

Macatawa Area
Express
Transportation
Authority



Year Ended
September 30,
2014

Financial
Statements

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Table of Contents

	<u>Page</u>
Independent Auditors' Report	1
Management's Discussion and Analysis	5
Basic Financial Statements	
Government-wide Financial Statements:	
Statement of Net Position	12
Statement of Activities	13
Fund Financial Statements:	
Balance Sheet - Governmental Fund	14
Reconciliation of Fund Balance for Governmental Fund to Net Position of Governmental Activities	15
Statement of Revenues, Expenditures and Change in Fund Balance - Governmental Fund	16
Reconciliation of the Net Change in Fund Balance of Governmental Fund to Change in Net Position of Governmental Activities	17
Statement of Revenues, Expenditures and Change in Fund Balance - Budget (Modified Accrual Basis) and Actual: General Fund	18
Statement of Net Position - Proprietary Fund	19
Statement of Revenues, Expenses and Changes in Fund Net Position - Proprietary Fund	20
Statement of Cash Flows - Proprietary Fund	21
Statement of Fiduciary Assets and Liabilities	22
Notes to Financial Statements	23
Supplementary Information	
Agency Funds Combining Schedules:	
Combining Statement of Fiduciary Assets and Liabilities	34
Combining Statement of Changes in Fiduciary Assets and Liabilities	35

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Table of Contents

	<u>Page</u>
Michigan Bureau of Passenger Transportation Schedules (Unaudited):	
Schedule of Expenditures of Federal and State Awards	38
Schedule of Operating Revenues:	
Urban Regular Services	40
New Freedom	41
Schedule of Operating Expenses:	
Urban Regular Services	42
New Freedom	44
Schedule of Operating and Contract Expenses:	
Urban Regular Services	45
New Freedom	46
Operating Assistance Calculation - Urban Regular Services	47
Schedule of Vehicle Miles	48
Schedule of Vehicle Hours	49
Schedule of Line-Haul Passenger Data and Vehicle Hours	50
Schedule of Demand Response Passenger Data and Vehicle Hours	51
Schedule of New Freedom Passenger Data and Vehicle Hours	52
Reconciliations of OAR Schedules to Statement of Revenues, Expenditures and Change in Fund Balance for Governmental Fund (Unaudited):	
Reconciliation of OAR Operating Revenues to Statement of Revenues, Expenditures, and Change in Fund Balance for Governmental Fund	54
Reconciliation of OAR Operating Expenses to Statement of Revenues, Expenditures, and Change in Fund Balance for Governmental Fund	56

INDEPENDENT AUDITORS' REPORT

January 22, 2015

Members of the Transportation Authority Board
Macatawa Area Express Transportation Authority
Holland, Michigan

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the *Macatawa Area Express Transportation Authority* (the "Authority"), as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Independent Auditors' Responsibility

Our responsibility is to express opinions 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 and the standards applicable to financial audit contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Authority as of September 30, 2014, and the respective changes in financial position and cash flows, where applicable, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The agency fund combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

The Michigan Bureau of Passenger Transportation Schedules and Reconciliations of OAR Schedules to Statement of Revenues, Expenditures and Change in Fund Balance for Governmental Fund are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued, under separate cover, our report dated January 22, 2015, on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Rehmann Lohman LLC

This page intentionally left blank.

MANAGEMENT'S DISCUSSION AND ANALYSIS

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

As management of the Macatawa Area Express Transportation Authority (the "Authority"), we offer readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended September 30, 2014. We encourage readers to consider the information presented here in conjunction with additional information that is furnished in the financial statements and notes to the financial statements.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the close of the most recent fiscal year by \$10,601,319 (net position). Of this amount, \$2,101,970 was unrestricted and may be used to meet the Authority's ongoing obligations to citizens and creditors.
- The Authority's total net position decreased by \$10,297 from operations during fiscal 2014.
- As of the close of the current fiscal year, the Authority's General Fund reported an ending fund balance of \$2,078,159, an increase of \$223,569.
- Total fund balance was 46.3% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Authority's basic financial statements. The Authority's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information required by the Michigan Bureau of Passenger Transportation (BPT) in addition to the basic financial statements themselves.

Government-wide Financial Statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Authority's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Authority is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Authority are all classified as public transportation. The Authority has no business-type activities.

Fund Financial Statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Authority, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Authority can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

Governmental Funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Authority maintains one individual governmental fund, the General Fund. Information is presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balance.

The Authority adopts an annual appropriated budget for its General Fund. The budgetary comparison statement has been provided herein to demonstrate compliance with this budget.

Proprietary Funds. The Authority maintains one type of proprietary fund. The *Internal service fund* is used to accumulate and allocate costs internally among the Authority's various functions. The Authority uses an internal service fund to account for compensated absences of the Authority. Because these services predominately benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Authority's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

Supplementary Information. In addition to the basic financial statements and accompanying notes, this report also presents certain information required by the Bureau of Passenger Transportation (BPT).

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

Government-Wide Financial Analysis

Statement of Net Position

As previously stated, net position may serve over time as a useful indicator of a government's financial position. In the case of the Authority, assets exceeded liabilities by \$10,601,319 at the close of the most recent fiscal year.

	Governmental Activities	
	2014	2013
Current and other assets	\$ 2,524,648	\$ 2,191,638
Capital assets, net	8,499,349	8,732,751
Total assets	<u>11,023,997</u>	<u>10,924,389</u>
Total liabilities	<u>422,678</u>	<u>312,773</u>
Net position:		
Net investment in capital assets	8,499,349	8,732,751
Unrestricted	2,101,970	1,878,865
Total net position	<u>\$10,601,319</u>	<u>\$10,611,616</u>

A substantial portion of the Authority's net position, \$8,499,349 (80.2 percent), reflects its investment in capital assets (e.g., land, buildings, vehicles, equipment and infrastructure). The Authority uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending.

The Authority may use the remaining balance of unrestricted net position of \$2,101,970 (19.8 percent) to meet its ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the Authority is able to report positive balances in both categories of net position.

Statement of Activities

	Governmental Activities	
	2014	2013
Program revenues:		
Charges for services	\$ 399,331	\$ 376,300
Operating grants	2,913,736	3,017,833
Capital grants	498,179	4,637,888
General revenues:		
Property taxes	863,837	847,367
Unrestricted investment earnings	3,769	3,522
Gain on sale of capital assets	-	5,672
Total revenues	<u>4,678,852</u>	<u>8,888,582</u>
Expenses:		
Public Transportation	<u>4,689,149</u>	<u>4,194,646</u>
Change in net position	(10,297)	4,693,936
Net position, beginning of year	10,611,616	5,917,680
Net position, end of year	<u>\$10,601,319</u>	<u>\$10,611,616</u>

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

The Authority's net position decreased by \$10,297 during the current fiscal year. The primary reason for the decrease is due to a decrease in the net investment in capital assets because of the extra depreciation due to the completion of the new operating facility. Also, there was a decrease in operating grant revenue.

Financial Analysis of the Authority's Funds

As noted earlier, the Authority uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The overall results of General Fund operations were an increase in fund balance of \$223,569. The growth was a result of lower expenditures, an increase in property tax revenue and increased ridership, that generated more fare revenue.

General Fund Budgetary Highlights

The original revenue and other financing sources budget was \$4,699,518 and as amended was \$5,350,776 which represents an increase of \$651,258. The original expenditure budget was \$4,699,050 and as amended was \$5,528,309 which represents an increase of \$829,259.

The most significant differences between the original budget and the amended budget are related to grants. The original budget was amended to include the new federal grants that were awarded during the fiscal year; increasing the intergovernmental revenue and capital outlay expenditure budgets.

Actual expenditures came in \$1,044,366 less than the amended budget. Actual payroll, legal and fuel expenses came in less than projected. Vacant positions and unexpended grant funds contributed to the favorable expenditure budget variance.

Capital Asset and Debt Administration

Capital Assets. The Authority's invested \$526,665 in land, buildings, equipment and vehicles during the fiscal period to service Authority users.

	Governmental Activities	
	2014	2013
Land	\$ 249,289	\$ 249,289
Land improvements, net	620,101	658,331
Buildings, equipment and vehicles, net	7,629,959	7,825,131
Total capital assets, net	<u>\$ 8,499,349</u>	<u>\$ 8,732,751</u>

Additional information on the Authority's capital assets can be found in Note 7 of this report.

Long-Term Debt. The Authority had no long-term debt at September 30, 2014 or 2013.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Management's Discussion and Analysis

Economic Factors and Next Year's Budget and Rates

Service levels remain at nine (9) fixed routes and paratransit service (demand response) to residents in City of Holland, City of Zeeland and Holland Charter Township. Limited demand response service is provided to Zeeland Charter Township. The Authority receives New Freedom funding for operation of the Night Owl service. New Freedom funds are Federal funds allocated to the State of Michigan. MAP-21, the new two-year Federal Transportation Bill has discontinued New Freedom funding for the year ended September 30, 2015. New Freedom funding provides for 50% of the operating funding for Night Owl Service.

In 2012 the voters approved a 0.40 millage tax rate that is good until May 3, 2016. Taxable values are continuing to gradually increase as the economy continues its recovery. Residential property values are increasing more rapidly than industrial, but commercial values remain flat. As of September 30, 2014, the unemployment rate within the City has dropped to 6.0% and all indications point to a very solid economic growth in the years ahead.

Requests for Information

This financial report is designed to provide a general overview of the Macatawa Area Express Transportation Authority finances for all those with an interest in the Authority's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Mrs. Michelle Sabala, Macatawa Area Express Transportation Authority, 270 River Ave., Holland, Michigan 49423.

BASIC FINANCIAL STATEMENTS

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Statement of Net Position

September 30, 2014

	Governmental Activities
Assets	
Cash and pooled investments	\$ 2,228,522
Receivables, net	276,313
Prepaid items	19,813
Capital assets:	
Not being depreciated	249,289
Being depreciated, net	<u>8,250,060</u>
Total assets	<u>11,023,997</u>
Liabilities	
Payables	309,326
Unearned revenue	3,239
Compensated absences	<u>110,113</u>
Total liabilities	<u>422,678</u>
Net position	
Net investment in capital assets	8,499,349
Unrestricted	<u>2,101,970</u>
Total net position	<u><u>\$ 10,601,319</u></u>

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

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Statement of Activities

For the Year Ended September 30, 2014

Functions / Programs	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	
Governmental activities				
Public transportation	\$ 4,689,149	\$ 399,331	\$ 2,913,736	\$ 498,179
General revenues				
Property taxes				863,837
Investment earnings - unrestricted				3,769
Total general revenues				867,606
Change in net position				(10,297)
Net position, beginning of year				10,611,616
Net position, end of year				\$ 10,601,319

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

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Balance Sheet

Governmental Fund
September 30, 2014

	General Fund
Assets	
Cash and pooled investments	\$ 2,118,409
Receivables:	
Accounts	23,560
Taxes	41,453
Due from other governmental units	211,300
Prepaid items	<u>19,813</u>
Total assets	<u><u>\$ 2,414,535</u></u>
Liabilities	
Accounts payable	\$ 118,132
Accrued payroll and benefits	51,515
Due to other governmental units	139,679
Unearned revenue	<u>3,239</u>
Total liabilities	<u>312,565</u>
Deferred inflow of resources	
Unavailable revenue - property taxes	<u>23,811</u>
Fund balance	
Nonspendable - prepaids	19,813
Unassigned	<u>2,058,346</u>
Total fund balance	<u>2,078,159</u>
Total liabilities, deferred inflows of resources and fund balance	<u><u>\$ 2,414,535</u></u>

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

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Reconciliation

Fund Balance for Governmental Fund
to Net Position of Governmental Activities
September 30, 2014

Fund balance - governmental fund \$ 2,078,159

Amounts reported for *net position of governmental activities* in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources, and therefore are not reported in the fund statement.

Capital assets not being depreciated	249,289
Capital assets being depreciated, net	8,250,060

The focus of governmental funds is on short-term financing. Accordingly, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred inflows of resources in the governmental funds, and thus are not included in fund balance.

Deferred property taxes receivable	<u>23,811</u>
------------------------------------	---------------

Net position of governmental activities	<u><u>\$ 10,601,319</u></u>
---	-----------------------------

The accompanying notes are an integral part of these basic financial statements.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Statement of Revenues, Expenditures and Change in Fund Balance

Governmental Fund

For the Year Ended September 30, 2014

	General Fund
Revenues	
Property taxes	\$ 864,301
Passenger fares	346,246
Intergovernmental:	
Federal	1,772,608
State	1,560,065
Local	79,242
Charges for services	53,085
Interest income	3,769
	<hr/>
Total revenues	4,679,316
	<hr/>
Expenditures	
Current:	
Public transportation:	
Management and administration	620,579
Personal services - customer service and marketing	250,137
Routine operations	2,608,434
Maintenance	471,220
Capital outlay	533,573
	<hr/>
Total expenditures	4,483,943
	<hr/>
Revenues over expenditures	195,373
	<hr/>
Other financing sources	
Insurance recoveries	28,196
	<hr/>
Net change in fund balance	223,569
	<hr/>
Fund balance, beginning of year	1,854,590
	<hr/>
Fund balance, end of year	<u>\$ 2,078,159</u>

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

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Reconciliation

Net Change in Fund Balance of Governmental Fund
to Change in Net Position of Governmental Activities
For the Year Ended September 30, 2014

Net change in fund balance - governmental fund	\$ 223,569
<p>Amounts reported for <i>as change in net position of governmental activities</i> in the statement of activities are different because:</p> <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Purchase of capital assets	526,665
Depreciation expense	(753,727)
Loss from sale of capital assets	(6,340)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.</p>	
Net change in deferred property taxes receivable	<u>(464)</u>
Change in net position of governmental activities	<u><u>\$ (10,297)</u></u>

The accompanying notes are an integral part of these basic financial statements.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Statement of Revenues, Expenditures and Change in Fund Balance

Budget and Actual - General Fund
For the Year Ended September 30, 2014

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
Revenues				
Property taxes	\$ 836,350	\$ 836,350	\$ 864,301	\$ 27,951
Passenger fares	320,800	320,800	346,246	25,446
Intergovernmental:				
Federal	1,868,000	2,325,171	1,772,608	(552,563)
State	1,523,248	1,693,783	1,560,065	(133,718)
Local	77,600	77,600	79,242	1,642
Charges for services	69,220	69,220	53,085	(16,135)
Interest income	3,500	3,500	3,769	269
Total revenues	4,698,718	5,326,424	4,679,316	(647,108)
Expenditures				
Current:				
Public transportation:				
Management and administration	646,950	672,930	620,579	(52,351)
Personal services - customer service and marketing	272,500	340,550	250,137	(90,413)
Routine operations	2,667,200	2,821,050	2,608,434	(212,616)
Maintenance	452,400	491,920	471,220	(20,700)
Other services and charges	50,000	552	-	(552)
Capital outlay	610,000	1,201,307	533,573	(667,734)
Total expenditures	4,699,050	5,528,309	4,483,943	(1,044,366)
Revenues over (under) expenditures	(332)	(201,885)	195,373	397,258
Other financing sources				
Proceeds from sale of capital assets	100	100	-	(100)
Insurance recoveries	700	24,252	28,196	3,944
Total other financing sources	800	24,352	28,196	3,844
Net change in fund balance	468	(177,533)	223,569	401,102
Fund balance, beginning of year	1,854,590	1,854,590	1,854,590	-
Fund balance, end of year	\$ 1,855,058	\$ 1,677,057	\$ 2,078,159	\$ 401,102

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

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Statement of Net Position

Proprietary Fund
September 30, 2014

	Governmental Activities	Internal Service Fund
Assets		
Current assets:		
Cash and pooled investments	\$ 110,113	
Liabilities		
Current liabilities:		
Compensated absences		<u>110,113</u>
Net position		
Unrestricted		<u><u>\$ -</u></u>

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

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Statement of Revenues, Expenses and Change in Fund Net Position

Proprietary Fund

For the Year Ended September 30, 2014

	Governmental Activities
	Internal Service Fund
Operating revenues	
Charges for services	\$ 100,263
Operating expenses	
Personal services	<u>100,263</u>
Change in net position	-
Net position, beginning of year	<u>-</u>
Net position, end of year	<u><u>\$ -</u></u>

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

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Statement of Cash Flows

Proprietary Fund

For the Year Ended September 30, 2014

	Governmental Activities
	Internal Service Fund
Cash flows from operating activities	
Cash provided by interfund services	\$ 9,644
Cash and cash equivalents, beginning of year	<u>100,469</u>
Cash and cash equivalents, end of year	<u><u>\$ 110,113</u></u>
Reconciliation of change in fund net position to net cash provided by operating activities:	
Change in net position	\$ -
Adjustment to reconcile change in net position to net cash provided by operating activities:	
Change in:	
Compensated absences	<u>9,644</u>
Net cash provided by operating activities	<u><u>\$ 9,644</u></u>

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

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Statement of Fiduciary Assets and Liabilities

Fiduciary Funds
September 30, 2014

	Agency Funds
Assets	
Cash and pooled investments	\$ 83,643
Liabilities	
Accounts payable	\$ 4,601
Other liabilities and deposits	2,068
Due to other governmental units	76,974
Total liabilities	\$ 83,643

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

NOTES TO FINANCIAL STATEMENTS

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Notes to Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Macatawa Area Express Transportation Authority (the "Authority") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the Authority's accounting policies are described below.

Reporting Entity

The Authority is a municipal corporation governed by an elected, nine-member Authority Board. As required by generally accepted accounting principles, these financial statements present the financial position and related activity for the Macatawa Area Express Transportation Authority. The Authority was formed on July 1, 2007 from the former Macatawa Area Transportation System enterprise fund of the City of Holland. The Authority has no component units and is not reported as a component unit of any other governmental unit.

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements.

Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as is the internal service fund. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. After March 1, any delinquent taxes on real property are paid by the County which is responsible for collecting any outstanding taxes on real property as of that date. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Notes to Financial Statements

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Intergovernmental revenue, charges for services and interest are all considered to be susceptible to accrual if collected within 180 days of fiscal year end. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Property taxes, intergovernmental revenue, charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and as such have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the Authority.

The Authority reports the following major governmental funds:

The *General Fund* is the Authority's primary operating fund. It accounts for all the financial resources of the Authority, except those accounted for and reported in another fund.

Additionally, the Authority reports the following fund types:

The *Internal Service Fund* is used to report the financing of services provided by the Authority to other departments and funds on a cost reimbursement basis, specifically the accumulation of funds for future payments of compensated absences.

Agency Funds are used to account for assets held on behalf of outside parties, including other governments in a purely custodial capacity.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Authority's internal service funds are charges to other funds for payments of compensated absences. Operating expenses for the internal service fund include the cost of services. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Restricted net position consist of assets that are subject to restrictions beyond the government's control. The restrictions may be externally imposed or imposed by law. When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

Assets, liabilities, deferred inflows of resources and equity

Cash and pooled investments

The Authority considers cash and pooled investments to be cash and cash equivalents for statement of cash flow purposes. Investments within pooled cash and investments are not identifiable to specific funds and the assets can be withdrawn at anytime similar to a demand deposit account.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Notes to Financial Statements

Investments displayed on the financial statement and included in the cash and pooled investment caption are recorded at fair value.

State statutes and Authority policy authorize the Authority to invest in:

Bonds, securities, other obligations and repurchase agreements of the United States, or an agency or instrumentality of the United States.

Certificates of deposit, savings accounts, deposit accounts or depository receipts of a qualified financial institution.

Commercial paper rated at the time of purchase within the two highest classifications established by not less than two standard rating services and that matures not more than 270 days after the date of purchase.

Bankers' acceptances of United States banks.

Obligations of the State of Michigan and its political subdivisions, that, at the time of purchase are rated as investment grade by at least one standard rating service.

Mutual funds registered under the Investment Company Act of 1940 with the authority to purchase only investment vehicles that are legal for direct investment by a public corporation.

External investment pools as authorized by Public Act 20 as amended through December 31, 1997.

Receivables

All receivables are recorded at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

Due from Other Governmental Units

Amounts due from other governments include amounts due from grantors for specific programs and capital projects. Program and capital grants are recorded as receivables and revenue at the time reimbursable costs are incurred. Revenues received in advance of costs being incurred are unearned.

Prepaid Items

The Authority incurred expenses prior to year-end for services that will be performed in the next fiscal year. In these situations, the Authority records an asset to reflect the investment in future services.

Capital assets

Capital assets, which include property, plant and equipment, are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets having a useful life in excess of two years and whose initial cost exceeds \$500. Capital assets are stated at historical cost or estimated historical cost where actual cost information is not available. Donated capital assets are recorded at their market value as of the donation date.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Notes to Financial Statements

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related capital assets, as applicable.

Depreciation on the capital assets (including infrastructure) of the primary government is computed using the straight-line method over the following estimated useful lives:

	Years
Land improvements	15-20
Buildings	15-45
Machinery and equipment	5-15
Office equipment and furniture	5-20
Vehicles	7-10

The eligible depreciation of \$34,689, reported in the supplementary expenditure schedules required by the State of Michigan Bureau of Passenger Transportation (BPT), includes only the depreciation of assets purchased with local funds and where the useful life of the asset purchased has been approved by the BPT.

Property Taxes

Properties are assessed as of December 31 and become a lien at that time. The related property taxes are levied and billed on July 1 of the following year, and are due without penalty on or before August 15. Summer tax bills include the Authority's property taxes. Real property taxes that have not been collected as of March 1 are turned over to Ottawa and Allegan Counties for collection. The counties advance the Authority 100 percent for the delinquent real property taxes. Collection of delinquent personal property taxes and IFT's remains the responsibility of the Authority.

Interfund Transactions

During the course of normal operations, the Authority has numerous transactions between funds, including expenditures and transfers of resources to provide services. The accompanying financial statements generally reflect operating subsidies as transfers.

Deferred Inflows of Resources

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The governmental funds report unavailable revenues, which arises only under a modified accrual basis of accounting, from property tax receivables. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Notes to Financial Statements

Fund equity

Governmental funds report nonspendable fund balance for amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. Restricted fund balance is reported when externally imposed constraints are placed on the use of resources by grantors, contributors, or laws or regulations of other governments. Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the Authority Board (the government's highest level of decision-making authority). A formal resolution of the Authority Board is required to establish, modify, or rescind a fund balance commitment. The Authority reports assigned fund balance for amounts that are constrained by the government's intent to be used for specific purposes, but are neither restricted nor committed. The Authority currently has no assigned fund balance, as the Authority Board has not yet given the authority for the making of such assignments. Unassigned fund balance is the residual classification for the General Fund.

When the government incurs an expenditure for purposes for which various fund balance classifications can be used, it is the government's policy to use restricted fund balance first, then committed fund balance, assigned fund balance, and finally unassigned fund balance.

Risk Management

The Authority is exposed to various risks of loss related to property loss, torts, errors and omissions, employee injuries (workers' compensation), as well as medical benefits provided to employees. The buildings occupied by the Authority are owned by the City of Holland and are insured by the City. Building contents, general liability and vehicles are insured by commercial policies owned by the Authority.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

2. BUDGETARY INFORMATION

The Authority follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The MAX Coordinator is responsible for submitting the proposed operating budget for the following fiscal year to the Authority Board. The Authority Board, during its review, holds a public hearing to obtain taxpayer comments. The budget is legally enacted by resolution of the Board.
2. The Authority financial officer is authorized to transfer budget amounts between accounts within the same department of any fund upon written request by a department or division head and approval by the MAX Coordinator. Any revisions that alter total appropriations of any fund must be approved by the Authority Board. Budgeted appropriations lapse each year; however, appropriations for continuing projects and programs which the Authority intends to complete are included in the budget of the ensuing year.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Notes to Financial Statements

3. Budgeted amounts are as originally adopted or as amended by the Authority Board during the year. The budgets have been prepared in accordance with generally accepted accounting principles. Supplemental appropriations were necessary during the year.
4. The budget has been adopted on a department level basis; expenditures at this level in excess of amounts budgeted are a violation of Michigan law.
5. Annual budgets are legally adopted for the General Fund as required by the Uniform Budgeting Act (P.A. 621 of 1978) of the State of Michigan.
6. Informal annual budgets are also adopted for the internal service fund.

P.A 621 of 1978, as amended, provides that a local unit shall not incur expenditures in excess of the amount budgeted. During the year ended September 30, 2014, the Authority had no budget violations.

3. DEPOSITS AND INVESTMENTS

The Authority reported cash and pooled investments on the statement of net position as of September 30, 2014 under the following classifications:

	Primary Government	Agency Funds	Totals
Cash and pooled investments	\$ 2,228,522	\$ 83,643	\$ 2,312,165

For note disclosure purposes, this amount is classified as follows:

Petty cash	\$ 800
Checking and savings accounts	960,250
Certificates of deposit (all due within one year)	1,351,115
Total	\$ 2,312,165

Investment and Deposit Risk

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits might not be returned. State law does not require and the Authority's investment policy does not have specific limits in excess of state law pertaining to custodial credit risk. As of year-end, \$1,064,417 of the Authority's bank balance of \$2,314,417 was exposed to custodial credit risk because it was uninsured and uncollateralized.

Credit Risk. State law limits investments to specific government securities, certificates of deposits and bank accounts with qualified financial institutions, commercial paper with specific maximum maturities and ratings when purchased, bankers' acceptances of specific financial institutions, qualified mutual funds and qualified external investment pools as identified above. The Authority's investment policy does not have specific limits in excess of state law pertaining to investment credit risk. The Authority did not have any rated investments at year-end.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Notes to Financial Statements

Interest Rate Risk. Interest rate risk is the risk that the market rate of securities in the portfolio will fall due to changes in market interest rates. State law limits the allowable investments and the maturities of some of the allowable investments as identified in the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law on investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates. The Authority did not have any investments at year-end.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the Authority's investment in a single issuer. State law limits allowable investments but does not limit concentration of credit risk as identified in the list of authorized investments in the summary of significant accounting policies.

4. RECEIVABLES AND DEFERRED INFLOW OF RESOURCES

Receivables are comprised of the following at year-end:

Accounts	\$	23,560
Taxes *		41,453
Due from other governments		<u>211,300</u>
Total	\$	<u><u>276,313</u></u>

* Net of allowance for uncollectible accounts of \$2,365.

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, deferred inflows of resources reported in governmental activities for property taxes receivable was \$23,811.

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Payables are comprised of the following at year-end:

Accounts	\$	118,132
Accrued payroll and benefits		51,515
Due to other governments		<u>139,679</u>
Total	\$	<u><u>309,326</u></u>

6. LINE OF CREDIT

The Authority has available a \$200,000 line of credit with interest at 1.75% in excess of the LIBOR one-month rate (effective rate of 1.90% at September 30, 2014). The line expires on May 1, 2015. There were no outstanding borrowings on the line as of September 30, 2014.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Notes to Financial Statements

7. CAPITAL ASSETS

Capital asset activity for the Authority for the year ended September 30, 2014, was as follows:

	Beginning Balance	Additions	Disposals	Transfers	Ending Balance
Capital assets, not being depreciated:					
Land	\$ 249,289	\$ -	\$ -	\$ -	\$ 249,289
Capital assets, being depreciated:					
Land improvements	793,464	-	(16,547)	-	776,917
Buildings	4,686,889	460,831	(6,999)	-	5,140,721
Machinery and equipment	958,252	30,899	(49,734)	-	939,417
Office furniture and equipment	103,642	2,742	(8,062)	-	98,322
Vehicles	4,727,324	32,193	(2,449)	-	4,757,068
	<u>11,269,571</u>	<u>526,665</u>	<u>(83,791)</u>	<u>-</u>	<u>11,712,445</u>
Less accumulated depreciation for:					
Land improvements	(135,133)	(38,230)	16,547	-	(156,816)
Buildings	(62,331)	(113,593)	3,133	-	(172,791)
Machinery and equipment	(522,999)	(115,126)	47,649	-	(590,476)
Office furniture and equipment	(25,706)	(9,006)	7,673	-	(27,039)
Vehicles	(2,039,940)	(477,772)	2,449	-	(2,515,263)
	<u>(2,786,109)</u>	<u>(753,727)</u>	<u>77,451</u>	<u>-</u>	<u>(3,462,385)</u>
Total capital assets being depreciated, net	<u>8,483,462</u>	<u>(227,062)</u>	<u>(6,340)</u>	<u>-</u>	<u>8,250,060</u>
Governmental activities capital assets, net	<u>\$ 8,732,751</u>	<u>\$ (227,062)</u>	<u>\$ (6,340)</u>	<u>\$ -</u>	<u>\$ 8,499,349</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

Public transportation \$ 753,727

8. CONTINGENT LIABILITIES

In the normal course of its activities, the Authority has become a party in various legal actions, including property tax assessment appeals. Management of the Authority is of the opinion that the outcome of such actions will not have a material effect on the financial position of the Authority and, therefore, has not reflected loss reserves in the financial statements.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

■ Notes to Financial Statements

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor programs, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the transit agency. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the Authority expects such amounts, if any, to be immaterial.

9. DEFINED CONTRIBUTION PLAN

The Authority participates in a defined contribution retirement plan which is administered by the Michigan Employees' Retirement System of Michigan (MERS) for nonbargaining employees. The defined contribution provisions of the plan require the Authority to contribute 8% of covered employee payroll. The participants direct their investments under defined contribution provisions. The Authority contributed \$52,263 and employees contributed \$12,236 to the defined contribution plan.

10. COST ALLOCATION PLAN

The Authority maintains a cost allocation plan for which the methodology has been approved by the Michigan Bureau of Passenger Transportation (BPT). The allocation plan is for the New Freedom Services. These cost allocation plan were adhered to in the preparation of the financial statements. There is no cost allocation plan in place for the charter services due to the fact that; 1) the trolley was purchased with all local funds; 2) the Authority maintains a separate operating and revenue budget for the charter services; and 3) the expenses for the charter services are subtracted out as ineligible for the purpose of calculating State operating assistance.

11. LEASE COMMITMENT

The Authority leases the Padnos Transportation Center and the Bus Garage from the City of Holland (the "City") for \$1 per year. The current lease term expires at June 30, 2015. The lease automatically renews each June 30 for an indefinite term, unless either party gives notice of termination to the other party at least 30 days prior to the expiration of the current lease term in effect at the time of the notice. The City has title to these buildings and all improvements, fixtures or other types of fixed property appurtenant to the buildings and property located thereon. The Authority is responsible for insurance on building content, but is not required to pay real estate taxes. The buildings are insured through the City's self-insurance pool.



SUPPLEMENTARY INFORMATION

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Combining Statement of Fiduciary Assets and Liabilities

Agency Funds
September 30, 2014

	Employees' Flexible Spending Plan Fund	Imprest Payroll Fund	Total
Assets			
Cash and pooled investments	\$ 2,068	\$ 81,575	\$ 83,643
Liabilities			
Accounts payable	\$ -	\$ 4,601	\$ 4,601
Other liabilities and deposits	2,068	-	2,068
Due to other governmental units	-	76,974	76,974
Total liabilities	\$ 2,068	\$ 81,575	\$ 83,643

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2014

	Balance October 1, 2013	Additions	Deletions	Balance September 30, 2014
<i>Employees' Flexible Spending Plan Fund</i>				
Assets				
Cash and pooled investments	\$ 1,478	\$ 2,311	\$ 1,721	\$ 2,068
Liabilities				
Other liabilities and deposits	\$ 1,478	\$ 2,311	\$ 1,721	\$ 2,068
<i>Imprest Payroll Fund</i>				
Assets				
Cash and pooled investments	\$ 50,809	\$ 962,517	\$ 931,751	\$ 81,575
Liabilities				
Accounts payable	\$ 2,635	\$ 496,097	\$ 494,131	\$ 4,601
Due to other governmental units	48,174	466,420	437,620	76,974
Total liabilities	\$ 50,809	\$ 962,517	\$ 931,751	\$ 81,575
<i>Total All Agency Funds</i>				
Assets				
Cash and pooled investments	\$ 52,287	\$ 964,828	\$ 933,472	\$ 83,643
Liabilities				
Accounts payable	\$ 2,635	\$ 496,097	\$ 494,131	\$ 4,601
Other liabilities and deposits	1,478	2,311	1,721	2,068
Due to other governmental units	48,174	466,420	437,620	76,974
Total liabilities	\$ 52,287	\$ 964,828	\$ 933,472	\$ 83,643

This page intentionally left blank.

**MICHIGAN BUREAU OF PASSENGER
TRANSPORTATION SCHEDULES**

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Schedule of Expenditures of Federal and State Awards For the Year Ended September 30, 2014

Federal and State Agency / Pass-Through Grantor / Program Title	CFDA Number	Pass-through / Grantor Number	Program Award Amount
U.S. Department of Transportation			
Direct assistance:			
Federal Transit Operating Grant - Section 5307	20.507	MI-90-X680	\$ 1,200,000
State grant match provided by the Michigan Department of Transportation:			
Capital Grant - Section 5309	20.500	MI-95-X663	445,000
Capital Grant - Section 5309	20.500	MI-04-0078	2,500,000
Capital Grant - Section 5309	20.500	MI-90-X680	325,000
Total U.S. Department of Transportation			<u>4,470,000</u>
Michigan Department of Transportation			
Operating assistance - Act 51:			
Year ended September 30, 2014	n/a	n/a	1,533,507
Year ended September 30, 2013	n/a	n/a	(76,729)
New Freedom program:			
Operating assistance	20.521	2012-0121/P7	111,000
Operating - Mobility Management	20.521	2012-0121/P7	60,000
Capital Grant	20.521	2012-0121/P7	25,000
Total Michigan Department of Transportation			<u>1,652,778</u>
Total Expenditures of Federal and State Awards			<u>\$ 6,122,778</u>

(Unaudited)



Current Year Expenditures				Prior Year's Expenditures	Award Amount Remaining
Total	Federal	State	Local		
\$ 1,200,000	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -
385,843	308,674	77,169	-	59,154	3
101,034	80,832	20,202	-	2,398,966	-
6,732	5,386	1,346	-	-	318,268
<u>1,693,609</u>	<u>1,594,892</u>	<u>98,717</u>	<u>-</u>	<u>2,458,120</u>	<u>318,271</u>
1,533,507	-	1,533,507	-	-	-
(76,729)	-	(76,729)	-	-	-
104,756	104,756	-	-	-	6,244
54,680	54,680	-	-	-	5,320
22,850	18,280	4,570	-	-	2,150
<u>1,639,064</u>	<u>177,716</u>	<u>1,461,348</u>	<u>-</u>	<u>-</u>	<u>13,714</u>
<u>\$ 3,332,673</u>	<u>\$ 1,772,608</u>	<u>\$ 1,560,065</u>	<u>\$ -</u>	<u>\$ 2,458,120</u>	<u>\$ 331,985</u>

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Operating Revenues

Urban Regular Service

For the Year Ended September 30, 2014

Code	Description	Total
401:	Farebox revenues	
40100	Passenger fares	\$ 330,458
40200	Contract fares	10,820
	Total Farebox revenues	<u>341,278</u>
405:	Charter	
40500	Charter service	-
406:	Auxiliary transit revenues	
40615	Advertising	18,629
40620	Intercity ticket sales	21,537
40699	Other auxiliary transit revenues (cash short/over, nsf charges)	737
	Total auxiliary transit revenues	<u>40,903</u>
407:	Non-transit revenues	
40720	Rental of buildings and other property	12,877
40760	Gains from sale of capital assets	-
40799	Other non-transit revenues (insurance recoveries)	27,826
	Total non-transit revenues	<u>40,703</u>
408/409:	Local revenues	
40800	Taxes levied directly for/by transit agency	764,189
40910	Local operating assistance - from surrounding local governments	79,242
	Total Local revenues	<u>843,431</u>
411:	State formulas and contracts	
41101	State operating assistance	1,456,778
413:	Federal contracts	
41302	Federal section 5307 (operating funds only)	1,200,000
41314	Other capital contract reimbursement for operating expenses	-
	Federal contracts	<u>1,200,000</u>
414:	Other revenues	
41400	Interest income	3,769
	Total operating revenues	<u>\$ 3,926,862</u>

Note:

The advertising revenue is generated by a third-party service organization which is responsible for maintaining the advertising posted on the Authority's busses. The third-party service organization pays all costs and collects the gross advertising fees associated with this advertising and remits to the Authority a portion of the net income from advertising. Thus, no expenses are incurred by the Authority in relation to this revenue.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Operating Revenues

New Freedom

For the Year Ended September 30, 2014

Code	Description	Total
401:	Farebox revenues	
40100	Passenger fares	\$ 4,643
405:	Charter	
40500	Charter service	-
406:	Auxiliary transit revenues	
40615	Advertising	-
40699	Other auxiliary transit revenues (cash short/over, court recovery fees, nsf charges)	-
	Total auxiliary transit revenues	-
407:	Non-transit revenues	
40720	Rental of buildings and other property	-
40799	Other non-transit revenues (insurance recoveries)	-
	Total non-transit revenues	-
408/409:	Local revenues	
40800	Taxes levied directly for/by transit agency	100,112
40910	Local operating assistance	-
	Total local revenues	100,112
411:	State formulas and contracts	
41101	State operating assistance	-
413:	Federal contracts	
41302	Federal section 5317	159,436
414:	Other revenues	
41400	Interest income	-
	Total operating revenues	\$ 264,191

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Operating Expenses
 Urban Regular Service
 For the Year Ended September 30, 2014

Code	Description	Operations	Maintenance	General Administration	Total
501:	Labor				
50101	Operators' salaries and wages	\$ 936,958	\$ -	\$ -	\$ 936,958
50102	Other salaries and wages	251,821	49,588	234,734	536,143
50103	Dispatcher salaries and wages	78,342	-	-	78,342
	Total labor	1,267,121	49,588	234,734	1,551,443
502:	Fringe benefits				
50200	Other	520,506	28,352	96,327	645,185
50201	Pensions	25,937	2,710	17,908	46,555
	Total fringe benefits	546,443	31,062	114,235	691,740
503:	Services				
50302	Advertising	-	-	76,846	76,846
50305	Audit cost	-	-	7,013	7,013
50399	Other	10,430	357,287	205,980	573,697
	Total services	10,430	357,287	289,839	657,556
504:	Materials				
50401	Fuel and lubricants	409,750	-	-	409,750
50402	Tires	20,312	-	-	20,312
50499	Other	7,119	9,854	19,790	36,763
	Total materials	437,181	9,854	19,790	466,825
50500	Utilities	-	-	66,581	66,581
506:	Insurance				
50603	Liability insurance	213,477	-	-	213,477
509:	Miscellaneous expenses				
50902	Travel, meetings and training	122	-	13,768	13,890
50903	Association dues and subscriptions	-	-	8,712	8,712
50999	Other	-	-	10,235	10,235
	Total miscellaneous expenses	122	-	32,715	32,837
51200	Operating leases and rentals	1,011	-	-	1,011
513:	Depreciation				
51300	Grant assets	-	-	719,038	719,038
51300	Other assets	-	-	34,689	34,689
	Total depreciation	-	-	753,727	753,727

continued...

Schedule of Operating Expenses
 Urban Regular Service
 For the Year Ended September 30, 2014

Code	Description	Operations	Maintenance	General Administration	Total
550/576:	Ineligible expenses				
55007	Ineligible depreciation	\$ -	\$ -	\$ 719,038	\$ 719,038
55008	Other ineligible expenses	-	-	1,258	1,258
54000	Ineligible prior year refunds and credits	27,826	-	-	27,826
	Total ineligible expenses	<u>27,826</u>	<u>-</u>	<u>720,296</u>	<u>748,122</u>
	Total expenses				4,435,197
	Total ineligible expenses				<u>748,122</u>
	Total eligible expenses				<u>\$ 3,687,075</u>

concluded

Notes:

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Audit costs are the only costs in which eligibility differs from the State R&E Manual and Federal OMB Circular A-87. The Macatawa Area Express Transportation Authority did not incur expenses associated with 40720 Rental of buildings and other property or 40615 Advertising and, therefore, no expenses are subtracted out as ineligible on OAR Schedule 4E. Amounts equal to the insurance recoveries (\$370) are subtracted out as ineligible expenses on OAR Schedule 4E.

Any capital money used to pay for operating expense has been subtracted out as ineligible expense.

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Operating Expenses

New Freedom

For the Year Ended September 30, 2014

Code	Description	Operations	Maintenance	General Administration	Total
501:	Labor				
50101	Operators' salaries and wages	\$ 46,631	\$ -	\$ -	\$ 46,631
50102	Other salaries and wages	55,484	2,600	29,752	87,836
50103	Dispatcher salaries and wages	4,156	-	-	4,156
	Total labor	106,271	2,600	29,752	138,623
502:	Fringe benefits				
50200	Other	41,179	1,366	6,308	48,853
50201	Pensions	4,617	143	949	5,709
	Total fringe benefits	45,796	1,509	7,257	54,562
503:	Services				
50302	Advertising	-	-	4,036	4,036
50305	Audit cost	-	-	386	386
50399	Other	550	18,802	10,424	29,776
	Total services	550	18,802	14,846	34,198
504:	Materials				
50401	Fuel and lubricants	20,457	-	-	20,457
50402	Tires	1,065	-	-	1,065
50499	Other	1,997	518	1,051	3,566
	Total materials	23,519	518	1,051	25,088
50500	Utilities	-	-	3,510	3,510
506:	Insurance				
50603	Liability insurance	11,185	-	-	11,185
509:	Miscellaneous expenses				
50902	Travel, meetings and training	6	-	721	727
50903	Association dues and subscriptions	-	-	482	482
50999	Other	-	-	524	524
	Total miscellaneous expenses	6	-	1,727	1,733
550/576:	Ineligible expenses				
54000	Ineligible prior year refunds and credits	-	-	66	66
55000	Ineligible JARC & NF fares	-	-	4,643	4,643
	Total ineligible expenses	-	-	4,709	4,709
	Total expenses				268,899
	Total ineligible expenses				4,709
	Total eligible expenses				<u>\$ 264,190</u>

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Operating and Contract Expenses

Urban Regular Services

For the Year Ended September 30, 2014

	Operations	Maintenance	General Administration	Total
Operating expenses				
Labor	\$ 1,267,121	\$ 49,588	\$ 234,734	\$ 1,551,443
Other fringe benefits	520,506	28,352	96,327	645,185
Pensions	25,937	2,710	17,908	46,555
Audit cost	-	-	7,013	7,013
Other services	10,430	357,287	282,826	650,543
Materials	437,181	9,854	19,790	466,825
Utilities	-	-	66,581	66,581
Insurance	213,477	-	-	213,477
Miscellaneous expenses	122	-	32,715	32,837
Lease and other rentals	1,011	-	-	1,011
Depreciation	-	-	753,727	753,727
Total operating expenses	\$ 2,475,785	\$ 447,791	\$ 1,511,621	\$ 4,435,197

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Operating and Contract Expenses

New Freedom

For the Year Ended September 30, 2014

	Operations	Maintenance	General Administration	Total
Operating expenses				
Labor	\$ 106,271	\$ 2,600	\$ 29,752	\$ 138,623
Other fringe benefits	41,179	1,366	6,308	48,853
Pensions	4,617	143	949	5,709
Audit cost	-	-	386	386
Other services	550	18,802	14,460	33,812
Materials	23,519	518	1,051	25,088
Utilities	-	-	3,510	3,510
Insurance	11,185	-	-	11,185
Miscellaneous expenses	6	-	1,727	1,733
Total operating expenses	<u>\$ 187,327</u>	<u>\$ 23,429</u>	<u>\$ 58,143</u>	<u>\$ 268,899</u>

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Operating Assistance Calculation

Urban Regular Services
For the Year Ended September 30, 2014

Total expenses	<u>\$ 4,435,197</u>
Less ineligible expenses:	
Depreciation	719,038
Other expenses	1,258
Prior year refunds and credits	<u>27,826</u>
Total ineligible expenses	<u>748,122</u>
Total State eligible expenses	<u><u>\$ 3,687,075</u></u>
Eligible expenses for State reimbursement	\$ 3,687,075
Reimbursement percentage	<u>39.30%</u>
State operating assistance	<u><u>\$ 1,449,020</u></u>

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Vehicle Miles

For the Year Ended September 30, 2014

	Public Service	New Freedom	Total
First quarter (October-December)	206,848	11,461	218,309
Second quarter (January-March)	206,384	11,122	217,506
Third quarter (April-June)	212,281	10,824	223,105
Fourth quarter (July-September)	202,285	10,320	212,605
Total	827,798	43,727	871,525

Note:

The methodology used for compiling mileage on OAR Schedules 4N is an adequate and reliable method for recording vehicle mileage. Because expenses associated with providing charter service are based on vehicle hours, the methodology used for compiling hours is an adequate and reliable method.

Schedule of Vehicle Hours

For the Year Ended September 30, 2014

	Public Service	New Freedom	Total
First quarter (October-December)	17,796	847	18,643
Second quarter (January-March)	18,168	867	19,035
Third quarter (April-June)	18,051	886	18,937
Fourth quarter (July-September)	17,488	886	18,374
Total	71,503	3,486	74,989

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Line-Haul Passenger Data and Vehicle Hours
 For the Year Ended September 30, 2014

	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapped Passengers	Senior/Handicapped Passengers	Total Passenger
First quarter (October-December)	8,698	73,409	4,916	18,023	-	96,348
Second quarter (January-March)	8,556	73,121	3,732	17,321	-	94,174
Third quarter (April-June)	8,776	74,262	4,488	20,655	-	99,405
Fourth quarter (July-September)	8,672	66,853	4,845	21,071	-	92,769
Total	34,702	287,645	17,981	77,070	-	382,696

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of Demand Response Passenger Data and Vehicle Hours
 For the Year Ended September 30, 2014

	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapped Passengers	Senior/Handicapped Passengers	Total Passenger
First quarter (October-December)	9,098	3,028	1,074	19,347	-	23,449
Second quarter (January-March)	9,612	3,259	1,101	19,807	-	24,167
Third quarter (April-June)	9,275	3,899	918	20,944	-	25,761
Fourth quarter (July-September)	8,816	3,080	878	19,367	-	23,325
Total	36,801	13,266	3,971	79,465	-	96,702

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

(Unaudited)

Schedule of New Freedom Passenger Data and Vehicle Hours
 For the Year Ended September 30, 2014

	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapped Passengers	Senior/Handicapped Passengers	Total Passenger
First quarter (October-December)	847	1,844	41	539	-	2,424
Second quarter (January-March)	867	1,962	13	438	-	2,413
Third quarter (April-June)	886	1,799	7	486	-	2,292
Fourth quarter (July-September)	886	1,674	22	474	-	2,170
Total	3,486	7,279	83	1,937	-	9,299

**RECONCILIATIONS OF OAR SCHEDULES TO STATEMENT OF
REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCE FOR GOVERNMENTAL FUND**

MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

Reconciliation

OAR Operating Revenues to Statement of Revenues,
Expenditures and Changes in Fund Balance for Governmental Fund
For the Year Ended September 30, 2014

Code	Description	Urban Regular	New Freedom
401:	Farebox revenues		
40100	Passenger fares	\$ 330,458	\$ 4,643
40200	Contract fares	10,820	-
405:	Charter		
40500	Charter service	-	-
406:	Auxiliary transit revenues		
40615	Advertising	18,629	-
40620	Intercity ticket sales	21,537	-
40699	Other auxiliary transit revenues (cash short/over, court recovery fees, nsf charges)	737	-
407:	Non-transit revenues		
40720	Rental of buildings and other property	12,877	-
40760	Gains on sales of capital assets	-	-
40799	Other non-transit revenues (insurance recoveries)	27,826	-
408/409:	Local revenues		
40800	Taxes levied directly for/by transit agency	764,189	100,112
40910	Local operating assistance	79,242	-
411:	State formulas and contracts		
41101	State operating assistance	1,456,778	-
413:	Federal contracts		
41302	Federal section 5307 (operating funds only)	1,200,000	159,436
41314	Other capital contract reimbursement for operating expenses	-	-
414:	Other revenues		
41400	Interest income	3,769	-
	Total operating revenues	\$ 3,926,862	\$ 264,191

* Cash over and short classified with passenger fares and court fee recoveries with insurance recoveries on the statement of revenues, expenditures and changes in fund balance.

ⁿ Capital and other grants not included on the OAR. OAR only contains current year operating grants.

(Unaudited)

Reconciling Items	Statement Total	Statement Classification
\$ 325 *	\$ 335,426	
-	10,820	
-	-	
	<u>\$ 346,246</u>	Passenger fares
-	\$ 18,629	
-	21,537	
(695) *	42	
-	12,877	
	<u>\$ 53,085</u>	Charges for services
-	\$ -	
370 *	28,196	
	<u>\$ 28,196</u>	Other financing sources
-	\$ 864,301	Property taxes
-	<u>\$ 79,242</u>	Intergovernmental - local
103,287 ⁿ	<u>\$ 1,560,065</u>	Intergovernmental - state
413,172 ⁿ	\$ 1,772,608	
-	-	
	<u>\$ 1,772,608</u>	Intergovernmental - federal
-	\$ 3,769	Interest income

Reconciliation

OAR Operating Expenses to Statement of Revenues,
Expenditures and Change in Fund Balance for Governmental Fund
For the Year Ended September 30, 2014

Total operating expenses per OAR:	
Nonurban Regular	\$ 4,435,197
New Freedom	268,899
	<u>4,704,096</u>
Reconciling items:	
Capital outlay expense is not included on the OAR as those costs are reimbursed by capital grants, if eligible	533,574
Depreciation expense is not reported in the governmental fund as it does not represent current available resources	<u>(753,727)</u>
Total expenditures per governmental fund statement	<u><u>\$ 4,483,943</u></u>