

Macatawa Area  
Express  
Transportation  
Authority



Year Ended  
September 30,  
2020

Financial  
Statements

**Rehmann**

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

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## INDEPENDENT AUDITORS' REPORT

April 29, 2021

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, 2020, 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 audits 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.

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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, 2020, 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.

### ***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 any 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 statements and the schedules required by the Michigan Bureau of Passenger Transportation (excluding the nonfinancial data 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 Nonfinancial Data Schedules, as listed in the table of contents, 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 April 29, 2021 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

A handwritten signature in black ink that reads "Lehmann Lohman LLC". The signature is written in a cursive, flowing style.

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## **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, 2020. 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 \$11,036,679 (net position). Of this amount, \$3,283,646 was unrestricted and may be used to meet the Authority’s ongoing obligations to citizens and creditors.
- The Authority’s total net position increased by \$668,345 from operations during fiscal 2020.
- As of the close of the current fiscal year, the Authority’s General Fund reported an ending fund balance of \$3,268,416, an increase of \$342,602.
- Total fund balance was 44.1% 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 change in fund balance 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 change 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 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 \$11,036,679 at the close of the most recent fiscal year.

	Governmental Activities	
	2020	2019
Current and other assets	\$ 3,657,052	\$ 3,336,005
Capital assets, net	9,170,880	7,420,063
<b>Total assets</b>	<b>12,827,932</b>	<b>10,756,068</b>
Long-term debt	1,579,996	127,982
Other liabilities	211,257	259,752
<b>Total liabilities</b>	<b>1,791,253</b>	<b>387,734</b>
Net position:		
Net investment in capital assets	7,753,033	7,420,063
Unrestricted	3,283,646	2,948,271
<b>Total net position</b>	<b>\$ 11,036,679</b>	<b>\$ 10,368,334</b>

A substantial portion of the Authority's net position, \$7,753,033 (70.2 percent), reflects its investment in capital assets (e.g., land, buildings, vehicles, machinery and equipment). 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 \$3,283,646 (29.8 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.

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Management's Discussion and Analysis

#### Statement of Activities

	Governmental Activities	
	2020	2019
Program revenues:		
Charges for services	\$ 153,216	\$ 367,093
Operating grants and contributions	3,484,579	3,300,064
Capital grants and contributions	1,678,032	33,790
General revenues:		
Property taxes	979,168	936,945
Unrestricted investment earnings	20,492	38,879
<b>Total revenues</b>	<b>6,315,487</b>	<b>4,676,771</b>
Expenses:		
Public transportation	5,647,142	5,625,694
Change in net position	668,345	(948,923)
Net position, beginning of year	10,368,334	11,317,257
<b>Net position, end of year</b>	<b>\$ 11,036,679</b>	<b>\$ 10,368,334</b>

The Authority's net position increased by \$668,345 during the current fiscal year. The Michigan Department of Transportation (MDOT) pays transit agencies, by formula, a percentage of their eligible expenses under Act 51 up to a maximum of 60% for Small Urban and Rural Transit agencies and a maximum of 40% for Large Urban agencies. The Authority is a Small Urban Agency and is eligible to receive up to 60% of its eligible expenses under Act 51. MDOT estimates the available revenue and determines the percentage paid to agencies. At the end of its fiscal year, MDOT then reconciles expenses and transit agencies are asked to either pay back overpayments or receive additional funding based on eligible expenses. A second time after all audits are received from transit agencies, MDOT performs the reconciliation process again and transit agencies are either asked to pay back overpayments or receive additional funding. Below is a five year history of the percentages paid by MDOT to transit agencies for operating assistance: 2016- 36.34%, 2017- 39.00%, 2018- 39.20%, 2019- 38.07%, 2020-36.79%.

Capital grant revenue increased by \$1,644,242 from prior fiscal year as a result of additional grant activity in the current year. Charges for services decreased by \$213,877 from prior fiscal year due to less riders as a result of the Coronavirus pandemic. Expenses totaled \$5,647,142 and are consistent with the prior fiscal year.

#### 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 \$342,602. While reduced passenger revenue was offset by lower operating costs, the Authority purchased new busses which were partly paid with grants. Debt was issued for the remaining portion to account for the timing of cash flow from grants, which contributed to the increase in fund balance.

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Management's Discussion and Analysis

#### General Fund Budgetary Highlights

The original revenue and other financing sources budget was \$4,511,435 and as amended was \$10,868,877 which represents an increase of \$6,357,442. The original expenditure budget was \$4,511,435 and as amended was \$8,215,852 which represents an increase of \$3,704,417. The primary reason for the increase in revenues and expenditures in the amended budgets was due to additional federal and state grant funding received. The Authority budgets for the full amount of grant revenue and expenditures in the year the grant is awarded even though the projects can span multiple years, which resulted in grant revenue and capital outlay expenditures being less than the final amended budget.

Actual expenditures came in \$796,871 less than the amended budget. This is primarily due to timing of planned capital investment. Disruptions in service related to COVID-19 also contributed to lower routine operations expenditures. Actual revenues were \$4,530,448 lower than the amended budget. This reflects timing of revenue recognition related to awarded grants.

#### Capital Asset and Debt Administration

**Capital Assets.** The Authority invested \$2,712,671 in buildings, machinery and equipment and vehicles during the fiscal period to service Authority users.

	Governmental Activities	
	2020	2019
Land	\$ 249,289	\$ 249,289
Land improvements, net	386,961	423,681
Buildings, equipment and vehicles, net	8,534,630	6,747,093
<b>Total capital assets, net</b>	<b>\$ 9,170,880</b>	<b>\$ 7,420,063</b>

Additional information on the Authority's capital assets can be found in Note 6 of this report.

**Long-term Debt.** During 2020, the Authority entered into a \$1,417,847 state infrastructure bank loan due on December 30, 2021. The Authority had no long-term debt at September 30, 2019, other than compensated absences reported in the internal service fund.

#### Economic Factors and Next Year's Budget and Rates

In 2016, the voters renewed the 0.40 millage tax rate that remains in effect until December 31, 2021. Overall property values are increasing significantly but taxable value increases are limited to the rate of inflation per State law. The net growth in taxable value has been in the three to four percent range. The overall economy remains very strong with record low unemployment rates. Retaining current staff and attracting qualified talent is a concern for many employers, including The Authority.

The carry over of grant funding to fiscal year 2021 allows for the replacement of buses, keeping the fleet in good working condition to meet the growing transportation needs of the public.

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Management's Discussion and Analysis

#### 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 Ms. Julie Ziurinkas, Macatawa Area Express Transportation Authority, 270 River Ave., Holland, Michigan 49423.

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## **BASIC FINANCIAL STATEMENTS**



## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Statement of Net Position

September 30, 2020

	Governmental Activities
<b>Assets</b>	
Cash and pooled investments	\$ 2,893,215
Receivables, net	677,900
Prepaid items	85,937
Capital assets:	
Not being depreciated	249,289
Being depreciated, net	<u>8,921,591</u>
<b>Total assets</b>	<u>12,827,932</u>
<b>Liabilities</b>	
Payables	207,501
Unearned revenue	3,756
Long-term debt, due within one year	162,149
Long-term debt, due in more than one year	<u>1,417,847</u>
<b>Total liabilities</b>	<u>1,791,253</u>
<b>Net position</b>	
Net investment in capital assets	7,753,033
Unrestricted	<u>3,283,646</u>
<b>Total net position</b>	<u>\$ 11,036,679</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, 2020

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<b>Governmental activities</b>					
Public transportation	<u>\$ 5,647,142</u>	<u>\$ 153,216</u>	<u>\$ 3,484,579</u>	<u>\$ 1,678,032</u>	<u>\$ (331,315)</u>
<b>General revenues</b>					
Property taxes					979,168
Investment earnings - unrestricted					<u>20,492</u>
<b>Total general revenues</b>					<u>999,660</u>
<b>Change in net position</b>					668,345
Net position, beginning of year					<u>10,368,334</u>
<b>Net position, end of year</b>					<u>\$ 11,036,679</u>

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

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Balance Sheet

Governmental Fund

September 30, 2020

	General Fund
<b>Assets</b>	
Cash and pooled investments	\$ 2,731,066
Receivables:	
Accounts	690
Taxes, net	43,013
Due from other governmental units	634,197
Prepaid items	85,937
<b>Total assets</b>	<u>\$ 3,494,903</u>
<b>Liabilities</b>	
Accounts payable	\$ 26,726
Accrued payroll and benefits	137,502
Due to other governmental units	35,888
Unearned revenue	3,756
<b>Total liabilities</b>	<u>203,872</u>
<b>Deferred inflows of resources</b>	
Unavailable revenue - property taxes	<u>22,615</u>
<b>Fund balance</b>	
Nonspendable - prepaids	85,937
Unassigned	<u>3,182,479</u>
<b>Total fund balance</b>	<u>3,268,416</u>
<b>Total liabilities, deferred inflows of resources and fund balance</b>	<u>\$ 3,494,903</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, 2020

<b>Fund balance - governmental fund</b>	<b>\$ 3,268,416</b>
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Amounts reported for *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	8,921,591

Certain liabilities, such as notes payable, are not due and payable in the current period and therefore are not reported in the funds.

Loan payable	(1,417,847)
Accrued interest on loan payable	(7,385)

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.

Unavailable property taxes	22,615
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<b>Net position of governmental activities</b>	<b><u>\$ 11,036,679</u></b>
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The accompanying notes are an integral part of these financial statements.

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Statement of Revenues, Expenditures and Change in Fund Balance

Governmental Fund

For the Year Ended September 30, 2020

	General Fund
<b>Revenues</b>	
Property taxes	\$ 979,010
Passenger fares	119,840
Intergovernmental:	
Federal	2,874,205
State	2,189,509
Local	98,897
Charges for services	33,376
Interest income	20,492
<b>Total revenues</b>	<u>6,315,329</u>
<b>Expenditures</b>	
Current:	
Public transportation:	
Management and administration	641,364
Personal services - customer service and marketing	473,394
Routine operations	2,929,748
Maintenance	660,815
Capital outlay	<u>2,713,660</u>
<b>Total expenditures</b>	<u>7,418,981</u>
Revenues under expenditures	<u>(1,103,652)</u>
<b>Other financing sources</b>	
Issuance of long-term debt	1,417,847
Insurance recoveries	<u>28,407</u>
<b>Total other financing sources</b>	<u>1,446,254</u>
<b>Net change in fund balance</b>	342,602
Fund balance, beginning of year	<u>2,925,814</u>
<b>Fund balance, end of year</b>	<u><u>\$ 3,268,416</u></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, 2020

<b>Net change in fund balance - governmental fund</b>	<b>\$ 342,602</b>
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Amounts reported for *governmental activities* in the statement of activities  
are different because:

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.

Purchase of capital assets	2,712,671
Depreciation expense	(961,357)
Loss from disposal of capital assets	(497)

Note proceeds provide current financial resources to governmental funds in the period  
issued, but issuing notes increases long-term debt in the statement of net position.

Issuance of long-term debt	(1,417,847)
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Some expenses reported in the statement of activities do not require the use of current  
financial resources and therefore are not reported as expenditures in the funds.

Change in accrued interest on loan payable	(7,385)
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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.

Net change in unavailable property taxes	<u>158</u>
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<b>Change in net position of governmental activities</b>	<b><u><u>\$ 668,345</u></u></b>
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The accompanying notes are an integral part of these 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, 2020

	Original Budget	Final Budget	Actual	Actual Over (Under) Final Budget
<b>Revenues</b>				
Property taxes	\$ 939,500	\$ 1,082,000	\$ 979,010	\$ (102,990)
Passenger fares	291,800	291,800	119,840	(171,960)
Intergovernmental:				
Federal	1,200,000	7,028,836	2,874,205	(4,154,631)
State	1,816,535	2,202,641	2,189,509	(13,132)
Local	171,000	171,000	98,897	(72,103)
Charges for services	49,500	49,500	33,376	(16,124)
Interest income	20,000	20,000	20,492	492
<b>Total revenues</b>	<u>4,488,335</u>	<u>10,845,777</u>	<u>6,315,329</u>	<u>(4,530,448)</u>
<b>Expenditures</b>				
Current:				
Public transportation:				
Management and administration	634,550	639,760	641,364	1,604
Personal services - customer service and marketing	323,200	459,945	473,394	13,449
Routine operations	2,961,400	3,120,446	2,929,748	(190,698)
Maintenance	552,300	685,000	660,815	(24,185)
Other services and charges	39,985	39,985	-	(39,985)
Capital outlay	-	3,270,716	2,713,660	(557,056)
<b>Total expenditures</b>	<u>4,511,435</u>	<u>8,215,852</u>	<u>7,418,981</u>	<u>(796,871)</u>
Revenues over (under) expenditures	<u>(23,100)</u>	<u>2,629,925</u>	<u>(1,103,652)</u>	<u>(3,733,577)</u>
<b>Other financing sources</b>				
Proceeds from sale of capital assets	100	100	-	(100)
Issuance of long-term debt	-	-	1,417,847	1,417,847
Insurance recoveries	23,000	23,000	28,407	5,407
<b>Total other financing sources</b>	<u>23,100</u>	<u>23,100</u>	<u>1,446,254</u>	<u>1,423,154</u>
<b>Net change in fund balance</b>	-	2,653,025	342,602	(2,310,423)
Fund balance, beginning of year	<u>2,925,814</u>	<u>2,925,814</u>	<u>2,925,814</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u>\$ 2,925,814</u>	<u>\$ 5,578,839</u>	<u>\$ 3,268,416</u>	<u>\$ (2,310,423)</u>

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

**MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY**

**Statement of Net Position**

Proprietary Fund  
September 30, 2020

	Governmental Activities	Internal Service Fund
<b>Assets</b>		
Current assets:		
Cash and pooled investments	\$ 162,149	
<b>Liabilities</b>		
Current liabilities:		
Compensated absences		<u>162,149</u>
<b>Net position</b>		
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, 2020

	Governmental Activities	Internal Service Fund
<b>Operating revenues</b>		
Charges for services	\$ 114,289	
<b>Operating expenses</b>		
Personal services		114,289
		<hr/>
<b>Change in net position</b>		-
Net position, beginning of year		<hr/> -
<b>Net position, end of year</b>		<hr/> <hr/> \$ -

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, 2020

	Governmental Activities
	Internal Service Fund
<b>Cash flows from operating activities</b>	
Receipts from providing interfund services	\$ 114,289
Payments to employees	<u>(80,122)</u>
<b>Net cash provided by operating activities</b>	34,167
Cash and pooled investments, beginning of year	<u>127,982</u>
<b>Cash and pooled investments, end of year</b>	<u><u>\$ 162,149</u></u>
<b>Reconciliation of change in fund net position to net cash provided by operating activities:</b>	
Change in net position	\$ -
Adjustment to reconcile change in net position to net cash provided by operating activities:	
Change in:	
Compensated absences	<u>34,167</u>
<b>Net cash provided by operating activities</b>	<u><u>\$ 34,167</u></u>

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

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Statement of Fiduciary Assets and Liabilities

September 30, 2020

	Agency Funds
<b>Assets</b>	
Cash and pooled investments	\$ 55,658
Accounts receivable	<u>6,342</u>
<b>Total assets</b>	<u><u>\$ 62,000</u></u>
<b>Liabilities</b>	
Accounts payable	\$ 4,960
Other liabilities and deposits	2,938
Due to other governmental units	<u>54,102</u>
<b>Total liabilities</b>	<u><u>\$ 62,000</u></u>

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 the 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, Michigan (the "City"). 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.

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Notes to 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.

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 fund:

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 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.

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Notes to Financial Statements

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 fund are charges to the General Fund 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 consists 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.

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.

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Notes to Financial Statements

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 reported as unearned revenue.

### ***Prepaid Items***

The Authority made certain payments to vendors 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 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 estimated acquisition cost as of the donation date.

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.



## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Notes to Financial Statements

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 furniture and equipment	5-20
Vehicles	7-10

The eligible depreciation of \$105,723, reported in the supplementary expenditure schedules required by the Michigan Bureau of Passenger Transportation (BPT), includes only the depreciation of assets purchased with local funds where the useful life of the asset purchased has been approved by the BPT.

#### ***Compensated Absences***

It is the Authority's policy to permit employees to accumulate earned but unused paid time off and compensatory time benefits, subject to certain limitations. All vacation and compensatory time pay is accrued when incurred.

#### ***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 and industrial facilities taxes remains the responsibility of the Authority.

#### ***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 Authority's Executive Director 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 Authority Board.

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Notes to Financial Statements

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 Authority's Executive Director. 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.
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.

State statutes provide that a local unit shall not incur expenditures in excess of the amount appropriated. During the year ended September 30, 2020, the Authority incurred a expenditures in excess of the amounts appropriated as follows:.

	Total Appropriations	Amount of Expenditures	Budget Variance
<b>General Fund</b>			
Public transportation:			
Management and administration	\$ 639,760	\$ 641,364	\$ 1,604
Personal services - customer service and marketing	459,945	473,394	13,449

### 3. DEPOSITS AND INVESTMENTS

The Authority reported cash and pooled investments as of September 30, 2020 under the following classifications:

	Governmental Activities	Agency Funds	Totals
Cash and pooled investments	<u>\$ 2,893,215</u>	<u>\$ 55,658</u>	<u>\$ 2,948,873</u>

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Notes to Financial Statements

For note disclosure purposes, these amount are classified as follows:

Petty cash	\$ 900
Checking and savings accounts	985,775
Certificates of deposit (due within one year)	951,428
Investments - Michigan CLASS government investment pool	<u>1,010,770</u>
<b>Total</b>	<b><u>\$ 2,948,873</u></b>

#### ***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, \$943,356 of the Authority's bank balance of \$1,943,356 was exposed to custodial credit risk because it was uninsured and uncollateralized.

*Custodial Credit Risk – Investments.* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. State law does not require and the Authority does not have a policy for investment custodial credit risk which is more restrictive than state law.

*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 in the summary of significant accounting policies. The Authority's investment policy does not have specific limits in excess of state law pertaining to investment credit risk. The Authority's investments consist of deposits in the Michigan CLASS government investment pool and are rated at AAAM by S&P Global Ratings Services.

*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's investments consist of deposits in the Michigan CLASS government investment pool that does not mature.

*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. All of the Authority's investments are in the Michigan CLASS government investment pool as noted above.

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Notes to Financial Statements

### *Fair Value Measurement*

The Authority holds shares in the Michigan CLASS government investment pool whereby the fair value of the investment is measured on a recurring basis using net asset value per share (or its equivalent) of the investment pool as a practical expedient.

At year end, the net asset value of the Authority's investment in Michigan CLASS government investment pool was \$1,010,770. The investment pool had no unfunded commitments, specific redemption frequency or redemption notice period required. The Michigan CLASS government investment pool invests in U.S. treasury obligations, federal agency obligations of the U.S. government, high-grade commercial paper (rated 'A-1' or better) collateralized bank deposits, repurchase agreements (collateralized at 102% by Treasuries and agencies), and approved money-market funds. The program seeks to provide safety, liquidity, convenience, and competitive rates of return, and is designed to meet the needs of Michigan public sector investors. It purchases securities that are legally permissible under state statutes and are available for investment by Michigan counties, cities, townships, school districts, authorities and other public agencies.

## 4. RECEIVABLES AND DEFERRED INFLOW OF RESOURCES

Receivables are comprised of the following at year-end:

Accounts	\$ 690
Taxes *	43,013
Due from other governmental units	<u>634,197</u>
<b>Total</b>	<u><u>\$ 677,900</u></u>

\* Net of allowance for uncollectible accounts of \$1,615.

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 the General Fund for property taxes receivable was \$22,615.

## 5. PAYABLES

Payables are comprised of the following at year-end:

Accounts payable	\$ 26,726
Accrued payroll and benefits	137,502
Due to other governmental units	35,888
Accrued interest	<u>7,385</u>
<b>Total</b>	<u><u>\$ 207,501</u></u>

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Notes to Financial Statements

### 6. CAPITAL ASSETS

Capital asset activity for the Authority for the year ended September 30, 2020, 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	756,481	-	-	-	756,481
Buildings	5,170,333	24,164	(46,886)	-	5,147,611
Machinery and equipment	766,055	93,737	(10,153)	-	849,639
Office furniture and equipment	93,332	-	-	-	93,332
Vehicles	5,734,542	2,594,770	(118,785)	-	8,210,527
	<u>12,520,743</u>	<u>2,712,671</u>	<u>(175,824)</u>	<u>-</u>	<u>15,057,590</u>
Less accumulated depreciation for:					
Land improvements	(332,800)	(36,720)	-	-	(369,520)
Buildings	(767,766)	(119,041)	46,886	-	(839,921)
Machinery and equipment	(570,996)	(49,001)	9,656	-	(610,341)
Office furniture and equipment	(65,834)	(7,822)	-	-	(73,656)
Vehicles	(3,612,573)	(748,773)	118,785	-	(4,242,561)
	<u>(5,349,969)</u>	<u>(961,357)</u>	<u>175,327</u>	<u>-</u>	<u>(6,135,999)</u>
Total capital assets being depreciated, net	<u>7,170,774</u>	<u>1,751,314</u>	<u>(497)</u>	<u>-</u>	<u>8,921,591</u>
<b>Governmental activities</b>					
<b>capital assets, net</b>	<u>\$ 7,420,063</u>	<u>\$ 1,751,314</u>	<u>\$ (497)</u>	<u>\$ -</u>	<u>\$ 9,170,880</u>

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

#### Governmental activities:

Public transportation \$ 961,357

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Notes to Financial Statements

### 7. LONG-TERM DEBT

Long-term debt activity for the Authority for the year ended September 30, 2020, was as follows:

	Beginning Balance	Additions	Disposals	Ending Balance	Due Within One Year
Loan payable	\$ -	\$ 1,417,847	\$ -	\$ 1,417,847	\$ -
Compensated absences	127,982	114,289	(80,122)	162,149	162,149
	<u>\$ 127,982</u>	<u>\$ 1,532,136</u>	<u>\$ (80,122)</u>	<u>\$ 1,579,996</u>	<u>\$ 162,149</u>

In May 2020, the Authority entered into a \$1,417,847 state infrastructure bank loan with interest of 2.50% with the Michigan Department of Transportation. The outstanding principal balance is payable in one installment plus accrued interest on December 30, 2021. Proceeds from the loan were used for bus and vehicle purchases. During the year ended September 30, 2020, no interest expense was paid on this loan.

### 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.

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 up to 8% of covered employee payroll. The participants direct their investments under defined contribution provisions. The Authority contributed \$169,787 and employees contributed \$39,146 to the defined contribution plan.

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Notes to Financial Statements

### 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 Section 5310 Services. This cost allocation plan was 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 from the City for \$1 per year. The current lease term expires at June 30, 2021. 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 this building 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 building is insured through the City's self-insurance pool.

### 12. TAX ABATEMENTS

The City of Holland and Holland Charter Township have offered tax incentives and abatements to create jobs, stimulate investment, provide affordable housing, rehabilitate existing residential, commercial and industrial properties, clean up environmentally contaminated properties, redevelop functionally obsolete properties, encourage high tech innovation, and enhance economic growth in the region.

Several incentive programs provided by the City of Holland and Holland Charter Township as of December 31, 2019, and the amount of taxes abated for each of the programs for the year ended September 30, 2020, were as follows:

Industrial Facility Tax Exemption (IFT)	\$ 6,025
Payment in Lieu of Taxes (PILOT)	4,938
New Personal Property Exemption	1,062
Michigan Renaissance Zone	19,158
Brownfield Redevelopment Financing Act	<u>16,209</u>
	<u>\$ 47,392</u>



# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Notes to Financial Statements

### 13. NET INVESTMENT IN CAPITAL ASSETS

The composition of the Authority's net investment in capital assets as of September 30, 2020, was as follows:

Capital assets:	
Capital assets not being depreciated	\$ 249,289
Capital assets being depreciated, net	8,921,591
Related debt:	
Loan payable	<u>(1,417,847)</u>
	<u>\$ 7,753,033</u>

### 14. CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared the novel coronavirus outbreak (COVID-19) to be a global pandemic. The extent of the ultimate impact of the pandemic on the Authority's operational and financial performance will depend on various developments, including the duration and spread of the outbreak and its impact on employees, vendors, and taxpayers, all of which cannot be reasonably predicted at this time. In addition, it may place additional demands on the Authority for providing emergency services to its citizens. While management reasonably expects the COVID-19 outbreak to negatively impact the Authority's financial position, changes in financial position, and, where applicable, the timing and amounts of cash flows, the related financial consequences and duration are highly uncertain.

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## **SUPPLEMENTARY INFORMATION**

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Combining Statement of Fiduciary Assets and Liabilities

Agency Funds

September 30, 2020

	Employees' Flexible Spending Plan Fund	Imprest Payroll Fund	Total
<b>Assets</b>			
Cash and pooled investments	\$ 2,938	\$ 52,720	\$ 55,658
Accounts receivable	-	6,342	6,342
<b>Total assets</b>	<u>\$ 2,938</u>	<u>\$ 59,062</u>	<u>\$ 62,000</u>
<b>Liabilities</b>			
Accounts payable	\$ -	\$ 4,960	\$ 4,960
Other liabilities and deposits	2,938	-	2,938
Due to other governmental units	-	54,102	54,102
<b>Total liabilities</b>	<u>\$ 2,938</u>	<u>\$ 59,062</u>	<u>\$ 62,000</u>

# MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

## Combining Statement of Changes in Fiduciary Assets and Liabilities

Agency Funds

For the Year Ended September 30, 2020

	Balance October 1, 2019	Additions	Deletions	Balance September 30, 2020
<b><i>Employees' Flexible Spending Plan Fund</i></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 2,844	\$ 3,580	\$ 3,486	\$ 2,938
<b>Liabilities</b>				
Other liabilities and deposits	\$ 2,844	\$ 3,580	\$ 3,486	\$ 2,938
<b><i>Imprest Payroll Fund</i></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 59,960	\$ 2,528,552	\$ 2,535,792	\$ 52,720
Accounts receivable	2,048	6,342	2,048	6,342
<b>Total assets</b>	<b>\$ 62,008</b>	<b>\$ 2,534,894</b>	<b>\$ 2,537,840</b>	<b>\$ 59,062</b>
<b>Liabilities</b>				
Accounts payable	\$ 5,959	\$ 1,187,652	\$ 1,188,651	\$ 4,960
Due to other governmental units	56,049	1,347,242	1,349,189	54,102
<b>Total liabilities</b>	<b>\$ 62,008</b>	<b>\$ 2,534,894</b>	<b>\$ 2,537,840</b>	<b>\$ 59,062</b>
<b><i>Total All Agency Funds</i></b>				
<b>Assets</b>				
Cash and pooled investments	\$ 62,804	\$ 2,532,132	\$ 2,539,278	\$ 55,658
Accounts receivable	2,048	6,342	2,048	6,342
<b>Total assets</b>	<b>\$ 64,852</b>	<b>\$ 2,538,474</b>	<b>\$ 2,541,326</b>	<b>\$ 62,000</b>
<b>Liabilities</b>				
Accounts payable	\$ 5,959	\$ 1,187,652	\$ 1,188,651	\$ 4,960
Other liabilities and deposits	2,844	3,580	3,486	2,938
Due to other governmental units	56,049	1,347,242	1,349,189	54,102
<b>Total liabilities</b>	<b>\$ 64,852</b>	<b>\$ 2,538,474</b>	<b>\$ 2,541,326</b>	<b>\$ 62,000</b>

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**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, 2020

Federal and State Agency / Pass-Through Grantor / Program Title	CFDA Number	Pass-through / Grantor Number	Program Award Amount
<b>U.S. Department of Transportation</b>			
Direct assistance:			
Federal Transit Operating Grant - Section 5307	20.507	6901-2020-01	\$ 360,145
COVID-19 Federal Transit Cares Act Operating Grant - Section 5307	20.507	MI-2020-039	2,711,726
COVID-19 Federal Transit Cares Act Federal Planning Assistance Grant - Section 5307	20.507	MI-2020-039	20,000
Capital Grant - Section 5307	20.507	MI-2017-021	223,380
Capital Grant - Section 5339	20.526	MI-2017-021	156,975
Capital Grant - Section 5307	20.507	MI-2018-026	534,065
Capital Grant - Section 5339	20.526	MI-2018-026	211,094
Capital Grant - Section 5307	20.507	MI-2019-033	142,489
Capital Grant - Section 5339	20.526	MI-2019-033	171,807
COVID-19 Capital Grant - Section 5307	20.507	MI-2020-039	1,410,200
Passed through the Michigan Department of Transportation:			
New Freedom program:			
Operating assistance	20.513	2017-0084/P9	142,500
Operating - Mobility Management	20.513	2017-0084/P9	70,000
Capital Grant - Section 5310	20.513	MI-2018-033	530,000
<b>Total U.S. Department of Transportation</b>			<u>6,684,381</u>
<b>Michigan Department of Transportation</b>			
Operating assistance - Act 51:			
Year ended September 30, 2020	n/a	n/a	1,674,018
Year ended September 30, 2018	n/a	n/a	79,569
Year ended September 30, 2017	n/a	n/a	20,097
<b>Total Michigan Department of Transportation</b>			<u>1,773,684</u>
<b>Total Expenditures of Federal and State Awards</b>			<u>\$ 8,458,065</u>

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Current Year Expenditures				Prior Year's Expenditures	Award Amount Remaining
Total	Federal	State	Local		
\$ 360,145	\$ 360,145	\$ -	\$ -	\$ -	\$ -
950,000	950,000	-	-	-	1,761,726
-	-	-	-	-	20,000
196,629	162,704	33,925	-	20,000	6,751
80,000	64,000	16,000	-	59,009	17,966
284,164	227,331	56,833	-	27,412	222,489
211,094	168,875	42,219	-	-	-
122,489	97,991	24,498	-	-	20,000
171,807	137,445	34,362	-	-	-
90,886	90,886	-	-	-	1,319,314
142,500	142,500	-	-	-	-
69,449	55,559	13,890	-	-	551
520,962	416,769	104,193	-	-	9,038
<u>3,200,125</u>	<u>2,874,205</u>	<u>325,920</u>	<u>-</u>	<u>106,421</u>	<u>3,377,835</u>
1,674,018	-	1,674,018	-	-	-
79,569	-	79,569	-	-	-
20,097	-	20,097	-	-	-
<u>1,773,684</u>	<u>-</u>	<u>1,773,684</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 4,973,809</u>	<u>\$ 2,874,205</u>	<u>\$ 2,099,604</u>	<u>\$ -</u>	<u>\$ 106,421</u>	<u>\$ 3,377,835</u>



## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Schedule of Operating Revenues

Urban Regular Service

For the Year Ended September 30, 2020

Code	Description	Total
401/402:	<b>Farebox revenues</b>	
40100	Passenger fares	\$ 94,941
40200	Contract fares	-
	<b>Total farebox revenues</b>	<u>94,941</u>
405:	<b>Charter</b>	
40500	Charter service	-
406:	<b>Auxiliary transit revenues</b>	
40615	Advertising	9,573
40620	Intercity ticket sales	8,865
40699	Other auxiliary transit revenues (cash short/over, nsf charges)	9,848
	<b>Total auxiliary transit revenues</b>	<u>28,286</u>
407:	<b>Non-transit revenues</b>	
40720	Rental of buildings and other property	14,932
40760	Gains from sale of capital assets	-
40799	Other non-transit revenues (insurance recoveries)	27,604
	<b>Total non-transit revenues</b>	<u>42,536</u>
408/409:	<b>Local revenues</b>	
40800	Taxes levied directly for/by transit agency	933,654
40910	Local operating assistance - from surrounding local governments	98,897
	<b>Total local revenues</b>	<u>1,032,551</u>
411:	<b>State formulas and contracts</b>	
41101	State operating assistance	1,615,470
413:	<b>Federal contracts</b>	
41302	Federal section 5307 (operating funds only)	360,145
41360	CARES Act lost revenue replacement	950,000
	<b>Federal contracts</b>	<u>1,310,145</u>
414:	<b>Other revenues</b>	
41400	Interest income	20,492
	<b>Total operating revenues</b>	<u>\$ 4,144,421</u>

Note:

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 2CFR200. 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 on page 46. Amounts equal to the insurance recoveries (\$27,604) are subtracted out as ineligible expenses on OAR Schedule 4E on page 46.

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

### Schedule of Operating Revenues

New Freedom

For the Year Ended September 30, 2020

Code	Description	Total
401: <b>Farebox revenues</b>		
40100	Passenger fares	\$ 15,859
405: <b>Charter</b>		
40500	Charter service	-
406: <b>Auxiliary transit revenues</b>		
40615	Advertising	-
40699	Other auxiliary transit revenues (cash short/over, court recovery fees, nsf charges)	-
	<b>Total auxiliary transit revenues</b>	-
407: <b>Non-transit revenues</b>		
40720	Rental of buildings and other property	-
40799	Other non-transit revenues (insurance recoveries)	-
	<b>Total non-transit revenues</b>	-
408/409: <b>Local revenues</b>		
40800	Taxes levied directly for/by transit agency	135,261
40910	Local operating assistance	-
	<b>Total local revenues</b>	135,261
411: <b>State formulas and contracts</b>		
41101	State operating assistance	-
413: <b>Federal contracts</b>		
41302	Federal section 5317	142,500
414: <b>Other revenues</b>		
41400	Interest income	-
	<b>Total operating revenues</b>	\$ 293,620

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Schedule of Operating Expenses

Urban Regular Service

For the Year Ended September 30, 2020

Code	Description	Operations	Maintenance	General Administration	Total
<b>501: Labor</b>					
50101	Operators' salaries and wages	\$ 1,105,176	\$ -	\$ -	\$ 1,105,176
50102	Other salaries and wages	317,482	130,341	400,025	847,848
50103	Dispatcher salaries and wages	137,515	-	-	137,515
	<b>Total labor</b>	<b>1,560,173</b>	<b>130,341</b>	<b>400,025</b>	<b>2,090,539</b>
<b>502: Fringe benefits</b>					
50200	Other	681,769	70,634	193,414	945,817
50201	Pensions	111,130	10,167	33,074	154,371
	<b>Total fringe benefits</b>	<b>792,899</b>	<b>80,801</b>	<b>226,488</b>	<b>1,100,188</b>
<b>503: Services</b>					
50302	Advertising	-	-	15,217	15,217
50305	Audit cost	-	-	10,138	10,138
50399	Other	8,241	386,512	168,684	563,437
	<b>Total services</b>	<b>8,241</b>	<b>386,512</b>	<b>194,039</b>	<b>588,792</b>
<b>504: Materials</b>					
50401	Fuel and lubricants	152,817	-	-	152,817
50402	Tires	16,009	-	-	16,009
50499	Other	7,415	18,902	55,658	81,975
	<b>Total materials</b>	<b>176,241</b>	<b>18,902</b>	<b>55,658</b>	<b>250,801</b>
50500	<b>Utilities</b>	-	-	77,632	77,632
<b>506: Insurance</b>					
50603	Liability insurance	188,538	-	-	188,538
<b>509: Miscellaneous expenses</b>					
50902	Travel, meetings and training	-	-	5,234	5,234
50903	Association dues and subscriptions	-	-	11,542	11,542
50999	Other	-	-	3,721	3,721
	<b>Total miscellaneous expenses</b>	<b>-</b>	<b>-</b>	<b>20,497</b>	<b>20,497</b>
51200	<b>Operating leases and rentals</b>	<b>1</b>	<b>-</b>	<b>-</b>	<b>1</b>
<b>513: Depreciation</b>					
51300	Grant assets	-	-	855,634	855,634
51300	Other assets	-	-	105,723	105,723
	<b>Total depreciation</b>	<b>-</b>	<b>-</b>	<b>961,357</b>	<b>961,357</b>

continued...

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Schedule of Operating Expenses

Urban Regular Service

For the Year Ended September 30, 2020

Code	Description	Operations	Maintenance	General Administration	Total
550/540:	<b>Ineligible expenses</b>				
55007	Ineligible depreciation	\$ -	\$ -	\$ 855,634	\$ 855,634
55008	Other ineligible expenses	-	-	3,398	3,398
55009	Other ineligible expenses	-	-	842	842
54000	Ineligible prior year refunds and credits	27,604	-	-	27,604
	<b>Total ineligible expenses</b>	27,604	-	859,874	887,478
	<b>Total expenses</b>				5,278,345
	Total ineligible expenses				887,478
	<b>Total eligible expenses</b>				<u>\$ 4,390,867</u>

concluded

#### Notes:

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

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Schedule of Operating Expenses

New Freedom

For the Year Ended September 30, 2020

Code	Description	Operations	Maintenance	General Administration	Total
<b>501: Labor</b>					
50101	Operators' salaries and wages	\$ 83,288	\$ -	\$ -	\$ 83,288
50102	Other salaries and wages	22,023	9,279	28,216	59,518
50103	Dispatcher salaries and wages	9,429	-	-	9,429
	<b>Total labor</b>	<b>114,740</b>	<b>9,279</b>	<b>28,216</b>	<b>152,235</b>
<b>502: Fringe benefits</b>					
50200	Other	56,931	4,733	12,841	74,505
50201	Pensions	7,763	723	2,379	10,865
	<b>Total fringe benefits</b>	<b>64,694</b>	<b>5,456</b>	<b>15,220</b>	<b>85,370</b>
<b>503: Services</b>					
50302	Advertising	-	-	1,049	1,049
50305	Audit cost	-	-	662	662
50399	Other	587	28,133	11,435	40,155
	<b>Total services</b>	<b>587</b>	<b>28,133</b>	<b>13,146</b>	<b>41,866</b>
<b>504: Materials</b>					
50401	Fuel and lubricants	9,231	-	-	9,231
50402	Tires	1,066	-	-	1,066
50499	Other	487	1,390	7,106	8,983
	<b>Total materials</b>	<b>10,784</b>	<b>1,390</b>	<b>7,106</b>	<b>19,280</b>
50500	<b>Utilities</b>	-	-	5,354	5,354
<b>506: Insurance</b>					
50603	Liability insurance	12,849	-	-	12,849
<b>509: Miscellaneous expenses</b>					
50902	Travel, meetings and training	-	-	347	347
50903	Association dues and subscriptions	-	-	774	774
50999	Other	-	-	809	809
	<b>Total miscellaneous expenses</b>	<b>-</b>	<b>-</b>	<b>1,930</b>	<b>1,930</b>
<b>540/550: Ineligible expenses</b>					
54000	Ineligible prior year refunds and credits	-	-	785	785
55000	Ineligible JARC & NF fares	-	-	15,859	15,859
	<b>Total ineligible expenses</b>	<b>-</b>	<b>-</b>	<b>16,644</b>	<b>16,644</b>
	<b>Total expenses</b>				<b>318,884</b>
	Total ineligible expenses				<b>16,644</b>
	<b>Total eligible expenses</b>				<b>\$ 302,240</b>

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Schedule of Operating and Contract Expenses

Urban Regular Service

For the Year Ended September 30, 2020

	Operations	Maintenance	General Administration	Total
<b>Operating expenses</b>				
Labor	\$ 1,560,173	\$ 130,341	\$ 400,025	\$ 2,090,539
Other fringe benefits	681,769	70,634	193,414	945,817
Pensions	111,130	10,167	33,074	154,371
Audit cost	-	-	10,138	10,138
Other services	8,241	386,512	183,901	578,654
Materials	176,241	18,902	55,658	250,801
Utilities	-	-	77,632	77,632
Insurance	188,538	-	-	188,538
Miscellaneous expenses	-	-	20,497	20,497
Lease and other rentals	1	-	-	1
Depreciation	-	-	961,357	961,357
<b>Total operating expenses</b>	<b>\$ 2,726,093</b>	<b>\$ 616,556</b>	<b>\$ 1,935,696</b>	<b>\$ 5,278,345</b>

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Schedule of Operating and Contract Expenses

New Freedom

For the Year Ended September 30, 2020

	Operations	Maintenance	General Administration	Total
<b>Operating expenses</b>				
Labor	\$ 114,740	\$ 9,279	\$ 28,216	\$ 152,235
Other fringe benefits	56,931	4,733	12,841	74,505
Pensions	7,763	723	2,379	10,865
Audit cost	-	-	662	662
Other services	587	28,133	12,484	41,204
Materials	10,784	1,390	7,106	19,280
Utilities	-	-	5,354	5,354
Insurance	12,849	-	-	12,849
Miscellaneous expenses	-	-	1,930	1,930
<b>Total operating expenses</b>	<u>\$ 203,654</u>	<u>\$ 44,258</u>	<u>\$ 70,972</u>	<u>\$ 318,884</u>



## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Operating Assistance Calculation

Urban Regular Service

For the Year Ended September 30, 2020

Total expenses	<u>\$ 5,278,345</u>
Less ineligible expenses:	
Depreciation	855,634
Other expenses	3,398
Other ineligible expenses	842
Prior year refunds and credits	<u>27,604</u>
Total ineligible expenses	<u>887,478</u>
Total State eligible expenses	<u><u>\$ 4,390,867</u></u>
Eligible expenses for State reimbursement	\$ 4,390,867
Reimbursement percentage	<u>36.7916%</u>
State operating assistance	<u><u>\$ 1,615,470</u></u>

**MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY****(Unaudited)****Schedule of Vehicle Miles**

For the Year Ended September 30, 2020

	Public Service	New Freedom	Total
First quarter (October-December)	229,687	15,414	245,101
Second quarter (January-March)	205,025	13,566	218,591
Third quarter (April-June)	63,178	3,142	66,320
Fourth quarter (July-September)	103,724	9,577	113,301
<b>Total</b>	<b>601,614</b>	<b>41,699</b>	<b>643,313</b>

## Note:

The methodology used for compiling mileage on OAR Schedules 4N is an adequate and reliable method for recording vehicle mileage.

**MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY****(Unaudited)****Schedule of Vehicle Hours**

For the Year Ended September 30, 2020

	Public Service	New Freedom	Total
First quarter (October-December)	16,445	1,040	17,485
Second quarter (January-March)	14,782	921	15,703
Third quarter (April-June)	4,309	257	4,566
Fourth quarter (July-September)	7,413	701	8,114
<b>Total</b>	<b>42,949</b>	<b>2,919</b>	<b>45,868</b>

**MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY**
**(Unaudited)**
**Schedule of Line-Haul Passenger Data and Vehicle Hours**

For the Year Ended September 30, 2020

	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapped Passengers	Senior/ Handicapped Passengers	Total Passenger
First quarter (October-December)	8,994	58,150	5,591	17,958	-	81,699
Second quarter (January-March)	7,602	53,419	4,332	14,393	-	72,144
Third quarter (April-June)	-	-	-	-	-	-
Fourth quarter (July-September)	-	-	-	-	-	-
<b>Total</b>	<u>16,596</u>	<u>111,569</u>	<u>9,923</u>	<u>32,351</u>	<u>-</u>	<u>153,843</u>

**MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY**
**(Unaudited)**
**Schedule of Demand Response Passenger Data and Vehicle Hours**

For the Year Ended September 30, 2020

	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapped Passengers	Senior/ Handicapped Passengers	Total Passenger
First quarter (October-December)	7,451	1,477	515	16,710	-	18,702
Second quarter (January-March)	7,180	1,885	459	14,598	-	16,942
Third quarter (April-June)	4,309	3,796	215	4,538	-	8,549
Fourth quarter (July-September)	7,413	7,058	353	7,352	-	14,763
<b>Total</b>	<u>26,353</u>	<u>14,216</u>	<u>1,542</u>	<u>43,198</u>	<u>-</u>	<u>58,956</u>

**MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY**
**(Unaudited)**
**Schedule of New Freedom Passenger Data and Vehicle Hours**

For the Year Ended September 30, 2020

	Vehicle Hours	Regular Passengers	Senior Passengers	Handicapped Passengers	Senior/ Handicapped Passengers	Total Passenger
First quarter (October-December)	1,040	2,058	163	864	-	3,085
Second quarter (January-March)	921	2,101	172	757	-	3,030
Third quarter (April-June)	257	232	5	116	-	353
Fourth quarter (July-September)	701	710	23	444	-	1,177
<b>Total</b>	<b>2,919</b>	<b>5,101</b>	<b>363</b>	<b>2,181</b>	<b>-</b>	<b>7,645</b>

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



## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Reconciliation

OAR Operating Revenues to Statement of Revenues,  
Expenditures and Change in Fund Balance for Governmental Fund  
For the Year Ended September 30, 2020

Code	Description	Urban Regular	New Freedom
401/402:	<b>Farebox revenues</b>		
40100	Passenger fares	\$ 94,941	\$ 15,859
40200	Contract fares	-	-
405:	<b>Charter</b>		
40500	Charter service	-	-
406:	<b>Auxiliary transit revenues</b>		
40615	Advertising	9,573	-
40620	Intercity ticket sales	8,865	-
40699	Other auxiliary transit revenues (cash short/over, court recovery fees, nsf charges)	9,848	-
407:	<b>Non-transit revenues</b>		
40720	Rental of buildings and other property	14,932	-
40760	Gains on sales of capital assets	-	-
40799	Other non-transit revenues (insurance recoveries)	27,604	-
408/409:	<b>Local revenues</b>		
40800	Taxes levied directly for/by transit agency	933,654	135,261
40910	Local operating assistance	98,897	-
411:	<b>State formulas and contracts</b>		
41101	State operating assistance	1,615,470	-
413:	<b>Federal contracts</b>		
41302	Federal section 5307 (operating funds only)	360,145	142,500
41360	CARES Act lost revenue replacement	950,000	-
414:	<b>Other revenues</b>		
41400	Interest income	20,492	-
<b>Total operating revenues</b>		<u>\$ 4,144,421</u>	<u>\$ 293,620</u>



Reconciling Items		Statement Total	Statement Classification
\$	9,040	*	\$ 119,840
	-		-
	-		-
		<u>\$ 119,840</u>	Passenger fares
	6	\$ 9,579	
	-	8,865	
(9,848)	(1)	-	
	-	14,932	
		<u>\$ 33,376</u>	Charges for services
	-	\$ -	
803	(1)	28,407	
		<u>\$ 28,407</u>	Insurance recoveries
(89,905)	(3)	\$ 979,010	Property taxes
-		<u>\$ 98,897</u>	Intergovernmental - local
574,039	(2), (3)	<u>\$ 2,189,509</u>	Intergovernmental - state
1,421,560	(2)	\$ 1,924,205	
-		950,000	
		<u>\$ 2,874,205</u>	Intergovernmental - federal
-		<u>\$ 20,492</u>	Interest income

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Reconciliation

OAR Operating Revenues to Statement of Revenues,  
Expenditures and Change in Fund Balance for Governmental Fund  
For the Year Ended September 30, 2020

- (1) Cash over and short classified with passenger fares and court fee recoveries with insurance recoveries on the statement of revenues, expenditures and change in fund balance.
- (2) Capital and other grants not included on the OAR. OAR only contains current year operating grants.
- (3) Local stabilization funding with intergovernmental state revenue on the statement of revenues, expenditures and change in fund balance.

## MACATAWA AREA EXPRESS TRANSPORTATION AUTHORITY

### Reconciliation

OAR Operating Expenses to Statement of Revenues,  
Expenditures and Change in Fund Balance for Governmental Fund  
For the Year Ended September 30, 2020

Total operating expenses per OAR:

Urban Regular	\$ 5,278,345
New Freedom	<u>318,884</u>
	5,597,229

Reconciling items:

Capital outlay expense is not included on the OAR as those costs are reimbursed by capital grants, if eligible	2,713,660
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Depreciation expense is not reported in the governmental fund as it does not represent expenditures of current available resources	(961,357)
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Amounts funded by New Freedom Mobility Management grant and not reported as operating expenditures on the OAR	<u>69,449</u>
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Total expenditures per governmental fund statement	<u><u>\$ 7,418,981</u></u>
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