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SMART Board Meeting

LIFE | SMART | YOU

SMART

December 7, 2023

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Call to Order

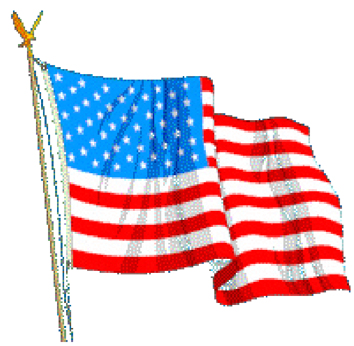
MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Pledge of Allegiance



I pledge allegiance to the flag of the United States of America and to The Republic for which it stands: one nation under God, indivisible with liberty and justice for all.

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Board of Directors Meeting

Date: December 7, 2023

CHAIRPERSON, MR. ABDUL HAIDOUS

VICE-CHAIRPERSON, MR. JOHN PAUL REA

MS. HILARIE CHAMBERS

DR. CURTIS IVERY

MR. ROYCE MANIKO

MR. BRET RASEGAN

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SMART Board Meeting Agenda

December 7, 2023
2:00 PM

ITEM:	ACTION:	PRESENTED BY:
1. Call to Order		Abdul Haidous
2. Pledge of Allegiance		
3. Roll Call		Morgan Andrew-Morganson
4. Adoption of Agenda	Approval	Abdul Haidous
5. Certification of Public Notice	Information	Morgan Andrew-Morganson
6. Minutes		
A. Audit Committee Report	Information	Abdul Haidous
B. Board Meeting Minutes for October 26, 2023	Approval	Abdul Haidous
C. Executive Session Meeting Minutes for October 26, 2023 *(This will be provided under separate cover.)*	Approval	Abdul Haidous
7. Public Participation	Discussion	Abdul Haidous
8. Chairperson's Report	Information	Abdul Haidous
9. General Manager's Report	Information	Dwight Ferrell
10. Board Briefings		
A. HR Hiring Update	Information	Tianna Leapheart *Interim VP of HR*
B. Flex Update	Information	Daniel Whitehouse *VP of Paratransit*
11. Financial Reports		
A. FY 2023 Audit Presentation	Approval	Plante & Moran-
12. New Business		
A. Resolution: Appointment of SMART Representative and Alternate to the Toledo Metropolitan Area Council of Governments Board of Trustees	Approval	Laura Bieniek *Assistant General Counsel*
B. Resolution: Authorization to Award a Contract for General Planning and Consultant Services	Approval	Harmony Lloyd *VP of Planning*

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C. Resolution: Authorization to Approve a Contract Amendment #1—for Additional Funding for the Purchase of Concrete Services	Approval	Le Juan Burt *VP of Maintenance*
D. Resolution: Authorization to implement wage increases and changes to implement wage increases and changes and changes to the benefit program for Non-Represented Employees and to amend the General Manager's Contract to reflect a wage increase	Approval	Tianna Leapheart *Interim VP of HR*
E. Resolution: AFSCME Contract *(Possible Walk-On Item)*	Approval	Danny Whitehouse *VP of Paratransit*
13. Closed Session *(To discuss strategy and conduct negotiations for collective bargaining agreements.)*	Discussion	Abdul Haidous
14. Board Member Business	Discussion	Abdul Haidous
15. Adjournment		Abdul Haidous

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PUBLIC NOTICE

SMART will hold the December 7, 2023, Board of Directors meeting at 2:00 PM in the Buhl Building, located on 535 Griswold St. Suite 600, Detroit, MI 48226.

Public Participation will only be available for members of the public attending in person or those who email comments per the process outlined below.

All physically present at the meeting must adhere to the following:

- Please respect anyone needing or choosing to wear a mask.
- People with symptoms of COVID-19 or exposure to someone with COVID-19 should wear a mask.
- People who are positive for COVID-19 may not attend the Meeting in person and should access the recording at the YouTube link below.

The agenda can be found on SMART's website: http://www.smartbus.org/About/Our-Organization/Board-of-Directors/Board-Meeting-Schedule

Members of the public may attend in person. The Meeting will be livestreamed on YouTube and available at the following URL: https://www.youtube.com/@MySMARTBus.

Members of the public may also submit a written comment to be read during the Public Comment period by emailing SMARTBoard@smartbus.org by 1:15 p.m. on the day of the meeting.

Public Comment will proceed as follows:

- All comments: 3-minute limit per member of the public. Kindly state your name and city of residence.
- Public comments will be received in the following order:
  - Members of the public who attend in person.
  - Written comments via email. The Board Administrator will read any submitted comments.

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

BOARD OF DIRECTORS' MEETING

PROPOSED MINUTES – October 26, 2023

A meeting of the Board of Directors of the Suburban Mobility Authority for Regional Transportation (SMART) was held on Thursday October 26, 2023, at 2:00 PM. The meeting was held at the Buhl Building, located at 535 Griswold St., Detroit, Michigan 48226.

ATTENDANCE

SMART Board of Directors:	Chairperson	Mr. Abdul Haidous
	Vice-Chairperson	Mr. John Paul Rea
		Ms. Hilarie Chambers
		Dr. Curtis Ivery
		Mr. Bret Rasegan
Absent Board Members:		Mr. Royce Maniko
SMART General Manager:		Mr. Dwight Ferrell
SMART Deputy GM & COO:		Ms. Tiffany J. Gunter
SMART Board Administrator:		Ms. Tiffany Martin-Patterson
SMART Staff Present:		Ms. Truvae Adams
		Ms. De'Shalon Brownlee
		Ms. Laura Bieniek
		Mr. Le Juan Burt
		Mr. Ron Beier
		Mr. Ryan Byrne
		Mr. Melvin Evans
		Ms. Beth Gibbons
		Ms. Harmony Lloyd
		Mr. Bernard Parker
		Mr. Sean Riopelle
		Mr. D'Andrae Whitley
		Mr. Danny Whitehouse

Public Registered:

Ms. Alyssa
Mr. Joel Batterman
Mr. Bobby Bamase
Ms. Laura Bleaieje
Mr. D. Duyck
Ms. Patty Fedewa
Mx. Steven Hammontree
Mr. Steven Harring
Mr. Steven Hawig
Mr. Jim Henderson
Mr. Wyatt Johnson
Mr. Drew Kennerly
Mx. Lukas Lasecki
Mr. Robert Pawlowski
Mr. Alexander Selsley
Mr. Thomas Yazbeck

1. **Call to Order**

2. **Pledge of Allegiance**

3. **Roll Call**

   Present: Chairperson Mr. Adbul Haidous, Vice-Chairperson Mr. John Paul Rea, Ms. Hilarie Chambers, Dr. Curtis Ivery, and Mr. Bret Rasegan

   Absent: Mr. Royce Maniko

   A quorum was present.

4. **Adoption of Agenda**

   MOTION: Moved by Mr. John Paul Rea, seconded by Dr. Curtis Ivery, to approve the Agenda for the October 26, 2023, Board meeting.

   DISCUSSION
   None

   VOTE: THE MOTION CARRIED.

5. **Board Appointments**

6. **Certification of Public Notice**

   The Board Administrator read the Public Notice and Rules of Order into the record.

7. **Minutes**

A. **Board Meeting Minutes for September 28, 2023**

MOTION: Moved by Ms. Hilarie Chambers, seconded by Mr. John Paul Rea, to approve the Board meeting minutes for September 28, 2023.

DISCUSSION:
None

VOTE: THE MOTION CARRIED.

B. **Board Executive Session Meeting Minutes for September 28, 2023**

MOTION: Moved by Mr. John Paul Rea, seconded by Ms. Hilarie Chambers, to approve the Board Executive Session meeting minutes for September 28, 2023.

DISCUSSION:
None

VOTE: THE MOTION CARRIED.

8. **Public Participation**

Chairperson Mr. Adbul Haidous declared the meeting open to Public Participation.

The following participants voiced their concerns and made comments:
- Brother Cunningham
- Mx. Steven Hammontree
- Mx. Lukas Laseki
- Mr. Robert Pawlowski
- Mr. Mike Rayner

9. **Chairperson's Report**

DISCUSSION:
None

10. **General Manager's Report**

DISCUSSION:
None

11. **Litigation Settlements**

DISCUSSION:
None

12. Board Briefings

A. SMARTer Mobility Consultant Presentation

B. HR Hiring Update

C. FLEX Update

13. New Business

A. Resolution: Approval of Labor Agreement with International Brotherhood of Teamsters, Local 247, Paratransit Drivers and Customer Service Operators

MOTION: Moved by Mr. Bret Rasegan, seconded by Mr. John Paul Rea, that the Board of Directors of the Suburban Mobility Authority for Regional Transportation approves the Agreement between the International Brotherhood of Teamsters, Local 247, and the Suburban Mobility Authority for Regional Transportation, effective October 22, 2023 through December 31, 2025, and hereby authorizes the General Manager to enter into and execute said agreement.

DISCUSSION:
None

VOTE: THE MOTION CARRIED.

B. Resolution: Approval of SMART's Updated Agency Safety Plan

MOTION: Moved by Mr. John Paul Rea, seconded by Mr. Bret Rasegan, that the Suburban Mobility Authority for Regional Transportation Board of Directors adopts SMART's Agency Safety Plan.

DISCUSSION:
None

VOTE: THE MOTION CARRIED.

C. Resolution: Authorization to Award a Contract for Micro Transit Services

MOTION: Moved by Mr. Bret Rasegan, seconded by Mr. John Paul Rea, that the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award a two-year contract for an amount not to exceed $23,888,950.00 to River North Transit LLC (Via), with one-one year renewal option at an amount not to exceed $12,054,090.00; for a total amount not to exceed $35,943,040.00 for Micro Transit Services.

DISCUSSION:
None

VOTE: THE MOTION CARRIED.

D. **Resolution: Authorization to Award a Contract for Forty (40) Connector Replacement Vehicles**

MOTION: Moved by Mr. John Paul Rea, seconded by Ms. Hilarie Chambers, That the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to Award a Contract to Hoekstra Transportation for the Purchase of Forty (40) Connector Replacement Vehicles. The Connector Replacement Vehicles will be purchased under a cooperative purchasing agreement through The State of Michigan MDOT for an amount not to exceed $6,393,720.00.

DISCUSSION:
None

VOTE: THE MOTION CARRIED.

E. **Resolution: Authorization to Approve a Revenue Contract Extension with Crown Castle for Cell Tower Lease**

MOTION: Moved by Mr. Bret Rasegan, seconded by Mr. John Paul Rea, that the General Manager of Suburban Mobility Authority for Regional Transportation is hereby authorized to approve a Contract Extension with Crown Castle for a Cell Tower Lease beginning October 29, 2023, through July 31, 2024. The contract extension will generate $19,847.00 in revenue.

DISCUSSION:
None

VOTE: THE MOTION CARRIED.

14. **Closed Session**

Roll Call

Present: Chairperson Mr. Abdul Haidous, Vice-Chairperson Mr. John Paul Rea, Ms. Hilarie Chambers, Dr. Curits Ivery, Mr. Bret Rasegan

Absent: Mr. Royce Maniko

MOTION: Moved by Mr. John Paul Rea, seconded by Ms. Hilarie Chambers, that the Board of Directors of the Suburban Mobility Authority for Regional Transportation **proceed into** Executive Session.

VOTE: All in attendance voted in the affirmative. **THE MOTION CARRIED.**

DISCUSSION:
Confidential

VOTE: All in attendance voted in the affirmative. **THE MOTION CARRIED.**

MOTION: Moved by Mr. John Paul Rea, seconded by Mr. Abdul Haidous, that the Board of Directors of the Suburban Mobility Authority for Regional Transportation, hereby authorizes the move to **proceed out** of Executive Session.

VOTE: All in attendance voted in the affirmative. **THE MOTION CARRIED.**

15. **Board Member Business**

DISCUSSION:
None

Adjournment
There being no further business to come before the Board, upon motion made by Mr. John Paul Rea, seconded by Ms. Hilarie Chambers, and unanimously carried, the meeting adjourned at 3:47 PM.

Respectfully submitted,

Tiffany Martin-Patterson

Tiffany Martin-Patterson
Board Administrator

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Public Participation

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Chairperson's Report

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: General Manager's Report

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Board Briefings

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Financial Reports

agenda item

DATE:	12/7/2023	DISPOSITION SOUGHT:	Accept and File
		SUBMITTED BY:	VP of Finance
TO:	SMART Board of Directors		
FROM:	Finance Department	APPROVED BY:	Deputy General Manager

SUBJECT: Audited Financial Statements for the Year Ending June 30, 2023, including Other Independent Auditor Reports.

SUMMARY

Attached are the completed Fiscal Year 2022/23 SMART Audited Financial Statements, Single Audit Report (Federal Awards Supplemental Information), and Statement of Auditing Standard (AU 260) annual auditors' letter to the board. The Audit Committee reviewed a draft of these communications at the December 7, 2023 meeting with the independent auditors and staff. The Audit Committee recommended all items to come to the board for consideration at its December 7, 2023, meeting contingent upon receiving auditor opinions on the 2022/23 financial statements and Single Audit. In addition, SMART staff completed the unaudited Other Supplemental Information schedules attached to the independent audited financial statements and forwarded a signed Representation Letter to the Auditors before audit submittal to the board. All of these items are complete.

DISCUSSION

In accordance with PA 204 of 1967, as amended, and PA 2 of 1968, as amended, the Suburban Mobility Authority for Regional Transportation must have an annual independent audit of its financial records and internal controls. The Federal government, under U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards also requires a Single Audit (Federal Awards Supplemental Information Report) to be performed by an independent auditor if the value of federal dollars received is $750,000 or greater. Under Generally Accepted Auditing Standards, the auditors also provide SMART a communication to those charged with governance relating to internal controls at SMART and highlight other auditor recommendations and related financial information within this document.

The draft audit, Single Audit, and Statement of Auditing Standard letter were presented to the Audit Committee at the December 7, 2023 meeting. After review with the independent auditors and staff, the Audit committee voted to move all items to the full Board of Directors for review and consideration subject to the Authority obtaining the final financial statement opinion from the auditors, a federal awards supplemental information opinion letter from the auditors and staff preparing and providing the Other Supplemental Financial Information which is attached to the audit report. All items are complete and if applicable, part of the final reporting package to the Board.

RECOMMENDATION

It is recommended that the Board of Directors of the Suburban Mobility Authority for Regional Transportation make a motion to:

1. Accept SMART's FY 2022/23 audit reports:

a) Audited Financial Statements

b) Single Audit Report

c) Statement of Auditing Standard Annual Auditors Letter to the Board

2. Direct the VP of Finance to file them prior to 12/31/2023 to the proper federal and state agencies as required by law

ATTACHMENTS

A. Audited FY 2022/23 Financial Statements

B. Federal Awards Report

C. Statement of Auditing Standard Letter to the Board

Suburban Mobility Authority for Regional Transportation

Financial Report
with Supplementary Information
June 30, 2023

Open Items

1. Report date
2. OSI - PBC. Update page numbers in TOC.
3.
4.
5.

Contents

Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the years ended June 30, 2023 and 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2023 and 2022 and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audits of the Financial Statements* section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for 12 months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audits of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that audits conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing the audits in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audits, significant audit findings, and certain internal control-related matters that we identified during the audits.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 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 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.

Supplementary Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplementary information, as identified in the table of contents, except for the nonfinancial report numbered 19 and all reports for the year ended September 30, 2022 (those numbered 2, 4, 6, 8, 10, and 13-18), is presented for the purpose of additional analysis and 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 basic 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 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 supplementary information, except for the nonfinancial report numbered 19 and all reports for the year ended September 30, 2022 (those numbered 2, 4, 6, 8, 10, and 13-18) is fairly stated in all material respects in relation to the basic financial statements as a whole.

Additional Information

Management is responsible for the accompanying nonfinancial report numbered 19 and all reports for the year ended September 30, 2022 (those numbered 2, 4, 6, 8, 10, and 13-18) which are presented for the purpose of additional analysis and are not a required part of the basic financial statements. Our opinions on the financial statements do not cover such information, and we do not express an opinion or any form of assurance thereon.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2023 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, grant agreements, and other matters. The purpose of that report is solely 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 effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

November 15, 2023

The following discussion and analysis has been prepared by the Suburban Mobility Authority for Regional Transportation's (the "Authority" or SMART) management and should be read in conjunction with the financial statements and related note disclosures. The discussion is intended to present an overview of SMART's financial performance for the years ended June 30, 2023 and 2022 and does not purport to make any statement regarding the future operations of the organization. While SMART is an instrumentality of the State of Michigan, it is not a component of the State, as defined by the Governmental Accounting Standards Board (GASB).

Using This Annual Report

This annual financial report consists of a series of financial statements. The statement of net position and the statement of revenue, expenses, and changes in net position provide information about the activities of SMART as a whole and present a longer-term view of the Authority'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 cost of providing the Authority's services has been fully funded.

Financial Highlights

- Total operating revenue has increased in fiscal year 2022-2023 (FY 2023) as compared to fiscal year 2021-2022 (FY 2022). This total operating revenue increase is 10.65 percent, or approximately $676,000. This is largely due to increased ridership.
- The other component of total operating revenue is other operating income. This revenue component had an actual overall increase of approximately $259,000, or approximately 17.20 percent, compared to FY 2022. This revenue stream primarily consists of advertising, rental, and miscellaneous operating revenue.
- Nonoperating revenue increased by approximately $8.6 million, or 5.75 percent, in FY 2023 compared to FY 2022. Increased investment due to interest rates and local property tax contributions.
- In FY 2023, operating expenses of approximately $129.1 million, before depreciation, are approximately $2.2 million higher than FY 2022. This is largely due to an increase in materials and supplies cost, including fuel, and increased expense related to SMART expanding microtransit programs and wages being down due to SMART not paying hazard pay.
- Capital contribution spending in FY 2023 amounted to $11.2 million. This is a decrease of approximately $13.1 million, or 54 percent, for FY 2023. SMART heavily relies on federal capital funds to purchase capital assets (i.e., bus replacement and facility rehabilitation). SMART doesn't have as many capital projects open during FY 2023, as we plan for major capital improvement in FY 2024 and FY 2025.
- Current liabilities decreased by approximately $5.7 million primarily due to an increase in municipal and community credits payable of $1.1 million, a decrease in payables under purchase of service agreements of $1.8 million, and a decrease in accounts payable of $3.1 million.
- Net position, which is detailed later, increased by $26.0 million to $223.7 million, which is a combination of the $9.8 million decrease in net investment in capital assets and $35.8 million increase in unrestricted net position due to FY 2023 financial activity.

The Authority's Net Position

A summary of SMART's assets, liabilities, deferred outflows and inflows, and net position at June 30, 2023, 2022, and 2021 is as follows:

	2021	2022	2023
Assets			
Current and other assets:			
Cash and investments	$ 139,242,775	$ 160,998,019	$ 186,875,427
Receivables	54,263,078	36,912,759	31,821,653
Other assets	3,586,869	3,443,963	3,875,319
Capital assets	160,793,326	162,892,550	154,167,366
Total assets	357,886,048	364,247,291	376,739,765
Deferred Outflows of Resources	36,178,049	33,862,829	35,940,224
Liabilities			
Current liabilities	33,658,077	36,273,824	30,557,924
Noncurrent liabilities	124,478,821	107,816,535	108,061,777
Total liabilities	158,136,898	144,090,359	138,619,701
Deferred Inflows of Resources	69,819,636	56,257,544	50,340,231
Net Position			
Net investment in capital assets	158,472,484	160,919,352	151,147,487
Restricted	101,639	121,708	69,867
Unrestricted	7,533,440	36,721,157	72,502,703
Total net position	**$ 166,107,563**	**$ 197,762,217**	**$ 223,720,057**

SMART's current assets, including restricted cash, had a net increase of $21.2 million, which represents an increase of approximately 10.5 percent compared to FY 2022. Restricted cash decreased from approximately $122,000 to $70,000 at the end of FY 2023.

Amounts invested in capital assets decreased by $8.7 million to $154.2 million

Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, increased by $35.8 million from FY 2023.

The Authority's Changes in Net Position

	2021	2022	2023
Operating Revenue	$ 2,635,839	$ 6,349,427	$ 7,025,687
Operating Expenses	137,187,131	148,922,018	150,868,405
Operating Loss	(134,551,292)	(142,572,591)	(143,842,718)
Nonoperating Revenue	150,519,770	150,006,644	158,633,923
Income - Before capital contributions	15,968,478	7,434,053	14,791,205
Capital Contributions	34,718,815	24,220,601	11,166,635
Change in Net Position	50,687,293	31,654,654	25,957,840
Net Position - Beginning of year	115,420,270	166,107,563	197,762,217
Net Position - End of year	**$ 166,107,563**	**$ 197,762,217**	**$ 223,720,057**

As described earlier in financial highlights, total operating revenue has increased in FY 2023 as compared to FY 2022. This is mainly a result of fare being collected during all of FY 2023.

Operating expenses before depreciation are $2.2 million higher than FY 2022. This is largely due to an increase in materials and supplies cost, including fuel, and increased expense related to SMART expanding microtransit programs.

Capital Assets and Debt Administration

The Authority continues to invest in infrastructure, equipment, and vehicles. SMART had approximately $154.2 million and $162.9 million invested in capital assets as of June 30, 2023 and 2022, respectively. During FY 2023, SMART had total capital asset additions of approximately $11.5 million, primarily consisting of bus equipment software and facilities projects.

More detailed information concerning capital assets can be found in Note 5 in the notes to the financial statements.

Economic Factors and Next Year's Budgets and Rates

The Regional Transit Authority (RTA) is the designated recipient for federal funds to the tri-county urbanized area consisting of Wayne, Oakland, and Macomb counties. A portion of these funds is passed through to SMART. The current allocation of Section 5307 federal capital funding passed through the RTA is 50.0 percent to SMART, 49.0 percent to DDOT, and 1 percent to the Detroit Transportation Corporation (the "People Mover"). It is anticipated for FY 2022 that the Section 5307 federal capital funding passed through the RTA will again be 50.0 percent to SMART, 49.0 percent to DDOT, and 1 percent to the Detroit Transportation Corporation. For FY 2023, Section 5307 funding of approximately $43.7 million is included in SMART’s capital budget.

In December 2022, voters in the service areas of Macomb, Oakland, and Wayne counties approved a $.95 per thousand taxable value millage rate. The millage is applied against taxable value across Macomb and Oakland County and in participating communities in Wayne counties. The millage rate is subject to the State Headlee Amendment annually. The millage has been voter approved for a ten-year in Oakland, five-year in Macomb and four-year Wayne fiscal period starting in FY 2023 and is estimated to generate $95 million annually for SMART.

SMART has adopted a balanced budget for FY 2023. The FY 2023 operating budget is approved for $147.5 million. In addition, the FY 2023 restricted pass-through revenue and expense budget has been approved for $11.4 million. In FY 2023, the board also approved a federal/state $433.1 million capital spending plan. This capital plan is a six-year spending plan with an estimated $72.1 million per year to be applied for and spent. In addition, the board continued to support incorporating $77.7 million in prior year unspent approved grant dollars within the FY 2023 capital spending plan.

Requests for Further Information

This financial report is designed to provide our customers, taxpayers, and other interested parties with a general overview of the finances of the Suburban Mobility Authority for Regional Transportation and to demonstrate SMART’s accountability for the money it receives. If you have questions about this report or need additional information, contact SMART at the Buhl Building, 535 Griswold Street, Suite 600, Detroit, MI 48226.

Statement of Net Position

June 30, 2023 and 2022

	Enterprise Operating Fund	
	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	$ 170,036,384	$ 143,935,101
Investments (Note 3)	16,839,043	17,062,918
Receivables:		
Local contributions receivable (Note 1)	544,623	368,300
Accrued interest receivable	27,660	26,140
Current portion of leases receivable	18,718	40,964
Other receivables	858,962	910,199
Grant receivable (Note 4)	29,857,910	35,034,661
Materials and supplies inventories	3,362,054	2,822,250
Prepaid expenses and other assets	443,398	500,005
Total current assets	221,988,752	200,700,538
Noncurrent assets:		
Restricted cash (Note 3)	69,867	121,708
Leases receivable - Net of current portion	513,780	532,495
Nondepreciable capital assets (Note 5)	29,837,620	23,435,205
Depreciable capital assets - Net (Note 5)	124,329,746	139,457,345
Total noncurrent assets	154,751,013	163,546,753
Total assets	376,739,765	364,247,291
Deferred Outflows of Resources		
Deferred pension costs (Note 10)	28,111,789	17,868,658
Deferred OPEB costs (Note 12)	7,828,435	15,994,171
Total deferred outflows of resources	35,940,224	33,862,829
Liabilities		
Current liabilities:		
Municipal and community credits payable (Note 1)	7,802,055	6,682,211
Amounts payable under purchase of service agreements	1,380,610	3,211,379
Current portion of accrued self-insurance (Note 9)	4,837,305	5,033,123
Accounts payable	8,686,427	11,807,208
Accrued liabilities and other:		
Accrued salaries and wages	918,202	797,699
Operating assistance reserve	3,018,205	3,757,573
Other accrued liabilities	41,595	1,438,731
Current portion of long-term liabilities (Note 8)	3,873,525	3,545,900
Total current liabilities	30,557,924	36,273,824
Noncurrent liabilities:		
Accrued self-insurance - Net of current portion (Note 9)	10,669,415	9,564,194
Net pension liability (Note 10)	76,631,122	37,903,253
Net OPEB liability (Note 12)	18,019,186	58,422,141
Long-term liabilities - Net of current portion (Note 8)	2,742,054	1,926,947
Total noncurrent liabilities	108,061,777	107,816,535
Total liabilities	138,619,701	144,090,359

See notes to financial statements.

June 30, 2023 and 2022

	Enterprise Operating Fund	
	2023	2022
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 10)	$ -	$ 20,285,642
Deferred OPEB cost reductions (Note 12)	49,841,792	35,409,767
Deferred inflows from leases	498,439	562,135
Total deferred inflows of resources	50,340,231	56,257,544
Net Position		
Net investment in capital assets	151,147,487	160,919,352
Restricted	69,867	121,708
Unrestricted	72,502,703	36,721,157
Total net position	**$ 223,720,057**	**$ 197,762,217**

See notes to financial statements.

Suburban Mobility Authority for Regional Transportation

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2023 and 2022

	Enterprise Operating Fund	
	2023	2022
Operating Revenue		
Fares	$ 5,259,208	$ 4,842,163
Other income	1,766,479	1,507,264
Total operating revenue	7,025,687	6,349,427
Operating Expenses		
Salaries and wages	48,713,035	53,311,499
Fringe benefits	26,120,040	22,558,892
Materials and supplies	14,090,794	13,032,125
Contractual services	6,031,594	4,198,017
Utilities	1,295,817	1,234,229
Claims and insurance	8,834,733	7,510,090
Purchased transportation (Note 7)	15,872,370	16,624,029
Miscellaneous expense	1,149,686	4,428,808
Depreciation	21,759,710	22,062,034
Microtransit	7,000,626	3,962,295
Total operating expenses	150,868,405	148,922,018
Operating Loss	(143,842,718)	(142,572,591)
Nonoperating Revenue (Expense)		
Investment income (loss)	3,100,677	(1,150,553)
Gain on sale of assets	71,115	59,809
Federal operating and preventive maintenance assistance	16,514,962	23,248,703
State operating grants	46,267,197	43,482,936
Local contributions (Note 6)	87,814,682	81,299,002
Other state and local sources	1,986,988	2,533,919
Interest expense	(57,264)	(43,242)
Other nonoperating revenue	2,935,566	576,070
Total nonoperating revenue	158,633,923	150,006,644
Income - Before capital contributions	14,791,205	7,434,053
Capital Contributions	11,166,635	24,220,601
Change in Net Position	25,957,840	31,654,654
Net Position - Beginning of year	197,762,217	166,107,563
Net Position - End of year	**$ 223,720,057**	**$ 197,762,217**

See notes to financial statements.

Suburban Mobility Authority for Regional Transportation

Statement of Cash Flows

Years Ended June 30, 2023 and 2022

	Enterprise Operating Fund	
	2023	2022
Cash Flows from Operating Activities		
Receipts from transit operations	$ 7,076,924	$ 6,170,297
Payments to suppliers	(27,569,005)	(23,184,139)
Payments to employees and fringes	(84,222,619)	(105,392,725)
Payments to claims and insurance	(7,925,330)	(7,079,152)
Payments for purchased transportation	(23,583,921)	(17,657,804)
Net cash and cash equivalents used in operating activities	(136,223,951)	(147,143,523)
Cash Flows from Noncapital Financing Activities		
State operating grants	48,409,662	47,387,699
Federal operating and preventive maintenance assistance	14,795,444	27,247,587
Local contributions	87,638,359	83,462,788
Other nonoperating receipts	4,911,931	3,092,037
Net cash and cash equivalents provided by noncapital financing activities	155,755,396	161,190,111
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	15,181,071	33,367,164
Proceeds from sale of capital assets	130,924	137,624
Purchase of capital assets	(11,539,361)	(24,220,600)
Lease payments	(577,669)	(390,886)
Net cash and cash equivalents provided by capital and related financing activities	3,194,965	8,893,302
Cash Flows from Investing Activities		
Interest received on investments, net of losses	3,099,157	(1,164,577)
Proceeds from sale and maturities of investment securities	223,875	1,342,118
Net cash and cash equivalents provided by investing activities	3,323,032	177,541
Net Increase in Cash and Cash Equivalents	26,049,442	23,117,431
Cash and Cash Equivalents - Beginning of year	144,056,809	120,939,378
Cash and Cash Equivalents - End of year	**$ 170,106,251**	**$ 144,056,809**
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	$ 170,036,384	$ 143,935,101
Restricted cash	69,867	121,708
Total cash and cash equivalents	**$ 170,106,251**	**$ 144,056,809**
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	$ (143,842,718)	$ (142,572,591)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	21,759,710	22,062,034
Noncash change in net pension liability	8,199,096	(8,442,852)
Noncash change in net OPEB liability	(17,805,194)	(19,298,534)
Noncash change in self-insurance liability	909,403	430,938
Changes in assets and liabilities:		
Materials and supplies inventory	(539,804)	385,875
Other receivables	51,237	(179,130)
Prepaid and other assets	56,607	(222,900)
Accounts payable	(4,517,917)	(453,935)
Municipal and community credits payable	1,119,844	1,011,666
Payable under purchase service contracts	(1,830,769)	1,916,854
Accrued wages and compensated absences	216,554	(1,780,948)
Net cash and cash equivalents used in operating activities	**$ (136,223,951)**	**$ (147,143,523)**

Significant Noncash Transactions - In 2023, SMART entered into leases that increased right to use assets and lease liabilities by approximately $1.5 million.

Fiduciary Funds
Statement of Fiduciary Net Position

June 30, 2023 and 2022

	2023	2022
Assets - Interest in pooled investments	$ 110,526,554	$ 100,618,245
Liabilities	-	-
Net Position - Restricted for postemployment benefits other than pension	**$ 110,526,554**	**$ 100,618,245**

See notes to financial statements.

Fiduciary Funds
Statement of Changes in Fiduciary Net Position

Years Ended June 30, 2023 and 2022

	2023	2022
Additions		
Investment income (loss)	$ 7,605,774	$ (8,775,581)
Contributions - Employer contributions	8,187,899	16,565,578
Total additions	15,793,673	7,789,997
Deductions		
Benefit payments	5,693,299	6,665,578
Administrative expenses	192,065	184,962
Total deductions	5,885,364	6,850,540
Net Increase in Fiduciary Net Position	9,908,309	939,457
Net Position - Beginning of year	100,618,245	99,678,788
Net Position - End of year	**$ 110,526,554**	**$ 100,618,245**

See notes to financial statements.

Note 1 - Significant Accounting Policies

The following is a summary of the significant accounting policies used by the Suburban Mobility Authority for Regional Transportation (SMART or the “Authority”):

Organization

The Suburban Mobility Authority for Regional Transportation, an instrumentality of the State of Michigan, is a public benefit agency created pursuant to the provisions of Act No. 204 of the Public Acts of Michigan of 1967, as amended. SMART is charged with the responsibility to plan, acquire, construct, operate, maintain, replace, improve, extend, and contract for public transportation facilities within the counties of Macomb, Monroe, Oakland, and Wayne. SMART is managed by a seven-member board of directors, which represents the counties that comprise SMART's operating region.

In December 2012, the passage of Michigan Public Act (PA) 387 created the Regional Transit Authority (RTA) and added Washtenaw County to the formerly tricounty transit region composed of Macomb, Oakland, and Wayne counties. SMART, the Detroit Department of Transportation (DDOT), the Ann Arbor Area Transportation Authority (AAATA), and the Detroit Transportation Corporation (the "Detroit People Mover") are subrecipients of the RTA for state and federal operating assistance, capital grants, and loans. The State of Michigan and the Federal Transit Administration (FTA) pay such funds directly to SMART at the direction of the RTA.

PA 387 also terminated the Regional Transit Coordinating Council (RTCC), the then-existing designated recipient, and made the Southeast Michigan Council of Governments (SEMCOG) the designated recipient of federal funds until October 1, 2013, when the RTA became the designated recipient. In March 2013, prior to PA 387, SEMCOG determined the allocation of operating assistance funds under Act 51 and federal capital funds to the tricounty urbanized area. Based on information submitted by the agencies, SEMCOG allocated 51.5 percent to SMART, 47.5 percent to DDOT, and 1 percent to the Detroit Transportation Corporation. This allocation remains in effect and is subject to change based on annual review by the RTA. Capital grants or loans are not allocated on a formula basis but rather are allocated on a specific project or asset basis in accordance with the terms of the grant or loan.

Reporting Entity

The financial reporting entity, as defined by Statement Nos. 14 and 39 (as amended by Statement Nos. 61 and 80) of the Governmental Accounting Standards Board (GASB), is composed of the primary government and its component units. The primary government includes all departments and operations for which SMART exercises oversight responsibility. Oversight responsibility was evaluated based on consideration of financial interdependency, selection of governing authority, designation of management, the ability to significantly influence management, and accountability for fiscal matters. The reporting entity of SMART consists solely of the primary government and its component unit.

Based on the guidelines outlined in GASB Statement Nos. 14 and 39 (as amended by GASB Statement Nos. 61 and 80) with respect to any other governmental unit, including the transportation agencies with which SMART has entered into purchase of service agreements, or the Act 196 Transportation Authorities in the counties served by SMART, SMART does not select its governing authority, designate its management, exercise significant influence over its daily operations, or maintain its accounting records.

SMART is not included within the reporting entity of the State of Michigan because the State of Michigan has no authority to appoint or remove SMART's management or board of directors and is not accountable for its fiscal matters.

Fiduciary Component Unit

Although legally separate from the Authority, the Other Postemployment Benefits Fund is reported as a fiduciary component unit because it is governed by SMART's board of directors and imposes a financial burden on SMART.

Note 1 - Significant Accounting Policies (Continued)

Accounting and Reporting Principles

The Authority follows accounting principles generally accepted in the United States of America (GAAP), as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board. The following is a summary of the significant accounting policies used by the Authority:

Report Presentation

This report includes the fund-based statements of the Authority. In accordance with government accounting principles, a government-wide presentation with program and general revenue is not applicable to special purpose governments engaged only in business-type activities.

Fund Accounting

Proprietary funds include enterprise funds (which provide goods or services to users in exchange for charges or fees). The Authority reports all activity in a single enterprise fund except for the following fiduciary fund.

Fiduciary funds include amounts held in a fiduciary capacity for others. These amounts are not used to operate the Authority's programs. Activities that are reported as fiduciary include the Other Postemployment Benefits Fund, which accumulates resources for future retiree health care payments to retirees.

Basis of Accounting

Proprietary and fiduciary funds use the economic resources measurement focus and 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.

Specific Balances and Transactions

Cash and Cash Equivalents

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

Investments are reported at fair value or estimated fair value. Short-term investments are reported at cost, which approximates fair value. Securities traded on a national or international exchange are valued at the last reported sale price at current exchange rates.

Local Contributions Receivable

Local contributions receivable are shown net of estimated uncollectible amounts. No other allowances for anticipated uncollectible amounts are included in the financial statements, as SMART considers all other receivables to be fully collectible.

Materials and Supplies Inventory

Inventory consists of maintenance parts, repair parts, operating and office supplies, and fuel used in the operation of the transit system. Inventories are recorded at average cost. In accordance with industry practice, all inventories are classified as current assets, even though a portion of the inventories is not expected to be utilized within one year.

Note 1 - Significant Accounting Policies (Continued)

Restricted Assets

The Authority has unspent proceeds from the sale of assets originally acquired with capital grant funds. SMART has notified the federal granting agency and is required to segregate those funds for future acquisitions of capital assets.

Capital Assets

Capital assets are defined by the Authority as assets with an initial individual cost of more than $2,500 ($1,000 for computer equipment) and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Improvements that are expected to extend the useful lives of existing assets are capitalized. Donated fixed assets are recorded at estimated acquisition value. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Depreciation is computed using the straight-line method with a half year in the first and last years of the asset's depreciable life based upon the estimated useful lives of the assets as follows:

	Depreciable Life - Years
Connector transit buses and related equipment	4 to 10
Fixed-route buses and related equipment	7 to 14
Buildings and building improvements	25
Leasehold improvements*	5 to 25
Equipment and office furnishings	3 to 10

*Leasehold improvements are amortized over the shorter life of the specific improvement or the term of the related lease.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position 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 so will not be recognized as an expense until then. The Authority has deferred outflows related to pensions and OPEB, as detailed in Notes 10 and 12, respectively.

In addition to liabilities, the statement of net position 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 so will not be recognized as revenue until that time. The Authority reports deferred inflows of resources related leases as well as pensions and OPEB, as detailed in Notes 10 and 12, respectively.

Net Position Flow Assumption

The Authority 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, a flow assumption must be made about the order in which the resources are considered to be applied. It is the Authority’s policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Note 1 - Significant Accounting Policies (Continued)

Pension

The Authority offers pension benefits to retirees. The Authority records a net pension liability for the difference between the total pension liability calculated by the actuary and the pension plan's fiduciary net position. For the purpose of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the pension plan and additions to/deductions from the pension plan's fiduciary net position have been determined on the same basis as they are reported by the pension plan. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Postemployment Benefit Costs

The Authority offers retiree health care benefits to employees upon retirement. The Authority records a net OPEB liability for the difference between the total OPEB liability calculated by the actuary and the OPEB plan's fiduciary net position. For the purpose of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the OPEB plan and additions to/deductions from the OPEB plan's fiduciary net position have been determined on the same basis as they are reported by the OPEB plan. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Claims Expense/Liability

SMART has a self-insurance program for general and vehicle liability, as well as workers' compensation claims. Claims are accrued in the year the expenses are incurred, based upon the estimates of the claim liabilities made by management, SMART legal counsel, and actuaries. Reserves are also provided for estimates of claims incurred during the year but not yet reported. Claims expense is accrued in the period during which the incidents of loss occur based upon estimates of the expected liability, as determined by management with the assistance of third-party administration, legal counsel, and actuaries. Claims liabilities are estimated by management using the most current available information.

Municipal and Community Credits Payable

Annually, SMART receives municipal credit funding from the State of Michigan and funds community credits. SMART passes those moneys through to various individual communities. Every year, SMART executes contracts with each individual community, which allows it to receive municipal and community credit monies. SMART receives the monies upfront from the State, and then each community must request reimbursement from SMART related to contractually allowed expenses. The difference between the amount the State has awarded and sent to SMART and the amount for which the communities have requested reimbursement by June 30 of each respective fiscal year end is recorded as a municipal and community credit payable.

Compensated Absences (Vacation and Sick Leave)

SMART employees earn vacation and sick leave, which is generally fully vested when earned. Unused vacation time may be carried over to the following year, with certain limitations. For union employees, the vacation carryover is limited to one year, and for nonunion employees, it can be carried over for two years. Upon termination of employment, employees are paid for unused accumulated vacation. For union employees, sick leave may be accumulated and paid upon retirement and, for certain employees, upon voluntary termination of employment. For union employees, certain accumulated sick leave may also be converted into additional vacation time. Accumulated unpaid vacation and sick leave are recorded as compensated absence liabilities.

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

SMART distinguishes operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of SMART is charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

Grant Activities

The federal government, through the Federal Transit Administration and the Michigan Department of Transportation (MDOT), provides financial assistance and grants directly to the Authority for operations and acquisition of property and equipment. Operating grants and special fare assistance awards made on the basis of entitlement periods are recorded as grant receivables and revenue over the entitlement periods. Federal and state capital acquisition grants fund the purchase of capital items, including buses, bus terminals, and related transportation equipment used by SMART and other transit agencies within the southeastern Michigan region. Capital grants for the acquisition of capital assets are recorded as grants receivable in the statement of net position and capital contributions in the statement of revenue, expenses, and changes in net position when the related qualified expenditures are incurred.

When assets acquired with capital grant funds are disposed of, the Authority is required to notify the granting federal agency. A proportional amount of the proceeds or fair market value, if any, of such property may be used to acquire like-kind replacement vehicles or can be remitted to the granting federal agency at its discretion.

Passenger Fares

Passenger fares are recorded as revenue at the time services are performed.

Cost Allocation Plan

The Authority did not have any cost allocation plans in the current year.

Leases

The Authority is a lessee for noncancelable leases of building space, parking spaces, and bus batteries. The Authority recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the statement of net position. The Authority recognizes lease assets and liabilities with an initial value of $2,500 or more.

At the commencement of a lease, the Authority initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the Authority determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.

Note 1 - Significant Accounting Policies (Continued)

- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term liabilities on the statement of net position.

The Authority is a lessor for noncancelable leases of land by telecommunication companies. The Authority recognizes a lease receivable and a deferred inflow of resources in the statement of net position.

At the commencement of a lease, the Authority initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the Authority determines the discount rate it uses to discount the expected lease receipts to present value, lease term, and lease receipts.

- The Authority uses the actual rate charged to lessees as the discount rate for leases, if known.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The Authority monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

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. Significant estimates affecting the financial statements relate to the obligation for other postemployment benefits, the required contribution for pensions, estimated liabilities related to self-insurance, the allowance for collectibility of local contribution receivables, the accrual for pending property tax appeals and anticipated chargebacks from the counties, and the reserve for Act 51 revenue.

Upcoming Accounting Pronouncements

In April 2022, the Governmental Accounting Standards Board issued GASB Statement No. 99, *Omnibus 2022*, which establishes or amends accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements (SBITAs), the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenues, the focus of government-wide financial statements, and terminology. The standard has various effective dates. The Authority does not believe this pronouncement will have a significant impact on its financial statements but is still making a full evaluation.

Note 1 - Significant Accounting Policies (Continued)

In June 2022, the Governmental Accounting Standards Board issued GASB Statement No. 100, *Accounting Changes and Error Corrections*, which enhances the accounting and financial reporting requirements for accounting changes and error corrections. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2024.

In June 2022, the Governmental Accounting Standards Board issued Statement No. 101, *Compensated Absences*, which updates the recognition and measurement guidance for compensated absences under a unified model. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means and establishes guidance for measuring a liability for leave that has not been used. It also updates disclosure requirements for compensated absences. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2025.

Note 2 - State of Michigan Operating Assistance Funds

Under Act 51 of the Public Acts of 1951, as amended, the State of Michigan makes distributions of funds that have been appropriated for mass transit operating assistance. As indicated in Note 1, the RTA is the designated recipient for such funds, and SMART is a subrecipient of the RTA. SMART has recorded operating grant revenue under Act 51 based on a formula that takes into account the eligible costs incurred by SMART, locally generated revenue of SMART, the percentage of the RTA's funding that is allocable to SMART, and preliminary information made available by the Michigan Department of Transportation (MDOT) as to the amount of funds expected to be available to the RTA.

The latest "final" determination of State of Michigan operating assistance allocable to SMART, in accordance with the ACT 51 funding formula, was for the State of Michigan's fiscal year ended September 30, 2019. Furthermore, SMART awaits the "final" determination for the years ended September 30, 2020, 2021, 2022, and 2023. SMART has recorded an estimated net receivable of approximately $2,905,000 as of June 30, 2023 based on management's anticipation of the results of the State's final determination of the ACT 51 funding formula for the open years.

Act 51 requires SMART to provide a portion of the State of Michigan operating assistance as funding to municipalities within its transportation district. Amounts not used by the municipalities within two years must be expended by SMART for operating purposes within the county in which the city, village, or township resides. SMART was required to provide approximately $3,261,000 pursuant to this provision in each of fiscal years 2023 and 2022. Refer to Note 1 for additional information regarding the State of Michigan operating assistance funds.

Note 3 - Deposits and Investments

Deposits and investments are reported in the financial statements as follows:

Cash and cash equivalents	$ 170,036,384
Investments	16,839,043
Restricted cash	69,867
Total deposits and investments	$ 186,945,294

Note 3 - Deposits and Investments (Continued)

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 no more than 260 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.

The Authority has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943 has authorized investments 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 highest classifications established by no less than two standard rating services that matures no more than 260 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and investment pools organized under the Local Government Investment Pool Acts, 1982 PA 367 and 1985 PA 121.

The Authority's cash and investments are subject to several types of risk, which are 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 Authority's deposits may not be returned to it. SMART does not have a deposit policy for custodial credit risk. At year end, the Authority had bank deposits of $172,266,423 (checking and savings accounts), of which $171,241,423 was uninsured and uncollateralized.

Interest Rate Risk

Interest rate risk is the risk that the value of investments will decrease as a result of a rise in interest rates. SMART's investment policy does not restrict investment maturities other than commercial paper, which can only be purchased with a 260-day maturity.

At year end, SMART had the following investments:

Investment	Fair Value	Weighted-average Maturity (Years)
Negotiable certificates of deposit	$ 8,147,440	2.52
U.S. government agency securities	8,691,603	2.92

Fair Value Measurements

The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets, Level 2 inputs are significant other observable inputs, and Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

Note 3 - Deposits and Investments (Continued)

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Authority's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The Authority has the following recurring fair value measurements as of June 30, 2023:

- Negotiable certificates of deposit of $8,147,440 are valued using a matrix pricing model (Level 2 inputs).
- U.S. government agency securities of $8,691,603 are valued using a matrix pricing model (Level 2 inputs).
- Interest in pooled investments (MERS Total Market Portfolio) of $110,526,554 is valued at net asset value per share.

The MERS Total Market Portfolio is a fully diversified portfolio combining traditional stocks and bonds with alternative asset classes, including real estate, private equity, and commodities. The objective is to provide current income and capital appreciation while minimizing the volatility of the capital markets. The Municipal Employees' Retirement System (MERS) manages the asset allocation and monitors the underlying investment managers of the MERS Total Market Portfolio. There are no unfunded commitments or rules regarding redemption frequency or notice period.

Note 4 - Grants Receivable

At June 30, 2023 and 2022, grants receivable are composed of the following:

	2023	2022
Accounts receivable - Billed:		
Federal government grants	$ 3,136,693	$ 4,542,041
State of Michigan grants	10,974,438	15,677,870
Total billed	14,111,131	20,219,911
Accounts receivable - Unbilled:		
Federal government grants	14,862,837	13,279,833
State of Michigan grants	881,367	1,485,944
Local grants	2,575	48,969
Total unbilled	15,746,779	14,814,746
Total	$ 29,857,910	$ 35,034,657

Note 5 - Capital Assets

Capital asset activity during the fiscal year ended June 30, 2023 was as follows:

	Balance July 1, 2022	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2023
Capital assets not being depreciated:					
Land	$ 3,473,174	$ -	$ -	$ -	$ 3,473,174
Construction in progress	19,957,031	(5,066,550)	11,539,355	(70,390)	26,359,446
Trademark	5,000	-	-	-	5,000
Subtotal	23,435,205	(5,066,550)	11,539,355	(70,390)	29,837,620
Capital assets being depreciated:					
Fixed-route buses and equipment	123,194,280	2,451,850	-	-	125,646,130
Connector buses and related equipment	82,990,948	243,845	-	(722,942)	82,511,851
Buildings and improvements	50,106,437	171,070	-	-	50,277,507
Office furnishings and equipment	2,363,756	-	-	-	2,363,756
Other equipment	87,582,768	2,199,785	-	-	89,782,553
Leasehold improvements	8,316,895	-	-	-	8,316,895
Right to use asset - building space	2,660,182	-	1,565,555	-	4,225,737
Subtotal	357,215,266	5,066,550	1,565,555	(722,942)	363,124,429
Accumulated depreciation:					
Fixed-route buses and equipment	45,865,263	-	9,266,030	-	55,131,293
Connector buses and related equipment	54,359,432	-	6,525,308	(722,942)	60,161,798
Buildings and improvements	39,021,572	-	971,157	-	39,992,729
Office furnishings and equipment	2,134,655	-	46,108	-	2,180,763
Other equipment	68,275,021	-	4,211,752	-	72,486,773
Leasehold improvements	7,368,134	-	180,880	-	7,549,014
Right-to-use asset - Building space	733,844	-	558,469	-	1,292,313
Subtotal	217,757,921	-	21,759,704	(722,942)	238,794,683
Net capital assets being depreciated	139,457,345	5,066,550	(20,194,149)	-	124,329,746
Net capital assets	$ 162,892,550	$ -	$ (8,654,794)	$ (70,390)	$ 154,167,366

Note 5 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended June 30, 2022 was as follows:

	Balance July 1, 2021	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2022
Capital assets not being depreciated:					
Land	$ 3,473,174	$ -	$ -	$ -	$ 3,473,174
Construction in progress	21,260,887	(25,465,114)	24,220,600	(59,342)	19,957,031
Trademark	5,000	-	-	-	5,000
Subtotal	24,739,061	(25,465,114)	24,220,600	(59,342)	23,435,205
Capital assets being depreciated:					
Fixed-route buses and equipment	108,069,107	15,125,173	-	-	123,194,280
Connector buses and related equipment	84,035,611	56,585	-	(1,101,248)	82,990,948
Buildings and improvements	49,449,776	656,661	-	-	50,106,437
Office furnishings and equipment	2,363,756	-	-	-	2,363,756
Other equipment	77,956,073	9,626,695	-	-	87,582,768
Leasehold improvements	8,316,895	-	-	-	8,316,895
Right-to-use asset - Building space	2,660,182	-	-	-	2,660,182
Subtotal	332,851,400	25,465,114	-	(1,101,248)	357,215,266
Accumulated depreciation:					
Fixed-route buses and equipment	37,206,215	-	8,659,048	-	45,865,263
Connector buses and related equipment	48,247,372	-	7,213,308	(1,101,248)	54,359,432
Buildings and improvements	37,998,555	-	1,023,017	-	39,021,572
Office furnishings and equipment	2,088,547	-	46,108	-	2,134,655
Other equipment	63,708,287	-	4,566,734	-	68,275,021
Leasehold improvements	7,181,237	-	186,897	-	7,368,134
Right-to-use asset - Building space	366,922	-	366,922	-	733,844
Subtotal	196,797,135	-	22,062,034	(1,101,248)	217,757,921
Net capital assets being depreciated	136,054,265	25,465,114	(22,062,034)	-	139,457,345
Net capital assets	$ 160,793,326	$ -	$ 2,158,566	$ (59,342)	$ 162,892,550

The eligible depreciation for fiscal year 2023 of $696,947 ($21,759,710 total depreciation reported less ineligible depreciation of $21,062,763) includes only depreciation of assets purchased with local funds where the useful life of the asset purchased has been approved by the Office of Passenger Transportation (OPT).

Note 5 - Capital Assets (Continued)

Construction Commitments

The Authority has active purchase contract commitments at year end related to the multiple capital purchases. At year end, the Authority's significant commitments with contractors are as follows:

	Spent to Date	Remaining Commitment
Bus purchase	$ 16,853,981	$ 9,330,295
Building construction	6,049,863	13,369,603
Bus shelters	229,639	345,362
Software	2,465,849	2,412,859
Communication boards	888,400	898,100
Bus components	2,743,743	5,716,720
Total	$ 29,231,475	$ 32,072,939

Note 6 - Property Taxes

In November 2022, Wayne and Macomb counties had property tax millages approved as follows: Wayne County was approved at 0.994 mills for four years from 2022 - 2025 and Macomb County was approved at 0.95 mills for 5 years from 2022 - 2026. These millages were levied and collected in 2023. In February 2023, Oakland County and SMART established an Interlocal Public Transportation Agreement. The agreement stated, Oakland County will continue to provide a foundation of $31.6 million in millage funding per year to SMART to preserve services that were in place as of December 31, 2022, as well as an additional $10.1 million in millage funding for expanded services. Revenue received by Macomb County, Michigan; the Wayne County Act 196 Authority; and the Oakland County Act 196 Authority, which was contributed to SMART for the years ended June 30, 2023 and 2022, totaled $87,814,682 and $81,299,002, respectively.

Note 7 - Community Support and Purchase of Service

SMART has entered into purchase of service agreements with various transportation agencies, including community transit operators, all of which are separate transit systems operating in SMART's region. The agreements generally require that operating losses (as defined in the respective agreements) of these transportation agencies be subsidized up to specified maximum amounts.

Expenses under the purchase of service agreements for the years ended June 30 are composed of the following:

	2023	2022
Purchased transportation:		
Community-based services	$ 195,000	$ 195,000
Community credits	4,114,900	3,983,400
Community transit bus service	328,000	328,000
Total purchased transportation	4,637,900	4,506,400
Pass-through community support:		
Municipal credits	3,261,080	3,261,080
Specialized services	922,292	922,294
JARC and New Freedom	2,727,695	2,267,489
Royal Oak Township	11,751	16,823
Community transit bus service	3,318,258	4,499,526
CARES ACT	993,394	-
Federal relief funding	-	1,150,417
Total purchase of service	11,234,470	12,117,629
Total	$ 15,872,370	$ 16,624,029

Note 8 - Long-term Liabilities

Long-term debt activity for the year ended June 30, 2023 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accumulated compensated absences	$ 3,499,649	$ 2,612,571	$ (2,516,520)	$ 3,595,700	$ 3,379,958
Lease liability (Note 15)	1,973,198	1,529,350	(482,669)	3,019,879	493,567
Total long-term debt	$ 5,472,847	$ 4,141,921	$ (2,999,189)	$ 6,615,579	$ 3,873,525

Activity for the year ended June 30, 2022 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accumulated compensated absences	$ 4,068,493	$ 2,989,199	$ (3,558,043)	$ 3,499,649	$ 3,191,239
Lease liability (Note 15)	2,320,842	-	(347,644)	1,973,198	354,661
Total long-term debt	$ 6,389,335	$ 2,989,199	$ (3,905,687)	$ 5,472,847	$ 3,545,900

Note 9 - Risk Management

SMART is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation).

Note 9 - Risk Management (Continued)

In fiscal years 2023 and 2022, SMART was a qualifying self-insurer for vehicle and general liability loss with a self-retention per occurrence amount of $1 million and excess insurance totaling $10 million per occurrence. SMART is self-insured for workers' compensation claims up to $500,000 per specific claim and is insured up to $5 million for aggregate losses in excess of the $500,000 individual claim. Vehicle, general, and workers' compensation claim liabilities are actuarially determined based on known information. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Recorded liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Management represents, based on existing known information and prior experience, that the estimated reserve for claims is adequate to satisfy all claims filed, or expected to be filed, for incidents that occurred through June 30, 2023.

SMART carries third-party commercial insurance for other areas of liability risk, including health benefits. Settled claims have not exceeded commercial coverage in any of the preceding five years.

Changes in the balances of self-insured liabilities during fiscal years 2023, 2022, and 2021 were as follows:

	2023	2022	2021
Claims liability - July 1	$ 14,597,317	$ 14,166,379	$ 11,534,718
Incurred claims - Current year, including adjustments to IBNR	8,369,997	5,906,962	7,521,756
Claim payments	(7,460,594)	(5,476,024)	(4,890,095)
Claims liability - June 30	$ 15,506,720	$ 14,597,317	$ 14,166,379

Note 10 - Agent Defined Benefit Pension Plan

Plan Description

The Suburban Mobility Authority for Regional Transportation participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan, which covers all full-time employees of the Suburban Mobility Authority for Regional Transportation. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required supplementary information of this defined benefit plan. This report can be obtained at www.mersofmich.com or in writing to MERS at 1134 Municipal Way, Lansing, MI 48917.

Benefits Provided

The plan provides certain retirement, disability, and death benefits to plan members and beneficiaries. PA 427 of 1984, as amended, established and amends the benefit provisions of the participants in MERS.

The MERS plan covers full-time employees at the Authority, including ATU, UAW, Teamsters, AFSCME, and nonunion employees.

Retirement benefits for employees hired before July 1, 2007 are calculated as 2.25 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 55 with 15 years of service. The vesting period is 6 years. Employees are eligible for nonduty disability benefits after 6 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal at least 85 percent of the accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Note 10 - Agent Defined Benefit Pension Plan (Continued)

Retirement benefits for employees hired after July 1, 2007 are calculated as 1.70 percent of the employee's final 5-year average salary times the employee's years of service. Normal retirement age is 60, with early retirement at 50 with 20 years of service. The vesting period is 10 years. Employees are eligible for nonduty disability benefits after 6 years of service and for duty-related disability benefits upon hire. Disability retirement benefits are determined in the same manner as retirement benefits but are payable immediately without an actuarial reduction. Death benefits equal at least 85 percent of the accrued retirement allowance benefit. An employee who leaves service may withdraw his or her contributions, plus any accumulated interest.

Benefit terms provide for annual cost of living adjustments to each employee's retirement allowance subsequent to the employee's retirement date. The annual adjustments are determined annually based on a percentage of the original retirement benefits, a percentage of the present retirement benefits, or a fixed dollar amount.

Benefit terms, within the parameters established by MERS, are generally established and amended by authority of the Authority's board, generally after negotiations of these terms with the affected unions.

Employees Covered by Benefit Terms

The following members were covered by the benefit terms as of December 31, 2022:

Inactive plan members or beneficiaries currently receiving benefits	985
Inactive plan members entitled to but not yet receiving benefits	141
Active plan members	694
Total employees covered by the plan	1,820

Contributions

Article 9, Section 24 of the State of Michigan Constitution requires that financial benefits arising on account of employee service rendered in each year be funded during that year. Accordingly, MERS retains an independent actuary to determine the annual contribution. The employer is required to contribute amounts at least equal to the actuarially determined rate, as established by the MERS retirement board. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by plan members during the year, with an additional amount to finance any unfunded accrued liability. The Authority has established a 4.50 percent of covered payroll contribution rate to be paid by its covered employees.

For the year ended June 30, 2023, the average active employee contribution rate was 4.50 percent of annual pay, and the Suburban Mobility Authority for Regional Transportation's average contribution rate was 22.65 percent of annual payroll.

Net Pension Liability

The Authority has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2023 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2022 measurement date. The December 31, 2022 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

Note 10 - Agent Defined Benefit Pension Plan (Continued)

Changes in the net pension liability during the measurement year were as follows:

Changes in Net Pension Liability	Increase (Decrease) Total Pension Liability	Plan Net Position	Net Pension Liability
Balance at December 31, 2021	$ 296,664,576	$ 258,761,323	$ 37,903,253
Changes for the year:			
Service cost	4,435,172	-	4,435,172
Interest	20,970,409	-	20,970,409
Differences between expected and actual experience	1,437,986	-	1,437,986
Contributions - Employer	-	15,146,136	(15,146,136)
Contributions - Employee	-	2,045,700	(2,045,700)
Net investment income	-	(28,599,214)	28,599,214
Benefit payments, including refunds	(19,270,348)	(19,270,348)	-
Administrative expenses	-	(476,924)	476,924
Net changes	7,573,219	(31,154,650)	38,727,869
Balance at December 31, 2022	$ 304,237,795	$ 227,606,673	$ 76,631,122

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended June 30, 2023, the Authority recognized pension expense of $18,506,877.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ 718,993	$ -
Net difference between projected and actual earnings on pension plan investments	22,220,513	-
Employer contributions to the plan subsequent to the measurement date	5,172,283	-
Total	$ 28,111,789	$ -

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date ($5,172,283), which will impact the net pension liability in fiscal year 2024 rather than pension expense.

Years Ending June 30	Amount
2024	$ 2,723,638
2025	4,045,856
2026	6,716,657
2027	9,453,355

Note 10 - Agent Defined Benefit Pension Plan (Continued)

Actuarial Assumptions

The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases (including inflation)	3.00%
Investment rate of return (gross of investment expenses)	7.25

The base mortality tables used are constructed as described below and are based on amount-weighted sex-distinct rates:

Preretirement Mortality:

1. 100% of PubG-2010 Healthy Retiree Mortality Tables for Ages 81-120
2. 100% of PubG-2010 Employee Mortality Tables for Ages 18-80
3. 100% of Pub-2010 Juvenile Mortality Tables for Ages 0-17

Nondisabled retired plan members and beneficiaries:

1. 106% of PubG-2010 Healthy Retiree Mortality Tables for Ages 50-120
2. 106% of PubG-2010 Employee Mortality Tables for Ages 18-49
3. 106% of Pub-2010 Juvenile Mortality Tables for Ages 0-17

Disabled retired plan members:

1. 100% of PubNS-2010 Disabled Retiree Tables for Ages 18-120
2. 100% of Pub-2010 Juvenile Mortality Tables for Ages 0-17

Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010. All assumptions used, except for investment rate of return, are based on actuarial study conducted for the period from 2014 - 2018.

Discount Rate

The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

Projected Cash Flows

Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Note 10 - Agent Defined Benefit Pension Plan (Continued)

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2022, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	60.00 %	4.50 %
Global fixed income	20.00	2.00
Private investments	20.00	7.00

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the Authority, calculated using the discount rate of 7.25 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the Suburban Mobility Authority for Regional Transportation	$ 109,505,651	$ 76,631,122	$ 48,820,441

Pension Plan Fiduciary Net Position

Detailed information about the plan’s fiduciary net position is available in the separately issued financial report found at www.mersofmich.com. The plan's fiduciary net pension has been determined on the same basis as used by the plan. The plan uses the economic resources measurement focus and the full accrual basis of accounting. Investments are stated at fair value. Contribution revenue is recorded as contributions are due pursuant to legal requirements. Benefit payments and refunds of employee contributions are recognized as expense when due and payable in accordance with the benefit terms.

Note 11 - Defined Contribution Postemployment Benefits

The Authority provides an employer-sponsored health care savings plan to certain employees to cover the costs of postemployment medical expenses available to the participant upon separation from employment by the Authority. This is a defined contribution plan administered by Michigan Municipal Employees' Retirement System. The benefits are provided under collective bargaining agreements (or other legal authority for providing benefits). There are no required contributions from employees. The Authority is required to contribute $125 per month for each participating employee in the International Brotherhood of Teamsters and $137 per month for each participating employee in the Amalgamated Transit Union; the American Federation of State, County and Municipal Employees (AFSCME); and nonrepresented employee groups. Health care savings plan participants are not eligible for authority-paid retiree health care under any other authority plan or program

During the years ended June 30, 2023 and 2022, the Authority made contributions of $787,770 and $745,743 , respectively, to the plan.

Note 12 - Other Postemployment Benefit Plan

Plan Description

SMART provides other postemployment benefits for all employees who meet eligibility requirements. These OPEB benefits are provided by SMART through its Enterprise Operating Fund directly to the retiree and beneficiary monthly. The SMART Enterprise Operating Fund will also make, on a discretionary basis, advance OPEB funding contributions to the Michigan Municipal Employees' Retirement System retiree health funding vehicle.

MERS is a statutory public corporation multiple-employer retirement system that pools assets of the participating employers for investment purposes but maintains separate accounts for each individual employer retiree health funding vehicle. These funds constitute a health care fund, which enable SMART to accumulate moneys to provide or subsidize health benefits for retirees and retiree beneficiaries.

SMART and the Municipal Employees' Retirement System separately issue public financial reports that include financial statements and required supplementary information for their respective organizations. The MERS financial report can be obtained by writing to MERS at 1134 Municipal Way, Lansing, MI 48917 or on the MERS website at www.mersofmich.com.

Management of the plan is vested in the SMART board of directors.

Benefits Provided

SMART provides postemployment health insurance, life insurance, and prescription benefits to eligible employees and beneficiaries. Eligible employees include those who retire after attaining age 60 with at least 6 years of service or after attaining age 55 with at least 15 years of service. For certain employees hired after July 1, 2007, health, life, and prescription benefits will be provided after the employee attains age 55 with at least 25 years of service. There are no cost of living benefit adjustments. Union contracts or the nonunion benefit book outline specifically which health care agent a retiree or beneficiary can utilize.

Employees Covered by Benefit Terms

Substantially all SMART employees hired before July 1, 2007; AFSCME members hired before February 9, 2015; and all UAW members are members of the plan. During fiscal year 2015, SMART implemented a defined contribution health care savings plan (the "HCSP") as an alternative to the existing plan, effectively closing the retiree health care and prescription plan to new employees. All Amalgamated Transit Union, International Brotherhood of Teamsters, and all nonrepresented employees hired after July 1, 2007 were transferred to the HCSP retroactive to their date of hire. The HCSP also includes employees in the American Federation of State, County and Municipal Employees hired after February 9, 2015.

The following members were covered by the benefit terms as of December 31, 2022:

Inactive plan members or beneficiaries currently receiving benefits	689
Active plan members	723
Total plan members	1,412

Contributions

SMART contributes 100 percent of the actual monthly costs for current benefits and administrative expenses to the plan through its Enterprise Operating Fund (pay-as-you-go funding). SMART has made additional payments to the OPEB retiree health funding vehicle at MERS on a discretionary basis.

Note 12 - Other Postemployment Benefit Plan (Continued)

SMART union and nonunion retirees who retire after January 6, 2012 also contribute a portion of their monthly retirement benefit to fund monthly health care premium payments made by SMART. For the fiscal year ended June 30, 2023, SMART paid postemployment health care benefit premiums and administrative costs of $5,693,299. In addition, SMART also contributed $2,494,600 into its prefunded retiree health care fund and paid $192,065 of administrative OPEB investment costs from the retiree health care fund.

Net OPEB Liability

The Authority has chosen to use the June 30, 2023 measurement date as its measurement date for the net OPEB liability. The June 30, 2023 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2023 measurement date. The June 30, 2023 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2022, which used update procedures to roll forward the estimated liability to June 30, 2023.

Changes in the net OPEB liability during the measurement year were as follows:

	Increase (Decrease)		
Changes in Net OPEB Liability	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2022	$ 159,040,386	$ 100,618,245	$ 58,422,141
Changes for the year:			
Service cost	776,079	-	776,079
Interest	8,611,998	-	8,611,998
Differences between expected and actual experience	(17,265,224)	-	(17,265,224)
Changes in assumptions	(16,924,200)	-	(16,924,200)
Contributions - Employer	-	8,187,899	(8,187,899)
Net investment income	-	7,605,774	(7,605,774)
Benefit payments, including refunds	(5,693,299)	(5,693,299)	-
Administrative expenses	-	(192,065)	192,065
Net changes	(30,494,646)	9,908,309	(40,402,955)
Balance at June 30, 2023	$ 128,545,740	$ 110,526,554	$ 18,019,186

The plan's fiduciary net position represents 85.98 percent of the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2023, the Authority recognized an OPEB cost recovery of $9,617,295.

At June 30, 2023, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$ -	$ 36,206,719
Changes in assumptions	6,823,811	13,635,073
Net difference between projected and actual earnings on OPEB plan investments	1,004,624	-
Total	$ 7,828,435	$ 49,841,792

Note 12 - Other Postemployment Benefit Plan (Continued)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years Ending June 30	Amount
2024	$ (13,514,827)
2025	(13,416,970)
2026	(7,004,646)
2027	(7,110,129)
2028	(966,785)
Thereafter	-

Actuarial Assumptions

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases for individual members based on age, including a base increase of 3.00 percent for all years and a merit/seniority increase of 0.00 to 6.70 percent; an investment rate of return (net of investment expenses) of 7.00 percent; a health care cost trend rate of 7.50 percent, decreasing for 12 years to an ultimate rate of 3.50 percent; and the sex-distinct Pub-2010 mortality tables with future assumed mortality improvements using scale MP-2019. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 7.00 percent. The projection of cash flows used to determine the discount rate assumed that, in years where an unfunded actuarial accrued liability exists, the total contributions will be equal to the projected benefit payments (pay as you go),in order to fund the actuarial contribution amount. In years where no unfunded actuarial accrued liability exists, the total contributions will be equal to the projected service cost, and contributions and benefit payments occur halfway through the year.

Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2023 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	4.50 %
Global fixed income	2.00
Private investments	7.00

Note 12 - Other Postemployment Benefit Plan (Continued)

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 7.0 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.00%)	Current Discount Rate (7.00%)	1 Percentage Point Increase (8.00%)
Net OPEB liability of the Municipal Employees' Retirement System of Michigan	$ 32,357,230	$ 18,019,186	$ 5,965,226

Sensitivity of the Net OPEB Liability to Changes in the Health Care Cost Trend Rate

The following presents the net OPEB liability of the Authority, calculated using the health care cost trend rate of 7.5 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a health care cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (6.50%)	Current Health Care Cost Trend Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the Municipal Employees' Retirement System of Michigan	$ 5,427,085	$ 18,019,186	$ 32,894,507

Assumption Changes

With the most recent valuation, the assumed rate of return was increased from 5.5 percent to 7.0 percent.

Investment Policy

The OPEB plan's policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan's investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board's adopted asset allocation policy as of June 30, 2023:

Municipal Employees' Retirement System of Michigan

Asset Class	Target Allocation
Global equity	60.00 %
Global fixed income	20.00
Private investments	20.00
Total	100.00 %

Rate of Return

For the year ended June 30, 2023, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was 7.47 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 13 - Contingent Liabilities

Various legal actions and workers' compensation claims are outstanding or may be instituted or asserted against SMART. Management has accrued amounts with respect to such actions and claims based on its best estimate of SMART's ultimate liability in these matters, including an estimate for claims that have been incurred but not reported for self-insured liability exposure.

Note 14 - Explanation of Ineligible Expenses per the OPT R&E Manual

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Any capital funds used to pay operating costs have been subtracted from eligible costs, which included $4.9 million and $6 million of preventive maintenance in 2023 and 2022, respectively. Also, any expenses associated with earned revenue, of which SMART had none in 2023 and 2022, would be subtracted from eligible costs.

Note 15 - Leases

The Authority leases building space, parking spaces, and bus batteries from third parties. Payments are fixed monthly. Lease asset activity of the Authority is included in Note 5.

Lease asset activity of the Authority is included in Note 5.

Future principal and interest payment requirements related to the Authority's lease liability at June 30, 2023 are as follows:

Years Ending	Principal	Interest	Total
2024	$ 493,567	$ 50,613	$ 544,180
2025	501,816	43,795	545,611
2026	508,770	36,841	545,611
2027	520,168	29,736	549,904
2028	217,107	23,477	240,584
2029-2033	680,541	64,460	745,001
2034-2038	97,910	349	98,259
Total	$ 3,019,879	$ 249,271	$ 3,269,150

The Authority leases land to various third parties. Payments are generally fixed monthly with escalation over the term of the lease. During the years ended June 30, 2023 and 2022, the Authority recognized approximately $60,000 and $70,000, respectively, of revenue from leases, including interest.

Required Supplementary Information

Required Supplementary Information
Schedule of Changes in the Net Pension Liability and Related Ratios

Last Nine Years
Years Ended December 31

	Year Ended December 31,								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability									
Service cost	$ 4,435,172	$ 3,881,625	$ 4,510,489	$ 4,502,393	$ 4,468,876	$ 4,143,547	$ 3,891,466	$ 3,819,202	$ 3,701,095
Interest	20,970,409	21,012,969	19,888,505	19,885,440	19,353,007	19,005,207	18,585,805	17,695,500	17,072,926
Differences between expected and actual experience	1,437,986	(3,593,770)	966,309	(2,768,704)	(870,763)	(3,478,232)	(2,515,718)	99,715	-
Changes in assumptions	-	10,047,909	7,535,899	8,381,719	-	-	-	10,351,934	-
Benefit payments, including refunds	(19,270,348)	(18,459,581)	(17,122,807)	(16,641,264)	(15,806,604)	(15,337,264)	(14,527,892)	(13,643,308)	(12,930,124)
Net Change in Total Pension Liability	7,573,219	12,889,152	15,778,395	13,359,584	7,144,516	4,333,258	5,433,661	18,323,043	7,843,897
Total Pension Liability - Beginning of year	296,664,576	283,775,424	267,997,029	254,637,445	247,492,929	243,159,671	237,726,010	219,402,967	211,559,070
Total Pension Liability - End of year	**$ 304,237,795**	**$ 296,664,576**	**$ 283,775,424**	**$ 267,997,029**	**$ 254,637,445**	**$ 247,492,929**	**$ 243,159,671**	**$ 237,726,010**	**$ 219,402,967**
Plan Fiduciary Net Position									
Contributions - Employer	$ 15,146,136	$ 16,218,042	$ 12,117,144	$ 13,368,558	$ 8,165,009	$ 16,522,752	$ 15,725,356	$ 5,096,203	$ 4,675,271
Contributions - Employee	2,045,700	1,920,194	2,067,490	2,013,938	1,972,003	1,750,206	1,650,588	1,627,578	1,600,418
Net investment income (loss)	(28,599,214)	31,018,133	28,663,528	24,557,841	(7,496,684)	23,044,677	17,449,806	(2,305,957)	9,705,285
Administrative expenses	(476,924)	(367,088)	(407,927)	(423,144)	(373,896)	(364,112)	(348,853)	(340,843)	(355,364)
Benefit payments, including refunds	(19,270,348)	(18,459,581)	(17,122,807)	(16,641,264)	(15,806,604)	(15,337,264)	(14,527,892)	(13,643,308)	(12,930,124)
Net Change in Plan Fiduciary Net Position	(31,154,650)	30,329,700	25,317,428	22,875,929	(13,540,172)	25,616,259	19,949,005	(9,566,327)	2,695,486
Plan Fiduciary Net Position - Beginning of year	258,761,323	228,431,623	203,114,195	180,238,266	193,778,438	168,162,179	148,213,174	157,779,501	155,084,015
Plan Fiduciary Net Position - End of year	**$ 227,606,673**	**$ 258,761,323**	**$ 228,431,623**	**$ 203,114,195**	**$ 180,238,266**	**$ 193,778,438**	**$ 168,162,179**	**$ 148,213,174**	**$ 157,779,501**
Authority's Net Pension Liability - Ending	**$ 76,631,122**	**$ 37,903,253**	**$ 55,343,801**	**$ 64,882,834**	**$ 74,399,179**	**$ 53,714,491**	**$ 74,997,492**	**$ 89,512,836**	**$ 61,623,466**
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	74.81 %	87.22 %	80.50 %	75.79 %	70.78 %	78.30 %	69.16 %	62.35 %	71.91 %
Covered Payroll	$ 44,463,919	$ 41,411,960	$ 45,036,165	$ 44,836,035	$ 43,850,988	$ 40,197,698	$ 36,992,486	$ 36,833,068	$ 35,107,048
Authority's Net Pension Liability as a Percentage of Covered Payroll	172.34 %	91.53 %	122.89 %	144.71 %	169.66 %	133.63 %	202.74 %	243.02 %	175.53 %

Schedule is built prospectively upon implementation of GASB 68.

Required Supplementary Information
Schedule of Pension Contributions

Last Ten Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 9,571,368	$ 9,147,144	$ 7,966,477	$ 8,212,548	$ 7,033,464	$ 6,522,752	$ 5,725,357	$ 5,096,203	$ 4,788,752	$ 4,549,591
Contributions in relation to the actuarially determined contribution	10,294,148	17,576,710	15,986,477	13,199,457	8,165,009	16,522,752	15,725,357	5,096,203	4,788,752	4,624,857
Contribution Excess (Deficiency)	**$ 722,780**	**$ 8,429,566**	**$ 8,020,000**	**$ 4,986,909**	**$ 1,131,545**	**$ 10,000,000**	**$ 10,000,000**	**$ -**	**$ -**	**$ 75,266**
Covered Payroll	$ 45,442,353	$ 45,582,462	$ 42,005,571	$ 44,268,897	$ 43,850,988	$ 40,197,698	$ 36,992,486	$ 36,833,068	$ 35,107,048	$ 34,791,376
Contributions as a Percentage of Covered Payroll	22.65 %	38.56 %	38.06 %	29.82 %	18.62 %	41.10 %	42.51 %	13.84 %	13.64 %	13.29 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31, two years prior to the end of the fiscal year in which the contributions are reported

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay - Closed
Remaining amortization period	17 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	3.00 percent - Including inflation
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Juvenile and PubG-2010 Employee and Healthy Retiree
Other information	None

Required Supplementary Information
Schedule of Changes in the Net OPEB Liability and Related Ratios

Last Six Fiscal Years
Years Ended June 30

	2023	2022	2021	2020	2019	2018
Total OPEB Liability						
Service cost	$ 776,079	$ 1,006,225	$ 1,414,989	$ 1,676,593	$ 1,499,372	$ 1,672,442
Interest	8,611,998	8,490,468	9,971,568	9,808,385	11,539,771	11,264,428
Differences between expected and actual experience	(17,265,224)	(992,549)	(42,262,549)	(1,297,425)	(27,059,480)	(321,657)
Changes in assumptions	(16,924,200)	-	11,001,181	-	22,428,697	-
Benefit payments, including refunds	(5,693,299)	(6,665,578)	(7,034,223)	(7,145,341)	(8,249,942)	(8,335,309)
Net Change in Total OPEB Liability	(30,494,646)	1,838,566	(26,909,034)	3,042,212	158,418	4,279,904
Total OPEB Liability - Beginning of year	159,040,386	157,201,820	184,110,854	181,068,642	180,910,224	76,630,320
Total OPEB Liability - End of year	**$ 128,545,740**	**$ 159,040,386**	**$ 157,201,820**	**$ 184,110,854**	**$ 181,068,642**	**$80,910,224**
Plan Fiduciary Net Position						
Contributions - Employer	$ 8,187,899	$ 16,565,578	$ 17,183,823	$ 13,445,341	$ 13,999,942	$13,553,709
Net investment (loss) income	7,605,774	(8,775,581)	20,344,183	1,564,171	1,800,508	3,672,021
Administrative expenses	(192,065)	(184,962)	(150,145)	(117,883)	(118,940)	(122,336)
Benefit payments, including refunds	(5,693,299)	(6,665,578)	(7,034,223)	(7,145,341)	(8,249,942)	(8,335,309)
Net Change in Plan Fiduciary Net Position	9,908,309	939,457	30,343,638	7,746,288	7,431,568	8,768,085
Plan Fiduciary Net Position - Beginning of year	100,618,245	99,678,788	69,335,150	61,588,862	54,157,294	45,389,209
Plan Fiduciary Net Position - End of year	**$ 110,526,554**	**$ 100,618,245**	**$ 99,678,788**	**$ 69,335,150**	**$ 61,588,862**	**$54,157,294**
Net OPEB Liability - Ending	**$ 18,019,186**	**$ 58,422,141**	**$ 57,523,032**	**$ 114,775,704**	**$ 119,479,780**	**$26,752,930**
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	85.98 %	63.27 %	63.41 %	37.66 %	34.01 %	29.94 %
Covered-employee Payroll	$ 57,180,553	$ 62,948,686	$ 58,357,225	$ 55,369,846	$ 54,013,348	$44,134,313
Net OPEB Liability as a Percentage of Covered-employee Payroll	31.51 %	92.81 %	98.57 %	207.29 %	221.20 %	287.20 %

Schedule is built prospectively upon implementation of GASB 75.

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Contributions

Last Ten Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Actuarially determined contribution	$ 6,494,557	$ 6,637,149	$ 10,915,002	$ 11,119,377	$ 13,305,693	$ 13,486,227	$ 13,048,354	$ 13,232,377	$ 11,175,415	$ 10,808,965
Contributions in relation to the actuarially determined contribution	8,187,899	16,565,578	17,183,823	13,445,341	13,999,942	13,553,709	14,273,710	12,955,318	11,621,453	7,622,758
Contribution Excess (Deficiency)	**$ 1,693,342**	**$ 9,928,429**	**$ 6,268,821**	**$ 2,325,964**	**$ 694,249**	**$ 67,482**	**$ 1,225,356**	**$ (277,059)**	**$ 446,038**	**$ (3,186,207)**
Covered-employee Payroll	$ 57,180,553	$ 62,948,686	$ 58,357,225	$ 55,369,846	$ 54,013,348	$ 44,134,313	$ 36,833,068	$ 36,833,068	$ 35,107,048	$ 35,107,048
Contributions as a Percentage of Covered-employee Payroll	14.32 %	26.32 %	29.45 %	24.28 %	25.92 %	30.71 %	38.75 %	35.17 %	33.10 %	21.71 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date	Actuarially determined contribution rates are calculated as of December 31 of even numbered years, which is six months prior to the beginning of the fiscal year biennium in which contributions are required

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	23 years - Closed
Asset valuation method	Market value of assets
Inflation	2.50 percent
Health care cost trend rates	Initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent in year 12
Salary increase	Increases 3.00% to 9.70%
Investment rate of return	5.50 percent - Net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Sex distinct Pub-2010 mortality tables
Other information	There were no benefit changes reported during the year.

See notes to required supplementary information.

Required Supplementary Information
Schedule of OPEB Investment Returns

Last Six Fiscal Years

Years Ended June 30

	2023	2022	2021	2020	2019	2018
Annual money-weighted rate of return, net of investment expense	7.47 %	(8.23)%	28.12 %	2.32 %	3.09 %	7.68 %

Schedule is built prospectively upon implementation of GASB Statement No. 75

Pension Information

Changes in Assumptions

Amounts reported in 2015 reflect a change in inflation rates from 3.0 to 4.0 percent in 2014 to 3.25 percent in 2015. In addition, the assumed salary increases also changed from 4.5 to 3.75 percent in 2014 and 2015, respectively. The investment rate of return went from 8.25 percent in 2014 to 8.00 percent in 2015. Lastly, the 2014 mortality rates were based on the 1994 Group Annuity Mortality table of a 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table was used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members. In 2015, the mortality rates were updated based on mortality experience of nondisabled plan members with a 50 percent male and 50 percent female blend of the following tables:

1. The RP-2014 Healthy Annuitant Mortality Tables, with rates multiplied by 105 percent

2. The RP-2014 Employee Mortality Tables

3. The RP-2014 Juvenile Mortality Tables

Amounts reported in 2019 reflect a reduction in the assumed investment rate of return from 8.00 percent to 7.60 percent and a reduction in the assumption for salary increases from 3.75 percent to 3.00 percent.

Amounts reported in 2021 reflect updated mortality tables from the RP-2014 Healthy Annuitant, Employee and Juvenile Mortality Tables to the Pub-2010 Juvenile and PubG-2010 Employee and Healthy Retiree Mortality Tables with assumed mortality improvements using scale MP-2019.

Amounts reported in 2022 reflect an updated investment rate of return (gross of investment expenses) and discount rate from 7.60 percent to 7.25 percent.

OPEB Information

Changes in Assumptions

Amounts reported in 2019 reflect a change in the mortality tables from the RP-2000 mortality tables projected 20 years with U.S. Projection Scale BB to the RP-2014 mortality tables. In addition, the investment rate of return (net of investment expenses) decreased from 6.5 to 5.5 percent, and the health care cost trend rate decreased from 9.0 to 8.25 percent.

Amounts reported in 2021 reflect a change in the initial pre-65 health care cost trend assumption from 8.25 percent to 7.50 percent and updated mortality tables from RP-2014 mortality tables to the sex distinct Pub-2010 mortality tables with future assumed mortality improvements using scale MP-2019.

Amounts reported in 2023 reflect an increase in the assumed rate of return from 5.50 percent to 7.00 percent.

Other Supplementary Information

Suburban Mobility Authority for Regional Transportation

Federal Awards Supplemental Information

June 30, 2023

Contents

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for Regional Transportation

We have audited the financial statements of the business-type activities and fiduciary activities of Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 10, 2023,which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 10, 2023.

The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for purposes of additional analysis as required by the Uniform Guidance and are 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 basic 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 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 schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

November 10, 2023

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To Management and the Board of Directors
Suburban Mobility Authority for Regional Transportation

We have audited, 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, the basic financial statements of the business-type activities and fiduciary activities of Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2023 and the related notes to the basic financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 10, 2023.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*

To Management and the Board of Directors
Suburban Mobility Authority for Regional Transportation

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

November 10, 2023

Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for Regional Transportation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Suburban Mobility Authority for Regional Transportation's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) that could have a direct and material effect on the Authority's major federal programs for the year ended June 30, 2023. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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 the major federal programs for the year ended June 30, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Authority's federal programs.

To the Board of Directors
Suburban Mobility Authority for Regional Transportation

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Federal Agency/Pass-through Agency/Program Title	CFDA Number	Pass-through Identifying Number	*Total Amount Provided to Subrecipients*	*Federal Expenditures*
Clusters:				
U.S. Department of Transportation - Direct programs:				
Federal Transit Cluster - Federal Transit - Formula Grants:				
CRRSAA Operating Assistance FY21	20.507		$ 993,394	$ 993,394
CRRSAA (SMART) Operating Assistance FY21	20.507		-	4,150,431
COVID-19 - Operating Assistance FY20 CARES	20.507		-	3,349,569
Capital Assistance FY13-14-15	20.507		-	352,134
Capital Assistance FY21-22	20.507		-	4,000,000
Capital Assistance FY21-22	20.507		-	437,007
Capital Assistance FY21-22	20.507		-	38,080
Capital Assistance FY16	20.507		20,867	1,055,647
Capital Assistance FY16	20.507		-	45,880
Capital Assistance FY16	20.507		10,364	10,364
Operating Assistance (Monroe) FY22	20.507		433,710	433,710
Operating Assistance (Monroe) FY23	20.507		495,930	495,930
COVID-19 - Capital Assistance FY20 CARES	20.507		-	2,305,621
Capital Assistance FY18-19	20.507		-	4,630,422
Capital Assistance FY16	20.507		3,123	3,123
Capital Assistance FY18-19	20.507		106,444	106,444
Capital Assistance FY18-19	20.507		9,699	9,699
Capital Assistance FY20-21	20.507		-	1,020
Capital Assistance FY20-21	20.507		383,564	383,564
Total Federal Transit Cluster			2,457,095	22,802,039
Transit Services Programs Cluster:				
Direct programs:				
Enhanced Mobility of Seniors and Individuals with Disabilities:				
5310 NEW FREEDOM CAPITAL	20.513		4,091	4,091
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		-	55,644
5310 NEW FREEDOM OPERATING	20.513		144	144
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		8,363	8,363
5310 NEW FREEDOM OPERATING	20.513		76,856	76,856
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		49,023	49,023
5310 NEW FREEDOM OPERATING	20.513		27,228	27,228
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		75,834	75,834
5310 NEW FREEDOM OPERATING	20.513		747,470	747,470
5310 NEW FREEDOM OPERATING	20.513		531,617	531,617
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		328,663	328,663
SECTION 5310	20.513		109,226	109,226
SECTION 5310	20.513		87,385	87,385
CRRSAA OPERATING - SECTION 5310	20.513		432,722	432,722
Job Access and Reverse Commute Program- SECTION 5311	20.516		137,694	137,694
U.S. Department of Transportation - Pass-through programs from the State of Michigan Department of Transportation:				
Job Access and Reverse Commute Program:				
OPERATING ASSIST. LET- SEC 5311 (2023) (NOTA)	20.516	MI-2020-008-07	161,904	161,904
OPERATING ASSIST. LET- SEC 5311 (2023) (WOTA)	20.516	MI-2020-008-07	182,400	182,400
Total Transit Services Programs Cluster			2,960,620	3,016,264
U.S. Department of Transportation - Pass-through programs from the State of Michigan Department of Transportation:				
OPERATING ASSIST. LET- SEC 5311 (2022)	20.509	MI-18-0055	95,254	95,254
U.S. Department of Transportation - Pass-through programs from the Southeast Michigan Council of Governments:				
PLANNING & TECHNICAL STUDIES UWP PROGRAM	20.505	MI-80-X006	-	318,806
Total expenditures of federal awards			**$ 5,512,969**	**$ 26,232,363**

See notes to schedule of expenditures of federal awards.

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards

Year Ended June 30, 2023

Revenue from federal sources - As reported on financial statements (includes all funds)	$ 16,620,867
Add federal portion of capital contributions - As reported on the financial statements	9,611,495
Federal expenditures per the schedule of expenditures of federal awards	**$ 26,232,362**

See notes to schedule of expenditures of federal awards.

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the “Schedule”) includes the federal grant activity of the Suburban Mobility Authority for Regional Transportation (the “Authority”) under programs of the federal government for the year ended June 30, 2023. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the “Uniform Guidance”). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the full accrual of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The pass-through entity identifying numbers are presented where available.

The Authority has elected not to use the 10 percent *de minimis* indirect cost rate to recover indirect costs, as allowed under the Uniform Guidance.

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified	
Internal control over financial reporting:		
• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Noncompliance material to financial statements noted?	____ Yes	X None reported

Federal Awards

Internal control over major programs:		
• Material weakness(es) identified?	____ Yes	X No
• Significant deficiency(ies) identified that are not considered to be material weaknesses?	____ Yes	X None reported
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)?	____ Yes	X No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
20.507	Federal Transit Cluster	Unmodified
20.513, 20.516	Transit Services Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs:	$786,971	
Auditee qualified as low-risk auditee?	____ Yes	X No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None

November XX, 2023

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

We have audited the financial statements of the Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the year ended June 30, 2023 and have issued our report thereon dated November XX, 2023. Professional standards require that we provide you with the following information related to our audit, which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Other Recommendations and Related Information

Section III - Legislative and Informational Items

Section I includes information that current auditing standards require independent auditors to communicate to those individuals charged with governance. We will report this information annually to the members of the board of directors of SMART.

Section II presents recommendations related to internal control, procedures, and other matters noted during our current year audit. These comments are offered in the interest of helping SMART in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

Section III contains informational items that we believe will be of interest to you.

We would like to take this opportunity to thank SMART's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism are invaluable.

This report is intended solely for the use of the members of the board of directors and management of SMART and is not intended to be and should not be used by anyone other than these specified parties.

We welcome any questions you may have regarding the following communications, and we would be willing to discuss these and any other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC

Pamela L. Hill

Keith Szymanski

Tyler Luce

Section I - Required Communications with Those Charged with Governance

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated July 17, 2023, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

As part of our audit, we considered the internal control of SMART. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures specifically to identify such matters.

Our audit of SMART's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of SMART, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated November XX, 2023 regarding our consideration of SMART's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 10, 2023.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. In accordance with the terms of our engagement letter, we will advise management about the appropriateness of accounting policies and their application. The significant accounting policies used by SMART are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during fiscal year 2023.

We noted no transactions entered into by SMART during the year for which there is a lack of authoritative guidance or consensus.

There are no significant transactions that have been recognized in the financial statements in a different period than when the transaction occurred.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The most sensitive estimates affecting SMART's financial statements were as follows:

- Net OPEB (other postemployment benefits) and pension liabilities and related disclosures: These estimates are based on third-party valuations performed with the underlying assumptions used in those valuations, which are based principally on plan provisions, health care-related trends, and payroll data. The significant assumptions include future rate of return on investments, future health care costs, employee eligibility rates, life expectancies, and projected salary increases.

- Estimated liabilities and the related resolution of self-insurance claims, including claims incurred but not reported (IBNR): The assumptions are based on reported incidents, third-party established actuarial methods, and historical claims incurred experience.

- Estimated reserve related to state operating grants (Act 51 revenue): The estimate is based on preliminary determinations made by the State, combined with management's estimates for uncertainties and historical results.

We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The disclosures in the financial statements are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in performing and completing our audit.

Disagreements with Management

For the purpose of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We did not detect any misstatements as a result of audit procedures.

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting the SMART, and business plans and strategies that may affect the risks of material misstatement, with management each year prior to our retention as SMART's auditors. However, these discussions occurred in the normal course of our professional relationship, and our responses were not a condition of our retention.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November XX, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a second opinion on certain situations. If a consultation involves application of an accounting principle to SMART's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Section II - Other Recommendations and Related Information

As part of our audit procedures, we occasionally come across items that we would consider to be best practices. Below are certain items we believe may merit further attention by SMART.

Investments

While SMART's options of permitted investments are limited by Michigan Public Act 20 of 1943, the Authority currently has approximately $8 million in certificates of deposit, $8.5 million in US agency securities, and the remainder of over $170 million in cash accounts as of June 30, 2023. The total interest earned on these amounts was approximately $3.1 million in FY2023, which is a return of less than 2 percent. We recommend SMART consider devising an investment strategy that maximizes returns while ensuring the appropriate amount of cash is available for cash flow purposes, while remaining in accordance with Michigan law, in order to maximize revenue potential.

Agreements and reporting with community partners

During our agreed upon procedures performed for various local units for the Municipal and Community Credits Program as well as the subrecipients of SMART's federal dollars, we noted multiple instances of local units not providing accurate or timely information to SMART. We recommend SMART follow-up on the current year findings as well as going back to previous report findings to ensure the issues identified have been adequately corrected. We also recommend that SMART considers implementing additional review procedures over the information being submitted by local communities and subrecipients to ensure accuracy and compliance with both contracts and federal requirements.

Internal Audit

As we continue to look at best practice recommendations for SMART, we had noted that for an agency as large as SMART, it is a common practice to have a person or department that assists with ensuring that internal controls are in place, contract compliance, offering operational best practices, etc. An internal audit role can offer that and much more in terms of benefits to the Authority. We understand that budget is always a key consideration for any additional position that is being added and that this would be a management decision in terms of the value add versus the cost. We are happy to discuss the benefits of adding this position further with SMART if that would be helpful.

Section III - Legislative and Informational Items

COVID-19 Resource Center and ARPA

Throughout the COVID-19 pandemic, Plante & Moran, PLLC's COVID-19 task force of leaders across the firm has monitored, addressed, and provided insight related to the virus and the unique challenges our local governments have faced while continuing to provide essential services to their communities through our COVID-19 resource center at https://www.plantemoran.com/explore-our-thinking/areas-of-focus/covid-19-government-resource-center. This will continue as our nation emerges from this crisis.

In March 2021, the president signed the American Rescue Plan Act (ARPA) into law, which included $30.5 billion in federal funding to support public transportation systems. The ARPA award terms provide that payments from ARPA as a general matter will be subject to the provision of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"), including the cost principles and restrictions on general provisions for selected items of cost. SMART will need to understand these reforms and may be required to evaluate, document, and monitor internal procedures around compliance, including maintaining certain required policies.

The COVID-19 resource center is being continuously updated for the latest guidance and strategy related to ARPA and will help keep SMART running smoothly through our nation's recovery.

Want to receive relevant content directly to your email? Subscribe at https://www.plantemoran.com/subscribe where you can customize your subscription preferences based on your specific interests and industry selection.

Cybersecurity and Information Technology Controls

Cyberattacks are on the rise across the globe, and the cost of these attacks is ever increasing. Because of these attacks, municipalities stand to lose their reputation, the ability to operate efficiently, and proprietary information or assets. Communities potentially can also be subject to financial and legal liabilities. Managing this issue is especially challenging because even a government with a highly mature cybersecurity risk management program still has a residual risk that a material cybersecurity breach could occur and not be detected in a timely manner. We understand that the technology department continues to monitor and evaluate this risk, which are critical best practices. Additionally, periodic assessments of the system in order to verify that the control environment is working as intended are key parts of measuring associated business risk.

Recognizing the risk of cyberattacks, the Transportation Security Administration recently announced a new cybersecurity directive regulating designated passenger and freight railroad carriers. While SMART is not subject to this directive, we encourage administration and those charged with governance to work with the technology team to ensure SMART's cyber defenses are appropriate for dealing with the increasing risks. If we can be of assistance in the process, we would be happy to do so.

Upcoming Accounting Standards Requiring Preparation

We actively monitor new Governmental Accounting Standards Board (GASB) standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact SMART. In addition to the summaries below and to stay up to date, Plante & Moran, PLLC issues a biannual GASB accounting standard update. The most recent spring 2023 update and a link to previous fall and spring updates are available here.

GASB Statement No. 101 - Compensated Absences

This new accounting pronouncement will be effective for SMART's fiscal year ending June 30, 2023. This statement updates the recognition and measurement guidance for compensated absences under a unified model, requiring that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. This statement also establishes guidance for measuring a liability for leave that has not been used and updates disclosure requirements for compensated absences.

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: New Business

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SMART

agenda item

DATE:	December 7, 2023	DISPOSITION SOUGHT:	Board Approval
TO:	SMART Board of Directors	SUBMITTED BY:	General Counsel
FROM:	General Counsel	APPROVED BY:	General Manager

SUBJECT: Appointment of SMART Representative and Alternate to the Toledo Metropolitan Area Council of Governments Board of Trustees

SUMMARY:

The Toledo Metropolitan Area Council of Governments (TMACOG) is asking the SMART Board of Directors to appoint a trustee and one alternate to their Board of Trustees. Staff recommends the SMART Board appoint Board member Royce Maniko and Deputy General Manager, Tiffany Gunter, as alternate.

DISCUSSION:

The Toledo Metropolitan Area Council of Governments (TMACOG) is a non-partisan voluntary planning organization, similar in most important respects to this region's SEMCOG. The organization engages in a variety of transportation planning for its region, including system performance and preparation of their TIP.

In July of 2012, President Obama signed into law the transportation bill titled "Moving Ahead for Progress in the 21st Century Act" (MAP-21). This law requires the metropolitan planning organization (MPO) for an area to include among its members "officials of public agencies that administer or operate major modes of transportation in the metropolitan area, including representation by providers of public transportation;" 49 U.S.C. 5303(d)(2)(B). Subsequent to its passage, and to comply with the law, TMACOG amended its By-Laws to add a seat to its Board of Trustees for SMART. See attached. TMACOG now asks the SMART Board to appoint that member and one alternate.

RECOMMENDATION:

Staff recommends the appointment of Monroe Board member Royce Maniko, and Tiffany Gunter, Deputy General Manager, to the TMACOG Board of Trustees. The Resolution attached reflects this recommendation.

ATTACHMENTS:

Resolution
TMACOG By-Laws (as amended January, 2020)

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SMART

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

RESOLUTION

Appointment of SMART Representative to the Toledo Metropolitan Area Council of Governments (TMACOG) Board of Trustees

Whereas, in July, 2012, the United States Congress passed and President Obama signed into law MAP-21, which requires the metropolitan planning organization for a given region to include officials of public agencies providing transportation. 49 U.S.C. 5303(d)(2)(B); and,

Whereas, the TMACOG General Assembly amended the By-Laws to include a seat for SMART; and,

Whereas, the SMART Board of Directors desires to appoint an appropriate member and alternate to the TMACOG Board of Trustees; now therefore be it

Resolved, that the Board of Directors of the Suburban Mobility Authority for Regional Transportation hereby appoints Mr. Royce Maniko as its representative, and Ms. Tiffany Gunter, Deputy General Manager, as alternate to the TMACOG Board of Trustees.

CERTIFICATE

The undersigned duly qualified Board Secretary of the Suburban Mobility Authority for Regional Transportation certifies the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Board of the Suburban Mobility Authority for Regional Transportation held on December 7, 2023.

__________________________ ____

Date | Tiffany Martin-Patterson, Board Administrator

BYLAWS OF THE
TOLEDO METROPOLITAN AREA COUNCIL OF GOVERNMENTS

PREAMBLE:

It is hereby affirmed that:

A. The local governments - counties, cities, villages, townships, public school districts, public universities and colleges, and special districts and authorities that represent and serve the citizens of the Toledo metropolitan region of northwest Ohio and southeast Michigan, and the private sector stakeholders of that region, have common opportunities, issues, and problems that transcend their individual jurisdictions;

B. The destinies of each of the above groups rest with the interrelated and collective voluntary cooperation of the family of local governments, the private sector stakeholders that comprise the region to meet broader, regional concerns that can only be solved through cooperative and coordinated regional approaches.

C. It is vital to retain local home rule and to strengthen the capabilities of each unit of government by combining resources to meet areawide challenges that may be beyond the capacity of individual units of government.

DEFINITIONS

A. Toledo Metropolitan Area Council of Governments (TMACOG) - A voluntary association organized on May 31, 1968 and established under Chapter 167 of the Ohio Revised Code and the Michigan Urban Cooperation Act No. 7 of 1967 (Ex. Sess.). It is comprised of local governments, public school districts, public universities and colleges, special districts and authorities, and private sector stakeholders in northwest Ohio and southeast Michigan.

B. Governmental Members - Counties, cities, townships, villages, public school districts, public universities and colleges, and special districts and authorities that have joined TMACOG.

C. Non-governmental Members - Major institutions, such as private schools, private universities or colleges, businesses, hospitals, chambers of commerce, or other industrial, commerce, or business organizations, and private non-profit corporations that have joined TMACOG.

D. Representatives - Persons who represent members on the General Assembly.

E. Trustees - Persons who represent members on the Board of Trustees.

F. Executive Committee - Core leadership committee for TMACOG consisting of 13-21 members authorized to act on behalf of the Board of Trustees.

G. Alternates - Persons who serve on the Board of Trustees in the trustees' absence.

H. Elected Officials - Persons elected by popular vote or persons appointed to fill vacancies in such offices as defined in Chapter 124 of the Ohio Revised Code.

I. PURPOSE

FUNCTIONS AND METHODS

A. TMACOG fosters regional progress through networks of public and private partnerships.

B. TMACOG serves as a forum for assessing and acting on regional issues and problems through cooperative efforts by formulating policies, plans, and programs, and facilitating actions that are common and regional; that are cost effective and efficient for the region; and that contribute to the effectiveness of local government and the quality of life enjoyed by citizens of the region.

C. TMACOG provides a forum for regional governance; networks for local government officials; information and data; facilitation of partnerships on issues; convening of transportation stakeholders and having a role in the provision of transportation services; facilitation and provision of support for the coordination of land use planning across jurisdictions within the region; design and coordination of improvement of environmental quality within the region; and membership services to assist in making the members more effective and cost efficient.

II. POWERS AND DUTIES

A. TMACOG shall:

1. Study regional issues and problems common to its member governments as it deems appropriate, including, but not limited to, matters affecting health, safety, welfare, education, economic conditions, and regional development;
2. Promote cooperative arrangements and coordinate action between and among its member governments, the private sector stakeholders, other agencies of local or state governments, and the federal government;
3. Make recommendations for review and action to members and non-member governments and public agencies, the private sector, and other organizations that perform functions within the region;
4. Promote cooperative agreements and contracts among its members and non-member governments, governmental agencies, and the private sector stakeholders within the region;
5. Perform studies, collect data, develop regional plans and programs, and engage in such other activities as the president finds necessary or desirable within the context of the policies, plans, and programs approved by the General Assembly, the Board of Trustees, and the Executive Committee for the solution of regional issues and problems;
6. Carry out its responsibilities as the Metropolitan Planning Organization (MPO) pursuant to 23 U.S.C. § 134 and 49 U.S.C. § 1600, et seq.;

7. Carry out its responsibilities as the Areawide Water Quality Planning Agency for the U.S. Environmental Protection Agency pursuant to 33 U.S.C. § 1251, et seq. and other applicable provisions of the United States Code; and

8. Perform any and all acts appropriate, necessary, or incidental to the furtherance or accomplishment of the foregoing purposes.

B. <u>TMACOG may:</u>

1. Review, evaluate, comment upon, and make recommendations relative to the planning and programming, and the location, financing, and scheduling of public facility projects within the region and affecting the development of the area;

2. Act as an areawide agency to perform comprehensive planning for the programming, locating, financing, and scheduling of public facility projects within the region and affecting the development of the area and for other proposed land development or uses, which projects or uses have public metropolitan-wide, regional or inter- jurisdictional significance;

3. Act as an agency for coordinating local public policies and activities affecting the development of the region or area based on metropolitan-wide or regional comprehensive planning and programming; and

4. Perform such other functions and duties capable of being performed by the members and necessary or desirable for dealing with problems of mutual concern, upon appropriate action by the General Assembly, the Board of Trustees, or the Executive Committee.

C. The authority granted to TMACOG in Section II (A) and (B) or in any agreement between members thereof shall not displace any existing municipal, county, regional, or other planning commission or planning agency in the exercise of its statutory powers.

III. <u>MEMBERSHIP</u>

A. <u>ELIGIBILITY</u>

1. The following groups are automatically eligible for TMACOG membership:

   a. Ohio counties - Lucas, Wood, Fulton, Sandusky, and Ottawa;

   b. Michigan counties - Monroe;

   c. All cities, townships, villages, public school districts, public universities and colleges, and special districts and authorities located partially or wholly within the counties set forth in (a) and (b) above; and

   d. The Governor of Ohio, or his/her designee, and the Governor of Michigan, or his/her designee.

2. The following groups may apply for TMACOG membership, subject to the approval of the Executive Committee.

   a. Governmental units beyond the boundaries of the area in 1 (a & b).

   b. Special districts and authorities and public school districts, public universities and colleges, beyond the boundaries of the governmental units in 1 (a & b).

   c. Major institutions, such as private schools, private universities or colleges, businesses, hospitals, chambers of commerce, or other industrial, commerce, or business organizations, and private non-profit corporations.

B. CONDITIONS

To become a member an eligible entity shall:

1. Formally enter into an agreement with TMACOG to commit to support and endorse the purpose of TMACOG, and
2. Pay the annual membership fee.

C. MEMBER PARTICIPATION IN TMACOG

1. Each governmental member of TMACOG will designate one (1) representative to sit on the TMACOG General Assembly, unless a representative for a particular member is otherwise designated in these Bylaws.

2. Each governmental member shall have one (1) representative, and that representative may represent only that member.

IV. POLICY BODIES

TMACOG shall have three (3) policy bodies: a General Assembly, a Board of Trustees, and an Executive Committee.

A. THE GENERAL ASSEMBLY

1. Representation

   a. The chair of TMACOG;

   b. The vice chair of TMACOG;

   c. Governmental representatives - Each governmental member of TMACOG shall have one (1) voting representative on the General Assembly, who shall be an elected official or an appointed executive directly responsible to local elected officials.

      1) The Mayor of the City of Toledo, or his/her designate shall be the governmental representative for Toledo, provided the City be a TMACOG member.

2) The Presidents of the Boards of County Commissioners shall be the governmental representatives for member counties.

d. Non-governmental representatives - Each year, non-governmental members will caucus to nominate a list of prospective representatives and alternates. The president shall set the date and time for the caucus and ensure that proper facilities and notices for the caucus be provided. The caucus will nominate an equal number of representatives and alternates for the General Assembly. From these nominations the governmental representatives shall elect non-governmental representatives and alternates, provided that the non-governmental representatives constitute no more than forty (40) percent of the entire General Assembly.

2. Responsibilities

Propose, initiate, or take any action to further the purpose of TMACOG. The powers reserved to the General Assembly include:

a. Adopting or amending the TMACOG Bylaws;
b. Adopting the long-term goals and objectives for TMACOG;
c. Adopting criteria for TMACOG membership; and
d. Electing the TMACOG chair and vice chair.

3. Officers

a. Election of officers shall be held annually at a General Assembly meeting.
b. Election - The chair and vice chair shall be elected officials of member jurisdictions of TMACOG.
c. Officers are trustees - The chair and vice chair shall automatically be trustees, irrespective of any requirements under Section IV (B), (2), or (3).
d. The chair and vice chair shall serve in the same capacity for the General Assembly, Board of Trustees, and Executive Committee.
e. Term of Office - Terms shall be for one (1) year or until a successor is duly elected, provided the officer remains eligible under article IV (A) (3a).
f. Vacancies - Upon a vacancy occurring in the office of chair, the vice chair shall assume the position of chair for the balance of the unexpired term. Upon a vacancy occurring in the office of vice chair, the Board of Trustees shall elect a new vice chair to serve the balance of the unexpired term.

4. Meetings

The General Assembly shall meet at least once a year at the call of its chair or at the request of the Board of Trustees.

5. Routine Voting

a. A measure before the General Assembly shall be adopted only if it receives the affirmative vote of a majority of the quorum.

b. At the procedural motion of any General Assembly representative present, any specific matter before the General Assembly shall be decided by a majority of the votes cast on the weighted basis distributed according to the Policy and Table of Representation adopted by the Board of Trustees as of June 30 each year.

6. **Quorum** – A quorum of the General Assembly shall consist of a simple majority of the total voting representatives.

B. BOARD OF TRUSTEES

1. **Representation** - Representation on the Board of Trustees is granted according to the type of government and type of membership. The number of trustees per member is as follows:

   a. The chair of TMACOG.

   b. The vice chair of TMACOG.

   c. Immediate Past Chair of TMACOG, without an alternate, provided the jurisdiction in which the immediate past chair serves is a TMACOG member.

   d. Counties: The President of the Board of County Commissioners shall serve as trustee for each member county. Each member county shall have one (1) trustee, except for Lucas County and Wood County, which shall also be represented by the County Engineers.

   e. Toledo: The Mayor of the City of Toledo shall serve as trustee for the City of Toledo provided the City be a TMACOG member.

   f. Other Cities: There shall be three (3) trustees, selected by all cities excluding Toledo.

   g. Villages: There shall be five (5) trustees selected by all villages.

   h. Townships: There shall be five (5) trustees selected by all townships.

   i. Cities, townships, and villages that pay membership dues to both TMACOG and also to SEMCOG may collectively appoint one (1) trustee and one (1) alternate to the Board of Trustees.

   j. Special Districts and Authorities, Public School Districts, Public Universities and Colleges: There shall be up to eight (8) trustees, selected as follows:

      1) Each of the following public agencies that administer or operate major modes of transportation in the designated metropolitan area shall have one (1) trustee if it is participating in the urban transportation planning process pursuant to 23 U.S. C. § 134 and 49 U.S. C. § 5303 et seq.:

         a) The Toledo Area Regional Transit Authority (TARTA)

         b) The Suburban Mobility Authority for Regional Transportation (SMART)

         c. Bowling Green Transit (B.G. Transit)

      2) The Toledo-Lucas County Port Authority shall have one (1) trustee if it is participating in the urban transportation planning process pursuant to 23 U.S. C. § 134 et seq.,

      3) Park and recreation districts and authorities shall have one (1) trustee,

4) Public School Districts (grades k-12) shall have one (1) trustee, and
5) Public universities and colleges shall have one (1) trustee, and
6) All other special districts and authorities shall (together) have one (1) trustee.

k. Non-governmental Members: There shall be up to thirteen (13) trustees.

l. Governor of Ohio: The Governor or his/her designee shall be a trustee.

2. Eligibility – All trustees and alternates must represent a TMACOG member organization.

a. Governmental member representatives shall be an elected official or an appointed executive directly responsible to local elected officials.

b. Non-governmental representatives shall be the chief administrative official of the organization or their designee.

3. Selection of Trustees - Unless otherwise stated, all trustees shall be selected from among the representatives seated on the General Assembly.

a. Governmental members - Each member (other than counties, the City of Toledo and The Governor of Ohio) shall classify itself into the appropriate category set forth in B.1. c-g above. Each category of members will caucus annually to select its trustee(s) for the following year. The president shall set the date and time for the caucus and shall ensure that proper facilities and notices for the caucus be provided in the appropriate manner.

b. Non-governmental members – Non-governmental members will caucus and recommend up to thirteen (13) proposed trustees from its list of proposed non-governmental representatives, as directed in Article IV(A)(1b), subject to and pending approval by the Executive Committee at its next meeting following the General Assembly.

4. Alternate Trustees - Each member shall be entitled to select alternates as authorized in these bylaws.

a. Selection of alternates for governmental members: Alternates shall be elected or appointed officials of jurisdictions that are members of TMACOG.

(1) The Boards of Commissioners of Lucas and Wood Counties shall each select two (2) alternates for each county, one (1) of whom shall be an elected official. The Boards of Commissioners of all other counties shall each select one (1) alternate.

(2) The Mayor of the City of Toledo shall select two (2) alternates, one (1) of whom shall be an elected official.

b. Selection of alternates for all other members: For all remaining members, an equal number of alternates as trustees shall be selected from the General Assembly by the same method used to select trustees.

(1) Alternate members selected by a caucus of General Assembly members, shall be selected as a body, rather than selected and assigned on a one-to-one basis to individual Board of Trustees members.

(2) Authority of alternates - A duly selected alternate may vote on matters before the Board of Trustees only when the duly selected trustee is not in attendance. In the event that neither the selected trustee nor the alternate can attend the meeting, then no other individual shall have the right to represent them or cast votes in their behalf.

5. Terms of Office

a. Trustees and alternates selected by caucus shall serve for a term of one (1) year or until their successors have been selected by caucus.

b. Trustees and alternates not selected by caucus shall serve for a term of one (1) year or until their successors are duly selected or appointed.

6. Vacancies on the Board of Trustees

When a vacancy occurs, the vacancies shall be filled from the alternates as follows:

a. For those member governments whose trustees are automatically chosen (i.e., counties, certain authorities, and the City of Toledo), the member shall notify TMACOG of the vacancy, and shall select a successor within thirty (30) days.

b. For those trustees chosen by caucus, the member shall notify TMACOG of the vacancy within thirty (30) days, and the Executive Committee shall be responsible for filling the vacancy from the alternates within that caucus at its next meeting.

7. Ex-Officio Members

a. The state and federal governments may have ex-officio, non-voting trustees on the Board of Trustees. These trustees shall be selected by the chair at the recommendation of the Executive Committee and the agency they represent.

b. Ex-officio trustees shall not have alternates.

8. Responsibilities

a. Adopt the TMACOG annual budget and membership fee schedules;

b. Adopt the Annual Work Program; and

c. Adopt and thereby recommend to its General Assembly TMACOG policies, plans, and programs, and any amendments thereto.

d. Is designated as the Metropolitan Planning Organization by the Ohio Department of Transportation on behalf of the Governor of Ohio in cooperation with local elected officials and is authorized to carry out the continuing, comprehensive, and coordinated transportation planning process for the Toledo area;

9. **Meetings**

The Board of Trustees shall meet quarterly, or at the call of the chair, or at the direction of the General Assembly, or at the request of ten (10) voting members of the Board of Trustees.

10. **Voting**

a. Unless otherwise so moved, any measure before the Board of Trustees shall be adopted only when it receives an affirmative vote of a majority of the quorum.

b. At the procedural motion of any trustee present, any specific matter before the Board of Trustees shall be decided by a majority of the votes cast on the weighted basis distributed according to the Policy and Table of Representation adopted by the Board of Trustees as of June 30 each year.

11. **Quorum** - A quorum of the Board of Trustees shall consist of a simple majority of the total number of members are present at any duly called and scheduled meeting. A board member must be physically present at a meeting to be counted towards a quorum or to cast a vote on any action items.

C. EXECUTIVE COMMITTEE

1. **Membership** - The Executive Committee is the core leadership of TMACOG and provides opportunities for developing regional leadership. The committee shall consist of no fewer than thirteen (13) and no more than twenty-one (21) representatives of TMACOG members, constituted as follows:

a. The chair of TMACOG;

b. The vice chair of TMACOG;

c. The immediate past chair of TMACOG, without an alternate, provided the jurisdiction in which the immediate past chair serves is a TMACOG member;

d. The chairs from each of TMACOG's two (2) programmatic councils and four (4) administrative committees as defined in Section X of these Bylaws, upon recommendation of their respective committees. In the absence of the council or committee chair, the vice chair (who is not a member of the committee) shall represent the chair and will count towards the quorum and will have full motion and voting rights;

e. All programmatic council and administrative committee chairs and vice chairs will be from TMACOG member jurisdictions or organizations;

f. The TMACOG chair shall appoint representatives for the City of Toledo and for Lucas County if not represented under a or b above, provided the City and County be TMACOG members;

g. The TMACOG chair may appoint other at large members to promote balanced representation from the region, the types of members, and the activities under way, within TMACOG; and

h. At-large Executive Committee members shall have no alternate or proxy;

2. **Authority** - The Executive Committee is authorized to act on behalf of TMACOG each month when the Board of Trustees and/or the General Assembly does not meet. The Executive Committee shall be governed by Operating Procedures which are to be approved by the Board of Trustees.

3. **Responsibilities**

   a. Propose an annual budget and membership fee schedule to the Board of Trustees;

   b. Propose the Annual Work Program to the Board of Trustees;

   c. Review and make recommendation to the Board of Trustees on policies, plans and programs, and any amendments thereto;

   d. Handle all routine matters;

   e. Appoint, manage, review, and remove the president;

   f. Annually review TMACOG's personnel policies and procedures, as stated in the Employee Handbook, including fixing of salary ranges of staff members;

   g. Approve, by resolution, contractual arrangements between TMACOG and other private and public agencies, including the federal and state governments, and such a resolution by the Executive Committee will be sufficient to authorize a designated official of TMACOG to execute such agreement or contracts;

   h. Serve as financial control body and receive funds for TMACOG;

   i. Coordinate the processes by which necessary funding resources are secured and invested;

   j. Recruit, approve, orient, and maintain membership;

   k. Interpret and communicate the TMACOG mission and its activities with the members, committee membership, and the broader community;

   l. Provide for the development of and opportunities for leadership within the organization;

   m. Develop and monitor the program of long-term goals and objectives of the organization, evaluate the progress being made toward their achievement, and make recommendations to the Board of Trustees and the General Assembly to update and amend the program; and

   n. Propose, initiate, or take any other such action as may be appropriate to undertake the purpose of TMACOG and its long-term goals.

4. **Meetings**

   The Executive Committee shall meet monthly, except in the months in which the Board of Trustees and/or the General Assembly meets. The chair and vice chair or at least five (5) members of the committee may call emergency meetings of the committee.

5. **Voting**

a. Unless otherwise so moved as provided in Paragraph b hereof, any measure before the Executive Committee shall be adopted when it receives an affirmative vote of a majority of the quorum.

b. At the adoption of a procedural motion of any Executive Committee members present, any matter before the Executive Committee shall be decided by a majority of the votes of the participating governments on a weighted basis, according to the Policy and Table of Representation adopted by the Board of Trustees as of June 30 each year.

6. **Quorum** – A quorum of the Executive Committee shall consist of a simple majority of the total number of members are present at any duly called and scheduled meeting. A committee member must be physically present at a meeting to be counted towards a quorum or to cast a vote on any action items.

V. PROGRAM ACTIVITIES

A. The General Assembly shall periodically adopt and update a long-range program that outlines the goals and objectives of the organization and outlines strategies and a time frame to meet these objectives.

B. The Board of Trustees shall annually adopt a work program designed to meet the goals of the long-term program, which outlines the objectives to be met, the work to be accomplished, and the products anticipated to be produced during that year.

C. TMACOG may enter into whatever cooperative program activities the membership or specific members shall select in accordance with an intergovernmental agreement.

VI. STAFF

TMACOG shall have a staff as may be necessary to implement the program of TMACOG. TMACOG's personnel policies and procedures will be consistent with all current laws.

A. TMACOG shall have a president who will be appointed by the Executive Committee and may be removed by the Executive Committee. The president shall:

1. Implement the policies, plans, and programs of TMACOG as adopted by the General Assembly, the Board of Trustees, and the Executive Committee;
2. Serve as the fiscal officer and is authorized to receive, deposit, invest, and disburse the funds of TMACOG. The president may designate a staff member to perform the responsibilities of the fiscal officer in his absence; and
3. Administer all staff operations, including management and the hiring and discharging of all staff employees subject to TMACOG's personnel policies and procedures as stated in the Employee Handbook, which shall be reviewed annually by the Executive Committee.

VII. FINANCE

A. FISCAL YEAR

The fiscal year of TMACOG shall commence on July 1 and shall terminate on June 30 of the following calendar year.

B. BUDGET ADOPTION AND MEMBERSHIP FEES

The TMACOG budget shall be adopted by the Board of Trustees on or before the first day of the first month of each fiscal year unless otherwise stipulated by the chair of TMACOG. Upon adoption of the annual budget, the Board of Trustees shall fix the membership fees for all members in amounts sufficient to provide the funds required by the budget. Membership fees shall be due and payable the first day of the first month of the following calendar year. Any member entering into a membership agreement for the first time during a calendar year may have its membership fees (fixed by the Board of Trustees) prorated for a partial year. The Executive Committee shall establish policies on membership delinquency. The status of a delinquent member shall be referred to the Executive Committee for appropriate action.

C. AUDIT

The Board of Trustees and staff shall cooperate in the performance of an annual audit by the Auditor of the State of Ohio in accordance with applicable provisions of the Ohio Revised Code or, where permitted by law, by an independent certified public accounting firm. Report of such audit shall be made available to members of TMACOG.

VIII. PARLIAMENTARY AUTHORITY

The rules contained in Robert's Rules of Order, Revised shall govern the meetings of TMACOG except where such rules are inconsistent with these bylaws or special rules of order which may be adopted by the policy body or committee in question.

IX. AMENDMENT OF BYLAWS

These Bylaws may be amended at a meeting of the General Assembly, provided that such amendment has been presented at a meeting of the Board of Trustees at least thirty (30) days prior to the meeting and has been submitted to each member government at least fifteen (15) days prior to the meeting.

X. COUNCILS AND COMMITTEES

A. There shall be two (2) programmatic councils and four (4) administrative committees, whose participants shall be appointed by the chair based upon recommendation of the respective committees. The chair's appointments shall be ratified by the Board of Trustees (or the Executive Committee in those months in which the Board of Trustees does not meet). These six councils/committees shall be responsible to the Executive Committee. Committee membership must include, but not be restricted to, trustees and representatives, and may also include organizations and persons who are not members, representatives or trustees of TMACOG, pursuant to Section X of these bylaws.

Each council and committee shall be governed by Operating Procedures which are to be approved by the Board of Trustees. Each committee shall meet regularly or at appointed intervals and undertake studies concerning problems and programs applicable to their individual assignments and areas of concern.

1. The councils and committees are as follows:

   a. Water Quality Council
   b. Transportation Council
   d. Finance, Audit, and Administration Committee
   e. Leadership Development Committee, which shall also act as the nominating committee
   f. Membership Committee
   g. Communications Committee

2. The chair shall be authorized to appoint such other special purpose committees, ad hoc committees, task forces, or subcommittees as are required to further the mission of TMACOG.

Adopted: May 1968
Amended: December 1969
Amended: September 1970
Amended: January 1972
Amended: July 1973
Amended: July 1974
Amended: December 1975
Amended: December 1978
Amended: July 1979
Amended: January 1982
Amended: January 1989
Amended: July 1993
Amended: January 1994
Amended: January 1995
Amended: January 1996
Amended: January 15, 1998
Amended: January 29, 2001
Amended: January 31, 2002
Amended: July 18, 2002
Amended: January 30, 2003
Amended: January 31, 2005
Amended: January 29, 2008
Amended: January 29, 2009
Amended: January 25, 2012

Amended: January 29, 2013
Amended: January 25, 2016
Amended: January 30, 2017
Amended: January 29, 2018
Amended: January 28, 2019
Amended: January 27, 2020

agenda item

DATE:	December 7, 2023	DISPOSITION SOUGHT:	Board Approval
TO:	SMART Board of Directors	SUBMITTED BY:	Deputy GM
FROM:	Purchasing Department	APPROVED BY:	Certification Committee
SUBJECT:	Authorization to Award a Contract for General Planning Consultant Services		

RECOMMENDATION

That the Board adopt the attached resolution authorizing the award of a contract:

- for General Planning Consultant Services
- to HNTB Michigan, Inc. at 400 Renaissance Center, Suite 1800, Detroit, MI 48243
- for a three-year contract with two, one-year renewal options
- at a cost not to exceed $2,833,333.34.

DISCUSSION

SMART has a need for specialized services to assist in the development, implementation, and execution of various planning studies and projects. These will be conducted on a task-order basis with the selected contractor.

PROCUREMENT PROCESS

Procurement Method:	☐ Sealed Bid ☒ Proposal ☐ Quotes ☐ Sole Source
Advertising:	Michigan Chronicle and Michigan Inter-governmental Trade Network
Number of downloads:	40
Number of proposers:	3 Proposals
Rationale for award:	A request for Proposal (RFP) was advertised and SMART received 3 valid proposals. The proposal submitted by HNTB Michigan, Inc., was found to be the most responsive and responsible bidder, and determined to be the most advantageous to SMART with cost and experience being considered.

FUNDING & COSTS

The project is funded via: Capital Funds.

- Initial three-year term: January 2024 - December 2026 using Capital Grant MI-2018-018 is programmed and available.
- Funding for Option Years 1 and 2 will be determined via the Capital Planning Process.
  - Option Year 1: TBD
  - Option Year 2: TBD

The contract costs are summarized as follows:

Description	Cost
General Planning Consultant Services for the Three (3) Year Contract Term	$1,700,000.00
Option Year One (1) - If Exercised	$566,666.67
Option Year Two (2) - If Exercised	$566,666.67
Total Max	**$2,833,333.34**

ATTACHMENTS

- Resolution
- Summary Score Sheet

/AB

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

RESOLUTION

Authorization to Award a Contract for General Planning Consultant Services

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Whereas, The Suburban Mobility Authority for Regional Transportation (SMART) has a need for specialized professional services to assist with various studies and planning projects on a task-order basis; and

Whereas, A request for Proposal (RFP) was advertised and posted on MITN and SMART received three proposals; and

Whereas, The HNTB Michigan, Inc. proposal was determined to be the most responsive and responsible in meeting SMART's scope of work. The price has been determined to be fair and reasonable; and

Whereas, Capital grant funding in the amount of $1,700,000.00 is programmed and available through grant MI-2018-018 for the three-year term from January 2024 to December 2026. Funding for option years 1 and 2 are to be determined via the Capital Planning Process; and

Whereas, The Vice President of Finance is satisfied that HNTB Michigan, Inc. has the potential to perform under the terms and conditions of the contract; and

Whereas, The EEO Department is satisfied that HNTB Michigan, Inc. is in compliance with the equal opportunity and affirmative action laws and policies of the Federal and State governments and the affirmative action policies of SMART; now, therefore be it

Resolved, That the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to award a three-year contract for an amount not to exceed $1,700,000.00, with two one-year renewal options for the subsequent amounts not to exceed $566,666.67 per year to HNTB Michigan, Inc. for General Planning Consultant Services. The total contract is for an amount not to exceed $2,833,333.34.

CERTIFICATE

The undersigned duly qualified Board Secretary of the Suburban Mobility Authority for Regional Transportation certifies the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Board of the Suburban Mobility Authority for Regional Transportation held on December 7, 2023.

______________________________ Date

______________________________ Tiffany Martin-Patterson, Board Administrator

No.__________

General Planning Consultant Control # 23-3854 Purchasing Agent: Andre J. Baldwin		Qualifications of Key Personnel	Technical Expertise	Approach and Understanding of the Scope of Work	Interview/Presentation	Price	Total
SCORE		5	25	25	15	30	100
VENDOR	Member						
AECOM	Finance	5.0	23.0	23.0	15.0	30.0	96.0
	General Counsel	5.0	23.0	23.0	15.0	30.0	96.0
	Planning & Innovation	5.0	23.0	23.0	15.0	30.0	96.0
						0.0	0.0
							0.0
							0.0
	Average	**5.0**	**23.0**	**23.0**	**15.0**	**30.0**	**96.0**
Baker and Associates	Finance	4.0	22.0	25.0	12.0	30.0	93.0
	General Counsel	4.0	22.0	25.0	12.0	30.0	93.0
	Planning & Innovation	4.0	22.0	25.0	12.0	30.0	93.0
							0.0
							0.0
							0.0
							0.0
	Average	**4.0**	**22.0**	**25.0**	**12.0**	**30.0**	**93.0**
HNTB Michigan	Finance	5.0	25.0	25.0	15.0	30.0	100.0
	General Counsel	5.0	25.0	25.0	15.0	30.0	100.0
	Planning & Innovation	5.0	25.0	25.0	15.0	30.0	100.0
							0.0
							0.0
							0.0
							0.0
	Average	**5.0**	**25.0**	**25.0**	**15.0**	**30.0**	**100.0**

agenda item

DATE:	December 7, 2023	DISPOSITION SOUGHT:	Board Approval
TO:	SMART Board of Directors	SUBMITTED BY:	Deputy GM
FROM:	Purchasing Department	APPROVED BY:	Certification Committee

SUBJECT: Authorization to Approve Contract Amendment #1 – for additional funding for the purchase of concrete services

RECOMMENDATION

That the Board adopt the attached resolution authorizing a contract amendment:

- to increase the not to exceed amount for concrete services
- with Luigi Ferdinandi & Sons Cement Co., 16481 Common, Roseville, MI 48066
- for an additional $200,000.00
- for a new total cost not to exceed $285,000.00

DISCUSSION

On April 25, 2019, the SMART Board approved a contract with Luigi Ferdinandi & Sons for cement installation and repair. The contract is currently in Option Year 2, with an expiration date of April 30, 2024. With the expansion of service in Oakland County, there is a need for additional funds to cover the installation of bus stop cement pads before work is stopped due to freezing temperatures. The contract ratification in the amount not to exceed of $200,000 is needed to complete the project. Pricing has been determined fair and reasonable.

FUNDING & COSTS

The project is funded via: Operating Funds

The summary of the original purchase and Contract Amendment #1 are as follows:

Stage	Date Board Approval /Requested	Work	Cost
Option Year 2	N/A	Concrete Pads for Bus Shelters for one year. Operating funds. Option Year 2 dates: 5/1/2023 – 4/30/2024.	$85,000.00
Amendment #1	12/7/2023	Amendment #1 - Additional funding to cover additional cement projects.	$200,000.00
		TOTAL	$285,000.00

ATTACHMENTS

- Resolution

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

RESOLUTION

Authorization to Approve a Contract Amendment #1 –
for additional funding for the purchase of concrete services

Whereas, The Suburban Mobility Authority for Regional Transportation (SMART) has a Contract with Luigi Ferdinandi & Sons Cement Co. for cement pad installation and repair; and

Whereas, The Contract was approved by the SMART Board of Directors on April 25, 2019; and

Whereas, Contract Amendment #1 to add additional funding in an amount not to exceed $200,000.00 is needed due to the expansion of service and the need for increased concrete services. Pricing has been determined to be fair and reasonable; and

Whereas, Funding for this Contract Amendment #1 in the amount of $200,00.00 will be funded by operating funds; and

Whereas, The new total not to exceed amount shall be $285,000.00; and

Whereas, The Vice President of Finance is satisfied that Luigi Ferdinandi & Sons Cement Co. has performed under the contract terms and conditions; and

Whereas, The EEO Department is satisfied that Luigi Ferdinandi & Sons Cement Co. is in compliance with the equal opportunity/affirmative action policies of the Federal and State government and the affirmative action policies of SMART; now, therefore be it

<u>Resolved</u>, That the Suburban Mobility Authority for Regional Transportation is hereby authorized to approve Contract Amendment # 1 in the amount of $200,000.00 with Luigi Ferdinandi & Sons Cement.

CERTIFICATE

The undersigned duly qualified Board Secretary of the Suburban Mobility Authority for Regional Transportation certifies the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Board of the Suburban Mobility Authority for Regional Transportation held on December 7, 2023.

______________________________ ____________________________________
Date Tiffany Martin-Patterson, Board Administrator

No.__________

SMART **agenda item**

DATE:	December 7, 2023	DISPOSITION SOUGHT:	Board Approval
TO:	SMART Board of Directors	SUBMITTED BY:	Human Resources Dept.
FROM:	Interim Vice President of Human Resources	APPROVED BY:	General Manager

SUBJECT: Authorization to implement wage increases and changes to the benefit program for Non- Represented Employees and to amend the General Manager's Contract to reflect a wage increase.

RECOMMENDATON

That the Board adopt the attached resolution authorizing wage increases and changes in benefits programs for non-represented employees, and authorizing a wage increase for SMART's General Manager effective December 11, 2023.

DISCUSSION

SMART is updating the benefit and compensation package for non-represented employees. These changes have been included in the FY 2024 budget. They include:

Wages

- 10.0% wage increase for our non-represented employees effective December 11, 2023.

Benefits for Active Employees

- Discontinue the Defined Benefit Pension Plan and offer a Defined Contribution Plan for new Non-Represented SMART employees effective the date SMART meets compliance requirements as defined by the Municipal Employee Retirement System. The following are the major highlights of the new Defined Contribution Plan:
    - ➢ An annual employer contribution in the amount of six percent (6%) of the employee's total pensionable compensation.
        - o The Authority's contribution to the 401(a) plan shall vest as follows:
            - After 12 months of service – 20% vested
            - After 24 months of service – 40% vested
            - After 36 Months of service – 60% vested
            - After 48 months of service – 80% vested
            - After 60 months of service – 100% vested
    - ➢ An employee contribution requirement in the amount of three percent (3%) of the employee's total pensionable compensation.
        - o The employee contribution has been reduced from the 4.5% contribution required under the Defined Benefit Pension Plan program.
        - o The employee's three percent (3.0%) contribution is fixed and shall be vested at 100% from initial enrollment and contribution to the plan.
- Increase the employer contribution to the employee Health Care Savings Plan (HCSP) for eligible non-represented employees hired after July 1, 2007, from $137 a month to $197 a month effective January 1, 2024.

RECOMMENDATION

That the Board authorize the above benefit and compensation package for non-represented employees and authorize a First Amendment to the Employment Agreement By And Between Dwight Ferrell & Suburban Mobility Authority for Regional Transportation to reflect a 10.0% wage increase to the salary set forth in Paragraph 3 of the Employment Agreement, effective December 11, 2023.

ATTACHMENT

1. Resolution

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION

RESOLUTION

Approval of Wage Increases and Changes to the Benefit Program for Non-Represented Employees

Whereas, SMART has budgeted for its benefits and compensation changes for its non-union employees for Fiscal Year 2024; now, therefore be it

Resolved, That the General Manager of the Suburban Mobility Authority for Regional Transportation is hereby authorized to provide the benefit and compensation package changes for non-union employees, and that the Employment Agreement By And Between Dwight Ferrell & Suburban Mobility Authority for Regional Transportation be amended to reflect a 10.0% wage increase to the salary set forth in Paragraph 3 of the Employment Agreement, effective December 11, 2023.

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CERTIFICATE

The undersigned duly qualified Board Secretary of the Suburban Mobility Authority for Regional Transportation certifies that the foregoing is a true and correct copy of a resolution adopted at a legally convened meeting of the Board of the Suburban Mobility Authority for Regional Transportation held on December 7, 2023.

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Date Tiffany Martin-Patterson, Board Administrator

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Closed Session

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Board Member Business

MEMORANDUM

TO: SMART Board of Directors

FROM: Chairperson

DATE: December 7, 2023

SUBJECT: Adjournment