

AUSTIN-MOWER COUNTY AREA TRANSIT
FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION
YEARS ENDED DECEMBER 31, 2009 AND 2008

**AUSTIN-MOWER COUNTY AREA TRANSIT
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INTRODUCTION SECTION

**AUSTIN-MOWER COUNTY AREA TRANSIT
ORGANIZATION SCHEDULE
DECEMBER 31, 2009**

BOARD OF DIRECTORS

		<u>Term Expires</u>
Sherwood (Woody) Vereide	Chairperson	December 31, 2010
David Hillier	Vice-Chairperson	December 31, 2009
John Martin	Director	December 31, 2009
Richard Lang	Director	December 31, 2009
Steve King	Director	December 31, 2009

EX-OFFICIO MEMBERS

James C. Hum	Austin City Administrator
Craig Oscarson	Mower County Coordinator

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Austin-Mower County Area Transit
Austin, Minnesota

We have audited the accompanying basic financial statements of the Austin-Mower County Area Transit as of and for the years ended December 31, 2009 and 2008 as listed in the table of contents. These financial statements are the responsibility of the Transit's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of the Austin-Mower County Area Transit as of December 31, 2009 and 2008 and the changes in its financial position and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

The management's discussion and analysis on page 2 through page 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 audits were conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Austin-Mower County Area Transit's basic financial statements. The supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects.



LarsonAllen LLP

Austin, Minnesota
April 8, 2010

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REQUIRED SUPPLEMENTARY INFORMATION

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**AUSTIN-MOWER COUNTY AREA TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008**

As management of the Austin-Mower County Area Transit (AMCAT), we offer readers of the AMCAT's financial statements this narrative overview and analysis of the financial activities of AMCAT for the fiscal years ended December 31, 2009 and 2008. The information presented should be read in conjunction with the financial statements and the accompanying notes to the financial statements. AMCAT was established via a joint powers agreement with Mower County and the City of Austin, and is therefore not included in the financial statements of the sponsoring entities.

OVERVIEW OF THE FINANCIAL STATEMENTS:

This annual financial report consists of three parts: Management's Discussion and Analysis (this section), the basic financial statements, and supplementary information. AMCAT follows enterprise fund reporting; accordingly, the financial statements are presented using the economic resources measurement focus and the accrual basis of accounting in accordance with principals generally accepted in the United States of America. The financial statements include the balance sheet, the statement of revenues, expenses, and changes in net assets, and the statement of cash flows.

The balance sheet provides information about the nature of assets and obligations (liabilities) of AMCAT as of the end of the year. The statement of revenues, expenses, and changes in net assets reports revenues and expenses for the current year. The statement of cash flows reports cash receipts, cash payments, and changes in cash resulting from operating, capital financing activities, and investing activities.

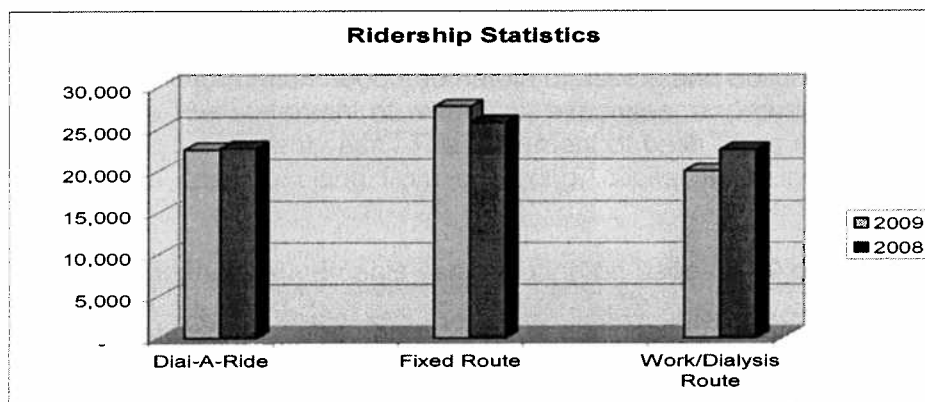
The basic proprietary fund financial statements can be found on pages 8-10 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the fund financial statements. The notes to the financial statements can be found on pages 11-13 of this report.

FINANCIAL HIGHLIGHTS:

The majority of AMCAT's net assets (51%) are invested in capital assets at December 31, 2009. This represents the net investment in the buses that transport citizens around the community for the AMCAT system. The remaining net assets of AMCAT are unrestricted (49%). Included within the unrestricted net assets is \$59,525 of assets that the Board has designated to be used for capital items only.

Ridership in the AMCAT System for the years ended December 31, 2009 and 2008 was as follows:



**AUSTIN-MOWER COUNTY AREA TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008**

AUSTIN-MOWER COUNTY AREA TRANSIT NET ASSETS

The following tables summarize the financial position of Austin-Mower County Area Transit as of December 31, 2009 and 2008:

Condensed Balance Sheets

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 411,574	\$ 308,613	\$ 102,961	33.36%
Capital Assets, Net	341,740	206,928	134,812	65.15%
Total Assets	<u>\$ 753,314</u>	<u>\$ 515,541</u>	<u>\$ 237,773</u>	46.12%
Current Liabilities	<u>\$ 85,652</u>	<u>\$ 78,706</u>	<u>\$ 6,946</u>	8.83%
Total Liabilities	<u>\$ 85,652</u>	<u>\$ 78,706</u>	<u>\$ 6,946</u>	8.83%
Net Assets:				
Invested in Capital Assets	\$ 341,740	\$ 206,928	\$ 134,812	65.15%
Unrestricted	325,922	229,907	96,015	41.76%
Total Net Assets	<u>\$ 667,662</u>	<u>\$ 436,835</u>	<u>\$ 230,827</u>	52.84%
Total Liabilities and Net Assets	<u>\$ 753,314</u>	<u>\$ 515,541</u>	<u>\$ 237,773</u>	46.12%

Condensed balance sheet highlights are as follows for the year ended December 31, 2009:

- The net assets of the Austin-Mower County Area Transit exceeded liabilities by \$667,662 (Net Assets).
- Current assets increased by \$102,961 primarily due to increased operating grant revenues and decreased operational costs. The reduction in fuel costs and the reduced amount expended on vehicle repairs (as the fleet is more current) has resulted in massive savings in the operational costs. Current assets consist of cash and cash equivalents, accounts receivable and due from other governments.
- Long-term assets (capital assets) of \$341,740 consist of the net value of the buses that are used in the AMCAT system. Long-term assets increased \$134,812 from 2008 to 2009 primarily as a result of the net difference between the acquisition of three buses for the fleet and the depreciation charged on the entire fleet.
- Current liabilities increased by \$6,946 primarily as the fourth quarter fuel bill for 2009 had increased over the same time period in 2008 and is still outstanding at year end.
- Total net assets increased by \$230,827 primarily as a result of the capital grants (\$173,876) that were received during 2009. Additionally, the AMCAT system continues to limit expenses and run within the operational parameters of the state and federal grants and the ridership revenue.

**AUSTIN-MOWER COUNTY AREA TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008**

The following tables summarize the financial position of Austin-Mower County Area Transit as of December 31, 2008 and 2007:

Condensed Balance Sheets

	<u>2008</u>	<u>2007</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 308,613	\$ 299,807	\$ 8,806	2.94%
Capital Assets, Net	206,928	144,426	62,502	43.28%
Total Assets	<u>\$ 515,541</u>	<u>\$ 444,233</u>	<u>\$ 71,308</u>	16.05%
Current Liabilities	\$ 78,706	\$ 81,246	\$ (2,540)	(3.13%)
Total Liabilities	<u>\$ 78,706</u>	<u>\$ 81,246</u>	<u>\$ (2,540)</u>	(3.13%)
Net Assets:				
Invested in Capital Assets	\$ 206,928	\$ 144,426	\$ 62,502	43.28%
Unrestricted	229,907	218,561	11,346	5.19%
Total Net Assets	<u>\$ 436,835</u>	<u>\$ 362,987</u>	<u>\$ 73,848</u>	20.34%
Total Liabilities and Net Assets	<u>\$ 515,541</u>	<u>\$ 444,233</u>	<u>\$ 71,308</u>	16.05%

Condensed balance sheet highlights are as follows for the year ended December 31, 2008:

- The net assets of the Austin-Mower County Area Transit exceeded liabilities by \$436,835 (Net Assets).
- Current assets increased by \$8,806 primarily due to the receipt of an operating grant for 2009. Current assets consist of cash and cash equivalents, accounts receivable, due from other governments, and prepaid items.
- Long-term assets (capital assets) of \$206,928 consist of the net value of the buses that are used in the AMCAT system. Long-term assets increased \$62,502 from 2007 primarily as a result of the net difference between the acquisition of two buses for the fleet, the disposal of two nearly fully depreciated buses, and the depreciation charged on the entire fleet.
- Current liabilities decreased by \$2,540 as some amounts owed to other governments had been paid prior to year end.
- Total net assets increased by \$73,848 primarily as a result of the capital grants (\$94,400) that were received during 2008. Additionally, the AMCAT system continues to limit expenses and run within the operational parameters of the state and federal grants and the ridership revenue.

**AUSTIN-MOWER COUNTY AREA TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008**

The following charts summarize operating revenues, expenses, and changes in net assets of Austin-Mower County Area Transit for the years ended December 31, 2009 and 2008:

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	<u>2009</u>	<u>2008</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Federal Grants	\$ 131,800	\$ 148,979	\$ (17,179)	(11.53%)
State Grants	308,075	270,070	38,005	14.07%
Fare Box Revenues	130,962	134,292	(3,330)	(2.48%)
Lease Revenues	10,800	10,800	-	N/A
Local Grants	60,000	55,000	5,000	9.09%
Total Operating Revenues	<u>\$ 641,637</u>	<u>\$ 619,141</u>	<u>\$ 22,496</u>	3.63%
Operating Expenses:				
Administrative and General	441,571	433,966	7,605	1.75%
Vehicle	105,321	141,064	(35,743)	(25.34%)
Depreciation	51,245	55,753	(4,508)	(8.09%)
Total Operating Expenses	<u>\$ 598,137</u>	<u>\$ 630,783</u>	<u>\$ (32,646)</u>	(5.18%)
Operating Income (Loss)	<u>\$ 43,500</u>	<u>\$ (11,642)</u>	<u>\$ 55,142</u>	473.65%
Non-Operating Revenues	<u>187,327</u>	<u>85,490</u>	<u>101,837</u>	119.12%
Change in Net Assets	<u>\$ 230,827</u>	<u>\$ 73,848</u>	<u>\$ 156,979</u>	212.57%
Beginning Net Assets	\$ 436,835	\$ 362,987	\$ 73,848	20.34%
Change in Net Assets	230,827	73,848	156,979	212.57%
Ending Net Assets	<u>\$ 667,662</u>	<u>\$ 436,835</u>	<u>\$ 230,827</u>	52.84%

Condensed statements of revenues, expenses, and changes in net assets highlights are as follows for the year ended December 31, 2009:

- Federal and state grants comprised 69% of the operating revenue of the AMCAT system for 2009.
- Fare box revenues have decreased \$3,330 (2.48%) from 2008 to 2009. Ridership, and consequently fare box revenue, has decreased by 823 trips from 2008 to 2009 primarily from a lack of demand from the patrons of the work route.
- Administrative and general operating expenses increased by \$7,605 from 2008 to 2009. Increases in reimbursable city staff time and insurance equates to most of the 1.75% increase in administrative and general expenses. Administrative and general operating expense comprise 74% of the operating expenses of the AMCAT system for 2009. This includes payment to the third party contractor for the operations oversight of the system.
- Vehicle expenses have decreased \$35,743 from 2008 to 2009. The general decrease in the cost of fuel has resulted in the 25.34% decrease in this category.
- Non-operating revenues (expenses) increased \$101,837 (119.12%). The AMCAT system was fortunate enough to have received funding for three new buses in 2009, two of which were entirely funded through the American Recovery and Reinvestment Act of 2009 (ARRA). These stimulus funds were used to help replace an aging fleet and thereby reducing annual vehicle repair costs in the near future.

**AUSTIN-MOWER COUNTY AREA TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008**

The following charts summarize operating revenues, expenses, and changes in net assets of Austin-Mower County Area Transit for the years ended December 31, 2008 and 2007:

Condensed Statement of Revenues, Expenses, and Changes in Net Assets:

	<u>2008</u>	<u>2007</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Federal Grants	\$ 148,979	\$ 130,764	\$ 18,215	13.93%
State Grants	270,070	250,036	20,034	8.01%
Fare Box Revenues	134,292	129,747	4,545	3.50%
Lease Revenues	10,800	-	10,800	N/A
Local Grants	55,000	51,304	3,696	7.20%
Total Operating Revenues	<u>\$ 619,141</u>	<u>\$ 561,851</u>	<u>\$ 57,290</u>	10.20%
Operating Expenses:				
Administrative and General	433,966	408,471	25,495	6.24%
Vehicle	141,064	123,942	17,122	13.81%
Depreciation	55,753	49,398	6,355	12.86%
Total Operating Expenses	<u>\$ 630,783</u>	<u>\$ 581,811</u>	<u>\$ 48,972</u>	8.42%
Operating Loss	<u>\$ (11,642)</u>	<u>\$ (19,960)</u>	<u>\$ 8,318</u>	(41.67%)
Non-Operating Revenues (Expenses)	85,490	71,530	13,960	19.52%
Change in Net Assets	<u>\$ 73,848</u>	<u>\$ 51,570</u>	<u>\$ 22,278</u>	43.20%
Beginning Net Assets	\$ 362,987	\$ 311,417	\$ 51,570	16.56%
Change in Net Assets	73,848	51,570	22,278	43.20%
Ending Net Assets	<u>\$ 436,835</u>	<u>\$ 362,987</u>	<u>\$ 73,848</u>	20.34%

Condensed statements of revenues, expenses, and changes in net assets highlights are as follows for the year ended December 31, 2008:

- Federal and state grants comprised 68% of the operating revenue of the AMCAT system for 2008.
- Fare box revenues have increased \$4,545 (3.50%) from 2007 to 2008. In part, this is due to the adding of the rainbow route. AMCAT is now leasing out a portion of their building and is therefore realizing revenues related to this lease agreement.
- Administrative and general operating expenses increased by \$25,495 from 2007 to 2008. The leasing of the new AMCAT building in 2008 has resulted in additional utilities and maintenance costs for the facility. Administrative and general operating expense comprise 69% of the operating expenses of the AMCAT system for 2008. This includes payment to the third party contractor for the operations oversight of the system.
- Vehicle expenses have increased \$17,122 from 2007 to 2008. The general increase in the cost of fuel has resulted in the 13.81% increase in this category.

**AUSTIN-MOWER COUNTY AREA TRANSIT
MANAGEMENT'S DISCUSSION AND ANALYSIS
DECEMBER 31, 2009 AND 2008**

CAPITAL ASSETS:

Capital assets. AMCAT's investment in capital assets for its business-type activities as of December 31, 2009 amounts to \$341,740 (net of accumulated depreciation). This investment in capital assets includes vehicles only. The total increase in AMCAT's investment in capital assets (net of accumulated depreciation) was 65.15 percent. There were three vehicle additions for 2009, and no bus disposals for the year.

AUSTIN-MOWER COUNTY AREA TRANSIT CAPITAL ASSETS

	2009	2008
Vehicles	\$ 645,633	\$ 459,576
Total	645,633	459,576
Less: Accumulated Depreciation	(303,893)	(252,648)
Net Capital Assets	\$ 341,740	\$ 206,928

Additional information on AMCAT's capital assets can be found in Note 3 on Page 13 of this report.

REQUESTS FOR INFORMATION:

This financial report is designed to provide a general overview of the Austin-Mower County Area Transit's finances for all of 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 of Administrative Services, Austin-Mower County Area Transit, 500 4th Avenue NE, Austin, Minnesota, 55912.

BASIC FINANCIAL STATEMENTS

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**AUSTIN-MOWER COUNTY AREA TRANSIT
BALANCE SHEETS
DECEMBER 31, 2009 AND 2008**

	2009	2008
ASSETS		
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 362,979	\$ 269,678
Accounts Receivable	4,851	5,761
Due From Other Governments	43,744	33,174
Total Current Assets	\$ 411,574	\$ 308,613
 CAPITAL ASSETS		
Vehicles	\$ 645,633	\$ 459,576
Less: Accumulated Depreciation	(303,893)	(252,648)
Net Capital Assets	\$ 341,740	\$ 206,928
Total Assets	\$ 753,314	\$ 515,541
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 39,006	\$ 35,966
Due To Other Governments	22,829	19,823
Deferred Revenue	23,817	22,917
Total Current Liabilities	\$ 85,652	\$ 78,706
 NET ASSETS		
Net Assets:		
Invested In Capital Assets	\$ 341,740	\$ 206,928
Unrestricted	325,922	229,907
Total Net Assets	\$ 667,662	\$ 436,835
Total Liabilities and Net Assets	\$ 753,314	\$ 515,541

See accompanying Notes to Financial Statements.

**AUSTIN-MOWER COUNTY AREA TRANSIT
STATEMENTS OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
OPERATING REVENUES		
Federal Grants	\$ 131,800	\$ 148,979
State Grants	308,075	270,070
Fare Box Revenues	130,962	134,292
Lease Revenues	10,800	10,800
Local Grants	60,000	55,000
Total Operating Revenues	\$ 641,637	\$ 619,141
OPERATING EXPENSES		
Contracted Services	\$ 348,709	\$ 346,446
Administrative and General Expense	92,862	87,520
Vehicle Expense	105,321	141,064
Total Administrative and Vehicle Expense	\$ 546,892	\$ 575,030
Depreciation	51,245	55,753
Total Operating Expenses	\$ 598,137	\$ 630,783
OPERATING INCOME (LOSS)	\$ 43,500	\$ (11,642)
NON-OPERATING REVENUES (EXPENSES)		
Investment Income	\$ 769	\$ 6,808
Advertising Revenue	7,682	6,793
Private Contributions	5,000	5,000
Federal Capital Grant	173,876	94,400
Gain on Disposal of Vehicle	-	2,489
Miscellaneous Revenues (Expenses)	-	(30,000)
Total Non-Operating Revenues (Expenses)	\$ 187,327	\$ 85,490
CHANGE IN NET ASSETS	\$ 230,827	\$ 73,848
NET ASSETS, BEGINNING	436,835	362,987
NET ASSETS, ENDING	\$ 667,662	\$ 436,835

See accompanying Notes to Financial Statements.

**AUSTIN-MOWER COUNTY AREA TRANSIT
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2009 AND 2008**

	2009	2008
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash Received from Customers, Users, and Grants	\$ 632,877	\$ 622,904
Cash Received from Others	12,682	11,793
Cash Paid to Suppliers	(540,846)	(607,570)
Net Cash Provided by Operating Activities	\$ 104,713	\$ 27,127
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES		
Capital Assets Acquisitions	\$ (186,057)	\$ (119,166)
Proceeds from Capital Grant	173,876	94,400
Proceeds from Sale of Capital Assets	-	3,400
Net Cash Used by Capital Financing Activities	\$ (12,181)	\$ (21,366)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest Received on Investments	\$ 769	\$ 6,808
Net Cash Provided by Investing Activities	\$ 769	\$ 6,808
NET INCREASE IN CASH AND CASH EQUIVALENTS	\$ 93,301	\$ 12,569
Cash and Cash Equivalents - Beginning	269,678	257,109
CASH AND CASH EQUIVALENTS - ENDING	\$ 362,979	\$ 269,678
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating Income (Loss)	\$ 43,500	\$ (11,642)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by Operating Activities		
Depreciation	51,245	55,753
Miscellaneous Revenue (Expenses)	12,682	(18,207)
(Increase) Decrease in:		
Accounts Receivable	910	(4,442)
Due From Other Governments	(10,570)	8,205
Increase (Decrease) in:		
Accounts Payable	3,040	2,718
Due To Other Governments	3,006	(5,258)
Deferred Revenue	900	-
Net Cash Provided by Operating Activities	\$ 104,713	\$ 27,127

See accompanying Notes to Financial Statements.

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**AUSTIN-MOWER COUNTY AREA TRANSIT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Presentation

The financial statements of Austin-Mower County Area Transit have been prepared in conformity with U.S. generally accepted accounting principles (GAAP) as applied to governmental units. The Government Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The GASB pronouncements are recognized as U.S. generally accepted accounting principles for state and local governments.

This financial report has been prepared in conformity with GASB Statement No. 34, Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments, issued in June 1999.

B. Reporting Entity

The Austin-Mower County Area Transit (AMCAT) was created jointly by the City of Austin and Mower County in June 2004 pursuant to Minnesota Statute Section 471.59. The purpose of this jointly governed organization is to provide an efficient, centralized public transit system to service the needs of all citizens residing within the geographic area of Mower County, including the City of Austin.

The Fund is governed by a five-member Board of Directors. Directors are appointed and qualified as follows:

1. Two Directors who are members of and are appointed by the Austin City Council
2. Two Directors who are members of and are appointed by the Mower County Board of Commissioners
3. One Director who is a resident of Mower County and shall be mutually appointed by the Austin City Council and the Mower County Board of Commissioners.

In addition to the Directors, there are two ex-officio members of the Board of Directors. These ex-officio members are not entitled to vote, however, they are entitled to attend and participate in all board meetings. The ex-officio members of the Board are as follows:

1. Austin City Administrator
2. Mower County Coordinator

If a member of the Board, who is also a member of the Austin City Council or the Mower County Board of Commissioners, ceases to be a member of the City Council or Board of Commissioners, then such member also ceases to be a member of AMCAT’s Board of Directors. The vacancy created will be filled by a member of the respective governing body for the remainder of the vacant director’s unexpired term.

**AUSTIN-MOWER COUNTY AREA TRANSIT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

B. Reporting Entity (Continued)

For financial reporting purposes, AMCAT has included all funds, organizations, agencies, boards, commissions, and authorities. AMCAT has also considered all potential units for which it is financially accountable, and other organizations for which the nature and significance of their relationship with AMCAT are such that exclusion would cause AMCAT's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board (GASB) has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body, and (1) the ability of the primary government to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on the primary government. AMCAT has no component units that meet the GASB criteria.

C. Basis of Accounting

Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The accompanying financial statements have been prepared on the accrual basis of accounting in conformity with generally accepted accounting principles. Revenues are recognized when earned and expenses are recorded when the related liability is incurred. The principal operating revenues are federal and state grants, plus fare box revenues, while the principal operating expenses are for the payment to the third party contractor and fuel.

In accordance with Governmental Accounting Standards Board (GASB) Statement 20, the Fund has elected not to apply the Financial Accounting Standards Board (FASB) Statements and interpretations issued after November 30, 1989.

D. Cash and Cash Equivalents

Cash and cash equivalents consist of deposits in the investment pool of the City of Austin. All balances are reported at fair value, as of December 31, 2009 and 2008.

E. Due From Other Governments

Due from other governments represents the remaining balance from the federal and state grants that are used to operate and maintain the system.

NOTE 2 CASH AND INVESTMENTS

The City of Austin maintains a cash and investment pool that is available for use by AMCAT. AMCAT deposits all investments within the City of Austin's investment pool. Earnings from such investments are allocated to AMCAT and respective City funds on the basis of applicable balance participation by each fund. The City's investment pool does not specifically identify AMCAT's investments.

**AUSTIN-MOWER COUNTY AREA TRANSIT
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

NOTE 3 CAPITAL ASSETS

The following is a summary of changes in capital assets for the years ended December 31, 2009 and 2008:

	<u>12/31/08</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/09</u>
Vehicles	\$ 459,576	\$ 186,057	\$ -	\$ 645,633
Subtotal	459,576	186,057	-	645,633
Less: Accumulated Depreciation	252,648	51,245	-	303,893
Net Capital Assets	<u>\$ 206,928</u>	<u>\$ 134,812</u>	<u>\$ -</u>	<u>\$ 341,740</u>

	<u>12/31/07</u>	<u>Additions</u>	<u>Deletions</u>	<u>12/31/08</u>
Vehicles	\$ 427,910	\$ 119,166	\$ 87,500	\$ 459,576
Subtotal	427,910	119,166	87,500	459,576
Less: Accumulated Depreciation	283,484	55,753	86,589	252,648
Net Capital Assets	<u>\$ 144,426</u>	<u>\$ 63,413</u>	<u>\$ 911</u>	<u>\$ 206,928</u>

NOTE 4 NET ASSETS

As of December 31, 2009 and 2008 the Board of Directors has designated \$59,525 and \$59,525, respectively, of Unrestricted Net Assets to be used only for capital items.

NOTE 5 CONTINGENCIES

Amounts received or receivable from federal and state agencies are subject to agency audit and adjustment. Any disallowed claims, including amounts already collected, may constitute a liability. The amount, if any, of funds which may be disallowed by the agencies cannot be determined at this time although AMCAT expects such amounts, if any, to be immaterial.

NOTE 6 RISK MANAGEMENT

AMCAT is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. AMCAT has purchased commercial insurance policies to handle any losses arising from various risks. During the year ended December 31, 2009, there were no significant changes in insurance coverage from the prior year and there have been no significant settlements for the last three years.

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SUPPLEMENTARY INFORMATION

**AUSTIN-MOWER COUNTY AREA TRANSIT
COMBINING SCHEDULE OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008**

	Regular Route		Work Route	
	2009	2008	2009	2008
OPERATING REVENUES				
Federal Grants	\$ 131,800	\$ 148,979	\$ -	\$ -
State Grants	264,482	210,159	31,243	56,421
Fare Box Revenues	104,931	104,242	26,031	30,050
Lease Revenues	10,800	10,800	-	-
Local Grants	-	-	35,000	30,000
Total Operating Revenues	<u>\$ 512,013</u>	<u>\$ 474,180</u>	<u>\$ 92,274</u>	<u>\$ 116,471</u>
OPERATING EXPENSES				
Contracted Services	\$ 276,435	\$ 273,177	\$ 59,197	\$ 59,541
Administrative and General Expense	90,768	86,110	1,047	705
Vehicle Expense	73,996	102,247	23,233	26,925
Total Administrative and Vehicle Expense	<u>\$ 441,199</u>	<u>\$ 461,534</u>	<u>\$ 83,477</u>	<u>\$ 87,171</u>
Depreciation	38,512	43,996	6,280	6,030
Total Operating Expenses	<u>\$ 479,711</u>	<u>\$ 505,530</u>	<u>\$ 89,757</u>	<u>\$ 93,201</u>
OPERATING INCOME (LOSS)	<u>\$ 32,302</u>	<u>\$ (31,350)</u>	<u>\$ 2,517</u>	<u>\$ 23,270</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment Income	\$ 662	\$ 5,856	\$ 23	\$ 203
Advertising Revenue	5,762	5,095	960	849
Private Contributions	5,000	5,000	-	-
Federal Capital Grant	173,876	94,400	-	-
Gain on Disposal of Vehicle	-	2,489	-	-
Miscellaneous Revenues (Expenses)	-	(30,000)	-	-
Total Non-Operating Revenues (Expenses)	<u>\$ 185,300</u>	<u>\$ 82,840</u>	<u>\$ 983</u>	<u>\$ 1,052</u>
CHANGE IN NET ASSETS BEFORE TRANSFERS				
	\$ 217,602	\$ 51,490	\$ 3,500	\$ 24,322
Transfer of Buses	(57,477)	(21,384)	33,092	4,528
Transfer	5,768	34,116	(1,961)	(30,353)
CHANGE IN NET ASSETS	<u>\$ 165,893</u>	<u>\$ 64,222</u>	<u>\$ 34,631</u>	<u>\$ (1,503)</u>
NET ASSETS, BEGINNING	<u>405,514</u>	<u>341,292</u>	<u>4,527</u>	<u>6,030</u>
NET ASSETS, ENDING	<u><u>\$ 571,407</u></u>	<u><u>\$ 405,514</u></u>	<u><u>\$ 39,158</u></u>	<u><u>\$ 4,527</u></u>

Dialysis Route		Total	
2009	2008	2009	2008
\$ -	\$ -	\$ 131,800	\$ 148,979
12,350	3,490	308,075	270,070
-	-	130,962	134,292
-	-	10,800	10,800
25,000	25,000	60,000	55,000
<u>\$ 37,350</u>	<u>\$ 28,490</u>	<u>\$ 641,637</u>	<u>\$ 619,141</u>
\$ 13,077	\$ 13,728	\$ 348,709	\$ 346,446
1,047	705	92,862	87,520
<u>8,092</u>	<u>11,892</u>	<u>105,321</u>	<u>141,064</u>
\$ 22,216	\$ 26,325	\$ 546,892	\$ 575,030
6,453	5,727	51,245	55,753
<u>\$ 28,669</u>	<u>\$ 32,052</u>	<u>\$ 598,137</u>	<u>\$ 630,783</u>
<u>\$ 8,681</u>	<u>\$ (3,562)</u>	<u>\$ 43,500</u>	<u>\$ (11,642)</u>
\$ 84	\$ 749	\$ 769	\$ 6,808
960	849	7,682	6,793
-	-	5,000	5,000
-	-	173,876	94,400
-	-	-	2,489
<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>
<u>\$ 1,044</u>	<u>\$ 1,598</u>	<u>\$ 187,327</u>	<u>\$ 85,490</u>
\$ 9,725	\$ (1,964)	\$ 230,827	\$ 73,848
24,385	16,856	-	-
<u>(3,807)</u>	<u>(3,763)</u>	<u>-</u>	<u>-</u>
\$ 30,303	\$ 11,129	\$ 230,827	\$ 73,848
26,794	15,665	436,835	362,987
<u>\$ 57,097</u>	<u>\$ 26,794</u>	<u>\$ 667,662</u>	<u>\$ 436,835</u>

