

NORTH OAKLAND
TRANSPORTATION AUTHORITY
Oakland County, Michigan

Annual Financial Report

December 31, 2007

NORTH OAKLAND TRANSPORTATION AUTHORITY

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Independent Auditor's Report

Board of Trustees
North Oakland Transportation Authority
Oakland County, Michigan

I have audited the accompanying financial statements of net assets and activities of the North Oakland Transportation Authority, Oakland County, Michigan as of and for the year ended December 31, 2007, which collectively comprise the Authority's basic financial statements as listed in the table of contents. These financial are the responsibility of the Authority's management. My responsibility is to express opinions on these financial statements based on my audit.

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

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the activities of the North Oakland Transportation Authority, Oakland County, Michigan, as of December 31, 2007, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis on pages 2 through 8 and the budgetary comparison information on pages 13 through 16 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. I applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, I did not audit the information and express no opinion on it.

September 10, 2008

Management's Discussion and Analysis

As management of the North Oakland County Transportation Authority, we offer the readers of the Authority's financial statements this narrative overview and analysis of the financial activities of the North Oakland County Transportation Authority for the year ended December 31, 2007.

Financial Highlights

- The assets of the Authority exceeded its liabilities at the end of 2007 by \$513,650 (net assets). Of this amount, \$285,747 (unrestricted net assets) may be used to meet the Authority's ongoing obligations to provide transportation services to the residents of northern Oakland County.
- The Authority's total fund balance increased by \$70,098 from 2006 in the governmental funds.
- General Fund program revenue increased this year \$162,481 from 2006. Part of this increase is due to receiving a Job Access Reverse Commute (JARC) Grant which was awarded to NOTA in the amount of \$297,177. The grant period is October 2007 to September 2008 and reimbursed federal and state billings of \$73,451 were incurred in 2007. In addition, NOTA received an additional payment from Training and Treatment Innovations for \$18,333.
- General Fund program expenses decreased \$36,349 due to a cutback necessary because the JARC funds were not available until late in the year.
- A capital asset grant was awarded to NOTA in the amount of \$97,177 and four vehicles were purchased including two vans with lifts and two vans without lifts. The total cost of the four vehicles was \$104,946, so \$7,769 of general fund dollars were used to pay for the difference.

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 are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

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 private-sector business.

The *statement of net assets* presents information on all of the Authority's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets 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 Authority's net assets changed during the most recent year. All changes in net assets 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 result only in cash flows in future years (i.e., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Authority that are principally supported by government revenues through membership fees and operating grants. The sole governmental activity of the Authority consists of providing regional transportation services in northern Oakland County. The Authority is a single purpose governmental agency.

The government-wide financial statements can be found in the Statement of Net Assets and Statement of Activities columns on pages 9 and 11, respectively, of this report.

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. The Authority maintains only one fund, the General Fund which is a governmental fund type.

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, government 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 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. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General fund, which is considered to be a major fund.

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

The basic governmental funds financial statements can be found in the column labeled "General Fund" on pages 9 and 11, respectively, of this report.

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. The notes to the financial statements can be found as labeled in the table of contents of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the North Oakland County Transportation Authority, assets exceeded liabilities by \$513,650 at the close of the year.

The largest portion of the Authority's net assets (56%) is unrestricted net assets that can be used to provide transportation services during subsequent fiscal years. In addition the Authority's net assets (44%) reflect its investment in capital assets representing vehicles and equipment. All of the capital assets were acquired through grants and donations, therefore, no debt is outstanding on these items. The Authority uses these capital assets to provide transportation services to residents; consequently, these assets are *not* available for future spending.

North Oakland County Transportation Authority's Net Assets – Governmental Activities

	2007	2006
Current and other assets	\$ 358,125	\$ 246,277
Capital assets, net	\$ 227,903	\$ 218,474
Total Assets	\$ 586,028	\$ 464,751
Current liabilities	\$ 72,378	\$ 30,628
Net Assets:		
Invested in capital assets, net of related debt	\$ 227,903	\$ 218,474
Unrestricted	\$ 285,747	\$ 215,649
Total net assets	\$ 513,650	\$ 434,123

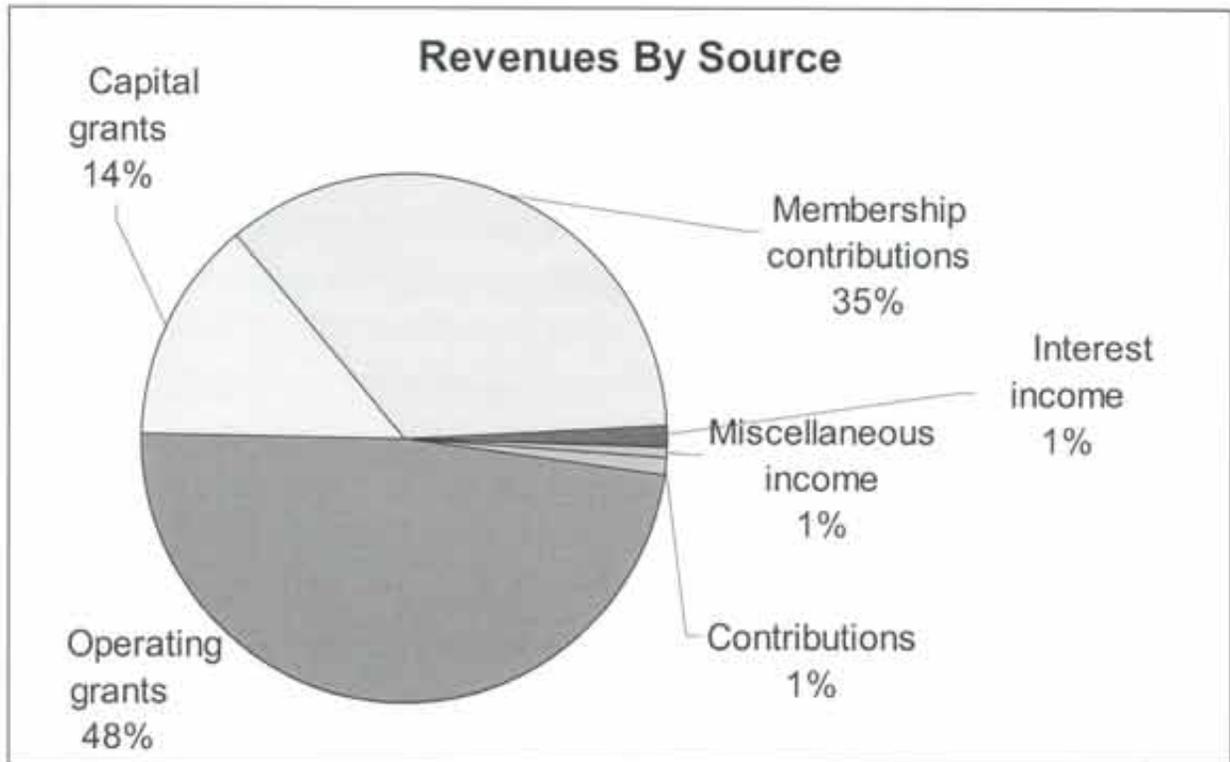
No portion of the Authority's net assets represent resources that are subject to external restrictions on how they may be used. The *unrestricted net assets* may be used to meet the Authority's services to the seniors and disabled residents.

At the end of the current year, the Authority is able to report a positive balance in net assets.

The Authority's net assets increased by \$79,527 during the current year. Nearly all of this increase represents additional revenues generated from operating grants which gives the Authority the flexibility to increase the service fleet and help pay for the increase in fuel and insurance.

**North Oakland County Transportation Authority
Changes in Net Assets**

	2007	2006
Revenue:		
Program revenues:		
Contributions	\$ 8,210	\$ 8,002
Operating grants	\$ 340,685	\$ 254,784
Capital grants	\$ 97,577	\$ 21,205
Total program revenues	\$ 446,472	\$ 283,991
General revenues:		
Membership contributions	\$ 250,053	\$ 189,789
Interest income	\$ 9,578	\$ 2,486
Miscellaneous income	\$ 4,315	\$ 1,434
Total general revenues	\$ 263,946	\$ 193,709
Expenses:		
Transportation operations	\$ 630,891	\$ 675,784
Increase (Decrease) in net assets	\$ 79,527	\$ (198,084)
Net assets - Beginning	\$ 434,123	\$ 632,207
Net assets - Ending	\$ 513,650	\$ 434,123



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the Authority's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Authority's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

As of the end of the current year, the Authority's governmental fund reported an ending fund balance of \$513,650, an increase of \$79,527 compared with 2006. Most of this increase can be attributed to the new JARC funding as well as the additional payment received from Training and Treatment Innovations.

The general fund is the operating fund of the Authority. At the end of the current year, unreserved fund balance of the general fund was \$284,146, while total fund balance was \$285,747. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 44.0% of total general fund expenditures.

General Fund Budgetary Highlights

Over the course of the year, the Authority's Board of Trustees revised the Authority budget several times. These budget amendments fall into two categories:

- Increases in appropriations to prevent overruns for capital or operating expenditures.
- Amendments made to increase revenue/expenditure budgets for events that were not fully anticipated when the budget was compiled.

Differences between the original budget and the final amended budget were generally minor in nature.

During the year, general fund revenues were in excess of budgeted amounts by \$73,687. This was primarily due to expenditure driven grant revenues and the Authority was not aware they could bill into the grant until after year end. Total expenditures were in excess of appropriations by (\$6,899).

Capital Asset and Debt Administration

Capital assets. The Authority's investment in capital assets for its governmental-type activities as of December 31, 2007 amounted to \$227,903 (net of accumulated depreciation). This investment in capital assets includes equipment and vehicles. The total increase in the Authority's investment in capital assets (net of depreciation) for the year was \$104,946.

Major capital asset additions during the current year included the following:

- Four Ford E-350 Vans at a cost of \$104,946 acquired primarily with grant dollars

Depreciation expense of \$95,517 was reported in transportation operations for the governmental activities.

Additional information on the Authority's capital assets can be found in the notes to the financial statements as listed in the table of contents.

Economic Factors and Next Year's Budget and Rates

The following factors guided the preparation of the Authority's 2008 budget:

- Reflects the JARC Grant for operations and Capital Grant for vehicles.
- Budget has been adjusted for salaries and wages and fuel costs increases.

Requests for Information

This financial report is designed to provide a general overview of the North Oakland County Transportation Authority's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Director, North Oakland County Transportation Authority, 720 James Hunt Drive, Oxford, Michigan, 48371.

NORTH OAKLAND TRANSPORTATION AUTHORITY

Statement of Net Assets and
Governmental Fund Balance Sheet

December 31, 2007

	General Fund	Adjustments	Statement of Net Assets
ASSETS			
Cash	\$ 150,392	\$ -	\$ 150,392
Grants Receivable	206,132	-	206,132
Prepaid Expenses	1,601	-	1,601
Capital Assets, at cost, less accumulated depreciation of \$ 361,093	-	227,903	227,903
Total Assets	\$ 358,125	227,903	586,028
LIABILITIES			
Accounts Payable	\$ 68,013	-	68,013
Accrued Salaries	4,365	-	4,365
Total Liabilities	72,378	-	72,378
FUND BALANCE/NET ASSETS			
Fund Balance			
Reserved for Prepays	1,601	(1,601)	-
Unreserved	284,146	(284,146)	-
Total Fund Balance	285,747	(285,747)	-
Total Liabilities and Fund Balance	\$ 358,125		
Net Assets			
Invested in Capital Assets		227,903	227,903
Unrestricted		285,747	285,747
Total Net Assets		\$ 513,650	\$ 513,650

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

NORTH OAKLAND TRANSPORTATION AUTHORITY

Reconciliation of the Authority Balance Sheet
to the Statement of Net Assets

For the Year December 31, 2007

Fund balances \$ 285,747

Amounts reported for governmental activities in the
statement of net assets differ due to:

Capital assets used in governmental activities
are not financial resources and therefore are not
reported as assets in commission funds.

Historical cost	\$ 588,996	
Accumulated depreciation	<u>(361,093)</u>	<u>227,903</u>

Total net assets - governmental activities \$ 513,650

NORTH OAKLAND TRANSPORTATION AUTHORITY

Statement of Activities and Governmental
Fund Revenues, Expenditures, and
Changes in Fund Balance

For the Year December 31, 2007

	General Fund	Adjustments	Statement of Activities
Expenditures/Expenses			
Transportation Operations	\$ 535,374	\$ 95,517	\$ 630,891
Capital Outlay	104,946	(104,946)	-
Total Expenditures/Expenses	640,320	(9,429)	630,891
 Program Revenues			
Contributions	8,210	-	8,210
Operating Grants	340,685	-	340,685
Capital Grants	97,577	-	97,577
Total Program Revenues	446,472	-	446,472
Net Program Expense			184,419
 General Revenues			
Membership Contributions	250,053	-	250,053
Interest Income	9,578	-	9,578
Miscellaneous Income	4,315	-	4,315
Total General Revenues	263,946	-	263,946
Excess of Revenues Over Expenditures	70,098	(70,098)	-
Change in Net Assets	-	79,527	79,527
 Fund Balance/Net Assets			
Beginning of Year	215,649	218,474	434,123
End of Year	\$ 285,747	\$ 227,903	\$ 513,650

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

NORTH OAKLAND TRANSPORTATION AUTHORITY

Reconciliation of the Statement of Revenues, Expenditures,
and Changes in Fund Balance to the Statement of Activities

For the Year December 31, 2007

Net change in fund balances - governmental funds \$ 70,098

Amounts reported for governmental activities in the
statement of activities differ due to:

Governmental funds report capital outlays as expenditures.
However, in the statement of activities these items are
capitalized and the costs of those assets are allocated
over their estimated useful lives as depreciation.

Capitalized assets	\$ 104,946	
Depreciation	<u>(95,517)</u>	<u>9,429</u>

Change in net assets - governmental activities \$ 79,527

NORTH OAKLAND TRANSPORTATION AUTHORITY

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget to Actual

For the Year December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
REVENUES:				
Intergovernmental Contributions				
Addison Township	\$ 17,695	\$ 21,195	\$ 21,195	\$ -
Orion Township	127,853	127,853	127,853	-
Oxford Township	79,260	94,816	94,816	-
Village of Lake Orion	2,551	2,551	2,551	-
Village of Leonard	312	312	312	-
Village of Oxford	3,326	3,326	3,326	-
Total Contributions	<u>230,997</u>	<u>250,053</u>	<u>250,053</u>	<u>-</u>
Grants				
Beaumont Hospital	-	8,000	8,000	-
Community Mental Health	150,000	200,000	218,333	18,333
Crittenton Hospital	60,000	30,000	30,000	-
Specialized Services	8,257	8,257	10,899	2,642
Transportation to Work	100	100	2	(98)
JARC Operating Grant	-	20,844	73,451	52,607
Total Grants	<u>218,357</u>	<u>267,201</u>	<u>340,685</u>	<u>73,484</u>
Other Income				
Advertising	1,800	-	-	-
Vehicle Trips	-	4,400	4,309	(91)
Donations	8,000	8,000	8,210	210
Interest - Bank	700	9,500	9,578	78
Miscellaneous	-	-	6	6
Total Other Income	<u>10,500</u>	<u>21,900</u>	<u>22,103</u>	<u>203</u>
Total Operating Income	<u>\$ 459,854</u>	<u>\$ 539,154</u>	<u>\$ 612,841</u>	<u>\$ 73,687</u>

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

NORTH OAKLAND TRANSPORTATION AUTHORITY

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget to Actual

For the Year December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
EXPENSES				
Administration				
Contracted Services	\$ 300	\$ 300	\$ -	\$ 300
Administration Salaries	48,000	48,000	50,014	(2,014)
Telephone	1,000	1,000	1,070	(70)
Office Supplies - Admin	2,000	2,000	790	1,210
Postage	350	350	226	124
Total Administration	<u>51,650</u>	<u>51,650</u>	<u>52,100</u>	<u>(450)</u>
Insurance				
Vehicle	40,170	40,170	40,842	(672)
Workers Compensation	9,250	10,975	12,717	(1,742)
General	2,000	2,000	1,785	215
Total Insurance	<u>51,420</u>	<u>53,145</u>	<u>55,344</u>	<u>(2,199)</u>
Professional Services				
Bank Service Charges		100	60	40
Accounting	8,000	16,000	15,991	9
Other Professional Services		1,000	742	258
Payroll Services	3,400	3,400	3,086	314
Audit	5,100	5,100	5,200	(100)
Legal	1,000	550	1,536	(986)
Total Professional Services	<u>17,500</u>	<u>26,150</u>	<u>26,615</u>	<u>(465)</u>
Program Costs				
Rent	6,000	6,000	6,000	-
Vehicle Fees		100	55	45
Towing	500	500	210	290
Telephone - Program	2,000	2,000	1,834	166
Nextel Phone	6,000	6,500	7,423	(923)
Internet Services		400	313	87
Office Supplies - Program	2,000	2,400	2,360	40

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

NORTH OAKLAND TRANSPORTATION AUTHORITY

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget to Actual

For the Year December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Uniforms	700	200		200
Advertising	250	310	307	3
Telephone - Nextel Hardware	500	500		500
Drug & Alcohol Testing	750	750		750
Training		100	86	14
Maintenance			95	(95)
Bad Debt Expense		-	1,638	(1,638)
Total Program Costs	<u>18,700</u>	<u>19,760</u>	<u>20,321</u>	<u>(561)</u>
Repairs and Maintenance				
Fuel	42,000	65,000	62,970	2,030
Vehicle Maintenance	8,400	11,900	13,634	(1,734)
Vehicle Repairs	17,500	33,100	32,249	851
Total Repairs & Maintenance	<u>67,900</u>	<u>110,000</u>	<u>108,853</u>	<u>1,147</u>
Salaries and Wages				
Payroll Taxes				
FICA Employer's Expense	20,820	22,720	22,513	207
Unemployment Expense			899	(899)
Total Payroll Taxes	<u>20,820</u>	<u>22,720</u>	<u>23,412</u>	<u>(692)</u>
Driver	185,640	204,500	208,248	(3,748)
Dispatchers	34,580	38,800	40,068	(1,268)
Total Salaries and Wages	<u>241,040</u>	<u>266,020</u>	<u>271,728</u>	<u>(5,708)</u>
Professional Development				
Community Development	500	500	-	500
Mileage/Parking	250	250	-	250
Miscellaneous	500	500	41	459
Seminars & Conferences	500	500	372	128
Total Professional Development	<u>1,750</u>	<u>1,750</u>	<u>413</u>	<u>1,337</u>

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

NORTH OAKLAND TRANSPORTATION AUTHORITY

Statement of Revenues, Expenditures, and
Changes in Fund Balance - Budget to Actual

For the Year December 31, 2007

	Original Budget	Amended Budget	Actual	Variance Favorable (Unfavorable)
Total Operating Expenses	<u>449,960</u>	<u>528,475</u>	<u>535,374</u>	<u>(6,899)</u>
Net Ordinary Income/(Loss)	<u>\$ 9,894</u>	<u>\$ 10,679</u>	<u>\$ 77,467</u>	<u>\$ 66,788</u>
Non Operating Income				
Capital Asset Grant	<u>\$ 87,000</u>	<u>\$ 97,177</u>	<u>\$ 97,577</u>	<u>\$ 400</u>
Total Non Operating Income	<u>87,000</u>	<u>97,177</u>	<u>97,577</u>	<u>400</u>
Non Operational Expense				
Vehicle	92,120	107,856	104,946	2,910
Office Equipment	2,329	-	-	-
Total Non Operational Expense	<u>94,449</u>	<u>107,856</u>	<u>104,946</u>	<u>2,910</u>
Non Operating Expenses in Excess of Non Operating Income	<u>\$ (7,449)</u>	<u>\$ (10,679)</u>	<u>\$ (7,369)</u>	<u>\$ (2,510)</u>
Net Change in Fund Balance	2,445	-	70,098	64,278
Fund Balance, Beginning of Year	<u>215,649</u>	<u>215,649</u>	<u>215,649</u>	
Fund Balance, End of Year	<u>\$ 218,094</u>	<u>\$ 215,649</u>	<u>\$ 285,747</u>	<u>\$ 64,278</u>

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

NORTH OAKLAND TRANSPORTATION AUTHORITY

Notes to Financial Statements
December 31, 2007

Note A: Summary of Significant Accounting Policies

Reporting Entity

The North Oakland Transportation Authority (the Authority) was formed through an intergovernmental agreement between the governmental units of Addison Township, Orion Township, Oxford Township, Village of Lake Orion, Village of Leonard, and Village of Oxford. Each of these governmental units has a representative on the Authority's council. For financial reporting purposes, the Authority is a standalone entity; there are no component units included in the accompanying financial statements and the Authority is not considered a component unit of another entity. The Authority began operations in 2001.

The Authority was formed to provide public transportation for residents of northern Oakland County, Michigan.

Basis of Accounting

The Authority prepares its financial statements on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (US GAAP). Revenues are recognized as soon as they are both measurable and available. Revenues are considered available if they are collectible within 60 days. Expenditures generally are recorded when a liability is incurred.

The Authority reports its General Fund as a major governmental fund.

Deposits and Investments

The Authority has defined cash and cash equivalents to include cash on hand, demand notes, and certificates of deposits.

Investments are reported at fair value. The Authority did not have any investments as of December 31, 2007.

Receivables

All receivables are considered fully collectible. No provision for non-collection has been made in the financial statements.

Capital Assets

Capital Assets, which include equipment and vehicles are reported in the Statement of Net Assets column in the basic financial statements. Capital assets are defined by the Authority as assets with an initial cost of \$5,000 or more, where the purchased asset has useful life greater than 12 months.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset's useful life are not capitalized.

Capital assets are depreciated using the straight line method over the following estimated lives:

Computer Equipment	5 years
Office Equipment and Furniture	7 years
Mini Bus Vehicles	5 years
Van Vehicles	3 years
Building/Building Improvements	10-40 years

Note B: Stewardship, Compliance, and Accountability

Budgetary Data

Annual budgets are adopted for the funds as required by the Michigan Public Act 621 of 1978, the Uniform Budgeting and Accounting Act. The Authority's approved budget was adopted on the line item level.

The Authority's management prepares a preliminary budget for the Authority's review and comment. After receiving input from those concerned, management rewrites the budget for the Authority's final review and approval. This process occurs prior to year end.

Excess of Expenditures Over Appropriations

Michigan Public Act 2 of 1968, as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated in the budget resolution of the governing body. For the year ended December 31, 2007, the Authority incurred expenditures in excess of the amounts appropriated as shown in the financial statements.

Note C: Deposits and Investments

Michigan compiled Laws, Section 129.91, authorizes the Local Unit to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations which have an office in Michigan. The Commission is allowed to invest in bonds, securities and other direct obligations of the United States; United States government or federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan.

The Authority's deposits are in accordance with statutory authority.

GASB Statement 3, Investments are categorized to give an indication of the level of custodial credit risk assumed. Category 1 includes investments that are insured or registered, or securities held by the Commission or its agent in the Commission's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the broker's or dealer's trust department or agent in the Commission's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the broker or dealer, or by its trust department or agent, but not in the Commission's name.

The Authority's investments consist of an interest bearing checking account, which is not categorized because it is not evidenced by securities that exist in physical or book entry form.

Note D: Capital Assets

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital Asset				
Leasehold Improvements	\$ 15,802	\$ -	\$ -	\$ 15,802
Computers	18,007	-	-	18,007
Vehicles and Buses	440,398	104,946	-	545,344
Office Equipment	9,843	-	-	9,843
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets	<u>484,050</u>	<u>104,946</u>	<u>-</u>	<u>588,996</u>
Accumulated Depreciation				
Leasehold Improvements	1,449	1,580	-	3,029
Computers	9,425	2,113	-	11,538
Vehicles and Buses	251,019	90,698	-	341,717
Office Equipment	3,683	1,126	-	4,809
Total Accumulated Depreciation	<u>265,576</u>	<u>95,517</u>	<u>-</u>	<u>361,093</u>
Capital Assets - Net	<u>\$ 218,474</u>	<u>\$ 9,429</u>	<u>\$ -</u>	<u>\$ 227,903</u>

Depreciation was charged to operations in the amount of \$ 95,517

Note E: Risk Management

The Authority is exposed to various risks of loss related to general liability, theft of assets, destruction of assets, and natural disasters. The Authority carries commercial insurance to protect against these potential losses.