

---

Washington and Bruce Townships Senior  
Transportation Thru Advanced Reservation

---

**Financial Report**  
**with Supplemental Information**  
**March 31, 2020**

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

---

## Contents

---

|  |      |
|--|------|
| <b>Independent Auditor's Report</b>  | 1-2  |
| <b>Management's Discussion and Analysis</b>  | 3-4  |
| <b>Basic Financial Statements</b>  |      |
| Governmental Fund Balance Sheet - Statement of Net Position  | 5    |
| Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance -<br>Statement of Activities | 6    |
| Notes to Financial Statements  | 7-13 |
| <b>Required Supplemental Information</b>   | 14   |
| Budgetary Comparison Schedule - General Fund   | 15   |
| Notes to Required Supplemental Information   | 16   |
| <b>Other Supplemental Information</b>  | 17   |
| Schedule of Detailed Expenditures  | 18   |

## **Independent Auditor's Report**

To the Commissioners  
Washington and Bruce Townships Senior  
Transportation Thru Advanced Reservation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities and the General Fund of Washington and Bruce Townships Senior Transportation Thru Advanced Reservation (the "System") as of and for the year ended March 31, 2020 and the related notes to the financial statements, which collectively comprise Washington and Bruce Townships Senior Transportation Thru Advanced Reservation's basic financial statements, as listed in the table of contents.

#### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

#### ***Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and the General Fund of Washington and Bruce Townships Senior Transportation Thru Advanced Reservation as of March 31, 2020 and the respective changes in its financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### ***Emphasis of Matter***

As described in Note 8 to the financial statements, certain beginning balances for the year ended March 31, 2020 have been restated to correct a misstatement related to capital assets. Our opinion is not modified with respect to this matter.

To the Commissioners  
Washington and Bruce Townships Senior  
Transportation Thru Advanced Reservation

**Other Matters**

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the General Fund budgetary comparison schedule, as identified in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplemental information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Other Supplemental Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise Washington and Bruce Townships Senior Transportation Thru Advanced Reservation's basic financial statements. The other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements.

The other supplemental information, as identified in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, as identified in the table of contents, is fairly stated in all material respects in relation to the basic financial statements as a whole.



August 12, 2020

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

## Management's Discussion and Analysis

Our discussion and analysis of Washington and Bruce Townships Senior Transportation Thru Advanced Reservation's (STAR or the "System") financial performance provides an overview of its financial activities for the fiscal year ended March 31, 2020. Please read it in conjunction with STAR's financial statements.

STAR's financial statements are presented on both the modified accrual basis and the government-wide basis, in accordance with Governmental Accounting Standards Board Statement (GASB) No. 34. The modified accrual basis presents a short-term view; it tells us how the taxpayers' resources were spent during the year, as well as how much is available for future spending. The government-wide statements present a longer-term view of the System's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the taxpayers have funded the full cost of providing STAR's services.

To remain consistent with GASB Statement No. 34, the management's discussion and analysis report includes comparative data from the prior year within the financial sections below.

### **Washington and Bruce Townships Senior Transportation Thru Advanced Reservation as a Whole**

The following tables show, in a condensed format, the net position as of March 31, 2020 and 2019 and the changes in net position for the years then ended:

|   | 2020*               | 2019                |
|---|---------------------|---------------------|
| <b>Assets</b>   |                     |                     |
| Current and other assets                                | \$ 1,119,968        | \$ 1,176,826        |
| Capital assets  | 343,585             | 41,188              |
| Total assets  | 1,463,553           | 1,218,014           |
| <b>Liabilities</b>                                      |                     |                     |
|   | 7,548               | 69,116              |
| <b>Net position</b>                                     |                     |                     |
| Net investment in capital assets                        | 343,585             | 41,188              |
| Unrestricted  | 1,112,420           | 1,107,710           |
| Total net position                                      | <b>\$ 1,456,005</b> | <b>\$ 1,148,898</b> |
|   | 2020                | 2019                |
| <b>Revenue</b>  |                     |                     |
| Taxes   | \$ 466,894          | \$ 457,347          |
| Intergovernmental                                       | 139,944             | 143,961             |
| Investment earnings                                     | 2,702               | 2,295               |
| Other revenue   | 114,856             | 2,494               |
| Total revenue   | 724,396             | 606,097             |
| <b>Expenditures</b>                                     | 647,397             | 600,923             |
| <b>Other Financing Sources</b> - Sale of capital assets | 7,700               | 3,951               |
| <b>Change in Net Position</b>                           | <b>\$ 84,699</b>    | <b>\$ 9,125</b>     |

\*Capital asset and net position beginning balances for 2020 have been restated to correct a misstatement in the reported capital assets and net position as of March 31, 2019. The ending balances for 2019 were not revised.

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

---

## Management's Discussion and Analysis (Continued)

---

The System's increase in net position during the year was \$84,699. STAR's revenue consists of millages from Washington and Bruce townships, municipal and community credits, a specialized service grant from SMART, a regional transportation system, interest revenue, donations, and additional services. Total revenue increased by \$118,299 primarily due to donated capital assets, as well as an increase in the taxable value of the properties located in Washington and Bruce townships. Net capital assets increased by approximately \$302,000 due to the \$222,408 prior period adjustment described in Note 8 and the addition of four vehicles during the year.

### ***General Fund Budgetary Highlights***

Revenue appeared favorable this fiscal year. Total revenue came in approximately \$4,000 less than anticipated due to the timing of collection of property tax and state-shared revenue. Expenditures were less than budgeted amounts by approximately \$18,000 mainly due to expenses decreasing as a result of a decrease in services during the COVID-19 pandemic in March 2020.

### ***Economic Factors and Next Year's Budgets and Rates***

Tax revenue is projected to increase modestly. Expenses will be managed to provide effective and efficient service. No funds were needed to balance the budget. If opportunity comes up that cars/buses become available, a budget amendment would need to be made to align with our vehicle replacement needs. The board has agreed for STAR to assign a total of \$800,000: \$650,000 for capital development and \$150,000 toward future use and development.

The economic factors of the COVID-19 pandemic may have an impact on the 2020 General Fund budget. The System is diligently working to ensure budgetary impacts will be proactively addressed.

### ***Requests for Further Information***

This financial report is intended to provide our citizens, customers, and investors with a general overview of STAR's finances and show STAR's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the STAR transportation office.

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

## Governmental Fund Balance Sheet - Statement of Net Position

March 31, 2020

|   | Balance Sheet -<br>Modified Accrual<br>Basis | Adjustments<br>(Note 2) | Statement of Net<br>Position - Full<br>Accrual Basis |
|---|--|-------------------------|--|
| <b>Assets</b>   |  |                         |  |
| Cash and investments (Note 3)   | \$ 1,033,794                                 | \$ -                    | \$ 1,033,794   |
| Receivables - Due from other governmental units                           | 86,174                                       | -                       | 86,174   |
| Capital assets - Subject to depreciation (Note 4)                         | -  | 343,585                 | 343,585  |
| <b>Total assets</b>   | <b>\$ 1,119,968</b>                          | 343,585                 | 1,463,553  |
| <b>Liabilities</b>  |  |                         |  |
| Accounts payable  | \$ 133                                       | -                       | 133  |
| Due to other governmental units   | 7,163  | -                       | 7,163  |
| Employee compensated absences - Due in more than one year                 | -  | 252                     | 252  |
| <b>Total liabilities</b>  | 7,296  | 252                     | 7,548  |
| <b>Deferred Inflows of Resources</b> - Unavailable revenue                | 57,016                                       | (57,016)                | -  |
| <b>Equity</b>   |  |                         |  |
| Fund balance:   |  |                         |  |
| Assigned:   |  |                         |  |
| Future use and development  | 150,000                                      | (150,000)               | -  |
| Capital projects  | 650,000                                      | (650,000)               | -  |
| Unassigned  | 255,656                                      | (255,656)               | -  |
| <b>Total fund balance</b>   | 1,055,656                                    | (1,055,656)             | -  |
| <b>Total liabilities, deferred inflows of resources, and fund balance</b> | <b>\$ 1,119,968</b>                          |                         |  |
| <b>Net position:</b>  |  |                         |  |
| Net investment in capital assets  |  | 343,585                 | 343,585  |
| Unrestricted  |  | 1,112,420               | 1,112,420  |
| <b>Total net position</b>   |  | <b>\$ 1,456,005</b>     | <b>\$ 1,456,005</b>                                  |

## Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

### Statement of Governmental Fund Revenue, Expenditures, and Changes in Fund Balance - Statement of Activities

Year Ended March 31, 2020

|   | Revenue and<br>Expenditures -<br>Modified Accrual<br>Basis | Adjustments<br>(Note 2) | Statement of<br>Activities - Full<br>Accrual Basis |
|---|--|-------------------------|--|
| <b>Revenue</b>  |  |                         |  |
| Taxes   | \$ 466,894   | \$ -                    | \$ 466,894   |
| Intergovernmental:  |  |                         |  |
| State revenue   | 31,853   | 15,708                  | 47,561   |
| Shared revenue  | 90,254   | 2,129                   | 92,383   |
| Investment earnings   | 2,702  | -                       | 2,702  |
| Other revenue   | 114,856  | -                       | 114,856  |
| Total revenue   | 706,559  | 17,837                  | 724,396  |
| <b>Expenditures</b>   |  |                         |  |
| Salaries  | 346,770  | -                       | 346,770  |
| Vehicles  | 59,730   | -                       | 59,730   |
| Administrative  | 71,192   | 92,236                  | 163,428  |
| Benefits  | 76,467   | 113                     | 76,580   |
| Capital outlay  | 173,114  | (172,225)               | 889  |
| Total expenditures  | 727,273  | (79,876)                | 647,397  |
| <b>Other Financing Sources</b> - Sale of capital assets                     | 7,700  | -                       | 7,700  |
| <b>Net Change in Fund Balance/Net Position</b>                              | (13,014)   | 97,713                  | 84,699   |
| <b>Fund Balance/Net Position</b> - Beginning of year - As restated (Note 8) | 1,068,670  | 302,636                 | 1,371,306  |
| <b>Fund Balance/Net Position</b> - End of year                              | <b>\$ 1,055,656</b>  | <b>\$ 400,349</b>       | <b>\$ 1,456,005</b>                                |



# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

## Notes to Financial Statements

March 31, 2020

### Note 1 - Summary of Significant Accounting Policies

The following is a summary of the significant accounting policies used by Washington and Bruce Townships Senior Transportation Thru Advanced Reservation:

#### ***Reporting Entity***

Washington and Bruce Townships Senior Transportation Thru Advanced Reservation (the "System") was organized on December 29, 1981 by a joint resolution between Washington and Bruce townships. The System was organized to provide transportation services to residents of the two townships who are 60 years of age or older. The System is governed by a two-member board with one representative each from Bruce and Washington townships and one alternative member from each township. The System is not considered to be a component unit of the townships of Bruce or Washington.

#### ***Accounting and Reporting Principles***

The System follows accounting principles generally accepted in the United States of America (GAAP) applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board (GASB).

#### ***Report Presentation***

Governmental accounting principles require that financial reports include two different perspectives: the government-wide perspective and the fund-based perspective. The General Fund column reports activities on the modified accrual basis of accounting, as discussed below, which demonstrates accountability for how the current resources have been spent. The government-wide column is presented on the economic resources measurement focus and the full accrual basis of accounting in order to measure the cost of providing government services and the extent to which constituents have paid the full cost of government services.

On the full accrual basis of accounting, revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

#### ***Fund Accounting***

The System accounts for its activities in one governmental fund. The General Fund is the primary operating fund and accounts for all financial resources used to provide services.

#### ***Basis of Accounting***

The General Fund uses the current financial resources measurement focus and the modified accrual basis of accounting. This basis of accounting is intended to better demonstrate accountability for how the System has spent its resources.

Expenditures are reported when the goods are received or the services are rendered. Capital outlays are reported as expenditures (rather than as capital assets) because they reduce the ability to spend resources in the future; conversely, employee benefit costs that will be funded in the future (such as sick and vacation pay) are not counted until they come due for payment.

Revenue is not recognized until it is collected or collected soon enough after the end of the year that it is available to pay for obligations outstanding at the end of the year. For this purpose, the System considers amounts collected within 60 days of year end to be available for recognition. The following major revenue sources meet the availability criterion: intergovernmental revenue and most property taxes. Conversely, some property tax revenue, intergovernmental state revenue, and shared revenue will be collected after the period of availability; receivables have been recorded for these, along with a deferred inflow of resources.

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

## Notes to Financial Statements

March 31, 2020

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### *Specific Balances and Transactions*

##### **Cash and Investments**

Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

##### **Capital Assets**

Capital assets, which include equipment and vehicles, are reported in the statement of net position. Capital assets are defined by the System as assets with an initial individual cost of more than \$1,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated acquisition value at the date of donation.

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

| <u>Capital Asset Class</u> | <u>Depreciable Life -<br/>Years</u> |
|----------------------------|-------------------------------------|
| Equipment                  | 5                                   |
| Vehicles                   | 5                                   |
| Land improvements          | 15                                  |

##### **Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and will not be recognized as an outflow of resources (expense/expenditure) until then. The System has no deferred outflows of resources.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and will not be recognized as an inflow of resources (revenue) until that time. Unavailable revenue qualifies for reporting in this category and arises only under a modified accrual basis of accounting. Unavailable revenue is reported only in the General Fund balance sheet. The General Fund reports unavailable revenue from property taxes, intergovernmental state revenue, and shared revenue. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

##### **Net Position Flow Assumption**

The System will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the System's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

---

## Notes to Financial Statements

---

March 31, 2020

### Note 1 - Summary of Significant Accounting Policies (Continued)

#### **Fund Balance Flow Assumptions**

The System will sometimes fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the System's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Furthermore, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

#### **Fund Balance Policies**

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The System itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the System's highest level of decision-making authority. The System's commissioners are the highest level of decision-making authority for the System that can, prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the System for specific purposes, but do not meet the criteria to be classified as committed. The commissioners may also assign fund balance, as they do when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

#### **Property Tax Revenue**

Property taxes are levied on each December 1 and become an enforceable lien at that time; the tax is based on the taxable valuation of property as of the preceding December 31. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The System's 2019 property tax revenue was levied and collectible on December 1, 2019 and is recognized as revenue in the year ended March 31, 2020 when the proceeds of the levy are budgeted and available for the financing of operations.

The System receives property taxes levied by the member townships of Washington and Bruce. The 2019 taxable valuation of all the property subject to the System's millage is \$1.449 billion and \$496 million for Washington Township and Bruce Township, respectively, on which taxes levied consisted of total mills of 0.2381 and 0.2429, respectively. This resulted in approximately \$470,000 for operations. This amount is recognized as tax revenue.

#### **Compensated Absences (Vacation and Sick Leave)**

It is the System's policy to permit employees to accumulate earned but unused sick, vacation, and personal day benefits. All compensated absence pay is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in the General Fund only for employee terminations as of year end.

March 31, 2020

**Note 1 - Summary of Significant Accounting Policies (Continued)**

**Use of Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

**Upcoming Accounting Pronouncements**

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The System is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the System's financial statements for the year ending March 31, 2021.

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The System is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the System's financial statements for the year ending March 31, 2022.

In January 2020, the GASB issued Statement No. 92, *Omnibus 2020*. This statement addresses eight unrelated practice issues and technical inconsistencies in authoritative literature. The standard addresses leases, intraentity transfers of assets, postemployment benefits, government acquisitions, risk financing and insurance-related activities of public entity risk pools, fair value measurements, and derivative instruments. The standard has various effective dates. The System does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

## Notes to Financial Statements

March 31, 2020

### Note 2 - Reconciliation of Government-wide and Fund Financial Statements

Total fund balance and the net change in fund balance of Washington and Bruce Townships Senior Transportation Thru Advanced Reservation's modified accrual reporting differs from net position and change in net position of the full accrual reporting in the statement of net position and the statement of activities. This difference results primarily from the long-term economic focus of the full accrual reporting versus the current economic focus of modified accrual reporting. The following are reconciliations of fund balance (modified accrual basis) to net position (full accrual basis) and the net change in fund balance to the net change in net position:

|  |                     |
|--|---------------------|
| <b>Fund Balance Reported in Governmental Funds</b>   | \$ 1,055,656        |
| Amounts reported for governmental activities in the statement of net position are different because:   |                     |
| Capital assets used in governmental activities are not financial resources and are not reported in the fund  | 343,585             |
| Property tax, intergovernmental state and shared receivables that are not collected soon after year end are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the fund | 57,016              |
| Some employee fringe benefits are payable over a long period of years and do not represent a claim on current financial resources; therefore, they are not reported as fund liabilities  | (252)               |
| <b>Net Position of Governmental Activities</b>   | <u>\$ 1,456,005</u> |
| <b>Net Change in Fund Balance - Total Governmental Funds</b>   | \$ (13,014)         |
| Amounts reported for governmental activities in the statement of activities are different because:   |                     |
| Governmental funds report capital outlays as expenditures; however, in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:   |                     |
| Capital outlay   | 172,225             |
| Depreciation expense   | (92,236)            |
| Property tax and intergovernmental revenue in the statement of activities that does not provide current financial resources is not reported as revenue in the funds until collected or collectible within 60 days of year end    | 17,837              |
| The change in accumulated employee sick and vacation pay is recorded when earned in the statement of activities  | (113)               |
| <b>Change in Net Position of Governmental Activities</b>   | <u>\$ 84,699</u>    |

### Note 3 - Deposits and Investments

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

## Notes to Financial Statements

March 31, 2020

### Note 3 - Deposits and Investments (Continued)

The System has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and certificates of deposit, but not the remainder of state statutory authority, as listed above. The System's deposits and investments are in accordance with statutory authority.

The System's cash and investments are subject to custodial credit risk, which is examined in more detail below:

#### **Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the System's deposits may not be returned to it. The System does not have a deposit policy for custodial credit risk. At year end, the System had \$409,068 of bank deposits (certificates of deposit and checking and savings accounts) that were uninsured and uncollateralized. The System believes that, due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all deposits. As a result, the System evaluates each financial institution with which it deposits funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

### Note 4 - Capital Assets

Capital asset activity of the System's governmental activities was as follows:

|                                   | Balance<br>April 1, 2019* | Additions | Disposals | Balance<br>March 31, 2020 |
|-----------------------------------|---------------------------|-----------|-----------|---------------------------|
| Capital assets being depreciated: |                           |           |           |                           |
| Equipment                         | \$ 25,719                 | \$ -      | \$ -      | \$ 25,719                 |
| Land improvements                 | 42,732                    | -         | -         | 42,732                    |
| Vehicles                          | 660,051                   | 172,225   | (117,419) | 714,857                   |
| Subtotal                          | 728,502                   | 172,225   | (117,419) | 783,308                   |
| Accumulated depreciation:         |                           |           |           |                           |
| Equipment                         | 25,657                    | -         | -         | 25,657                    |
| Land improvements                 | 36,344                    | 2,849     | -         | 39,193                    |
| Vehicles                          | 402,905                   | 89,387    | (117,419) | 374,873                   |
| Subtotal                          | 464,906                   | 92,236    | (117,419) | 439,723                   |
| Net capital assets                | \$ 263,596                | \$ 79,989 | \$ -      | \$ 343,585                |

\*Balances as of April 1, 2019 were restated, as further described in Note 8.

### Note 5 - Defined Contribution Pension Plan

The System provides pension benefits to all of its full-time employees through a defined contribution plan. The Romeo-Washington-Bruce Parks and Recreation Employees Defined Contribution Plan is administered by Massachusetts Mutual Life Insurance Company (MassMutual). In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. As established by board resolution, the System contributes 12 percent of employees' base salaries. In accordance with these requirements, the System contributed \$6,957 during the current year. The System does not require employee contributions.

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

## Notes to Financial Statements

March 31, 2020

### Note 6 - Risk Management

The System is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The System has purchased commercial insurance for medical claims and workers' compensation. The System participates in the Michigan Municipal League Plan risk pool for claims relating to property loss, torts, and errors and omissions. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

The Michigan Municipal League risk pool program operates as a common risk-sharing management program for local units of government in Michigan; member premiums are used to purchase commercial excess insurance coverage and to pay member claims in excess of deductible amounts.

### Note 7 - Related Party Transactions

The System conducts its operations in facilities owned by a local unit of government. The cost of the building space is donated to the System. The monetary value of this in-kind service has not been determined.

### Note 8 - Prior Period Adjustment

Certain governmental activities beginning balances for 2020 have been restated to correct a misstatement in the reported capital assets and net position as of March 31, 2019. The effect of the restatement was to increase capital assets at March 31, 2019 by \$222,408. The change in net position for the year ended March 31, 2019 would have decreased \$102,899 related to depreciation expense. Net position at the beginning of 2020 has been adjusted for the effect of the restatement on the prior year.

|                | As Previously<br>Reported | As Restated | Effect of<br>Restatement |
|----------------|---------------------------|-------------|--------------------------|
| Capital assets | \$ 41,188                 | \$ 263,596  | \$ 222,408               |
| Net position   | 1,148,898                 | 1,371,306   | 222,408                  |

### Note 9 - Subsequent Events

The United States and the State of Michigan declared a state of emergency in early March 2020 due to the global coronavirus disease 2019 (COVID-19) pandemic. The financial impact of COVID-19 will impact subsequent periods of the System. The impact on the System's future operating costs; revenue; and any recovery from emergency funding, federal, state, or local, cannot be estimated.

---

## Required Supplemental Information

---



## Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

### Required Supplemental Information Budgetary Comparison Schedule - General Fund

Year Ended March 31, 2020

|   | Original<br>Budget  | Final Budget        | Actual              | Variance with<br>Amended<br>Budget |
|---|---------------------|---------------------|---------------------|------------------------------------|
| <b>Revenue</b>  |                     |                     |                     |                                    |
| Taxes   | \$ 488,800          | \$ 488,800          | \$ 466,894          | \$ (21,906)                        |
| Intergovernmental:  |                     |                     |                     |                                    |
| State revenue   | -                   | -                   | 31,853              | 31,853                             |
| Shared revenue  | 106,500             | 106,500             | 90,254              | (16,246)                           |
| Investment earnings   | 2,000               | 2,000               | 2,702               | 702                                |
| Other revenue:  |                     |                     |                     |                                    |
| Local donations   | 113,170             | 113,170             | 114,530             | 1,360                              |
| Miscellaneous   | -                   | -                   | 326                 | 326                                |
| Total revenue   | 710,470             | 710,470             | 706,559             | (3,911)                            |
| <b>Expenditures</b>   |                     |                     |                     |                                    |
| Salaries  | 349,319             | 358,319             | 346,770             | 11,549                             |
| Vehicles  | 63,550              | 63,550              | 59,730              | 3,820                              |
| Administrative  | 74,330              | 77,230              | 71,192              | 6,038                              |
| Benefits  | 79,801              | 79,801              | 76,467              | 3,334                              |
| Capital outlay  | 143,470             | 166,470             | 173,114             | (6,644)                            |
| Total expenditures  | 710,470             | 745,370             | 727,273             | 18,097                             |
| <b>Other Financing Sources - Sale of capital<br/>assets</b> | -                   | -                   | 7,700               | 7,700                              |
| <b>Net Change in Fund Balance</b>                           | -                   | (34,900)            | (13,014)            | 21,886                             |
| <b>Fund Balance - Beginning of year</b>                     | 1,068,670           | 1,068,670           | 1,068,670           | -                                  |
| <b>Fund Balance - End of year</b>                           | <u>\$ 1,068,670</u> | <u>\$ 1,033,770</u> | <u>\$ 1,055,656</u> | <u>\$ 21,886</u>                   |

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

---

## Notes to Required Supplemental Information

---

March 31, 2020

### ***Budgetary Information***

The annual budget is prepared by the System and adopted by Washington and Bruce townships; subsequent amendments are approved by the boards of the above entities. Unexpended appropriations lapse at year end; encumbrances are not included as expenditures. The amount of encumbrances outstanding at March 31, 2020 has not been determined. The budget is prepared in accordance with accounting principles generally accepted in the United States of America.

### ***Excess of Expenditures Over Appropriations in Budgeted Funds***

During the year, the System incurred expenditures that were in excess of the amounts budgeted, as follows:

|                | <u>Budget</u> |  | <u>Actual</u> |  | <u>Variance</u> |
|----------------|---------------|--|---------------|--|-----------------|
| Capital outlay | \$ 166,470    |  | \$ 173,114    |  | \$ (6,644)      |

---

## Other Supplemental Information

---

# Washington and Bruce Townships Senior Transportation Thru Advanced Reservation

## Other Supplemental Information Schedule of Detailed Expenditures

Year Ended March 31, 2020

| Expenditures                   | Expenditures -    |                    | Statement of                 |
|--------------------------------|-------------------|--------------------|------------------------------|
|                                | Modified Accrual  | Adjustments        | Activities - Full<br>Accrual |
| <b>Salary:</b>                 |                   |                    |                              |
| Drivers                        | \$ 202,654        | \$ -               | \$ 202,654                   |
| Coordinator                    | 43,682            | -                  | 43,682                       |
| Director                       | 11,133            | -                  | 11,133                       |
| Accounting service             | 7,075             | -                  | 7,075                        |
| Administrative support         | 82,226            | -                  | 82,226                       |
| Total salary                   | 346,770           | -                  | 346,770                      |
| <b>Benefits:</b>               |                   |                    |                              |
| FICA                           | 27,046            | -                  | 27,046                       |
| Health insurance               | 27,110            | -                  | 27,110                       |
| Long-term disability insurance | 759               | -                  | 759                          |
| Life insurance                 | 211               | -                  | 211                          |
| Unemployment insurance         | 2,939             | -                  | 2,939                        |
| Retirement                     | 6,957             | 113                | 7,070                        |
| Workers' compensation          | 11,445            | -                  | 11,445                       |
| Total benefits                 | 76,467            | 113                | 76,580                       |
| <b>Vehicles:</b>               |                   |                    |                              |
| Cleaning                       | 720               | -                  | 720                          |
| Gasoline                       | 47,965            | -                  | 47,965                       |
| Maintenance and repairs        | 10,864            | -                  | 10,864                       |
| Miscellaneous                  | 181               | -                  | 181                          |
| Total vehicles                 | 59,730            | -                  | 59,730                       |
| <b>Administrative:</b>         |                   |                    |                              |
| Audit                          | 9,250             | -                  | 9,250                        |
| Insurance                      | 15,343            | -                  | 15,343                       |
| Service contracts              | 1,207             | -                  | 1,207                        |
| Training                       | 6,367             | -                  | 6,367                        |
| Weekend and charter service    | -                 | -                  | -                            |
| Uniforms                       | 572               | -                  | 572                          |
| Miscellaneous                  | 39                | -                  | 39                           |
| Office supplies                | 2,161             | -                  | 2,161                        |
| Telephone                      | 16,253            | -                  | 16,253                       |
| Utilities                      | 20,000            | -                  | 20,000                       |
| Depreciation                   | -                 | 92,236             | 92,236                       |
| Total administrative           | 71,192            | 92,236             | 163,428                      |
| Capital outlay                 | 173,114           | (172,225)          | 889                          |
| <b>Total expenditures</b>      | <b>\$ 727,273</b> | <b>\$ (79,876)</b> | <b>\$ 647,397</b>            |