

**AUSTIN-MOWER COUNTY AREA TRANSIT**  
**FINANCIAL STATEMENTS AND**  
**SUPPLEMENTARY INFORMATION**  
**YEARS ENDED DECEMBER 31, 2010 AND 2009**



**AUSTIN-MOWER COUNTY AREA TRANSIT  
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## INTRODUCTION SECTION



**AUSTIN-MOWER COUNTY AREA TRANSIT  
ORGANIZATION SCHEDULE  
DECEMBER 31, 2010**

**BOARD OF DIRECTORS**

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

**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, 2010 and 2009 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, 2010 and 2009 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 #1P*

**LarsonAllen LLP**

Austin, Minnesota  
March 15, 2011



(1)  
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**REQUIRED SUPPLEMENTARY INFORMATION**

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**AUSTIN-MOWER COUNTY AREA TRANSIT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010 AND 2009**

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, 2010 and 2009. 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.

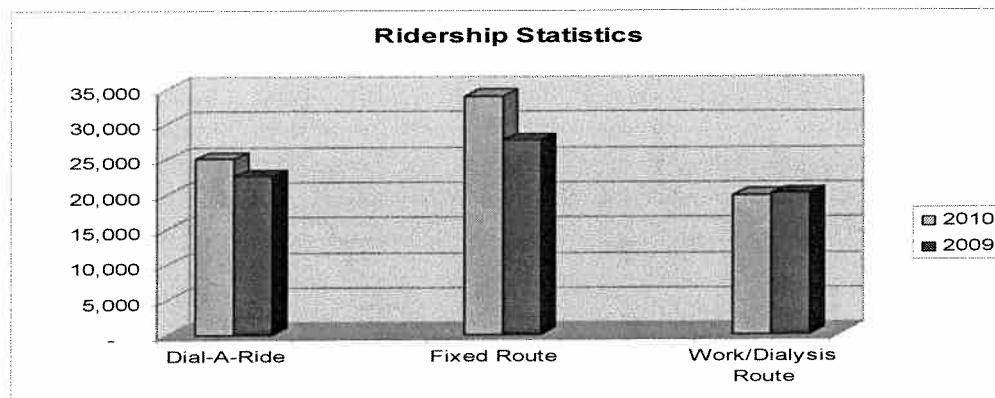
The basic proprietary fund financial statements can be found on pages 8-10 of this report.

**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 (60%) are invested in capital assets at December 31, 2010. This represents the net investment in the buses that transport citizens around the community for the AMCAT system, plus the improvements that have been made to the leased building. The remaining net assets of AMCAT are unrestricted (40%). 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, 2010 and 2009 was as follows:



**AUSTIN-MOWER COUNTY AREA TRANSIT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010 AND 2009**

**AUSTIN-MOWER COUNTY AREA TRANSIT NET ASSETS**

The following tables summarize the financial position of Austin-Mower County Area Transit as of December 31, 2010 and 2009:

**Condensed Balance Sheets**

	<u>2010</u>	<u>2009</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Current Assets	\$ 509,004	\$ 411,574	\$ 97,430	23.67%
Capital Assets, Net	562,303	341,740	220,563	64.54%
Total Assets	<u>\$ 1,071,307</u>	<u>\$ 753,314</u>	<u>\$ 317,993</u>	42.21%
Current Liabilities	<u>\$ 136,751</u>	<u>\$ 85,652</u>	<u>\$ 51,099</u>	59.66%
Total Liabilities	<u>\$ 136,751</u>	<u>\$ 85,652</u>	<u>\$ 51,099</u>	59.66%
Net Assets:				
Invested in Capital Assets	\$ 562,303	\$ 341,740	\$ 220,563	64.54%
Unrestricted	<u>372,253</u>	<u>325,922</u>	<u>46,331</u>	14.22%
Total Net Assets	<u>\$ 934,556</u>	<u>\$ 667,662</u>	<u>\$ 266,894</u>	39.97%
Total Liabilities and Net Assets	<u>\$ 1,071,307</u>	<u>\$ 753,314</u>	<u>\$ 317,993</u>	42.21%

Condensed balance sheet highlights are as follows for the year ended December 31, 2010:

- The net assets of the Austin-Mower County Area Transit exceeded liabilities by \$934,556 (Net Assets).
- Current assets increased by \$97,430 primarily due to increased operating grant revenues and a one-time federal capital grant. A large due from other governments balance exists at year end as AMCAT waits for the final payments on the federal grant that was used in 2010. Current assets consist of cash and cash equivalents, accounts receivable and due from other governments.
- Long-term assets (capital assets) of \$562,303 consist of the net value of the buses that are used in the AMCAT system, plus the improvements that were made to the leased facility. Long-term assets increased \$220,563 from 2009 to 2010 primarily as a result of the \$276,316 of improvements made to the facility, including a partial new roof, new heating and air conditioning equipment, new garage doors, and a new building front that is estimated to reduce operational costs through utility savings. Additionally, two fully depreciated buses were sold during the year and an additional year of depreciation expense accounted for the net increase of \$220,563.
- Current liabilities increased by \$51,099 as the fourth quarter fuel bill and the final payment to the contractor for the building improvements were still outstanding at year end.
- Total net assets increased by \$266,894 primarily as a result of the federal capital grant (\$250,000) that was received during 2010, plus another strong year of operations. 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, 2010 AND 2009**

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	\$ 85,652	\$ 78,706	\$ 6,946	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, 2010 AND 2009**

The following charts summarize operating revenues, expenses, and changes in net assets of Austin-Mower County Area Transit for the years ended December 31, 2010 and 2009:

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

	<u>2010</u>	<u>2009</u>	<u>Dollar Change</u>	<u>Percentage Change</u>
Operating Revenues:				
Federal Grants	\$ 120,620	\$ 131,800	\$ (11,180)	(8.48%)
State Grants	334,980	308,075	26,905	8.73%
Fare Box Revenues	139,403	130,962	8,441	6.45%
Lease Revenues	10,800	10,800	-	N/A
Local Grants	45,000	60,000	(15,000)	(25.00%)
Total Operating Revenues	<u>\$ 650,803</u>	<u>\$ 641,637</u>	<u>\$ 9,166</u>	1.43%
Operating Expenses:				
Administrative and General	464,211	441,571	22,640	5.13%
Vehicle	130,712	105,321	25,391	24.11%
Depreciation	55,753	51,245	4,508	8.80%
Total Operating Expenses	<u>\$ 650,676</u>	<u>\$ 598,137</u>	<u>\$ 52,539</u>	8.78%
Operating Income	<u>\$ 127</u>	<u>\$ 43,500</u>	<u>\$ (43,373)</u>	(99.71%)
Non-Operating Revenues	<u>266,767</u>	<u>187,327</u>	<u>79,440</u>	42.41%
Change in Net Assets	<u><u>\$ 266,894</u></u>	<u><u>\$ 230,827</u></u>	<u><u>\$ 36,067</u></u>	15.63%
Beginning Net Assets	\$ 667,662	\$ 436,835	\$ 230,827	52.84%
Change in Net Assets	266,894	230,827	36,067	15.63%
Ending Net Assets	<u><u>\$ 934,556</u></u>	<u><u>\$ 667,662</u></u>	<u><u>\$ 266,894</u></u>	39.97%

Condensed statements of revenues, expenses, and changes in net assets highlights are as follows for the year ended December 31, 2010:

- Federal and state grants comprised 70% of the operating revenue of the AMCAT system for 2010.
- Fare box revenues have increased \$8,441 (6.45%) from 2009 to 2010. Ridership, and consequently fare box revenue, has increased by 8,522 trips from 2009 to 2010 primarily from additional routes that have been added throughout the community.
- Administrative and general operating expenses increased by \$22,640 from 2009 to 2010. Increases in reimbursable staff time equated to most of the 5.13% increase in administrative and general expenses. Administrative and general operating expense comprise 71% of the operating expenses of the AMCAT system for 2010. This includes payment to the third party contractor for the operations oversight of the system.
- Vehicle expenses have increased \$25,391 from 2009 to 2010. The increase in the cost of fuel is the primary reason for the 24.11% increase in this category.
- Non-operating revenues (expenses) increased \$79,440 (42.41%). The AMCAT system completed the remodeling of the transit facility in 2010, which were entirely funded through the American Recovery and Reinvestment Act of 2009 (ARRA). These stimulus funds were used to help make energy and operation improvements to the facility in the hopes of reducing costs in the future.

**AUSTIN-MOWER COUNTY AREA TRANSIT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
DECEMBER 31, 2010 AND 2009**

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, 2010 AND 2009**

**CAPITAL ASSETS:**

**Capital assets.** AMCAT's investment in capital assets for its business-type activities as of December 31, 2010 amounts to \$562,303 (net of accumulated depreciation). This investment in capital assets includes vehicles and construction in progress for the building improvements. The total increase in AMCAT's investment in capital assets (net of accumulated depreciation) was 64.54 percent. There were no vehicle additions for 2010, however two buses were disposed of for the year.

**AUSTIN-MOWER COUNTY AREA TRANSIT CAPITAL ASSETS**

	<b>2010</b>	<b>2009</b>
Vehicles	\$ 556,345	\$ 645,633
Total	556,345	645,633
Less: Accumulated Depreciation	(270,358)	(303,893)
Subtotal	285,987	341,740
Construction In Progress	276,316	-
Net Capital Assets	\$ 562,303	\$ 341,740

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 4<sup>th</sup> Avenue NE, Austin, Minnesota, 55912.

## **BASIC FINANCIAL STATEMENTS**

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**AUSTIN-MOWER COUNTY AREA TRANSIT  
BALANCE SHEETS  
DECEMBER 31, 2010 AND 2009**

<b>ASSETS</b>	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash and Cash Equivalents	\$ 402,867	\$ 362,979
Accounts Receivable	5,594	4,851
Due From Other Governments	100,543	43,744
Total Current Assets	<u>\$ 509,004</u>	<u>\$ 411,574</u>
<b>CAPITAL ASSETS</b>		
Vehicles	\$ 556,345	\$ 645,633
Less: Accumulated Depreciation	(270,358)	(303,893)
Net	<u>\$ 285,987</u>	<u>\$ 341,740</u>
Construction In Progress	276,316	-
Net Capital Assets	<u>\$ 562,303</u>	<u>\$ 341,740</u>
Total Assets	<u><u>\$ 1,071,307</u></u>	<u><u>\$ 753,314</u></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$ 85,717	\$ 39,006
Due To Other Governments	28,117	22,829
Deferred Revenue	22,917	23,817
Total Current Liabilities	<u>\$ 136,751</u>	<u>\$ 85,652</u>
<b>NET ASSETS</b>		
Net Assets:		
Invested In Capital Assets	\$ 562,303	\$ 341,740
Unrestricted	372,253	325,922
Total Net Assets	<u>\$ 934,556</u>	<u>\$ 667,662</u>
Total Liabilities and Net Assets	<u><u>\$ 1,071,307</u></u>	<u><u>\$ 753,314</u></u>

See accompanying Notes to Financial Statements.

**AUSTIN-MOWER COUNTY AREA TRANSIT  
STATEMENTS OF REVENUES, EXPENSES,  
AND CHANGES IN NET ASSETS  
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
<b>OPERATING REVENUES</b>		
Federal Grants	\$ 120,620	\$ 131,800
State Grants	334,980	308,075
Fare Box Revenues	139,403	130,962
Lease Revenues	10,800	10,800
Local Grants	45,000	60,000
Total Operating Revenues	\$ 650,803	\$ 641,637
<b>OPERATING EXPENSES</b>		
Contracted Services	\$ 364,606	\$ 348,709
Administrative and General Expense	99,605	92,862
Vehicle Expense	130,712	105,321
Total Administrative and Vehicle Expense	\$ 594,923	\$ 546,892
Depreciation	55,753	51,245
Total Operating Expenses	\$ 650,676	\$ 598,137
<b>OPERATING INCOME</b>	\$ 127	\$ 43,500
<b>NON-OPERATING REVENUES</b>		
Investment Income	\$ 1,365	\$ 769
Advertising Revenue	7,162	7,682
Private Contributions	5,000	5,000
Federal Capital Grant	250,000	173,876
Gain on Disposal of Vehicle	3,240	-
Total Non-Operating Revenues	\$ 266,767	\$ 187,327
<b>CHANGE IN NET ASSETS</b>	\$ 266,894	\$ 230,827
<b>NET ASSETS, BEGINNING</b>	667,662	436,835
<b>NET ASSETS, ENDING</b>	\$ 934,556	\$ 667,662

See accompanying Notes to Financial Statements.

**AUSTIN-MOWER COUNTY AREA TRANSIT  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2010 AND 2009**

	2010	2009
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received from Customers, Users, and Grants	\$ 592,361	\$ 632,877
Cash Received from Others	12,162	12,682
Cash Paid to Suppliers	(542,924)	(540,846)
Net Cash Provided by Operating Activities	\$ 61,599	\$ 104,713
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES</b>		
Capital Assets Acquisitions	\$ (276,316)	\$ (186,057)
Proceeds from Capital Grant	250,000	173,876
Proceeds from Sale of Capital Assets	3,240	-
Net Cash Used by Capital Financing Activities	\$ (23,076)	\$ (12,181)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Received on Investments	\$ 1,365	\$ 769
Net Cash Provided by Investing Activities	\$ 1,365	\$ 769
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	\$ 39,888	\$ 93,301
Cash and Cash Equivalents - Beginning	362,979	269,678
<b>CASH AND CASH EQUIVALENTS - ENDING</b>	\$ 402,867	\$ 362,979
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Operating Income	\$ 127	\$ 43,500
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities		
Depreciation	55,753	51,245
Miscellaneous Revenue	12,162	12,682
(Increase) Decrease in:		
Accounts Receivable	(743)	910
Due From Other Governments	(56,799)	(10,570)
Increase (Decrease) in:		
Accounts Payable	46,711	3,040
Due To Other Governments	5,288	3,006
Deferred Revenue	(900)	900
Net Cash Provided by Operating Activities	\$ 61,599	\$ 104,713

See accompanying Notes to Financial Statements.

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**AUSTIN-MOWER COUNTY AREA TRANSIT  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2010 AND 2009**

**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, 2010 AND 2009**

**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, 2010 and 2009.

**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, 2010 AND 2009**

**NOTE 3 CAPITAL ASSETS**

The following is a summary of changes in capital assets for the years ended December 31, 2010 and 2009:

	12/31/09	Additions	Deletions	12/31/10
Vehicles	\$ 645,633	\$ -	\$ 89,288	\$ 556,345
Subtotal	645,633	-	89,288	556,345
Less: Accumulated Depreciation	303,893	55,753	89,288	270,358
Net	341,740	(55,753)	-	285,987
Construction In Progress	-	276,316	-	276,316
Net Capital Assets	<u>\$ 341,740</u>	<u>\$ 220,563</u>	<u>\$ -</u>	<u>\$ 562,303</u>

	12/31/08	Additions	Deletions	12/31/09
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>

**NOTE 4 NET ASSETS**

As of December 31, 2010 and 2009 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, 2010, 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, 2010 AND 2009**

	Regular Route		Work Route	
	2010	2009	2010	2009
<b>OPERATING REVENUES</b>				
Federal Grants	\$ 120,620	\$ 131,800	\$ -	\$ -
State Grants	288,293	264,482	41,971	31,243
Fare Box Revenues	112,373	104,931	27,030	26,031
Lease Revenues	10,800	10,800	-	-
Local Grants	-	-	20,000	35,000
Total Operating Revenues	<u>\$ 532,086</u>	<u>\$ 512,013</u>	<u>\$ 89,001</u>	<u>\$ 92,274</u>
<b>OPERATING EXPENSES</b>				
Contracted Services	\$ 293,468	\$ 276,435	\$ 61,449	\$ 59,197
Administrative and General Expense	98,107	90,768	749	1,047
Vehicle Expense	97,019	73,996	28,433	23,233
Total Administrative and Vehicle Expense	\$ 488,594	\$ 441,199	\$ 90,631	\$ 83,477
Depreciation	41,128	38,512	7,013	6,280
Total Operating Expenses	<u>\$ 529,722</u>	<u>\$ 479,711</u>	<u>\$ 97,644</u>	<u>\$ 89,757</u>
<b>OPERATING INCOME (LOSS)</b>	<u>\$ 2,364</u>	<u>\$ 32,302</u>	<u>\$ (8,643)</u>	<u>\$ 2,517</u>
<b>NON-OPERATING REVENUES</b>				
Investment Income	\$ 1,229	\$ 662	\$ 41	\$ 23
Advertising Revenue	5,372	5,762	895	960
Private Contributions	5,000	5,000	-	-
Federal Capital Grant	250,000	173,876	-	-
Gain on Disposal of Vehicle	3,240	-	-	-
Total Non-Operating Revenues	<u>\$ 264,841</u>	<u>\$ 185,300</u>	<u>\$ 936</u>	<u>\$ 983</u>
<b>CHANGE IN NET ASSETS BEFORE TRANSFERS</b>	<u>\$ 267,205</u>	<u>\$ 217,602</u>	<u>\$ (7,707)</u>	<u>\$ 3,500</u>
Transfer of Buses	-	(57,477)	-	33,092
Transfer	(694)	5,768	694	(1,961)
<b>CHANGE IN NET ASSETS</b>	<u>\$ 266,511</u>	<u>\$ 165,893</u>	<u>\$ (7,013)</u>	<u>\$ 34,631</u>
<b>NET ASSETS, BEGINNING</b>	<u>571,407</u>	<u>405,514</u>	<u>39,158</u>	<u>4,527</u>
<b>NET ASSETS, ENDING</b>	<u><u>\$ 837,918</u></u>	<u><u>\$ 571,407</u></u>	<u><u>\$ 32,145</u></u>	<u><u>\$ 39,158</u></u>

Dialysis Route		Total	
2010	2009	2010	2009
\$ -	\$ -	\$ 120,620	\$ 131,800
4,716	12,350	334,980	308,075
-	-	139,403	130,962
-	-	10,800	10,800
25,000	25,000	45,000	60,000
<u>\$ 29,716</u>	<u>\$ 37,350</u>	<u>\$ 650,803</u>	<u>\$ 641,637</u>
\$ 9,689	\$ 13,077	\$ 364,606	\$ 348,709
749	1,047	99,605	92,862
<u>5,260</u>	<u>8,092</u>	<u>130,712</u>	<u>105,321</u>
\$ 15,698	\$ 22,216	\$ 594,923	\$ 546,892
7,612	6,453	55,753	51,245
<u>\$ 23,310</u>	<u>\$ 28,669</u>	<u>\$ 650,676</u>	<u>\$ 598,137</u>
<u>\$ 6,406</u>	<u>\$ 8,681</u>	<u>\$ 127</u>	<u>\$ 43,500</u>
\$ 95	\$ 84	\$ 1,365	\$ 769
895	960	7,162	7,682
-	-	5,000	5,000
-	-	250,000	173,876
-	-	3,240	-
<u>\$ 990</u>	<u>\$ 1,044</u>	<u>\$ 266,767</u>	<u>\$ 187,327</u>
\$ 7,396	\$ 9,725	\$ 266,894	\$ 230,827
-	24,385	-	-
<u>-</u>	<u>(3,807)</u>	<u>-</u>	<u>-</u>
\$ 7,396	\$ 30,303	\$ 266,894	\$ 230,827
57,097	26,794	667,662	436,835
<u>\$ 64,493</u>	<u>\$ 57,097</u>	<u>\$ 934,556</u>	<u>\$ 667,662</u>

