	140,000	12,597
Revenue billed	301,353	12,816	1,179	12,597
Total under(over) billed revenue	\$ -	\$ -	\$ -	\$ -
Year ended June 30, 2009				
Eligible expenditures	\$ 472,917	\$ 16,020	\$ -	\$ 12,662
Federal percentage	81.85%	80.00%	0.00%	0.00%
Total revenue earned	387,083	12,816	-	12,662
Revenue billed	387,083	12,816	-	12,662
Total under(over) billed revenue	\$ -	\$ -	\$ -	\$ -

Washtenaw Area Transportation Study
Notes to Financial Statements
June 30, 2010 and 2009

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, 2010 and 2009 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,	
2011	34,923
2012	34,923
2013	34,923
2014	34,923
2015	34,923
Subsequent	49,474
	<u>\$ 224,089</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, 2010 and 2009 was \$38,742 and \$40,540, 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, 2010 and 2009 is as follows:

	<u>2010</u>	<u>2009</u>
Membership dues	\$ 92,500	\$ 92,500
Deferred revenue	<u>29,645</u>	<u>25,786</u>
Membership dues funding	<u>\$ 122,145</u>	<u>\$ 118,286</u>

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues, Expenditures-Budget versus Actual
For the Years Ended June 30, 2010

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	2010 Budget	2010 Actual	Favorable (Unfavorable) Variance
Revenues:			
Federal Highway Administrative Grant	\$ 454,600	\$ 301,353	(153,247)
Federal Transit Administrative Grant	12,815	12,816	1
Membership dues and local funding	92,500	62,855	(29,645)
State - Asset Management	21,000	12,597	(8,403)
State Planning and Research	-	1,179	1,179
Interest income	10,000	6,826	(3,174)
Miscellaneous	10,435	2,600	(7,835)
	<u>\$ 601,350</u>	<u>\$ 400,226</u>	<u>(201,124)</u>
Operating expenses:			
Plan monitoring	73,625	42,615	31,010
Plan development	178,100	71,980	106,120
Planning services	61,000	62,059	(1,059)
Plan implementation	129,625	85,560	44,065
Administrative staff	35,075	39,136	(4,061)
Rent	35,000	34,923	77
Depreciation	-	3,467	(3,467)
Printing	6,200	4,374	1,826
Supplies	4,000	4,430	(430)
Telephone	2,000	1,625	375
Travel	8,500	4,918	3,582
Postage	1,800	1,211	589
Insurance	30,000	28,275	1,725
Equipment	15,000	4,225	10,775
Training	2,000	1,820	180
Bookkeeping	3,500	3,595	(95)
Audit	-	-	-
Legal	-	-	-
Web hosting	425	462	(37)
License and subscription	1,000	1,227	(227)
Unemployment expense	14,500	4,324	10,176
	<u>601,350</u>	<u>400,226</u>	<u>201,124</u>
Total operating expenses	<u>601,350</u>	<u>400,226</u>	<u>201,124</u>
Revenue over(under) expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

WASHTENAW AREA TRANSPORTATION STUDY
Statement of Revenues, Expenditures-Budget versus Actual
For the Years Ended June 30, 2009

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	<u>2009</u> Budget	<u>2009</u> Actual	<u>Favorable</u> (Unfavorable) Variance
Revenues:			
Federal Highway Administrative Grant	\$ 408,007	\$ 387,083	(20,924)
Federal Transit Administrative Grant	12,815	12,816	1
Membership dues and local funding	92,500	66,714	(25,786)
State - Asset Management	21,000	(5,468)	(15,532)
Interest income	6,678	11,514	4,836
	<u>\$ 541,000</u>	<u>\$ 483,595</u>	<u>(57,405)</u>
Operating expenses:			
Plan monitoring	87,500	58,175	29,325
Plan development	97,500	158,553	(61,053)
Planning services	66,000	55,259	10,741
Plan implementation	135,000	69,135	65,865
Administrative staff	34,500	36,461	(1,961)
Rent	35,000	34,923	77
Depreciation	-	6,545	(6,545)
Printing	4,000	2,434	1,566
Supplies	4,000	3,540	460
Telephone	2,500	1,711	789
Travel	7,400	7,380	20
Postage	2,000	1,334	666
Insurance	32,500	31,796	704
Equipment	16,000	1,803	14,197
Training	3,500	1,738	1,762
Bookkeeping	4,000	3,785	215
Audit	5,500	5,250	250
Legal	-	319	(319)
Web hosting	500	462	38
License and subscription	3,600	994	2,606
Unemployment expense	-	1,998	(1,998)
	<u>541,000</u>	<u>483,595</u>	<u>57,405</u>
Total operating expenses	<u>541,000</u>	<u>483,595</u>	<u>57,405</u>
Revenue over(under) expense	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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