

**Washington State Auditor's Office**  
**Financial Statements and Federal Single Audit Report**

---

**Grant County Public Transportation  
Benefit Area  
(Grant Transit Authority)**

Audit Period  
January 1, 2011 through December 31, 2011

Report No. 1008170

Issue Date  
**September 4, 2012**



WASHINGTON  
**BRIAN SONNTAG**  
STATE AUDITOR



**Washington State Auditor  
Brian Sonntag**

September 4, 2012

Board of Directors  
Grant Transit Authority  
Moses Lake, Washington

***Report on Financial Statements and Federal Single Audit***

Please find attached our report on the Grant Transit Authority's financial statements and compliance with federal laws and regulations.

We are issuing this report in order to provide information on the Authority's financial condition.

Sincerely,

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

# Table of Contents

**Grant Transit Authority  
Grant County  
January 1, 2011 through December 31, 2011**

Federal Summary .....	1
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with <i>Government Auditing Standards</i> .....	3
Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133 .....	5
Independent Auditor's Report on Financial Statements.....	7
Financial Section.....	9

# Federal Summary

## Grant Transit Authority Grant County January 1, 2011 through December 31, 2011

The results of our audit of the Grant Transit Authority are summarized below in accordance with U.S. Office of Management and Budget Circular A-133.

### **FINANCIAL STATEMENTS**

An unqualified opinion was issued on the basic financial statements.

#### **Internal Control Over Financial Reporting:**

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over financial reporting that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no deficiencies that we consider to be material weaknesses.

We noted no instances of noncompliance that were material to the financial statements of the Authority.

### **FEDERAL AWARDS**

#### **Internal Control Over Major Programs:**

- **Significant Deficiencies:** We reported no deficiencies in the design or operation of internal control over major federal programs that we consider to be significant deficiencies.
- **Material Weaknesses:** We identified no deficiencies that we consider to be material weaknesses.

We issued an unqualified opinion on the Authority's compliance with requirements applicable to its major federal program.

We reported no findings that are required to be disclosed under section 510(a) of OMB Circular A-133.

***Identification of Major Programs:***

The following was a major program during the period under audit:

<u>CFDA No.</u>	<u>Program Title</u>
20.509	Formula Grants for Other Than Urban Areas Cluster
20.509	ARRA - Formula Grants for Other Than Urban Areas Cluster (Recovery Act)

The dollar threshold used to distinguish between Type A and Type B programs, as prescribed by OMB Circular A-133, was \$300,000.

The Authority qualified as a low-risk auditee under OMB Circular A-133.

# Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters in Accordance with *Government Auditing Standards*

## Grant Transit Authority Grant County January 1, 2011 through December 31, 2011

Board of Directors  
Grant Transit Authority  
Moses Lake, Washington

We have audited the basic financial statements of the Grant Transit Authority, Grant County, Washington, as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated July 30, 2012.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### **INTERNAL CONTROL OVER FINANCIAL REPORTING**

In planning and performing our audits, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

## **COMPLIANCE AND OTHER MATTERS**

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of the Authority's compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, the Board of Directors, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

A handwritten signature in black ink, appearing to read "Brian Sonntag", is positioned above the printed name.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 30, 2012

# Independent Auditor's Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

**Grant Transit Authority  
Grant County  
January 1, 2011 through December 31, 2011**

Board of Directors  
Grant Transit Authority  
Moses Lake, Washington

## **COMPLIANCE**

We have audited the compliance of the Grant Transit Authority, Grant County, Washington, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the year ended December 31, 2011. The Authority's major federal program is identified in the Federal Summary. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2011.



## **INTERNAL CONTROL OVER COMPLIANCE**

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended for the information of management, the Board of Directors, federal awarding agencies and pass-through entities. However, this report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.



**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 30, 2012

# Independent Auditor's Report on Financial Statements

## **Grant Transit Authority Grant County January 1, 2011 through December 31, 2011**

Board of Directors  
Grant Transit Authority  
Moses Lake, Washington

We have audited the accompanying basic financial statements of the Grant Transit Authority, Grant County, Washington, as of and for the years ended December 31, 2011 and 2010, as listed on page 9. These financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our 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 Grant Transit Authority, as of December 31, 2011 and 2010, and the changes in financial position and cash flows thereof for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 10 through 13 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 who 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 supplementary 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 the 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.

Our audits were performed for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. This schedule is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The 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 financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Brian Sonntag", with a stylized, flowing script.

**BRIAN SONNTAG, CGFM**  
STATE AUDITOR

July 30, 2012

# Financial Section

**Grant Transit Authority  
Grant County  
January 1, 2011 through December 31, 2011**

***REQUIRED SUPPLEMENTARY INFORMATION***

Management's Discussion and Analysis – 2011 and 2010

***BASIC FINANCIAL STATEMENTS***

Statements of Net Position – 2011 and 2010

Statements of Revenues, Expenses and Changes in Fund Net Position – 2011 and 2010

Statements of Cash Flows – 2011 and 2010

Notes to Financial Statements – 2011 and 2010

***SUPPLEMENTARY INFORMATION***

Schedule of Expenditures of Federal Awards and Notes – 2011

**GRANT TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

Management's Discussion and Analysis (MD&A) presents a narrative overview and analysis of the financial activities of the agency for the years ended December 31, 2011 and 2010. The MD&A is designed to assist readers of the financial statements in focusing on significant financial activities and issues and to identify any significant changes. As this information is presented in summary form, it should be read in conjunction with the financial statements and footnotes as a whole.

Grant County Public Transportation Benefit Area dba Grant Transit Authority (GTA) operates under the laws of the state of Washington applicable to a Public Transportation Benefit Area (PTBA). GTA provides public transportation services within the transportation benefit area of Grant County, Washington.

**Financial Position Summary**

The statement of net position presents the financial position of GTA at the close of calendar year 2011. The statement includes all GTA's assets and liabilities. Net position serves as an indicator of GTA's financial position. A summarized comparison of GTA's assets, liabilities, and net position at December 31, 2011, 2010 and 2009, follows:

**Statements of Net Position**

	2011	2010	2009
Current Assets	\$ 2,945,990	\$ 3,727,253	\$ 3,966,445
Noncurrent Assets	8,448,536	6,712,200	3,913,434
Total Assets	<u>\$ 11,394,526</u>	<u>\$ 10,439,453</u>	<u>\$ 7,879,879</u>
Current Liabilities	\$ 612,000	\$ 846,231	\$ 414,249
Total Liabilities	<u>\$ 612,000</u>	<u>\$ 846,231</u>	<u>\$ 414,249</u>
Net Position:			
Invested in Capital Assets	\$ 8,448,536	\$ 6,712,200	\$ 3,913,434
Restricted	73,537	19,295	17,001
Unrestricted	2,260,453	2,861,727	3,535,185
Total Net Position	<u>\$ 10,782,526</u>	<u>\$ 9,593,222</u>	<u>\$ 7,465,620</u>

**GRANT TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**Statements of Revenues, Expenses, and Changes in Fund Net Position**

	2011	2010	2009
Operating Revenues	\$ 274,175	\$ 237,611	\$ 155,101
Operating Expenses	(4,100,799)	(3,948,164)	(4,251,828)
Operating Loss	(3,826,624)	(3,710,553)	(4,096,727)
Nonoperating Revenues:			
Sales Tax	3,092,678	2,328,265	2,759,250
Interest	53,697	66,969	118,515
Grants	1,758,037	3,281,826	840,548
Other Nonoperating Revenues	111,516	161,095	38,558
Total Nonoperating Revenues	5,015,928	5,838,155	3,756,871
Increase in Net Position	1,189,304	2,127,602	(339,856)
Net Position - Beginning of Year	9,593,222	7,465,620	7,805,476
Net Position - End of Year	<u>\$ 10,782,526</u>	<u>\$ 9,593,222</u>	<u>\$ 7,465,620</u>

**OVERVIEW OF THE FINANCIAL STATEMENTS**

GTA's financial statements are prepared in conformity with United States generally accepted accounting principles (GAAP) as applied to government units. The 2011 and 2010 financial statements are presented using the accrual basis of accounting. As GTA comprises a single proprietary fund, no fund level financial statements are shown.

In accordance with GAAP, all revenues are recognized in the period in which they are earned and expenses are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of GTA are included in the statements of net position, and depreciation of capital assets is recognized in the statements of revenues, expenses, and changes in net position.

The financial statements provide both long-term and short-term information about GTA's overall financial status as well as GTA's net position, segregated by invested in capital assets, restricted, and unrestricted. Net position is the difference between GTA's assets and liabilities and over time serves as a useful indicator of GTA's financial position. The financial statements also include notes that provide additional information that is essential to a full understanding of the information provided.

**Financial Analysis**

*Net position:* For the year ended December 31, 2011, assets exceeded liabilities by approximately \$10,783,000. Transit operations are a capital-intensive enterprise, and 78% of GTA's net position is invested in capital assets.

GTA ended 2011 with approximately \$8,449,000 in capital assets. See Note 3 for further information.

During 2011, capital assets increased. The majority of this increase was due to the completion of the operation/maintenance facility.

**GRANT TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**OVERVIEW OF FINANCIAL STATEMENTS (continued)**

Cash and cash equivalents increased by approximately \$36,000 in 2011.

*Operating revenues:* Total operating revenues from fares were approximately \$274,000 for 2011, an increase of 15.4% from the prior year.

*Nonoperating revenues:* Revenues from the transit portion of the sales tax were approximately \$3,093,000 in 2011, an increase of 32.8% from the prior year.

Federal, state, and local contributions to GTA during 2011 were approximately \$1,758,000, a decrease of 46.4% from the prior year.

GTA's revenue from investments decreased 19.8% in 2011.

Total nonoperating revenues for 2011 were approximately \$5,016,000.

*Operating expenses:* Operating expenses increased during 2011 by approximately \$153,000 or 3.9%.

Total operating expenses were approximately \$4,101,000.

**Economic Factors and Future Outlook**

Grant County has seen a number of large construction projects in the past few years in the Quincy and Moses Lake communities. As a result of some of these long-term construction projects, the employment levels for the county have been very good. The new jobs have created an increase in demand for services that has led to hundreds of additional jobs.

GTA's main source of revenue is a 2/10 of one percent of the sales tax collected in the county. GTA's sales tax revenue increased 32.8% in 2011.

As the state of economy continues to improve, it is expected that consumer spending will increase, which will directly affect the sales tax revenue collected by GTA.

**Capital Assets**

GTA's investment in capital assets as of December 31, 2011, amounted to approximately \$8,449,000, net of accumulated depreciation. Capital assets consist of transit coaches and other vehicles, equipment, park and ride improvements, real estate, and an operation and maintenance facility. Capital assets increased by 26% during the year. In addition, depreciation expense of approximately \$369,000 was recorded.

Please refer to Note 3 of notes to financial statements for more information.

**GRANT TRANSIT AUTHORITY  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

**REQUEST FOR INFORMATION**

This financial report is designed to provide a general overview of GTA's finances for all those who have an interest in this agency's services. Questions concerning any of the information presented in this report or requests for additional financial information should be addressed to the Finance Officer, P.O. Box 510, Moses Lake, WA 98837, telephone 888-482-2877.



**GRANT TRANSIT AUTHORITY  
STATEMENTS OF NET POSITION  
DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash in Checking Account, Per Bank	\$ 370,705	\$ 381,439
Cash in Retainage Account, Per Bank	199,700	109,444
Cash in Fuel Hedge Account, Per Bank	73,537	19,295
Cash in Investments	1,932,354	2,030,124
	<u>2,576,296</u>	<u>2,540,302</u>
Grant Receivable	158,057	1,027,141
Passenger Fare Receivable	1,735	6,775
Social Security Taxes Receivable	55,099	-
Other Receivables	827	-
Inventory	47,916	-
Prepaid Insurance	100,789	134,228
Other Prepaids	5,271	18,807
	<u>369,694</u>	<u>1,186,951</u>
Total Current Assets	<u>2,945,990</u>	<u>3,727,253</u>
<b>NONCURRENT ASSETS</b>		
Capital Assets:		
Property, Plant, and Equipment	11,844,904	9,739,099
Less: Accumulated Depreciation	3,396,368	3,026,899
Total Noncurrent Assets	<u>8,448,536</u>	<u>6,712,200</u>
Total Assets	<u><u>\$11,394,526</u></u>	<u><u>\$10,439,453</u></u>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable, Operating Expenses	\$ 368,544	\$ 722,842
Employee Payable	25,502	-
Compensated Absence Balances	18,254	13,945
Retainage Payable	199,700	109,444
Total Current Liabilities	<u>612,000</u>	<u>846,231</u>
Total Liabilities	<u><u>\$ 612,000</u></u>	<u><u>\$ 846,231</u></u>
<b>NET POSITION</b>		
Invested in Capital Assets	\$ 8,448,536	\$ 6,712,200
Restricted	73,537	19,295
Unrestricted	2,260,453	2,861,727
Total Net Position	<u><u>\$10,782,526</u></u>	<u><u>\$ 9,593,222</u></u>

See accompanying Notes to Financial Statements.

**GRANT TRANSIT AUTHORITY**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>OPERATING REVENUES</b>		
Passenger Fares	\$ 274,175	\$ 237,611
<b>OPERATING EXPENSES</b>		
Operations	3,378,712	3,220,966
Administrative	352,618	340,023
Depreciation	369,469	387,175
Total Operating Expenses	4,100,799	3,948,164
<b>OPERATING LOSS</b>	(3,826,624)	(3,710,553)
<b>NONOPERATING REVENUES</b>		
Sales Tax	3,092,678	2,328,265
Interest	53,697	66,969
Grants	1,758,037	3,281,826
Other Nonoperating Revenues	111,516	161,095
Total Nonoperating Revenues	5,015,928	5,838,155
<b>INCREASE IN NET POSITION</b>	1,189,304	2,127,602
Net Position - Beginning of Year	9,593,222	7,465,620
<b>NET POSITION - END OF YEAR</b>	<u>\$10,782,526</u>	<u>\$ 9,593,222</u>

*See accompanying Notes to Financial Statements.*

**GRANT TRANSIT AUTHORITY  
STATEMENTS OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2011 AND 2010**

	2011	2010
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Cash Received From Customers	\$ 279,215	\$ 237,611
Cash Payments to Suppliers for Goods and Services	(3,868,014)	(3,432,883)
Cash Payment to Employees	(244,670)	(148,234)
Net Cash Used by Operating Activities	(3,833,469)	(3,343,506)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Sales Tax Received	3,092,678	2,328,265
State Grants Received	296,263	265,217
Other Cash Receipts	111,516	161,095
Net Cash Provided by Noncapital Financing Activities	3,500,457	2,754,577
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
FTA Grant Funding Received	2,330,858	2,192,404
Acquisition of Capital Assets	(2,015,549)	(2,760,231)
Net Cash Provided (Used) by Capital and Related Financing Activities	315,309	(567,827)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Interest Income	53,697	66,969
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	35,994	(1,089,787)
Cash and Cash Equivalents - Beginning of Year	2,540,302	3,630,089
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<u>\$ 2,576,296</u>	<u>\$ 2,540,302</u>
<b>RECONCILIATION OF OPERATING LOSS TO NET CASH USED BY OPERATING ACTIVITIES:</b>		
Operating Loss	\$ (3,826,624)	\$ (3,710,553)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:		
Depreciation	369,469	387,175
Change in Assets and Liabilities:		
Decrease (Increase) in Passenger Fare Receivable	5,040	(6,775)
Increase in Social Security Taxes Receivable	(55,099)	-
Increase in Other Receivables	(827)	-
Increase in Inventory	(47,916)	-
Decrease (Increase) in Prepaid Insurance	33,439	(808)
Decrease (Increase) in Other Prepays	13,536	(18,807)
Decrease (Increase) in Accounts Payable, Operating Expenses	(354,298)	302
Increase in Employee Payable	25,502	-
Increase in Compensated Absence Balances	4,309	5,960
Net Cash Used by Operating Activities	<u>\$ (3,833,469)</u>	<u>\$ (3,343,506)</u>

See accompanying Notes to Financial Statements.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 1    SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As provided under the Revised Code of Washington (RCW) 36.57 applicable to a regional transit authority, the Grant County Public Transportation Benefit Area dba Grant Transit Authority (GTA) was authorized in November 1996 and operates under the laws of the state of Washington applicable to a Public Transportation Benefit Area (PBTA). GTA provides public transportation services within the transportation benefit area of Grant County, Washington.

**Reporting Entity**

GTA is a special purpose government supported primarily through local sales tax revenue. In addition, GTA receives capital funding from federal, state, and local agencies.

GTA is governed by a nine-member board appointed from the 14 incorporated towns and cities within Grant County.

Accounting principles generally accepted in the United States of America require that the reporting entity include the primary government, all organizations for which the primary government is financially accountable, and other organizations that, by the nature and significance of their relationship with the primary government, would cause the financial statements to be incomplete or misleading if excluded. Based on these criteria, GTA is considered a primary government and does not have any component unit relationships. Conversely, GTA is not considered a component unit of any primary government.

**Basis of Accounting and Reporting**

The accounting records of GTA are maintained in accordance with methods prescribed by the State Auditor under the authority of Chapter 43.09 RCW. GTA uses the *Budgeting, Accounting, and Reporting System* for GAAP *Transits* in the State of Washington.

The funds are accounted for using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and methods prescribed by the State Auditor under the authority of RCW Chapter 43.09 for proprietary funds. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. All applicable GASB pronouncements, as well as all Financial Accounting Standards Board (FASB) statements and interpretations have been applied, except for those FASB statements and interpretations that contradict GASB pronouncements.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Basis of Accounting and Reporting (Continued)**

Sales tax revenues include taxes on retail sales of goods and services. This tax is levied within the benefit area at a rate of 2/10 of one percent of the sales tax collected. These taxes are collected on GTA's behalf by the Department of Revenue and are recorded in the period when the underlying transaction occurs on which the tax is imposed. Operating revenues consist primarily of passenger fares, which are recognized in the period in which services are provided and are earned, and expenses are recognized in the period in which they are incurred. All assets and liabilities associated with the operation of GTA are included in the statements of net position. Depreciation of capital assets is recognized in the statements of revenues, expenses, and changes in net position.

GTA distinguishes operating revenue and expenses from nonoperating items in the preparation of its financial statements. Operating revenues and expenses generally result from providing passenger services in connection with GTA's principal ongoing operations. The principal operating revenues are passenger fares. GTA's operating expenses include contracted services, administrative labor, and other expenses related to the delivery of passenger transportation within the Grant County benefit area. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**Cash and Cash Equivalents**

Cash and cash equivalents consist of cash on hand and investments in the Grant County Investment Pool, which is managed by the Grant County Finance Division. For purposes of the statements of cash flows, GTA considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

**Inventories**

Inventories are valued at first-in, first-out (FIFO) cost, which is lower than market.

**Restricted Assets**

Restricted assets at December 31, 2011 and 2010, were as follows:

	2011	2010
Cash in Fuel Hedge Checking Account	\$ 73,537	\$ 19,295

**Compensated Absences/Employee Leave Benefits**

Compensated absences are absences for which employees will be paid, such as vacation and sick leave.

Vacation pay, which may be accumulated, is payable upon separation from employment. Maximum vacation accrual shall be limited to 240 hours. Sick leave may accumulate up to 240 hours. Unused sick leave upon separation from employment is lost.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Other Accrued Liabilities**

These accounts consist of accrued wages and accrued payroll taxes.

**Long-Term Debt**

GTA has no long-term debt.

**Advertising**

Advertising costs are charged to expense in the year incurred.

**Use of Estimates**

The preparation of financial statements requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Actual results could differ from those estimates.

**NOTE 2 DEPOSITS AND INVESTMENT**

**Deposits**

GTA's bank deposits are entirely covered by the Federal Deposit Insurance Corporation or by collateral held in a multiple financial institution collateral pool administered by the Washington Public Deposit Protection Commission (PDPC).

**Investments**

All investments for GTA are reported at fair value. The Grant County Treasurer's Office acts as GTA's Treasurer and operates in accordance with appropriate state laws and regulations. As of December 31, 2011, GTA has the following investments:

Grant County Investment Pool – \$1,932,354

Custodial credit risk is the risk that in the event of a failure of the counterparty to an investment transaction, GTA would not be able to recover the value of the investment or collateral securities. Of GTA's total position, zero amount is exposed to custodial risk because the investments are held by the Grant County Treasurer.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 3 CAPITAL ASSETS AND DEPRECIATION**

Major expenses for capital assets, including major repairs that increase useful lives, are capitalized. Maintenance, repairs, and minor renewals are accounted for as expenses when incurred.

All capital assets are valued at historical cost. Expenditures for additions and improvements with a value in excess of \$2,500 and a useful life of more than one year are capitalized.

Depreciation expense is charged to operations to allocate the cost of capital assets over their estimated useful lives using the straight-line method with useful lives of 5 to 40 years.

Capital assets activity is summarized as follows:

	December 31,	Transfers In and	Transfers Out and	December 31,	Transfers In and	Transfers Out and	December 31,
	2009	Additions	Retirements	2010	Additions	Retirements	2011
Furniture and Equipment	\$ 350,006	\$ 15,336	\$ -	\$ 365,342	\$ 61,247	\$ -	\$ 426,589
Buses	5,219,316	306,545	-	5,525,861	34,404	-	5,560,265
Administrative Vehicles	24,662	-	-	24,662	-	-	24,662
Land	830,824	-	-	830,824	-	-	830,824
Construction in Progress	128,350	2,864,060	-	2,992,410	-	(2,992,410)	-
Building	-	-	-	-	5,002,564	-	5,002,564
Total Capital Assets	6,553,158	3,185,941	-	9,739,099	5,098,215	(2,992,410)	11,844,904
Less: Accumulated Depreciation	(2,639,724)	(387,175)	-	(3,026,899)	(369,469)	-	(3,396,368)
Total Capital Assets, net	\$ 3,913,434	\$ 2,798,766	\$ -	\$ 6,712,200	\$ 4,728,746	\$ (2,992,410)	\$ 8,448,536

**NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

There have been no material violations of finance-related legal or contractual provisions.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 5    PENSION PLANS**

Substantially all of GTA's full-time and qualifying part-time employees participate in one of the following statewide retirement systems administered by the Washington State Department of Retirement Systems, under cost-sharing multiple-employer public employee defined benefit and defined contribution retirement plans. The Department of Retirement Systems (DRS), a department within the primary government of the state of Washington, issues a publicly available comprehensive annual financial report (CAFR) that includes financial statements and required supplementary information for each plan. The DRS CAFR may be obtained by writing to: Department of Retirement Systems, Communications Unit, P.O. Box 48380, Olympia, WA 98504-8380. The following disclosures are made pursuant to GASB Statement No. 27, *Accounting for Pensions by State and Local Government Employers*, and No. 50, *Pension Disclosures, an Amendment of GASB Statements No. 25 and No. 27*.

**Public Employees' Retirement System (PERS) Plans 1, 2, and 3**

**Plan Description**

The Legislature established PERS in 1947. Membership in the system includes: elected officials; state employees; employees of the Supreme, Appeals, and Superior courts (other than judges currently in the Judicial Retirement System); employees of legislative committees; community and technical colleges, college and university employees not participating in higher education retirement programs; judges of district and municipal courts; and employees of local governments. PERS retirement benefit provisions are established in Chapters 41.34 and 41.40 RCW and may be amended only by the State Legislature.

PERS is a cost-sharing multiple-employer retirement system comprised of three separate plans for membership purposes: Plans 1 and 2 are defined benefit plans and Plan 3 is a defined benefit plan with a defined contribution component.

PERS members who joined the system by September 30, 1977 are Plan 1 members. Those who joined on or after October 1, 1977, and by either February 28, 2002 for state and higher education employees, or August 31, 2002 for local government employees, are Plan 2 members unless they exercised an option to transfer their membership to Plan 3. PERS members joining the system on or after March 1, 2002 for state and higher education employees, or September 1, 2002 for local government employees have the irrevocable option of choosing membership in either PERS Plan 2 or PERS Plan 3. The option must be exercised within 90 days of employment. An employee is reported in Plan 2 until a choice is made. Employees who fail to choose within 90 days default to PERS Plan 3. Notwithstanding, PERS Plan 2 and Plan 3 members may opt out of plan membership if terminally ill, with less than five years to live.



**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) Plans 1, 2, and 3 (Continued)**

**Plan Description (Continued)**

PERS Plan 1 and Plan 2 defined benefit retirement benefits are financed from a combination of investment earnings and employer and employee contributions.

PERS Plan 1 members are vested after the completion of five years of eligible service. Plan 1 members are eligible for retirement after 30 years of service, or at the age of 60 with five years of service, or at the age of 55 with 25 years of service. The monthly benefit is 2% of the average final compensation (AFC) per year of service. (AFC is the monthly average of the 24 consecutive highest-paid service credit months.) The retirement benefit may not exceed 60% of AFC. The monthly benefit is subject to a minimum for PERS Plan 1 retirees who have 25 years of service and have been retired 20 years, or who have 20 years of service and have been retired 25 years. Plan 1 members retiring from inactive status prior to the age of 65 may receive actuarially reduced benefits. If a survivor option is chosen, the benefit is further reduced. A cost-of-living allowance (COLA) was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 provides duty and non-duty disability benefits. Duty disability retirement benefits for disablement prior to the age of 60 consist of a temporary life annuity payable to the age of 60. The allowance amount is \$350 a month, or two-thirds of the monthly AFC, whichever is less. The benefit is reduced by any workers' compensation benefit and is payable as long as the member remains disabled or until the member attains the age of 60. A member with five years of covered employment is eligible for non-duty disability retirement. Prior to the age of 55, the allowance amount is 2% the AFC for each year of service reduced by 2% for each year that the member's age is less than 55. The total benefit is limited to 60% of the AFC and is actuarially reduced to reflect the choice of a survivor option. A cost-of-living allowance was granted at age 66 based upon years of service times the COLA amount. This benefit was eliminated by the Legislature, effective July 1, 2011. Plan 1 members may elect to receive an optional COLA that provides an automatic annual adjustment based on the Consumer Price Index. The adjustment is capped at 3% annually. To offset the cost of this annual adjustment, the benefit is reduced.

PERS Plan 1 members can receive credit for military service. Members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS Plan 2 members are vested after the completion of five years of eligible service. Plan 2 members are eligible for normal retirement at the age of 65 with five years of service. The monthly benefit is 2% of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) Plans 1, 2, and 3 (Continued)**

**Plan Description (Continued)**

PERS Plan 2 members who have at least 20 years of service credit and are 55 years of age or older are eligible for early retirement with a reduced benefit. The benefit is reduced by an early retirement factor (ERF) that varies according to age, for each year before age 65.

PERS Plan 2 members who have 30 or more years of service credit and are at least 55 years old can retire under one of two provisions:

- With a benefit that is reduced by 3% for each year before age 65.
- With a benefit that has a smaller (or no) reduction (depending on age) that imposes stricter return-to-work rules.

PERS Plan 2 retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit; and a cost-of-living allowance is granted (based on the Consumer Price Index), capped at 3% annually.

The surviving spouse or eligible child or children of a PERS Plan 2 member who dies after leaving eligible employment having earned ten years of service credit may request a refund of the member's accumulated contributions.

PERS Plan 3 has a dual benefit structure. Employer contributions finance a defined benefit component and member contributions finance a defined contribution component. The defined benefit portion provides a monthly benefit that is 1% of the AFC per year of service. (AFC is the monthly average of the 60 consecutive highest-paid service months.)

Effective June 7, 2006, PERS Plan 3 members are vested in the defined benefit portion of their plan after ten years of service; or after five years of service, if twelve months of that service are earned after age 44; or after five service credit years earned in PERS Plan 2 prior to June 1, 2003. Plan 3 members are immediately vested in the defined contribution portion of their plan.

Vested Plan 3 members are eligible for normal retirement at age 65, or they may retire early with the following conditions and benefits:

- If they have at least ten service credit years and are 55 years old, the benefit is reduced by an ERF that varies with age, for each year before age 65.
- If they have 30 service credit years and are at least 55 years old, they have the choice of a benefit that is reduced by 3% for each year before age 65; or a benefit with a smaller (or no) reduction factor (depending on age) that imposes stricter return-to-work rules.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) Plans 1, 2, and 3 (Continued)**

**Plan Description (Continued)**

PERS Plan 3 defined benefit retirement benefits are also actuarially reduced to reflect the choice, if made, of a survivor option. There is no cap on years of service credit and Plan 3 provides the same cost-of-living allowance as Plan 2.

PERS Plan 3 defined contribution retirement benefits are solely dependent upon contributions and the results of investment activities.

The defined contribution portion can be distributed in accordance with an option selected by the member, either as a lump sum or pursuant to other options authorized by the Director of the Department of Retirement Systems.

PERS Plan 2 and Plan 3 provide disability benefits. There is no minimum amount of service credit required for eligibility. The Plan 2 monthly benefit amount is 2% of the AFC per year of service. For Plan 3, the monthly benefit amount is 1% of the AFC per year of service.

These disability benefit amounts are actuarially reduced for each year that the member's age is less than 65, and to reflect the choice of a survivor option. There is no cap on years of service credit, and a cost-of-living allowance is granted (based on the Consumer Price Index) capped at 3% annually.

PERS Plan 2 and Plan 3 members may have up to ten years of interruptive military service credit; five years at no cost and five years that may be purchased by paying the required contributions. Effective July 24, 2005, a member who becomes totally incapacitated for continued employment while serving the uniformed services, or a surviving spouse or eligible children, may apply for interruptive military service credit. Additionally, PERS Plan 2 and Plan 3 members can also purchase up to 24 months of service credit lost because of an on-the-job injury.

PERS members may also purchase up to five years of additional service credit once eligible for retirement. This credit can only be purchased at the time of retirement and can be used only to provide the member with a monthly annuity that is paid in addition to the member's retirement benefit.

Beneficiaries of a PERS Plan 2 or Plan 3 member with ten years of service who is killed in the course of employment receive retirement benefits without actuarial reduction, if the member was not at normal retirement age at death. This provision applies to any member killed in the course of employment, on or after June 10, 2004, if found eligible by the Department of Labor and Industries.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) Plans 1, 2, and 3 (Continued)**

**Plan Description (Continued)**

A one-time duty-related death benefit is provided to the estate (or duly designated nominee) of a PERS member who dies in the line of service as a result of injuries sustained in the course of employment, or if the death resulted from an occupational disease or infection that arose naturally and proximately out of said member's covered employment, if found eligible by the Department of Labor and Industries.

There are 1,197 participating employers in PERS. Membership in PERS consisted of the following as of the latest actuarial valuation date for the plans of June 30, 2010:

Retirees and Beneficiaries Receiving Benefits				76,899
Terminated Plan Members Entitled to But Not Yet Receiving Benefits				28,860
Active Plan Members Vested				105,521
Active Plan Members Nonvested				51,005
Total				<u>262,285</u>

**Funding Policy**

Each biennium, the state Pension Funding Council adopts PERS Plan 1 employer contribution rates, PERS Plan 2 employer and employee contribution rates, and PERS Plan 3 employer contribution rates. Employee contribution rates for Plan 1 are established by statute at 6% for state agencies and local government unit employees, and at 7.5% for state government elected officials. The employer and employee contribution rates for Plan 2 and the employer contribution rate for Plan 3 are developed by the Office of the State Actuary to fully fund Plan 2 and the defined benefit portion of Plan 3. All employers are required to contribute at the level established by the Legislature. Under PERS Plan 3, employer contributions finance the defined benefit portion of the plan and member contributions finance the defined contribution portion. The Plan 3 employee contribution rates range from 5% to 15%, based on member choice. Two of the options are graduated rates dependent on the employee's age. As a result of the implementation of the Judicial Benefit Multiplier Program in January 2007, a second tier of employer and employee rates was developed to fund, along with investment earnings, the increased retirement benefits of those justices and judges that participate in the program.

The methods used to determine the contribution requirements are established under state statute in accordance with Chapters 41.40 and 41.45 RCW.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 6 PENSION PLANS (CONTINUED)**

**Public Employees' Retirement System (PERS) Plans 1, 2, and 3 (Continued)**

**Funding Policy (Continued)**

The required contribution rates expressed as a percentage of current-year covered payroll, as of December 31, 2011, are as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
Employer *	7.25% **	7.25% **	7.25% ***
Employee	6.00% ****	4.64% ****	*****

\* The employer rates include the employer administrative expense fee currently set at 0.16%.

\*\* The employer rate for state elected officials is 7.89% for Plan 1 and 5.31% for Plans 2 and 3.

\*\*\* Plan 3 defined benefit portion only.

\*\*\*\* The employee rate for state elected officials is 7.50% for Plan 1 and 3.90% for Plan 2.

\*\*\*\*\* Variable from 5% minimum to 15% maximum based on rate selected by the PERS 3 member.

Both GTA and the employees made the required contributions. The Port's required contributions for the years ended December 31 were as follows:

	PERS Plan 1	PERS Plan 2	PERS Plan 3
2011	\$ -	\$ 20,214	\$ 1,022
2010	-	7,097	-

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 7    RISK MANAGEMENT**

GTA is insured with the Washington State Transit Insurance Pool (WSTIP). WSTIP was formed by Interlocal Agreement on January 1, 1989, pursuant to chapters 48.61 and 39.34 RCW. The purpose for forming WSTIP was to provide member transit systems programs of joint self-insurance; joint purchasing of insurance and joint contracting for hiring of personnel to provide risk management, claims handling, and administrative services. Transit authorities joining the Pool must remain members for a minimum of 36 months; a member may withdraw from the pool after that time by giving 12 months' notice. The Pool is governed by a Board of Directors consisting of a representative of each member system. The Pool underwriting and rate-setting policies have been established after consultation with actuaries. The Pool members are subject to a supplemental assessment in the event of deficiencies. If the assets of the Pool were to be exhausted, members would be responsible for the Pool's liabilities. WSTIP is regulated by the Washington State Risk Manager and audited yearly by the Washington State Auditor. GTA has not presented any claims to WSTIP in the last two years that exceeded its current coverage limits through WSTIP. As of December 31, 2011, GTA's Property Collision Damage coverage was \$100,000 per occurrence, Bodily Injury and Property Damage Liability coverage of \$12,000,000, Personal Injury and Advertising Liability of \$12,000,000, Vanpool Driver Medical Expense Protection of \$10,000 per occurrence, and Uninsured Motorist coverage of \$60,000 per occurrence.

**NOTE 8    LONG-TERM DEBT**

GTA has no long-term debt.

**NOTE 9    RESTRICTED NET POSITION**

GTA's statement of net position indicates \$73,537 of restricted net position. See Note 1 for a detailed listing.

**NOTE 10   CONTINGENCIES**

GTA has recorded in its financial statements all material liabilities. In the opinion of management, GTA's insurance policies are adequate to pay all known pending claims.

GTA has no unresolved claim against it as of December 31, 2011. FASB Statement No. 5 requires an accrual of potential losses if:

- (a) there is significant information to indicate a loss is likely to occur, and
- (b) the amount of the loss can be reasonably estimated.

None of the claims or suits require a loss accrual under these criteria.

**GRANT TRANSIT AUTHORITY  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011 AND 2010**

**NOTE 10 CONTINGENCIES (CONTINUED)**

In the opinion of management, such claims will be immaterial and will not have any significant effect on the financial position of GTA.

GTA participates in a number of federal and state assisted programs. These grants are subject to audit by the grantors and representatives. Such audits could result in requests for reimbursement to grantor agencies for expenditures disallowed under the terms of the grants. Other than the instances described above, GTA's management believes that such disallowances, if any, will be immaterial.

**NOTE 11 OTHER DISCLOSURES**

GTA purchased a piece of real estate as a future site of an operations and maintenance facility in January 2009. The facility was completed in September of 2011.

1	2	3	4	5			6
Federal Agency Name/ Pass-Through Agency Name	Federal Program Name	CFDA Number	Other I.D. Number	2011 Expenditures			Footnote Ref
				From Pass-Through Awards	From Direct Awards	Total	
Federal Transit Administration	Federal Transit - Capital Investment Grants	20.509	WA04004200	\$ -	\$ 475,000	\$ 475,000	1,2
Federal Transit Administration, passed through State Department of Transportation	Formula Grants for Other than Urbanized Areas	20.509	GCA 6820	23,683	-	23,683	1,2
Federal Transit Administration, passed through State Department of Transportation	Formula Grants for Other than Urbanized Areas	20.509	GCA 6820	22,012	-	22,012	1,2
Federal Transit Administration, passed through State Department of Transportation	ARRA-Formula Grants for Other than Urbanized Areas	20.509	GCA 6333	958,176	-	958,176	1,2,3
Total Federal Awards Expended				\$ 1,003,871	\$ 475,000	\$ 1,478,871	

#### **Note 1 – Basis of Accounting**

The schedule of expenditures of federal awards is prepared on the same basis of accounting as GTA's financial statements. GTA uses a full accrual basis of accounting.

#### **Note 2 – Program Costs**

The amount shown as current year expenditures represents only the federal grant portion of the program costs. Entire program costs, including GTA's portion, may be more than shown.

#### **Note 3 – American Recovery and Reinvestment Act (ARRA) of 2009**

Expenditures for this program were funded by ARRA.





## **ABOUT THE STATE AUDITOR'S OFFICE**

---

The State Auditor's Office is established in the state's Constitution and is part of the executive branch of state government. The State Auditor is elected by the citizens of Washington and serves four-year terms.

Our mission is to work with our audit clients and citizens as an advocate for government accountability. As an elected agency, the State Auditor's Office has the independence necessary to objectively perform audits and investigations. Our audits are designed to comply with professional standards as well as to satisfy the requirements of federal, state, and local laws.

The State Auditor's Office employees are located around the state to deliver services effectively and efficiently.

Our audits look at financial information and compliance with state, federal and local laws on the part of all local governments, including schools, and all state agencies, including institutions of higher education. In addition, we conduct performance audits of state agencies and local governments and fraud, whistleblower and citizen hotline investigations.

The results of our work are widely distributed through a variety of reports, which are available on our Web site and through our free, electronic subscription service.

We take our role as partners in accountability seriously. We provide training and technical assistance to governments and have an extensive quality assurance program.

**State Auditor**  
**Chief of Staff**  
**Deputy Chief of Staff**  
**Chief Policy Advisor**  
**Director of Audit**  
**Director of Performance Audit**  
**Director of Special Investigations**  
**Director for Legal Affairs**  
**Director of Quality Assurance**  
**Local Government Liaison**  
**Communications Director**  
**Public Records Officer**  
**Main number**  
**Toll-free Citizen Hotline**

**Brian Sonntag, CGFM**  
**Ted Rutt**  
**Doug Cochran**  
**Jerry Pugnetti**  
**Chuck Pfeil, CPA**  
**Larisa Benson**  
**Jim Brittain, CPA**  
**Jan Jutte, CPA, CGFM**  
**Ivan Dansereau**  
**Mike Murphy**  
**Mindy Chambers**  
**Mary Leider**  
**(360) 902-0370**  
**(866) 902-3900**

**Website**  
**Subscription Service**

[www.sao.wa.gov](http://www.sao.wa.gov)  
<https://www.sao.wa.gov/EN/News/Subscriptions/>