

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

**FOR THE YEARS ENDED
JUNE 30, 2009 AND 2008**

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

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AND SUPPLEMENTARY INFORMATION**

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**CITY OF GRAND HAVEN, MICHIGAN
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INDEPENDENT AUDITORS' REPORT

November 9, 2009

To the Honorable Mayor and
Members of the City Council
City of Grand Haven, Michigan

We have audited the financial statements of the *City of Grand Haven, Michigan Harbor Transit* (an Enterprise Fund of the City of Grand Haven, Michigan) as of and for the year ended June 30, 2009 and have issued our report thereon dated November 9, 2009. These financial statements are the responsibility of the City of Grand Haven, Michigan's management. Our responsibility is to express an opinion on these financial statements based on our audit. The June 30, 2008 financial statements of the City of Grand Haven, Michigan Harbor Transit were audited by Pridnia LaPres, PLLC, who merged with Rehmann Robson as of January 1, 2009 and whose report dated October 27, 2008, expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the 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 statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the financial statements present only the City of Grand Haven, Michigan Harbor Transit Enterprise Fund and do not purport to, and do not present fairly the financial position of the City of Grand Haven, Michigan, as of June 30, 2009 and the changes in its financial position and cash flows where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Grand Haven, Michigan Harbor Transit as of June 30, 2009, and the respective changes in financial position and cash flows 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 3 through 7 is not a required part of the basic financial statements but is supplementary information required by the *Governmental Accounting Standards Board*. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was made for the purpose of forming an opinion on the June 30, 2009 financial statements of the City of Grand Haven, Michigan Harbor Transit taken as a whole. The accompanying supplementary information is presented for the purpose of additional analysis and is not a required part of the financial statements. This information, except for the portion marked "unaudited" on which we express no opinion, has been subjected to the procedures applied in the audit of the June 30, 2009 financial statements and, in our opinion, is fairly presented in all material respects in relation to the June 30, 2009 financial statements taken as a whole.

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

**City of Grand Haven, Michigan Harbor Transit
Management's Discussion and Analysis
June 30, 2009 and 2008**

1) Financial Highlights

- a) Through its Harbor Transit Fund, the City of Grand Haven owns and operates a demand-response bus transportation system within the City and serving the following Northwest Ottawa communities: the City of Grand Haven, the Village of Spring Lake, the City of Ferrysburg, the Charter Township of Grand Haven and the Township of Spring Lake.

Harbor Transit ended the fiscal year in fair financial position.

- b) Business-type activities net assets decreased to \$660,846 from \$720,247, primarily due to depreciation on vehicles.
- c) Total operating expenses for business-type activities decreased to \$1,516,353 from \$1,692,355.

2) Overview of Financial Statements

a) Overall financial picture

The financial statements provide the Harbor Transit financial position using the full accrual method of accounting. This method of accounting is similar to private sector for-profit accounting.

i) Statements of Net Assets

The *Statements of Net Assets* provide information on assets, liabilities and the difference between assets and liabilities, which is called net assets. Over time, increases and decreases in net assets can serve as a barometer of financial health. A trend of increasing net assets is viewed as a sign of improving condition. The *Statements of Net Assets* are similar to a balance sheet in private sector accounting.

ii) Statements of Revenues, Expenses and Changes in Net Assets

The *Statements of Revenues, Expenses and Changes in Net Assets* report the underlying causes of the change in net assets. All changes in net assets are reported as the change occurs and includes depreciation on the assets. This statement does not report any capital projects. Capital projects are reported on the *Statements of Net Assets*.

b) Notes to the Financial Statements

Immediately after the financial statements are the Notes to the Financial Statements. The Notes are an integral part of the financial statements. The Notes contain many additional disclosures about the financial health of Harbor Transit.

3) Financial Analysis

a) Net Assets

The *Statements of Net Assets* provides an overview of Harbor Transit assets, liabilities and net assets. As mentioned above, over time, this can provide a good indicator of fiscal health. A comparative analysis between the current report year and the prior year is herein presented.

On the next page is a summarized version of the *Statements of Net Assets*.

**City of Grand Haven, Michigan Harbor Transit
Management's Discussion and Analysis
June 30, 2009 and 2008**

Net Assets

June 30,	2009	2008
Assets		
Current and other assets	\$ 357,683	\$ 441,062
Capital assets, net	658,374	709,480
Total Assets	1,016,057	1,150,542
Liabilities		
Other liabilities	355,211	430,295
Net Assets		
Invested in capital assets, net of related debt	658,374	709,480
Unreserved	2,742	10,767
Total Net Assets	\$ 660,846	\$ 720,247

The total assets of Harbor Transit are \$1,017,617, however, \$658,374 represents net investment in capital assets, primarily in vehicles and the Harbor Transit building. There are no restricted assets. Total net assets decreased by \$59,401 during the fiscal year, primarily through depreciation.

b) Changes in Net Assets

Significant changes in net assets are shown in the table on the next page.

**City of Grand Haven, Michigan Harbor Transit
Management's Discussion and Analysis
June 30, 2009 and 2008**

Changes in Net Assets

Year ended June 30,	2009	2008
Revenue		
Operating Revenue – Local		
Farebox	\$107,011	\$117,319
Contractual services	27,759	29,006
Other	14,835	96
Total Operating Revenue	149,605	146,421
Operating Expenses		
Labor and fringes	1,042,092	1,061,491
Fuel, utilities and supplies	199,823	213,738
Casualty and liability costs	15,075	28,000
Other	185,785	183,889
Depreciation	73,578	205,237
Total Operating Expenses	1,516,353	1,692,355
Operating Loss	(1,366,748)	(1,545,934)
Non-Operating Revenue		
Local operating grants	399,260	504,497
State operating grants	559,615	547,575
Federal operating grants	317,941	294,051
Total Non-Operating Revenue	1,276,816	1,346,123
Loss before Transfers and Contributions	(89,932)	(199,811)
Transfers in from the City of Grand Haven	5,370	4,945
Capital contributions		
State capital grants	23,208	1,183
Federal capital grants	1,953	22,445
Total Transfers and Contributions	30,531	28,573
Changes in Net Assets	(59,401)	(171,238)
Net Assets, beginning of year	720,247	891,485
Net Assets, end of year	\$660,846	\$720,247

c) Business-type Activities – Highlights

The business-type activities had a decrease in net assets of \$59,401 from revenues of \$1,426,421. The largest sources of revenue were from state, local and federal grants, totaling \$1,276,816 and providing a combined 89.51% of revenue for business-type activities.

**City of Grand Haven, Michigan Harbor Transit
Management's Discussion and Analysis
June 30, 2009 and 2008**

4) Financial Analysis

Harbor Transit had revenues of \$1,426,421, a decrease of \$66,123 from the prior fiscal year. Revenue is primarily generated from Federal funding (based on population and 22.29% of total revenue), State Department of Transportation funding (based on eligible expenditures and 39.23%), farebox revenue (direct from riders and 7.50%) and revenue from local communities served (27.99%).

5) Capital Assets and Debt Administration

a) Capital assets

Harbor Transit has \$658,374 invested in capital assets net of depreciation. Capital assets include all purchases of assets that exceed \$1,000 and have an expected useful life greater than one year. Capital assets includes: land, land improvements, buildings, vehicles and equipment. Harbor Transit uses straight line depreciation for all depreciable assets. In FY2009, capital assets decreased by \$51,106 in business-type activities, primarily in depreciation. Note that most capital assets were funded by state and federal grants for vehicle purchases.

b) More detailed information about changes in capital assets can be found in Note 3 of the footnotes.

6) Debt

a) Summary of debt

Harbor Transit had no long term debt outstanding as of June 30, 2009.

7) Economic Forecast

Harbor Transit has four main sources of revenue, Federal and State grants for transportation services, passenger fares and local government support. Ridership is affected by the overall economy and can cause significant swings of revenue from changes in weather conditions. Summer operations provide the greatest revenue, however Harbor Transit is seeing a significant shift in needed services to school children, disabled and senior citizens.

Funding from Federal sources is based on population. Funding from State sources is based on a percentage of total eligible expenses which has been reduced over time. State law allows up to a 50% reimbursement of eligible expenses annually. Recent years have seen reimbursement percentages of less than 40%. These reductions cause a direct increase in local government costs to support Transit operations.

For the FY2009-10 budget, Harbor Transit anticipates that ridership will be roughly equal to FY2008-09 amounts.

**City of Grand Haven, Michigan Harbor Transit
Management's Discussion and Analysis
June 30, 2009 and 2008**

8) Contacting the Harbor Transit Financial Management Staff

The City of Grand Haven owns and operates the demand-response system and therefore provides fiscal and administrative services for Harbor Transit. This financial report is designed to provide interested individuals including citizens, taxpayers, customers, investors and creditors, with a general overview of Harbor Transit finances and to show the City's accountability for the funds it receives. If you have questions about this report or need additional financial information, please contact us at 519 Washington Avenue, Grand Haven, MI 49417, or call or e-mail us as noted below:

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**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

STATEMENTS OF NET ASSETS

	June 30	
	2009	2008
ASSETS		
Current assets		
Cash and cash equivalents	\$ 450	\$ 450
Accounts receivable	57	18,070
Due from other governmental units:		
Local	59,805	122,955
State	18,688	35,189
Federal	245,251	223,726
Inventories	31,475	39,938
Prepaid items	1,957	734
Total current assets	357,683	441,062
Noncurrent assets		
Capital assets not being depreciated	9,261	9,261
Capital assets being depreciated, net	649,113	700,219
Total assets	1,016,057	1,150,542
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	15,224	45,795
Accrued and other liabilities	30,339	-
Due to other funds of the City of Grand Haven	199,582	296,605
Total current liabilities	245,145	342,400
Noncurrent liabilities		
Compensated absences	88,152	87,895
Other postemployment benefits	21,914	-
Total noncurrent liabilities	110,066	87,895
Total liabilities	355,211	430,295
Net assets		
Invested in capital assets, net of related debt	658,374	709,480
Unrestricted	2,472	10,767
Total net assets	\$ 660,846	\$ 720,247

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

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS

	Year ended June 30	
	2009	2008
Operating revenue		
Demand-response (farebox)	\$ 89,506	\$ 117,319
Trolley (farebox)	17,505	-
Contractual services	27,759	29,006
Other	14,835	96
Total operating revenue	149,605	146,421
Operating expenses		
Labor	768,314	772,968
Fringe benefits	273,778	288,523
Professional and contractual services	143,235	143,418
Fuel and supplies	170,000	183,002
Utilities	29,823	30,736
Casualty and liability costs	15,075	28,000
Depreciation	73,578	205,237
Other	42,550	40,471
Total operating expenses	1,516,353	1,692,355
Operating loss	(1,366,748)	(1,545,934)
Non-operating revenue		
Local operating grants	399,260	504,497
State operating grants	559,615	547,575
Federal operating grants	317,941	294,051
Total non-operating revenue	1,276,816	1,346,123
Change in net assets before transfers and contributions	(89,932)	(199,811)
Transfers in from the City of Grand Haven	5,370	4,945
Capital contributions:		
State capital grants	23,208	1,183
Federal capital grants	1,953	22,445
Total transfers and contributions	30,531	28,573
Changes in net assets	(59,401)	(171,238)
Net assets, beginning of year	720,247	891,485
Net assets, end of year	\$ 660,846	\$ 720,247

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

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

STATEMENTS OF CASH FLOWS

	Year ended June 30	
	2009	2008
Cash flows from operating activities		
Receipts from customers and users	\$ 167,618	\$ 172,771
Payments to suppliers	(521,037)	(280,880)
Payments to employees	(989,582)	(1,104,674)
Net cash used in operating activities	(1,343,001)	(1,212,783)
Cash flows from noncapital financing activities		
Proceeds from local operating grants	462,410	369,189
Proceeds from state operating grants	579,099	547,575
Proceeds from federal operating grants	298,369	294,051
Transfers in from other funds of the City of Grand Haven	5,370	4,945
Net cash provided by noncapital financing activities	1,345,248	1,215,760
Cash flows from capital and related financing activities		
Purchase of capital assets	(22,472)	(26,605)
Proceeds from state and federal capital grants	20,225	23,628
Net cash used in capital and related financing activities	(2,247)	(2,977)
Increase (decrease) in cash and cash equivalents	-	-
Cash and cash equivalents, beginning of year	450	450
Cash and cash equivalents, end of year	\$ 450	\$ 450

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

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

STATEMENTS OF CASH FLOWS

	Year ended June 30	
	2009	2008
Reconciliation of operating loss to net cash used in operating activities:		
Operating loss	\$ (1,366,748)	\$ (1,545,934)
Adjustments to reconcile operating loss to net cash used in operating activities		
Depreciation	73,578	205,237
Changes in operating assets and liabilities which provided (used) cash:		
Accounts receivable	18,013	26,350
Inventories	8,463	(7,064)
Prepaid items	(1,223)	(734)
Accounts payable	(30,571)	5,390
Accrued and other liabilities	30,596	(43,183)
Due to other funds of the City of Grand Haven	(97,023)	147,155
Other post-employment benefits	21,914	-
Net cash used in operating activities	\$ (1,343,001)	\$ (1,212,783)

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

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

The *City of Grand Haven, Michigan Harbor Transit* is an Enterprise Fund of the City of Grand Haven. It operates under direction of the City Charter. Harbor Transit provides public transportation services to users in the City of Grand Haven and portions of the surrounding area. The economic resources measurement focus and the accrual basis of accounting are used in preparing the financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

The operations of Harbor Transit are accounted for in a single enterprise fund (a proprietary fund type). 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 Harbor Transit are charges to customers for sales and services. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Harbor Transit's policy to use restricted resources first, then unrestricted resources as they are needed.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the *Governmental Accounting Standards Board*. Governments also have the *option* of following subsequent private-sector guidance for their enterprise funds, subject to this same limitation. The Harbor Transit has elected not to follow subsequent private-sector guidance.

Cash Equivalents

For purposes of the statement of cash flows, the Harbor Transit considers all highly liquid debt instruments with original maturities of three months or less to be cash equivalents.

Inventories

Inventories consist of materials and supplies and are stated at the lower of cost or market.

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

NOTES TO FINANCIAL STATEMENTS

Capital Assets and Depreciation

Capital assets are stated at cost or fair market value at the date of purchase/gift. Costs relating to maintenance and repairs are charged to expense, whereas those costs for renewals and betterments in excess of \$1,000 are capitalized. Depreciation on all assets is provided on the straight line basis over the estimated useful lives as defined in the Local Public Transit Revenue and Expense Manual (R&E Manual), and/or as approved by the Bureau of Passenger Transportation (BPT).

Eligible depreciation includes only the depreciation of assets purchased with local funds where the useful life of the asset purchased has been approved by the BPT. Harbor Transit had no eligible depreciation expense during the years ended June 30, 2009 and 2008. For the year ended June 30, 2009 and 2008, the ineligible depreciation amounts of \$73,578 and \$205,237, respectively, include \$3,899 and \$5,252, respectively, of depreciation associated with assets purchased with local money where the useful life of the asset was not approved by the BPT.

Subsequent Events

In preparing these financial statements, management has evaluated, for potential recognition or disclosure, significant events or transactions that occurred during the period subsequent to June 30, 2009, the most recent statement of net assets presented herein, through the auditors' report date, the date these financial statements were available to be issued. No significant such events or transactions were identified.

2. DUE FROM FEDERAL GOVERNMENT

Harbor Transit receives funding from the U.S. Department of Transportation under Section 5307 operating grants and Section 5304 capital grants. The computation of the amount due from the federal government is as follows at June 30:

	2009	2008
Maximum reimbursement per contract under Section 5307	\$ 243,298	\$ 223,726
Section 5304 grant	1,953	-
Less: funding received	-	-
Due from federal government	\$ 245,251	\$ 223,726

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Changes in capital assets for the year ended June 30, 2009, are as follows:

	Balance			Balance
	July 1, 2008	Additions	Deletions	June 30, 2009
Capital assets, not being depreciated				
Land	\$ 9,261	\$ -	\$ -	\$ 9,261
Capital assets, being depreciated:				
Building	1,093,906	-	-	1,093,906
Vehicles	1,655,579	-	-	1,655,579
Dispatch and office equipment	141,263	22,472	-	163,735
	<u>2,890,748</u>	<u>22,472</u>	<u>-</u>	<u>2,913,220</u>
Accumulated depreciation				
Building	587,850	29,491	-	617,341
Vehicles	1,494,858	34,550	-	1,529,408
Dispatch and office equipment	107,821	9,537	-	117,358
	<u>2,190,529</u>	<u>73,578</u>	<u>-</u>	<u>2,264,107</u>
Net capital assets, being depreciated	<u>700,219</u>	<u>(51,106)</u>	<u>-</u>	<u>649,113</u>
Total capital assets, net	<u>\$ 709,480</u>	<u>\$ (51,106)</u>	<u>\$ -</u>	<u>\$ 658,374</u>

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

NOTES TO FINANCIAL STATEMENTS

Changes in capital assets for the year ended June 30, 2008, are as follows:

	Balance July 1, 2007	Additions	Deletions	Balance June 30, 2008
Capital assets, not being depreciated				
Land	\$ 9,261	\$ -	\$ -	\$ 9,261
Capital assets, being depreciated:				
Building	1,093,906	-	-	1,093,906
Vehicles	1,655,579	-	-	1,655,579
Dispatch and office equipment	114,658	26,605	-	141,263
	<u>2,864,143</u>	<u>26,605</u>	<u>-</u>	<u>2,890,748</u>
Accumulated depreciation				
Building	558,359	29,491	-	587,850
Vehicles	1,329,149	165,709	-	1,494,858
Dispatch and office equipment	97,784	10,037	-	107,821
	<u>1,985,292</u>	<u>205,237</u>	<u>-</u>	<u>2,190,529</u>
Net capital assets, being depreciated	<u>878,851</u>	<u>(178,632)</u>	<u>-</u>	<u>700,219</u>
Total capital assets, net	<u>\$ 888,112</u>	<u>\$ (178,632)</u>	<u>\$ -</u>	<u>\$ 709,480</u>

4. RISK MANAGEMENT

Harbor Transit is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which Harbor Transit carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

5. COST ALLOCATION PLANS

Harbor Transit has six cost allocation plans where the methodology has been approved by the BPT. Those cost allocations are for Central Garage and City Hall Rent, Charter, Trolley, Gasoline Charges, Parking for Agency Vehicles, and Administrative Costs. These cost allocation plans were adhered to in the preparation of the financial statements.

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

NOTES TO FINANCIAL STATEMENTS

6. OTHER POSTEMPLOYMENT BENEFITS

Harbor Transit participates in the single-employer defined benefit healthcare plan of the City of Grand Haven, Michigan. For a full description of the plan, funding policy, annual OPEB cost and net OPEB obligation, funded status and funding progress, actuarial methods and assumptions and Required Supplementary Information, see the City of Grand Haven, Michigan financial statements.

7. INELIGIBLE

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Any ineligible expenses have been properly reported and subtracted out as ineligible.

No capital money (Section 5309) was used for operating expenditures during the fiscal years ending June 30, 2009 and 2008.

Auditing fees of \$4,600.00 for the fiscal year ended June 30, 2009 were not charged to the Harbor Transit Fund due to an oversight and the City will not be requesting reimbursement. Here forward the audit expenses will be included in FY2010.

8. NONFINANCIAL DATA

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

9. CONTINGENCIES

Amounts received or receivable under grant programs are subject to audit and adjustment by the grantor agencies, 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 transit agency expects such amounts, if any, to be immaterial.

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

NOTES TO FINANCIAL STATEMENTS

10. LOCAL GRANTS

In fiscal year 2007-08, the City of Grand Haven and the local governments served by Harbor Transit began grant-funded, detailed discussions on future funding of demand-response services. Included was a determination of the formula which will calculate the local shares owed by each unit for these services. Likewise, these discussions included scenarios on reimbursing the City's prior period overpayments into the Harbor Transit Fund.

To meet fiscal needs of Harbor Transit, using the "fair share formula" structure, the City General Fund incurred expenses of \$253,760 and \$308,834 as the City's annual formula payments, plus \$13,225 and \$16,098 for trolley services provided in the City alone during the years ended June 30, 2009 and 2008, respectively. Formula amounts for the Village of Spring Lake were \$50,291 and \$73,371, and formula amounts for the City of Ferrysburg were \$71,641 and \$106,194 for the years ended June 30, 2009 and 2008, respectively. In addition, the Township of Grand Haven contributed \$10,343 during the year ended June 30, 2009. The Cities of Grand Haven and Ferrysburg fund this obligation through millage, while the Village of Spring Lake and Charter Township of Grand Haven fund it through their respective General Funds.

**SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2009**

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

SCHEDULE 1 - LOCAL REVENUES

	July 1, 2008 to September 30, 2008	October 1, 2008 to June 30, 2009	Total
	<u>2008</u>	<u>2009</u>	<u>Total</u>
Operating revenue:			
Demand-response (farebox)	\$ 35,055	\$ 54,451	\$ 89,506
Trolley (farebox)	-	17,505	17,505
Contractual services	18,514	9,245	27,759
Interest	(5,504)	5,504	-
Other	4	14,831	14,835
	<u>48,069</u>	<u>101,536</u>	<u>149,605</u>
Total operating revenue	48,069	101,536	149,605
 Non-operating revenue:			
Local operating grants	10,315	388,945	399,260
	<u>10,315</u>	<u>388,945</u>	<u>399,260</u>
Total local revenues	<u>\$ 58,384</u>	<u>\$ 490,481</u>	<u>\$ 548,865</u>

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**SCHEDULE 1A - LOCAL REVENUES BASED ON A
SEPTEMBER 30, 2008 YEAR END**

	October 1, 2007 to June 30, 2008	July 1, 2008 to September 30, 2008	Total
	<u> </u>	<u> </u>	<u> </u>
Operating revenue:			
Demand-response (farebox)	\$ 79,063	\$ 35,055	\$ 114,118
Contractual services	24,123	18,514	42,637
Interest	-	(5,504)	(5,504)
Other	86	4	90
	<u> </u>	<u> </u>	<u> </u>
Total operating revenue	103,272	48,069	151,341
 Non-operating revenue:			
Local operating grants	504,497	10,315	514,812
	<u> </u>	<u> </u>	<u> </u>
Total local revenues	<u> \$ 607,769 </u>	<u> \$ 58,384 </u>	<u> \$ 666,153 </u>

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**SCHEDULE 2 - EXPENDITURES OF FEDERAL AND STATE AWARDS -
YEAR ENDED JUNE 30, 2009**

Federal and State Grantor/Pass-Through Grantor/Program Title	CFDA Number	Pass- through Grantor's Number	Approved Grant Award Amount
<u>U.S. Department of Transportation</u>			
Passed Through Michigan Department of Transportation			
Federal Transit Operating Grant			
Section 5307	20.507	MI-90-X565-00	\$ 298,369
Section 5307	20.507	MI-90-X602-00	324,398
Federal Transit Capital Grant			
Section 5309 (80/20)	20.500	2002-0040 Z4 R2	247,507
Section 5304 (80/20)	20.515	2007-0214/Z1	90,000
<u>Michigan Department of Transportation</u>			
Operating Assistance - Act 51 Urban	N/A	N/A	<u>559,615</u>
Totals			<u><u>\$ 1,519,889</u></u>

Current Year Expenditures			Prior Year's Expenditures	Award Amount Remaining
Total	Federal	State		
\$ 74,643	\$ 74,643	\$ -	\$ 223,726	\$ -
243,298	243,298	-	-	81,100
317,941	317,941	-	223,726	81,100
22,720	-	22,720	-	-
2,441	1,953	488	-	87,559
25,161	1,953	23,208	-	87,559
559,615	-	559,615	-	-
\$ 902,717	\$ 319,894	\$ 582,823	\$ 223,726	\$ 168,659

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**SCHEDULE 2A - FEDERAL AND STATE AWARDS -
OPERATING REVENUE ONLY**

	July 1, 2008 to September 30, 2008	October 1, 2008 to June 30, 2009	Total
	<u> </u>	<u> </u>	<u> </u>
Michigan Department of Transportation Local Bus Operating (Act 51)	\$ 170,795	\$ 388,820	\$ 559,615
Federal Transit Administration Section 5307	<u>74,643</u>	<u>243,298</u>	<u>317,941</u>
Total	<u><u>\$ 245,438</u></u>	<u><u>\$ 632,118</u></u>	<u><u>\$ 877,556</u></u>

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**SCHEDULE 2B - FEDERAL AND STATE AWARDS - OPERATING
REVENUE ONLY BASED ON A SEPTEMBER 30, 2008 YEAR END**

	October 1, 2007 to June 30, 2008	July 1, 2008 to September 30, 2008	Total
	<u> </u>	<u> </u>	<u> </u>
Michigan Department of Transportation Local Bus Operating (Act 51)	\$ 455,230	\$ 170,795	\$ 626,025
Federal Transit Administration Section 5307	<u>223,726</u>	<u>74,643</u>	<u>298,369</u>
Total	<u><u>\$ 678,956</u></u>	<u><u>\$ 245,438</u></u>	<u><u>\$ 924,394</u></u>

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**SCHEDULE 3 - OPERATING AND CONTRACT EXPENSES
YEAR ENDED JUNE 30, 2009**

	Urban	Nonurban	Specialized Services	Operating Contract	Total
Labor	\$ 768,314	\$ -	\$ -	\$ -	\$ 768,314
Fringe benefits	273,778	-	-	-	273,778
Professional and contractual services	143,235	-	-	-	143,235
Fuel and supplies	170,000	-	-	-	170,000
Utilities	29,823	-	-	-	29,823
Casualty and liability costs	15,075	-	-	-	15,075
Depreciation	73,578	-	-	-	73,578
Other	42,550	-	-	-	42,550
Total	\$ 1,516,353	\$ -	\$ -	\$ -	\$ 1,516,353

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**SCHEDULE 3A - OPERATING EXPENSES SPLIT BETWEEN A
JUNE 30 AND SEPTEMBER 30 YEAR END**

	Urban		Total
	July 1, 2008 to September 30, 2008	October 1, 2008 to June 30, 2009	
Labor	\$ 179,809	\$ 588,505	\$ 768,314
Fringe benefits	74,475	199,303	273,778
Professional and contractual services	60,142	83,093	143,235
Fuel and supplies	37,791	132,209	170,000
Utilities	4,437	25,386	29,823
Casualty and liability costs	7,618	7,457	15,075
Depreciation	-	73,578	73,578
Other	(27,750)	70,300	42,550
Total	\$ 336,522	\$ 1,179,831	\$ 1,516,353

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**SCHEDULE 3B - OPERATING EXPENSES BY PROGRAM
BASED ON A SEPTEMBER 30, 2008 YEAR END**

	Urban		Total
	October 1, 2007 to June 30, 2008	July 1, 2008 to September 30, 2008	
Labor	\$ 587,939	\$ 179,809	\$ 767,748
Fringe benefits	199,669	74,475	274,144
Professional and contractual services	129,505	60,142	189,647
Fuel and supplies	149,960	37,791	187,751
Utilities	25,452	4,437	29,889
Casualty and liability costs	21,000	7,618	28,618
Depreciaton	205,237	-	205,237
Other	36,110	(27,750)	8,360
Total	\$ 1,354,872	\$ 336,522	\$ 1,691,394

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**OAR SCHEDULE 4R - URGAN REGULAR SERVICE REVENUE REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Code	Description	Amount
401:	Farebox Revenue	
40100	Passenger Fares	\$ 114,118
40200	Contract Fares	44,311
405:	Charter Service	
40500	Charter Service	(1,674)
406:	Anxilliary Trans Revenue	
40699	Other Auxilliary Trans Revenues	90
409:	Local Revenue	
40910	Local Operating Assistance	514,812
411:	State Formula and Contracts	
41101	State Operating Assistance	626,025
413:	Federal Contracts	
41302	Section 5307 (Operating Funds)	298,369
414:	Other Revenue	
41400	Interest Income	(5,504)
Total Revenues		<u>\$ 1,590,547</u>

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**OPAR SCHEDULE 4E - URBAN REGULAR SERVICE EXPENSE REPORT -
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

Code	Description	Operations	Maintenance	Gen. Admin.	Total
501:	Labor				
50101	Operators' Salaries & Wages	\$ 494,641	\$ 27,773	\$ -	\$ 522,414
50102	Other Salaries & Wages	-	-	71,096	71,096
50103	Dispatchers' Salaries & Wages	174,238	-	-	174,238
502:	Fringe Benefits				
50200	Other Fringe Benefits	201,961	17,365	29,964	249,290
50201	Pensions	19,616	2,575	2,663	24,854
503:	Services				
50302	Advertising Fees	20,209	-	118	20,327
50399	Other Services	8,863	31,420	129,037	169,320
504:	Material and Supplies				
50401	Fuel & Lubricants	121,217	-	-	121,217
50402	Tires & Tubes	-	12,138	-	12,138
50499	Other Materials & Supplies	9,031	43,177	2,188	54,396
505:	Utilities				
50500	Utilities	21,940	-	7,949	29,889
506:	Insurance				
50603	Liability Insurance	28,618	-	-	28,618
509:	Misc. Expenses				
50902	Travel, Meetings & Training	1,141	-	3,773	4,914
50903	Association Dues & Subscriptions	-	-	3,339	3,339
550:	Ineligible Expenses				
55007	Ineligible Depreciation	205,237	-	-	205,237
55009	Ineligible Association Dues	-	-	107	107
Total Expenses					1,691,394
Total Ineligible Expenses					205,344
Total Eligible Expenses					\$ 1,486,050

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**OAR SCHEDULE 4N - URBAN REGULAR SERVICE NONFINANCIAL REPORT -
FOR THE YEAR ENDED SEPTEMBER 30, 2008 (UNAUDITED)**

Public Service					
Code	Description	Weekday	Saturday	Sunday	Total
610	Vehicle Hours	18,387	1,235	686	20,308
611	Vehicle Miles	246,128	16,609	4,354	267,091

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

**SCHEDULE 5 - OPERATING ASSISTANCE CALCULATION -
FOR THE YEAR ENDED SEPTEMBER 30, 2008**

	<u>Urban</u>
Total expenses	\$ 1,691,394
Less ineligible expenses	
Depreciation	205,237
Association dues	<u>107</u>
Total state eligible expenses	<u><u>\$ 1,486,050</u></u>
Eligible expenses for state reimbursement	\$ 1,486,050
Reimbursement percentage	<u>37.2848%</u>
State operating assistance before reconciliation	\$ 554,071
Prior year reconciliation payments	<u>71,954</u>
State operating assistance	<u><u>\$ 626,025</u></u>

**CITY OF GRAND HAVEN, MICHIGAN
HARBOR TRANSIT**

SCHEDULE 6 - COMMENTS AND RECOMMENDATIONS

Statutory Compliance

Our review of procedures for compliance with statutory requirements did not disclose any exceptions.