

November 4, 2016

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

We have audited the financial statements of Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the year ended June 30, 2016 and have issued our report thereon dated November 4, 2016. 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 - Legislative 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 contains updated legislative items that we believe will be of interest to you.

We would like to take this opportunity to thank the Authority's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism were 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 any of these or other questions that you might have at your convenience.

Very truly yours,

Plante & Moran, PLLC



Pamela L. Hill



Ryan Byrne



Keith Szymanski

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 21, 2016, 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, 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 4, 2016 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 22, 2016.

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.

As described in Note 2, SMART changed accounting policies related to the implementation of GASB Statement No. 72, *Fair Value Measurement and Application*. Accordingly, the disclosures in the financial statement have been added to meet the requirements of this standard.

Section I - Required Communications with Those Charged with Governance (Continued)

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:

- OPEB (other postemployment benefits) and pension obligations, as well as related actuarial accrued liability and net pension liability disclosures - including the actuarial methods and assumptions. These estimates are based on third-party valuations performed with the underlying assumptions used in those valuations which are principally based on plan provisions, healthcare-related trends, and payroll data. The significant assumptions include future rate of return on investments, future healthcare 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.
- Allowance for collectibility reserve related to local revenue source receivables. The assumptions are based on communications from each of the counties (Oakland, Macomb, and Wayne), combined with management's estimates for uncertainties and historical results.
- Reserve for Act 51 operating assistance revenue. The assumption is based on the estimated reduction of the collective qualifying expenditures by SMART and RTA member agencies, which will result in less total eligible expenditures to be reimbursed by Act 51 monies from the State of Michigan through the Regional Transportation Authority. A reserve was recorded at June 30, 2016 for approximately \$850,000.

We evaluated the key factors and assumptions used to develop the above 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 dealing with management in performing and completing our audit.

**Section I - Required Communications with Those Charged with Governance
(Continued)**

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 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 4, 2016.

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 - Legislative Items

New Other Postemployment Benefits Standards (Retiree Healthcare Obligations)

In June 2015, the GASB issued new standards addressing accounting and financial reporting by state and local governments for postemployment benefits other than pensions (OPEB, which refers to retiree healthcare). GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, addresses accounting and reporting by employer governments that provide OPEB benefits to their employees.

The Authority will now be required to include in the financial statements more extensive note disclosures and required supplemental information related to the measurement of the OPEB liabilities. In addition, the Authority will recognize on the face of the financial statements its net OPEB liability. The Authority is currently evaluating the impact these standards will have on the financial statements when adopted. GASB 75 is effective for fiscal years beginning after June 15, 2017 (the Authority's year end of June 30, 2018).

Legacy Cost Impact - Pro Forma

A high level pro forma of how the reporting of this liability is expected to impact the Authority's statement of net position is shown below:

	<u>As Currently Reported</u>	<u>Following GASB No. 75</u>
Net position:		
Net investment in capital assets	\$ 84,044,000	\$ 84,044,000
Restricted	401,000	401,000
Unrestricted	(5,500,000)	(140,300,000)
Total net position	<u>\$ 78,945,000</u>	<u>\$ (55,855,000)</u>

SUBURBAN MOBILITY AUTHORITY FOR REGIONAL TRANSPORTATION
RESOLUTION

Adoption of the Financial Statements for the Year Ending June 30, 2016 and
the Independent Auditors Report to the Board of Directors

- Whereas, Act 204, Section 11 (c) provides that the Board employ an independent certified public accounting firm to provide an annual financial audit; and
- Whereas, The Board of Director's appointed the public accounting firm Plante Moran to perform the annual audit for the year ending June 30, 2016; and
- Whereas, The Authority requires the financial statements be reviewed by the Authority's Audit Committee prior to approval by the full Board of Directors; and
- Whereas, The Audit Committee met on October 27, 2016 to review said statements with Plante Moran, and forwarded the audit to the Board of Director's for approval; and
- Whereas, State law requires the Authority to submit its audited Financial Statements to the State of Michigan Treasurer's office; and
- Whereas, The Federal Government requires the Authority to submit its audited Federal Funds (single audit) to the Federal Government; and now therefore be it
- Resolved, That the Board of Directors of the Suburban Mobility Authority for Regional Transportation hereby adopts the audited Financial Statements for the Year ended June 30, 2016 and the Independent Auditor's Report dated November 4, 2016 as prepared by Plante Moran, and submission of the required audited reports to the appropriated State and Federal Agencies.

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 by the Board of Directors of the Suburban Mobility Authority for Regional Transportation at a legally convened meeting held on November 30, 2016.

Date

Board Secretary

No. _____

**Suburban Mobility Authority
for Regional Transportation**

**Financial Report
with Supplemental Information
June 30, 2016**

Suburban Mobility Authority for Regional Transportation

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Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Report on the Financial Statements

We have audited the accompanying basic financial statements of Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the years ended June 30, 2016 and 2015 and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of Suburban Mobility Authority for Regional Transportation as of June 30, 2016 and 2015 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Other Matters

Required Supplemental Information

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Suburban Mobility Authority for Regional Transportation's basic financial statements. The accompanying other supplemental information is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 4, 2016 on our consideration of Suburban Mobility Authority for Regional Transportation'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 to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Suburban Mobility Authority for Regional Transportation's internal control over financial reporting and compliance.

Plante & Moran, PLLC

November 4, 2016

Management's Discussion and Analysis

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

The following discussion and analysis has been prepared by 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, 2016 and 2015 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).

The annual financial report consists principally of the statement of net position, the statement of revenue, expenses, and changes in net position, and the statement of cash flows, prepared in accordance with GASB principles.

Financial Highlights

- Fare revenue decreased by approximately \$500,000 or 3 percent, resulting in an overall operating revenue decrease from \$13.5 million to \$13.1 million, partially offset by an increase in other income. The loss in operating revenue is primarily attributable to a decrease in ridership in both fixed route and connector service of 3.6 and 5.1 percent, respectively.
- Operating expenses before depreciation of \$111.2 million are \$6.7 million higher than 2015 primarily due to increased salaries and wages and employee fringe benefits.
- Capital contributions increased \$11.3 million or 54 percent from FY 2015. This is a continuing result of the increased millage rate, allowing SMART to use federal capital funds to purchase capital assets, i.e., bus replacement, rather than using these funds for preventive maintenance in the operating budget as had been done prior to FY 2015.
- Current assets had a net increase of \$22.4 million, largely due to an increase in grant receivables of \$18 million related to bus purchase reimbursements due from federal and state grants.
- Deferred outflows of resources of \$34.2 million are directly related to the mandatory adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in FY 2015. See Note 11 in the notes to the financial statements for additional information.
- Current liabilities increased by \$13.8 million primarily due to increases in accounts payable of \$12.3 million and the current portion of accrued self-insurance of \$1.1 million.
- Net position, discussed further below, increased by \$28.7 million to \$78.9 million, which is a combination of the \$12.8 million increase in net investment in capital assets and the \$15.9 million increase in unrestricted net position.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

Statement of Net Position

A summary of SMART's assets, liabilities, and net position at June 30, 2016, 2015, and 2014 follows (in millions):

	2016	2015	2014*
Assets			
Current assets	\$ 105.6	\$ 83.2	\$ 62.7
Capital assets	84.0	71.2	63.9
Other noncurrent assets	5.4	0.3	1.2
Total assets	195.0	154.7	127.8
Deferred Outflows of Resources	34.2	4.6	-
Liabilities			
Current liabilities	33.9	20.1	18.5
Noncurrent liabilities	116.4	89.0	26.9
Total liabilities	150.3	109.1	45.4
Net Position			
Net investment in capital assets	84.0	71.2	64.0
Restricted	0.4	0.3	1.2
Unrestricted	(5.5)	(21.3)	17.2
Total net position	<u>\$ 78.9</u>	<u>\$ 50.2</u>	<u>\$ 82.4</u>

* GASB Statement No. 68 was implemented by SMART in fiscal year 2015. Fiscal year 2014 amounts shown above have not been modified to reflect the retroactive application of the change.

SMART's current assets had a net increase of \$22.4 million, which represents a 26.9 percent increase compared with FY 2015.

Amounts invested in capital assets increased 18.0 percent from a year ago - increasing from \$71.2 million to \$84.0 million. The current year increase is due to current year net capital asset purchases exceeding depreciation expense.

Restricted net position is a result of the sale of federally funded capital assets representing approximately \$400,000, which, although classified as restricted, are available to SMART for future capital purchases.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

Unrestricted net position, which is the portion of net position that can be used to finance day-to-day operations, increased by \$15.8 million from 2015. This represents an increase of 74.3 percent. This follows a FY 2015 decrease of \$38.5 million or approximately 223.8 percent related to the implementation of GASB No. 68. Additional information on GASB No. 68 can be found in Note 11 in the notes to the financial statements. The current level of unrestricted net position for SMART's operations stands at -\$5.5 million.

Statement of Revenue, Expenses, and Changes in Net Position

The following table is a summary of SMART's revenue, expenses, and changes in net position for the years ended June 30, 2016, 2015, and 2014 (in millions):

	2016	2015	2014*
Operating revenue	\$ 13.1	\$ 13.5	\$ 13.8
Operating expenses before depreciation	111.2	104.5	98.7
Operating loss before depreciation	(98.1)	(91.0)	(84.9)
Depreciation expense	17.2	13.3	12.8
Total operating loss	(115.3)	(104.3)	(97.7)
Nonoperating revenue - Net of related expenses	111.9	105.5	93.1
Net (loss) income before capital contributions	(3.4)	1.2	(4.6)
Capital contributions	32.1	20.8	8.8
Increase in net position	28.7	22.0	4.2
Net position - Beginning of year	50.2	82.4	78.2
Impact of GASB Statement No. 68*	-	(54.2)	-
Net position - End of year	<u>\$ 78.9</u>	<u>\$ 50.2</u>	<u>\$ 82.4</u>

* GASB Statement No. 68 was implemented by SMART in fiscal year 2015. Fiscal year 2014 amounts shown above have not been modified to reflect the retroactive application of the change.

SMART's operating revenue decreased by \$0.4 million or 3 percent from 2015 attributable to decreased ridership. Nonoperating revenue (net of related expenses) increased \$6.4 million or 6.1 percent due to the increase in federal and state grants offset by a slight reduction in local contributions and increased losses on the sale of assets.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

Operating expenses (before depreciation) increased \$6.7 million during the year. The increase is primarily due to increased employee fringe benefits of \$6.2 million, increased salaries and wages of \$1.3 million, and a \$1.7 million increase in claims and insurance offset by a decrease in materials and supplies expense of \$3.0 million.

Capital Assets and Related Debt

The Authority continues to invest in infrastructure, equipment, and vehicles. SMART had \$84.0 million and \$71.2 million invested in capital assets as of June 30, 2016 and 2015, respectively. During fiscal year 2016, the Authority had total capital asset additions of approximately \$27.8 million, consisting primarily of approximately \$25.4 million for new vehicles and \$2.4 million in buildings and improvements.

More detailed information concerning capital assets can be found in Note 6 in the notes to the financial statements.

Economic Factors and Next Year's Budget

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. Presently, the allocation of Section 5307 federal capital funding passed through the RTA is 51.5 percent to SMART, 47.5 percent to DDOT, and 1 percent to the Detroit Transportation Corporation (the People Mover). For fiscal 2017, Section 5307 funding of approximately \$25.7 million is included in SMART's capital budget. The current funding allocation has been in place since March 2013 but is subject to change based on an annual review by the RTA.

In addition, SMART will be working in cooperation with the RTA Reflex service in the expansion of services along the Gratiot corridor utilizing available federal and state funding, with no cost to the Authority.

On August 4, 2014, voters in the Macomb, Oakland, and Wayne County service areas approved a millage increase from 0.59 to 1.0 mill. The additional revenue is allowing the Authority to fund the much-needed replacement of the aging bus fleet by utilizing Section 5307 capital funds previously used to support operations. SMART has received the first 59 fixed-route replacement buses as part of its commitment to utilize the federal funds made available as a result of the new millage rate and will be receiving an additional 80 buses in 2017.

SMART is committed to providing the best transit service to the communities under its service umbrella. To that end, nonessential costs have been eliminated within the administrative departments to achieve this goal. SMART has adopted a balanced budget for FY 2017. Additionally, the Authority has maintained the staffing reductions implemented in 2010 as well as the service reductions implemented in December 2011. SMART's operating budget in FY 2011 was a little over \$121 million while the FY 2017 operating budget will be \$115.3 million.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

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.

Contacting SMART's Financial Management

This financial report is designed to provide our customers, taxpayers, and other interested parties with a general overview of the finances of 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, Michigan 48226.

Suburban Mobility Authority for Regional Transportation

Statement of Net Position

	Enterprise Operating Fund	
	June 30, 2016	June 30, 2015
Assets		
Current assets:		
Cash and cash equivalents (Note 4)	\$ 72,636,689	\$ 67,982,221
Receivables:		
Local contributions receivable (Note 1)	1,397,746	2,196,199
Other receivables	761,573	363,829
Grant receivables (Note 5)	28,384,112	10,403,321
Materials and supplies inventories	2,369,197	2,194,461
Prepaid expenses and other assets	46,201	50,236
Total current assets	<u>105,595,518</u>	<u>83,190,267</u>
Noncurrent assets:		
Restricted cash (Note 4)	400,868	302,792
Nondepreciable capital assets (Note 6)	20,200,627	15,910,864
Depreciable capital assets - Net (Note 6)	63,844,141	55,325,108
Investments	5,018,185	-
Total noncurrent assets	<u>89,463,821</u>	<u>71,538,764</u>
Total assets	<u>195,059,339</u>	<u>154,729,031</u>
Deferred Outflows of Resources - Pension costs deferred (Note 11)	34,253,258	4,639,239
Liabilities		
Current liabilities:		
Municipal and community credits payable (Note 1)	2,745,557	2,782,794
Amounts payable under purchase-of-service agreements	105,369	246,253
Current portion of accrued self insurance (Note 10)	7,492,059	6,416,944
Accounts payable	18,003,455	5,718,986
Accrued liabilities and other:		
Accrued salaries and wages	899,389	1,094,004
Other accrued liabilities	2,025,127	1,260,454
Current portion of compensated absences (Note 9)	2,695,537	2,597,227
Total current liabilities	<u>33,966,493</u>	<u>20,116,662</u>
Noncurrent liabilities:		
Accrued self insurance - Net of current portion (Note 10)	5,296,323	5,826,201
Net pension liability (Note 11)	89,512,836	61,623,466
Net OPEB obligation (Note 13)	21,447,954	21,447,954
Compensated absences - Net of current portion (Note 9)	178,997	168,447
Total noncurrent liabilities	<u>116,436,110</u>	<u>89,066,068</u>
Total liabilities	<u>150,402,603</u>	<u>109,182,730</u>
Equity - Net position		
Net investment in capital assets	84,044,768	71,235,972
Restricted (Note 1)	400,868	302,792
Unrestricted	(5,535,642)	(21,353,224)
Total net position	<u>\$ 78,909,994</u>	<u>\$ 50,185,540</u>

The Notes to Financial Statements are an
Integral Part of this Statement.

Suburban Mobility Authority for Regional Transportation

Statement of Revenue, Expenses, and Changes in Net Position

	Enterprise Operating Fund	
	Year Ended	
	June 30, 2016	June 30, 2015
Operating Revenue		
Fares	\$ 12,017,606	\$ 12,528,679
Other income	1,110,390	1,029,114
Total operating revenue	13,127,996	13,557,793
Operating Expenses		
Salaries and wages	37,519,258	36,174,558
Fringe benefits	39,239,516	32,979,155
Materials and supplies	10,485,568	13,473,205
Contractual services	3,748,505	2,870,321
Utilities	1,280,865	1,389,786
Claims and insurance	8,328,737	6,596,087
Purchased transportation (Note 8)	10,476,994	11,096,329
Miscellaneous expense	113,497	525,895
Depreciation	17,159,128	13,319,974
Total operating expenses	128,352,068	118,425,310
Operating Loss	(115,224,072)	(104,867,517)
Nonoperating Revenue (Expenses)		
Federal operating and preventive maintenance assistance	5,784,294	1,973,734
State operating grants	39,405,856	34,866,205
Local contributions (Note 7)	67,986,026	68,713,706
Other nonoperating revenue	558,929	587,498
Investment income	149,730	84,252
Loss on sale of assets	(1,998,689)	(148,866)
Total nonoperating revenue	111,886,146	106,076,529
(Loss) Gain - Before capital contributions	(3,337,926)	1,209,012
Capital Contributions	32,062,380	20,810,121
Change in Net Position	28,724,454	22,019,133
Net Position - Beginning of year	50,185,540	28,166,407
Net Position - End of year	\$ 78,909,994	\$ 50,185,540

Suburban Mobility Authority for Regional Transportation

Statement of Cash Flows

	Enterprise Operating Fund	
	Year Ended	
	June 30, 2016	June 30, 2015
Cash Flows from Operating Activities		
Receipts from transit operations	\$ 12,730,252	\$ 13,462,478
Payments to suppliers	(2,749,994)	(16,441,466)
Payments to employees	(78,569,178)	(66,153,859)
Payments to claims and insurance	(7,783,500)	(6,107,972)
Payments for purchased transportation	(10,655,115)	(11,462,741)
Net cash used in operating activities	(87,027,535)	(86,703,560)
Cash Flows from Noncapital Financing Activities		
State operating grants	36,615,982	32,602,168
Federal operating and preventive maintenance assistance	5,081,885	3,174,782
Local contributions	68,784,479	66,628,675
Other nonoperating receipts	558,929	587,498
Net cash provided by noncapital financing activities	111,041,275	102,993,123
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	17,573,877	20,099,436
Proceeds from disposal of capital assets	127,409	58,605
Purchase of capital assets	(32,094,022)	(20,106,691)
Net cash (used in) provided by capital and related financing activities	(14,392,736)	51,350
Cash Flows from Investing Activities		
Purchase of investment securities	(5,018,185)	-
Interest received on investments	149,725	84,252
Net cash (used in) provided by investing activities	(4,868,460)	84,252
Net Increase in Cash and Cash Equivalents	4,752,544	16,425,165
Cash and Cash Equivalents - Beginning of year	68,285,013	51,859,848
Cash and Cash Equivalents - End of year	\$ 73,037,557	\$ 68,285,013
Balance Sheet Classification of Cash and Cash Equivalents		
Cash and investments	\$ 73,037,557	\$ 68,285,013
Restricted cash	(400,868)	(302,792)
Total unrestricted cash and cash equivalents	\$ 72,636,689	\$ 67,982,221
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (115,224,072)	\$ (104,867,517)
Depreciation and amortization	17,159,128	13,319,974
Noncash change in net pension asset/liability	(1,724,649)	2,794,937
Noncash change in net OPEB obligations	-	(43,269)
Noncash change in self-insurance liability	545,237	488,115
Changes in assets and liabilities:		
Materials and supplies inventory	(174,736)	45,642
Other receivables	(397,744)	(95,315)
Prepaid and other assets	4,035	17,186
Accounts payable and accrued liabilities	13,049,142	1,754,913
Municipal and community credits payable	(37,237)	(85,469)
Payable under purchase service contracts	(140,884)	(280,943)
Accrued wages and compensated absences	(85,755)	248,186
Net cash used in operating activities	\$ (87,027,535)	\$ (86,703,560)

Noncash Capital and Financing Activities - During the year ended June 30, 2015, the Authority received a capital grant in the form of buses valued at \$711,000.

The Notes to Financial Statements are an
Integral Part of this Statement.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements
June 30, 2016 and 2015

Note I - Summary of Significant Accounting Policies

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

Organization

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 tri-county transit region comprised 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. Prior to PA 387, the allocation of State of Michigan operating assistance funds under Act 51 and federal capital funds to the tri-county urbanized area had been 65 percent to DDOT and 35 percent to SMART. However, for fiscal years ended June 30, 2012 and 2013, the State allocated funds to SMART as an independent large urban area transit agency. In March 2013, based on information submitted by the agencies, SEMCOG revised the allocation to 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.

Suburban Mobility Authority for Regional Transportation

**Notes to Financial Statements
June 30, 2016 and 2015**

Note I - Summary of Significant Accounting Policies (Continued)

Reporting Entity

The financial reporting entity, as defined by Statements No. 14 and No. 39 (as amended by Statement No. 61) of the Governmental Accounting Standards Board (GASB), is comprised 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. There are no component units.

Based on the guidelines outlined in GASB Statements No. 14 and No. 39 (as amended by Statement No. 61), this is evidenced by the fact that, 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.

Accounting and Reporting Principles

Suburban Mobility Authority for Regional Transportation 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.

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.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Basis of Accounting

Proprietary 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 consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

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.

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 sales 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.

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 which are expected to extend the useful lives of existing assets are capitalized. Donated fixed assets are recorded at acquisition cost. 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.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Depreciation is computed using the straight-line method, based upon the estimated useful lives of the assets as follows:

<u>Capital Asset Class</u>	<u>Lives</u>
Connector transit buses	4-10 years
Fixed-route buses	7-14 years
Buildings and building improvements	25 years
Leasehold improvements*	5-25 years
Equipment and office furniture	3-10 years

* Leasehold improvements are amortized over the shorter of the 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 from the difference between projected and actual investment earnings of the pension plan, changes in actuarial assumptions, differences between expected and actual plan experience, as well as contributions made after the measurement date of the net pension liability.

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.

Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) 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 SMART's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note I - Summary of 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 healthcare benefits to employees upon retirement. The Authority receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. The Authority reports the full accrual cost equal to the current year required contribution, adjusted for interest and an "adjustment to the ARC" on the beginning of year under/over paid amount, if any. These liabilities are liquidated from the Enterprise Operating Fund.

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 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. These liabilities are liquidated from the Enterprise Operating Fund.

Municipal and Community Credits Payable - Annually, SMART receives municipal credit funding from the State of Michigan and funds community credits. SMART passes those monies 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 up front from the State and then each community must request reimbursement from SMART related to contractually allowed expenses. The difference between what the State has awarded and sent to SMART and what the communities have requested reimbursement for by June 30 of each respective fiscal year end is recorded as a municipal and community credit payable. This liability is liquidated from the Enterprise Operating Fund.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note I - Summary of Significant Accounting Policies (Continued)

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. These liabilities are liquidated from the Enterprise Operating Fund.

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 (FTA) 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.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 1 - Summary of Significant Accounting Policies (Continued)

Cost Allocation Plan - The Authority did not have any cost allocation plans in the current year.

Methodology of Nonfinancial Data to Allocate Costs - As SMART is a stand-alone entity with only one enterprise fund, allocation of costs using nonfinancial data is not utilized by the Authority.

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.

Note 2 - Change in Accounting

During the year, Suburban Mobility Authority for Regional Transportation adopted GASB Statement No. 72, *Fair Value Measurement and Application*. As a result, the notes to the financial statements now include enhanced disclosures about fair value measurement, the level of fair value hierarchy, and valuation techniques.

Note 3 - State of Michigan Operating Assistance Funds

Under Act 51 of the Public Acts of 1951 (Act 51), 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.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 3 - State of Michigan Operating Assistance Funds (Continued)

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, 2013. This determination did not change SMART's allocated revenue. Furthermore, SMART awaits the "final" determination for the years ended September 30, 2014, 2015 and 2016. SMART has recorded an estimated aggregate liability of approximately \$880,000 as of June 30, 2016 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 2016 and 2015. Refer to Note 1 for additional information regarding the State of Michigan operating assistance funds.

Note 4 - Deposits and Investments

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

Cash and cash equivalents	\$ 72,636,689
Investments	5,018,185
Restricted cash	<u>400,868</u>
Total designated	<u>\$ 78,055,742</u>

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 Authority 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, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 4 - Deposits and Investments (Continued)

The Authority has designated two 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 not less than two standard rating services, which matures not more than 260 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which 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 various risks, 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 \$73,804,938 of bank deposits (checking and savings accounts), of which \$72,781,836 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 270-day maturity.

At year end, SMART had the following investments:

Investment	Fair Value	Weighted Average Maturity (Years)
Primary Government		
U.S. government agency securities	\$ 5,018,185	2.5

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 4 - Deposits and Investments (Continued)

Suburban Mobility Authority for Regional Transportation 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; Level 3 inputs are significant unobservable inputs. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances whereby 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. Suburban Mobility Authority for Regional Transportation's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

Suburban Mobility Authority for Regional Transportation has the following recurring fair value measurements as of June 30, 2016:

Assets Measured at Fair Value on a Recurring Basis

	Balance at June 30, 2016	Fair Value Measurement Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Debt securities - Residential mortgage-backed securities	\$ 5,018,185	\$ -	\$ 5,018,185	\$ -

Debt and equity securities classified in Level 2 are valued using inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, quoted prices for identical or similar assets in markets that are not active, and inputs other than quoted prices that are observable for the asset.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 5 - Grants Receivable

At June 30, 2016 and 2015, grants receivable are comprised of the following:

	<u>2016</u>	<u>2015</u>
Accounts receivable - Billed:		
Federal government grants	\$ 4,608,590	\$ 1,624,598
State of Michigan grants	<u>6,953,773</u>	<u>2,617,535</u>
Total billed	11,562,363	4,242,133
Accounts receivable - Unbilled:		
Federal government grants	11,221,461	3,136,560
State of Michigan grants	4,446,403	1,809,452
Local grants	<u>1,153,885</u>	<u>1,215,176</u>
Total unbilled	<u>16,821,749</u>	<u>6,161,188</u>
Total	<u>\$ 28,384,112</u>	<u>\$ 10,403,321</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 6 - Capital Assets

Capital asset activity during the fiscal year ended June 30, 2016 was as follows:

	Balance July 1, 2015	Reclassifications	Additions	Disposals	Balance June 30, 2016
Capital assets not being depreciated:					
Land	\$ 3,473,174	\$ -	\$ -	\$ -	\$ 3,473,174
Construction in progress	12,437,690	(27,804,259)	32,094,022	-	16,727,453
Subtotal	15,910,864	(27,804,259)	32,094,022	-	20,200,627
Capital assets being depreciated:					
Fixed-route buses and equipment	96,725,579	4,795,962	-	23,372,381	78,149,160
Connector buses and related equipment	44,135,273	20,623,031	-	5,668,166	59,090,138
Buildings and improvements	45,998,554	410,549	-	-	46,409,103
Office furnishings and equipment	2,088,457	-	-	-	2,088,457
Other equipment	52,830,663	1,927,115	-	-	54,757,778
Leasehold improvements	6,653,177	47,602	-	-	6,700,779
Subtotal	248,431,703	27,804,259	-	29,040,547	247,195,415
Accumulated depreciation:					
Fixed-route buses and equipment	77,237,464	-	10,120,243	21,246,472	66,111,235
Connector buses and related equipment	26,931,877	-	4,407,668	5,667,977	25,671,568
Buildings and improvements	31,901,810	-	993,753	-	32,895,563
Office furnishings and equipment	1,894,151	-	28,511	-	1,922,662
Other equipment	49,461,126	-	1,316,955	-	50,778,081
Leasehold improvements	5,680,167	-	291,998	-	5,972,165
Subtotal	193,106,595	-	17,159,128	26,914,449	183,351,274
Net capital assets being depreciated	55,325,108	27,804,259	(17,159,128)	2,126,098	63,844,141
Net capital assets	\$ 71,235,972	\$ -	\$ 14,934,894	\$ 2,126,098	\$ 84,044,768

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 6 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended June 30, 2015 was as follows:

	Balance July 1, 2014	Reclassifications	Additions	Disposals	Balance June 30, 2015
Capital assets not being depreciated:					
Land	\$ 3,473,174	\$ -	\$ -	\$ -	\$ 3,473,174
Construction in progress	12,209,208	(20,576,899)	20,817,381	12,000	12,437,690
Subtotal	15,682,382	(20,576,899)	20,817,381	12,000	15,910,864
Capital assets being depreciated:					
Fixed-route buses and equipment	90,359,853	8,045,352	-	1,679,626	96,725,579
Connector buses and related equipment	36,324,365	9,779,088	-	1,968,180	44,135,273
Buildings and improvements	43,899,120	2,099,434	-	-	45,998,554
Office furnishings and equipment	2,055,473	32,984	-	-	2,088,457
Other equipment	52,395,655	435,008	-	-	52,830,663
Leasehold improvements	6,468,144	185,033	-	-	6,653,177
Subtotal	231,502,610	20,576,899	-	3,647,806	248,431,703
Accumulated depreciation:					
Fixed-route buses and equipment	71,354,398	-	7,367,124	1,484,058	77,237,464
Connector buses and related equipment	25,865,201	-	3,034,953	1,968,277	26,931,877
Buildings and improvements	30,893,867	-	1,007,943	-	31,901,810
Office furnishings and equipment	1,864,088	-	30,063	-	1,894,151
Other equipment	47,901,320	-	1,559,806	-	49,461,126
Leasehold improvements	5,360,082	-	320,085	-	5,680,167
Subtotal	183,238,956	-	13,319,974	3,452,335	193,106,595
Net capital assets being depreciated	48,263,654	20,576,899	(13,319,974)	195,471	55,325,108
Net capital assets	\$ 63,946,036	\$ -	\$ 7,497,407	\$ 207,471	\$ 71,235,972

The eligible depreciation for fiscal year 2016 of \$4,581,881 (\$17,159,128 total depreciation reported less ineligible depreciation of \$12,577,247) includes only depreciation of assets purchased with local funds whereby the useful life of the asset purchased has been approved by the OPT (Office of Passenger Transportation).

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 6 - Capital Assets (Continued)

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Vehicle purchases	\$ 19,703,594	\$ 10,418,447
Bus rehabilitation	4,656,895	272,723
Parking lot	274,861	535,586
Total	<u>\$ 24,635,350</u>	<u>\$ 11,226,756</u>

Note 7 - Property Taxes

In August 2014, Oakland, Wayne, and Macomb counties approved an increase from the then .59 mills to 1.00 mills which were collected and recorded as revenue at the new rate in fiscal year 2015. Tax revenue received by Macomb County, the Wayne County Act 196 Authority, and the Oakland County Act 196 Authority, which was contributed to SMART for the years ended June 30, 2016 and 2015, totaled \$67,986,026 and \$68,713,706, respectively.

Note 8 - Purchase-of-service Agreements

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 comprised of the following:

	<u>2016</u>	<u>2015</u>
Municipal credits	\$ 3,261,080	\$ 3,261,081
Community credits	3,261,080	3,261,080
Community transit bus service	1,951,374	1,947,200
Specialized services	787,819	787,819
JARC and New Freedom	1,063,829	1,655,816
Royal Oak Township	9,240	40,759
Community-based services	142,572	142,574
Total	<u>\$ 10,476,994</u>	<u>\$ 11,096,329</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 9 - Long-term Debt

Long-term debt activity for the year ended June 30, 2016 can be summarized as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accumulated compensated absences	\$ 2,765,674	\$ 2,632,040	\$ 2,523,180	\$ 2,874,534	\$ 2,695,537

Activity for the year ended June 30, 2015 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Accumulated compensated absences	\$ 2,662,705	\$ 2,654,510	\$ 2,551,541	\$ 2,765,674	\$ 2,597,227

Note 10 - Risk Management

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

In fiscal years 2016 and 2015, 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, 2016.

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 2016, 2015, and 2014 were as follows:

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Claims liability - July 1	\$ 12,243,145	\$ 11,755,030	\$ 13,422,155
Incurred claims - Current year including adjustments to IBNR	8,252,652	6,159,784	5,469,015
Claim payments	<u>(7,707,415)</u>	<u>(5,671,669)</u>	<u>(7,136,140)</u>
Claims liability - June 30	<u>\$ 12,788,382</u>	<u>\$ 12,243,145</u>	<u>\$ 11,755,030</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 11 - Agent Defined Benefit Pension Plan

Plan Description - 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 (MERS of Michigan), that covers all full-time employees of 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 supplemental 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, Michigan 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 five-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 six years. Employees are eligible for non-duty disability benefits after six 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.

Retirement benefits for employees hired after July 1, 2007 are calculated as 1.70 percent of the employee's final five-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. Vesting period is 10 years. Employees are eligible for non-duty disability benefits after six 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.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 11 - Agent Defined Benefit Pension Plan (Continued)

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 - At the December 31, 2015 measurement date, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefits	797
Inactive plan members entitled to but not yet receiving benefits	189
Active plan members	<u>738</u>
Total employees covered by MERS	<u>1,724</u>

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, 2016, the average active employee contribution rate was 4.5 percent of annual pay and Suburban Mobility Authority for Regional Transportation's average contribution rate was 3.92 percent of annual payroll.

Net Pension Liability

The net pension liability reported at June 30, 2016 was determined using a measure of the total pension liability and the pension net position as of December 31, 2015. The December 31, 2015 total pension liability was determined by an actuarial valuation performed as of that date.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 11 - 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, 2014	\$ 219,402,967	\$ 157,779,501	\$ 61,623,466
Service cost	3,819,202	-	3,819,202
Interest	17,695,500	-	17,695,500
Differences between expected and actual experience	99,715	-	99,715
Changes in assumptions	10,351,934	-	10,351,934
Contributions - Employer	-	5,096,203	(5,096,203)
Contributions - Employee	-	1,627,578	(1,627,578)
Net investment income	-	(2,305,957)	2,305,957
Benefit payments, including refunds	(13,643,308)	(13,643,308)	-
Administrative expenses	-	(340,843)	340,843
Net changes	<u>18,323,043</u>	<u>(9,566,327)</u>	<u>27,889,370</u>
Balance at December 31, 2015	<u>\$ 237,726,010</u>	<u>\$ 148,213,174</u>	<u>\$ 89,512,836</u>

Assumption Changes - The significant assumption changes affecting the net pension liability calculation above relate to a change in the mortality tables to a more recent table and a decrease in the discount rate.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 11 - Agent Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2016, Suburban Mobility Authority for Regional Transportation recognized pension expense of \$13,688,215. At June 30, 2016, Suburban Mobility Authority for Regional Transportation reported deferred outflows of resources related to pensions from the following source:

	<u>Deferred Outflows of Resources</u>
Difference between expected and actual experience	\$ 74,786
Changes in assumptions	7,763,951
Net difference between projected and actual earnings on pension plan investments	13,698,615
Employer contributions to the plan subsequent to the measurement date	<u>12,715,906</u>
Total	<u>\$ 34,253,258</u>

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 (\$12,715,906), which will impact the net pension liability in fiscal year 2017, rather than pension expense.

<u>Years Ending June 30</u>	<u>Amount</u>
2017	\$ 6,177,565
2018	6,177,565
2019	6,177,565
2020	3,004,657

Actuarial Assumptions - The total pension liability in the December 31, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 %
Salary increases	3.75 % The assumed long-term annual rate of price inflation is 2.5%
Investment rate of return	8.00 % Gross of pension plan investment expense, including inflation

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 11 - Agent Defined Benefit Pension Plan (Continued)

The mortality table used to project the mortality experience of nondisabled plan members is 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

The mortality table used to project the mortality experience of disabled plan members is a 50 percent male and 50 percent female blend of the RP-2014 Disabled Retiree Mortality Tables.

The actuarial assumptions used in the December 31, 2015 valuation include a 10 percent margin for future mortality improvements, relative to the actual mortality experience seen in the 2009-2013 Experience Study.

Discount Rate - The discount rate used to measure the total pension liability was 8 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.

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, 2015, 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	57.5 %	5.02 %
Global fixed income	20.0	2.18
Real assets	12.5	4.23
Diversifying strategies	10.0	6.56

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 11 - Agent Defined Benefit Pension Plan (Continued)

Sensitivity of the Net Pension Liability to Changes in the Discount Rate - The following presents the net pension liability of Suburban Mobility Authority for Regional Transportation, calculated using the discount rate of 8.00 percent, as well as what Suburban Mobility Authority for Regional Transportation's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.00 percent) or 1 percentage point higher (9.00 percent) than the current rate:

	1% Decrease (7.00%)	Current Discount Rate (8.00%)	1% Increase (9.00%)
Net pension liability of Suburban Mobility Authority for Regional Transportation	\$ 114,914,934	\$ 89,512,836	\$ 67,835,528

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 12 - Defined Contribution Postemployment Benefits

The Authority provides an employer-sponsored healthcare 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 Amalgamated Transit Union, American Federation of State, County and Municipal Employees, and nonrepresented employee groups. HCSP participants are not eligible for Authority-paid retiree health care under any other Authority plan or program.

During the years ended June 30, 2016 and 2015, Suburban Mobility Authority for Regional Transportation made contributions of \$539,382 and \$864,707, respectively, to the plan.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 13 - Other Postemployment Benefits

Plan Description - SMART participates in the Michigan Municipal Employees Retirement System (MMERS) retiree health funding vehicle. The system provides postretirement health insurance, life insurance, and prescription benefits to eligible employees and their spouses. The Michigan Municipal Employees Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

Eligible employees include those who retire after attaining age 60 with at least six 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. This is an agent multiple-employer defined benefit plan. As of December 31, 2014, 697 retirees and beneficiaries were receiving benefit payments and the plan had 461 active members.

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 2015, SMART implemented a defined contribution Health Care Savings Plan (HCSP) as an alternative to the existing plan, effectively closing the retiree healthcare plan to new employees. All employees in 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.

Funding Policy - SMART contributes 100 percent of the actual costs for current benefits and administrative expenses of the plan. The Authority has no obligation to make contributions in advance of when the insurance premiums are due for payment (in other words, this may be financed on a "pay-as-you-go" basis), but it can choose to do so on a discretionary basis each year.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 13 - Other Postemployment Benefits (Continued)

Funding Progress - For the years ended June 30, 2016 and 2015, the Authority has estimated the cost of providing retiree healthcare benefits through actuarial valuations as of December 31, 2014 and 2013, respectively. The valuations compute an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuations' computed contributions and actual funding are summarized as follows:

	2016	2015
Annual required contribution (recommended)	\$ 13,232,377	\$ 11,175,415
Interest on the prior year's net OPEB obligation	1,179,637	1,289,473
Less adjustment to the annual required contribution	(1,456,696)	(886,704)
Annual OPEB cost	12,955,318	11,578,184
Amounts contributed - Payments of current premiums	7,597,776	7,003,647
Advance funding	5,357,542	4,617,806
Decrease in net OPEB obligation	-	(43,269)
OPEB obligation - Beginning of year	21,447,954	21,491,223
OPEB obligation - End of year	\$ 21,447,954	\$ 21,447,954

The annual OPEB costs, the percentage contributed to the plan, and the net OPEB obligation for the current and two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Costs	Percentage Contributed	Net OPEB Obligation
6/30/14	\$ 11,145,710	68.4 %	21,491,223
6/30/15	11,578,184	100.4	21,447,954
6/30/16	12,955,318	100.0	21,447,954

The funding progress of the plan (in thousands) as of the three most recent valuation dates is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)
12/31/11	\$ 18,076	\$ 170,594	\$ 152,518	10.6 %
12/31/13	22,982	202,106	179,124	11.4
12/31/14	24,457	180,660	156,203	13.5

Suburban Mobility Authority for Regional Transportation

**Notes to Financial Statements
June 30, 2016 and 2015**

Note 13 - Other Postemployment Benefits (Continued)

Actuarial Methods and Assumptions - Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The current and prior year required contribution amounts were determined as part of the December 31, 2014 and 2013 actuarial valuations, respectively, using the individual entry-age actuarial cost method. The actuarial assumptions include (a) a 5.5 and 6.0 percent, respectively, investment rate of return, (b) projected salary increase of 4.0 and 4.5 percent, respectively, per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.3 to 1.3 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 4.5 to 9 percent per year (annually). The actuarial values of assets are determined on the basis of a valuation method that assumes the fund earns the expected rate of return (5.5 and 6.0 percent, respectively), and includes an adjustment to reflect market value. SMART's unfunded actuarial accrued liability is being amortized as a level percent of payroll over a period of 30 years.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 13 - Other Postemployment Benefits (Continued)

The significant increases/decreases in the net OPEB obligation as of June 30, 2016 and several prior years are due to the fact that there was no prefunding in those years, and thus only a portion of the contributions in relation to the ARC was actually made. Although SMART is required to report an expense and liability for the unfunded ARC in any given year (in accordance with *Government Auditing Standards*), those expenses are only considered eligible expenses relative to the Authority's operating assistance funds allocation (through the State of Michigan) to the extent that they are paid. The amount of eligible other postemployment benefits paid by SMART for the years ended June 30, 2016 and 2015 was \$12,955,319 and \$11,621,453, respectively. When the additional portion of the ARC is paid for that year and others, the Authority expects to receive supplemental state operating assistance to partially offset these future payments. SMART's management estimates that approximately \$6.6 million, predicated on the then-existing funding formulas, would be available to fund future ARC liability payments based on the recorded OPEB obligation at June 30, 2016.

Note 14 - Commitments

SMART leases certain office space and equipment under operating lease agreements. Some leases include escalation clauses for SMART's pro-rata share of taxes and operating expenses. Total rent expense for the years ended June 30, 2016 and 2015 was approximately \$355,000 and \$328,000, respectively.

SMART entered into a new, noncancelable 10-year lease commencing on October 1, 2007 through September 30, 2017 for its administrative offices and the ticket sales store. The 10-year lease provides for 42 months of free rent. The first 28 months of the lease are free, with the remaining free months distributed throughout the remaining eight-year period as is outlined in the lease agreement.

Approximate minimum lease payments are as follows:

Fiscal Years Ending June 30	Amount
2017	\$ 385,000
2018	116,000
Total	<u>\$ 501,000</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2016 and 2015

Note 15 - 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 16 - 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. Also, any expenses associated with earned revenue (if applicable) have been subtracted from eligible costs.

Note 17 - Upcoming Accounting Pronouncements

In June 2015, the GASB issued Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which addresses reporting by governments that provide postemployment benefits other than pensions (OPEB) to their employees and for governments that finance OPEB for employees of other governments. This OPEB standard will require Suburban Mobility Authority for Regional Transportation to recognize on the face of the financial statements its net OPEB liability. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Suburban Mobility Authority for Regional Transportation is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for Suburban Mobility Authority for Regional Transportation's financial statements for the year ending June 30, 2018.

Note 18 - Subsequent Events

On August 29, 2016, the SMART board of directors authorized the general manager to execute a three-month pass through agreement with the Regional Transit Authority (RTA) to provide limited-stop service (Reflex Service) along the Gratiot corridor in Detroit and Macomb County. The agreement covers SMART's cost of operating Reflex Service and the cost of nine shelters and associated concrete work being completed in preparation for the Reflex Service. The value of the agreement is estimated to be \$953,281. Funding for this service is available via the RTA through the Michigan Comprehensive Transportation Fund (CTF) and estimated fare box revenue to be collected by SMART during operation. SMART will operate the service and be reimbursed by the RTA. A contract beyond the three-month period is currently being developed by SMART and the RTA to provide this service for an additional two years and nine months to provide the service for the projected three-year period.

Required Supplemental Information

Suburban Mobility Authority for Regional Transportation

Required Supplemental Information Schedule of Changes in the Suburban Mobility Authority for Regional Transportation Net Pension Liability and Related Ratios Last Two Fiscal Years (schedule is built prospectively upon implementation of GASB 68)

	2016	2015
Total Pension Liability		
Service cost	\$ 3,819,202	\$ 3,701,095
Interest	17,695,500	17,072,926
Differences between expected and actual experience	99,715	-
Changes in assumptions	10,351,934	-
Benefit payments, including refunds	<u>(13,643,308)</u>	<u>(12,930,124)</u>
Net Change in Total Pension Liability	18,323,043	7,843,897
Total Pension Liability - Beginning of year	<u>219,402,967</u>	<u>211,559,070</u>
Total Pension Liability - End of year	<u>\$ 237,726,010</u>	<u>\$ 219,402,967</u>
Plan Fiduciary Net Position		
Contributions - Employer	\$ 5,096,203	\$ 4,675,271
Contributions - Employee	1,627,578	1,600,418
Net investment income	(2,305,957)	9,705,285
Administrative expenses	(340,843)	(355,364)
Benefit payments, including refunds	<u>(13,643,308)</u>	<u>(12,930,124)</u>
Net Change in Plan Fiduciary Net Position	(9,566,327)	2,695,486
Plan Fiduciary Net Position - Beginning of year	<u>157,779,501</u>	<u>155,084,015</u>
Plan Fiduciary Net Position - End of year	<u>\$ 148,213,174</u>	<u>\$ 157,779,501</u>
Net Pension Liability - Ending	<u>\$ 89,512,836</u>	<u>\$ 61,623,466</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	62.35 %	71.91 %
Covered Employee Payroll	\$ 36,833,068	\$ 35,107,048
Net Pension Liability as a Percentage of Covered Employee Payroll	243.0 %	175.5 %

Suburban Mobility Authority for Regional Transportation

Schedule of Suburban Mobility Authority for Regional Transportation Pension Contributions Last Ten Fiscal Years

	2016	2015	2014	2013	2012	2011	2010	2009	2008	2007
Actuarially determined contribution	\$ 5,096,203	\$ 4,788,752	\$ 4,549,591	\$ 4,747,571	\$ 5,194,092	\$ 5,952,816	\$ 5,118,276	\$ 5,365,368	\$ 5,069,952	\$ 4,903,596
Contributions in relation to the actuarially determined contribution	5,096,203	4,788,752	4,624,857	3,980,544	4,649,410	6,466,982	4,828,115	5,265,668	5,245,276	5,100,478
Contribution Deficiency (Excess)	\$ -	\$ -	\$ (75,266)	\$ 767,027	\$ 544,682	\$ (514,166)	\$ 290,161	\$ 99,700	\$ (175,324)	\$ (196,882)
Covered Employee Payroll	\$36,833,068	\$35,107,048	\$34,791,376	\$34,887,806	\$36,714,556	\$39,146,755	\$40,597,694	\$42,972,512	\$40,865,007	\$42,543,387
Contributions as a Percentage of Covered Employee Payroll	13.8 %	13.6 %	13.3 %	11.4 %	12.7 %	16.5 %	11.9 %	12.3 %	12.8 %	12.0 %

Notes to Schedule of Suburban Mobility Authority for Regional Transportation Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date Actuarially determined contribution rates are calculated as of December 31, 2013, which is 18 months prior to the beginning 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	25 years
Asset valuation method	10-year smoothed market
Inflation	2.5 percent
Salary increases	3.75 percent, including inflation
Investment rate of return	7.75 percent
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50 percent male - 50 percent female blend of the RP-2014 Mortality Tables
Other information	None

Suburban Mobility Authority for Regional Transportation

Required Supplemental Information OPEB System Schedule Year Ended June 30, 2016

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
12/31/11	\$ 18,076,157	\$170,593,754	\$152,517,597	10.6	\$ 34,887,806	437.2
12/31/13	22,982,071	202,106,111	179,124,040	11.4	34,791,376	514.9
12/31/14	24,457,408	180,659,786	156,202,378	13.5	35,107,048	444.9

Other Supplemental Information

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Operating Revenue Schedule Year Ended June 30, 2016

Description	JUL 1, 2015 to SEP 15, 2015	OCT 1, 2015 to JUN 30, 2016	Total
Passenger fares	\$ 3,162,964	\$ 8,854,642	\$ 12,017,606
Contract fares	30,471	87,960	118,431
Advertising	156,641	532,600	689,241
Rental of buildings or other property	8,743	45,429	54,172
Gains from the sale of capital assets	-	-	-
Other nontrans. revenue	6,504	18,096	24,600
Other local contracts - Mun. Cr.	-	1,710	1,710
Other local contracts - Com. Cr.	67,150	176,214	243,364
Total revenue	\$ 3,432,473	\$ 9,716,651	\$ 13,149,124

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Operating Revenue Schedule State Year Ended September 30, 2015

Description	OCT 1 2014 to JUN 30, 2015	JUL 1, 2015 to SEP 30, 2015	Total
Passenger fares	\$ 9,165,328	\$ 3,162,964	\$ 12,328,292
Contract fares	83,970	30,471	114,441
Advertising	448,992	156,641	605,633
Rental of buildings or other property	44,530	8,743	53,273
Gains from the sale of capital assets	-	-	-
Other nontrans. revenue	12,833	6,504	19,337
Other local contracts - Mun. Cr.	109,273	-	109,273
Other local contracts - Com. Cr.	80,453	67,150	147,603
	\$ 9,945,379	\$ 3,432,473	\$ 13,377,852

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Local Revenue Schedule Year Ended June 30, 2016

Description	JUL 1, 2015 to SEP 30, 2015	OCT 1, 2015 to JUN 30, 2016	Total
Taxes levied directly	\$ -	\$ -	\$ -
Local operating assistance millage	16,542,252	51,443,773	67,986,025
Other local contracts	-	-	-
Total revenue	\$ 16,542,252	\$ 51,443,773	\$ 67,986,025
Interest Income	\$ 33,231	\$ 116,500	\$ 149,731
Refunds and Credits	\$ 20,432	\$ 517,368	\$ 537,800

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Local Revenue Schedule Year Ended September 30, 2015

Description	OCT 1, 2014 to JUN 30, 2015	JUL 1, 2015 to SEP 30, 2015	Total
Taxes levied directly	\$ -	\$ -	\$ -
Local operating assistance millage	52,395,131	16,542,252	68,937,383
Other local contracts	-	-	-
Total revenue	\$ 52,395,131	\$ 16,542,252	\$ 68,937,383
Interest Income	\$ 63,182	\$ 33,231	\$ 96,413
Refunds and Credits	\$ 570,992	\$ 20,432	\$ 591,424

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Federal and State Operating Revenue Year Ended June 30, 2016

Description	JUL 1, 2015 to SEP 30, 2015	OCT 1, 2015 to JUN 30, 2016	Total
State operating assistance	\$ 9,146,606	\$ 23,238,898	\$ 32,385,504
Line-item municipal credit	543,513	1,087,027	1,630,540
Mun. Cr. Special Appropriation	543,513	1,087,027	1,630,540
Other MDOT/BPT contracts and reimb.:			
State Preventive Maintenance 2007-0294 ZXX	-	1,000,000	1,000,000
Subtotal SMART State	10,233,632	26,412,952	36,646,584
Pass-through State Act 51:			
Bedford	30,542	97,830	128,372
Bedford (prior year)	-	(7,598)	(7,598)
LETC Urban and Non-Urban	359,552	1,151,316	1,510,868
LETC Urban and Non-Urban (prior year)	-	(67,957)	(67,957)
Royal Oak Township	-	20,412	20,412
Royal Oak Township (prior year)	(6,309)	(4,863)	(11,172)
Total Pass-through State Act 51	383,785	1,189,140	1,572,925
Other state pass-through grants:			
Specialized Service Grant FY 2014	196,951	-	196,951
Specialized Service Grant FY 2015	-	590,868	590,868
JARC PASS THRU 2012-0170 P21	-	134,771	134,771
JARC PASS THRU 2007-0294 Z45	-	105,328	105,328
NOTA JARC Non-Urban 2012-0170 P29	-	94,609	94,609
NOTA JARC Non-Urban 2012-0170 P35	-	23,886	23,886
NOTA New Freedom 2012-0170 P15	-	26,139	26,139
NOTA New Freedom 2012-0170 P31	-	13,795	13,795
Total other state pass-through grants	196,951	989,396	1,186,347
Grand total state revenue per F/S	\$ 10,814,368	\$ 28,591,488	\$ 39,405,856

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Federal and State Operating Revenue (Continued) Year Ended June 30, 2016

Description	JUL 1, 2015 to SEP 30, 2015	OCT 1, 2015 to JUN 30, 2016	Total
Preventive maintenance - MI-90-0678	\$ -	\$ 3,999,687	\$ 3,999,687
Planning/capital cost of contracting - FY 2016 UWP - CONTRACT #MI-80-X006	61,919	250,638	312,557
Reimb. for JARC Admin MI-37-6043	9,128	15,891	25,019
Reimb. for New Freedom Admin. MI-57-6007	7,254	26,027	33,281
Subtotal SMART State	78,301	4,292,243	4,370,544
Other federal pass-through grants:			
Section 5307 Lake Erie MI-90-4678	102,881	425,848	528,729
Section 5311 Lake Erie MI-18-0055	63,223	156,497	219,720
JARC	-	283,365	283,365
New Freedom	-	381,936	381,936
Total pass-through federal	166,104	1,247,646	1,413,750
Grand total federal revenue per F/S	\$ 244,405	\$ 5,539,889	\$ 5,784,294
Grand total state and federal	\$ 11,058,773	\$ 34,131,377	\$ 45,190,150

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Federal and State Operating Revenue (Continued) Year Ended September 30, 2015

Description	OCT 1, 2014 to JUN 30, 2015	JUL 1, 2015 to SEP 30, 2015	Total
State Operating Assistance	\$ 22,140,745	\$ 9,146,606	\$ 31,287,351
Line-item municipal credit	1,222,904	543,513	1,766,417
Mun. Cr. Special Appropriation	1,222,904	543,513	1,766,417
Other MDOT/BPT contracts and reimb.:			
Reimb for section 5309 program admin	2,558	-	2,558
State Preventive Maintenance 2007-0294 ZXX	-	-	-
Subtotal SMART state	24,589,111	10,233,632	34,822,743
Pass-through State Act 51:			
Bedford	91,620	30,542	122,162
Bedford (prior year)	(52,985)	-	(52,985)
LETC Urban and Non-Urban	1,123,668	359,552	1,483,220
LETC Urban and Non-Urban (prior year)	(7,992)	-	(7,992)
Royal Oak Township	24,849	-	24,849
Royal Oak Township (prior year)	5,744	(6,309)	(565)
Total pass-through State Act 51:	1,184,904	383,785	1,568,689
Other state pass-through grants:			
Specialized Service Grant FY 2014	-	196,951	196,951
Specialized Service Grant FY 2015	590,868	-	590,868
JARC PASS THRU 2012-0170 P2I	81,942	-	81,942
JARC PASS THRU 2007-0294 Z45	380,580	-	380,580
NOTA JARC Non-Urban 2012-0170 P5	-	-	-
NOTA JARC Non-Urban 2012-0170 P13	59,146	-	59,146
NOTA New Freedom 2012-0170 P15	34,897	-	34,897
NOTA New Freedom 2012-0170 P3I	17,886	-	17,886
Total other state pass-through grants	1,165,319	196,951	1,362,270
Grand total state revenue per F/S	<u>\$ 26,939,334</u>	<u>\$ 10,814,368</u>	<u>\$ 37,753,702</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Federal and State Operating Revenue (Continued) Year Ended September 30, 2015

Description	OCT 1, 2014 to JUN 30, 2015	JUL 1, 2015 to SEP 30, 2015	Total
Preventive maintenance - MI-90-0756	\$ -	\$ -	\$ -
Planning/capital cost of contracting - FY 2015 UWP - CONTRACT MI-80-X006	237,038	61,919	298,957
Reimb for JARC Admin MI-37-6040	21,620	9,128	30,748
Reimb for JARC Admin MI-37-6043	-	-	-
Reimb for New Freedom Admin MI-57-6007	20,114	7,254	27,368
Reimb for section 5309 program admin	<u>3,910</u>	<u>-</u>	<u>3,910</u>
Subtotal SMART federal	282,682	78,301	360,983
Other federal pass-through grants:			
Section 5307 Lake Erie MI-90-4758	308,619	102,881	411,500
Section 5311 Lake Erie MI-86-X002 2007-0294 Z32	134,100	63,223	197,323
JARC	607,747	-	607,747
New Freedom	<u>404,068</u>	<u>-</u>	<u>404,068</u>
Total pass-through federal	<u>1,454,534</u>	<u>166,104</u>	<u>1,620,638</u>
Grand total federal revenue per F/S	<u>\$ 1,737,216</u>	<u>\$ 244,405</u>	<u>\$ 1,981,621</u>
Grand total state and federal	<u>\$ 28,676,550</u>	<u>\$ 11,058,773</u>	<u>\$ 39,735,323</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule Year Ended June 30, 2016

Description	JUL 1, 2015 to SEP 30, 2015	OCT 1, 2015 to JUN 30, 2016	Total
Labor - Operators S&W	\$ 4,696,954	\$ 13,540,395	\$ 18,237,349
Labor - Other S&W	3,764,775	11,361,926	15,126,701
Labor - Dispatchers S&W	1,004,643	3,150,566	4,155,209
Other fringe benefits	2,478,769	9,349,901	11,828,670
Pensions - Defined contribution	1,984	17,380	19,364
Pensions - Defined benefit	1,304,625	12,383,590	13,688,215
Other post employment benefits (OPEB)	3,678,328	10,024,935	13,703,263
Advertising fees	8,626	95,805	104,431
Audit cost	57,249	116,991	174,240
Other services	328,850	3,138,092	3,466,942
Fuel and lubricants	1,371,899	3,077,707	4,449,606
Tires and tubes	174,824	515,528	690,352
Other materials and supplies	1,518,449	3,830,248	5,348,697
Utilities	242,544	1,038,704	1,281,248
Casualty and liab. costs	1,694,381	6,570,540	8,264,921
Other insurance	15,954	47,862	63,816
Purchased transportation service - Pass-throughs that are expensed	2,312,701	8,164,295	10,476,996
Travel, meetings, and training	10,684	40,746	51,430
Loss on disposal of asset	-	1,998,690	1,998,690
Other miscellaneous expenses	33,749	28,624	62,373
Depreciation	1,119,174	16,039,955	17,159,129
Total expenses	<u>\$ 25,819,162</u>	<u>\$ 104,532,480</u>	<u>\$ 130,351,642</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule (Continued) Year Ended June 30, 2016

Description	JUL 1, 2015 to SEP 30, 2015	OCT 1, 2015 to JUN 30, 2016	Total
Less ineligible expenses:			
Ineligible refunds and credits	\$ 20,432	\$ 517,368	\$ 537,800
Ineligible depreciation	-	12,577,247	12,577,247
Unused municipal credits	-	1,710	1,710
Unused community credits	67,150	176,214	243,364
Ineligible loss on disposal	-	1,998,690	1,998,690
Local contracts	-	-	-
Preventive maintenance (MI-90-0591)	-	3,999,687	3,999,687
Planning/capital cost of contracting	61,919	250,638	312,557
Admin Expense Paid by JARC	9,128	15,891	25,019
Admin Expense Paid by New Freedom	7,254	26,027	33,281
Admin Expense Paid under Section 5309	-	-	-
Other ineligible federal/state/local:			
CMAQ MI-95-0049	-	-	-
JARC MI-37-X033 2007-0294/Z10	-	-	-
Other ineligible state contracts:			
Pass-through Ineligibles	1,356,404	5,254,896	6,611,300
Section 5307 Lake Erie	102,881	425,848	528,729
Section 5311 Lake Erie	63,223	156,497	219,720
JARC	-	283,365	283,365
New Freedom	-	381,936	381,936
State preventive maintenance	-	1,000,000	1,000,000
Ineligible association dues	-	-	-
Ineligible pension	(435,634)	(1,225,636)	(1,661,270)
Ineligible OPEB	453,655	(176,597)	277,058
Other ineligibles:			
Other ineligibles - Garnishments	-	-	-
Total ineligibles	1,706,412	25,663,781	27,370,193
Total eligible expenses	\$ 24,112,750	\$ 78,868,699	\$ 102,981,449

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule (Continued) Year Ended June 30, 2016

Description	JUL 1, 2015 to SEP 30, 2015	OCT 1, 2015 to JUN 30, 2016	Total
Pass-throughs that are expensed:			
Nankin Subsidy	\$ 68,250	\$ 204,750	\$ 273,000
Lake Erie	556,198	1,755,936	2,312,134
Municipal Credit - Formula	407,634	1,222,906	1,630,540
Municipal Credit - Line Item	407,634	1,222,906	1,630,540
Community Credit	815,265	2,445,815	3,261,080
Other state subsidized serv.:			
Specialized services	196,951	590,868	787,819
Royal Oak Twp	(6,309)	15,549	9,240
Contra SMART Paid Expense	(168,562)	(465,198)	(633,760)
NOTA JARC Non-Urban	-	118,495	118,495
NOTA Local JARC Non-Urban	-	-	-
NOTA New Freedom Non-Urban	-	79,867	79,867
JARC - New Freedom Urban	-	451,354	451,354
JARC - Mobility Management Urban	-	72,111	72,111
New Freedom Operating Assistant Urban	-	669,638	669,638
New Freedom Mobility Management Urban	-	47,117	47,117
New Freedom Local Operating Expense Urban	-	(374,752)	(374,752)
CBS Bloomfield Hills/Richmond Lennox	35,634	106,940	142,574
	\$ 2,312,695	\$ 8,164,302	\$ 10,476,997
Pass-throughs that are expensed			
Ineligible pass-throughs:			
Nankin Subsidy	\$ 68,250	\$ 204,750	\$ 273,000
Lake Erie	556,198	1,755,936	2,312,134
Municipal Credit - Formula Admin Fee	56,799	170,401	227,200
Municipal Credit - Line Item	407,634	1,222,906	1,630,540
Community Credit Admin Fee	76,881	230,656	307,537
Other state subsidized serv.:			
Specialized services	196,951	590,868	787,819
Royal Oak Twp	(6,309)	15,549	9,240
NOTA JARC Non-Urban	-	118,495	118,495
NOTA Local JARC Non-Urban	-	-	-
NOTA New Freedom Non-Urban	-	79,867	79,867
JARC - New Freedom Urban	-	451,354	451,354
JARC - Mobility Management Urban	-	72,111	72,111
New Freedom Operating Assistant Urban	-	669,638	669,638
New Freedom Mobility Management Urban	-	47,117	47,117
New Freedom Local Operating Expense Urban	-	(374,752)	(374,752)
	\$ 1,356,404	\$ 5,254,896	\$ 6,611,300
Ineligible pass-throughs			

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule State Year Ended September 30, 2015

Description	OCT 1, 2014 to JUN 30, 2015	JUL 1, 2015 to SEP 30, 2015	Total
Labor - Operators S&W	\$ 13,220,797	\$ 4,696,954	\$ 17,917,751
Labor - Other S&W	10,995,602	3,764,775	14,760,377
Labor - Dispatchers S&W	3,030,930	1,004,643	4,035,573
Other fringe benefits	11,065,369	2,478,769	13,544,138
Pensions - Defined contribution	19,843	1,984	21,827
Pensions - Defined benefit	6,408,480	1,304,625	7,713,105
Other post employment benefits (OPEB)	8,381,561	3,678,328	12,059,889
Advertising fees	25,983	8,626	34,609
Audit cost	89,202	57,249	146,451
Other services	1,891,639	328,850	2,220,489
Fuel and lubricants	4,520,726	1,371,899	5,892,625
Tires and tubes	526,445	174,824	701,269
Other materials and supplies	4,597,625	1,518,449	6,116,074
Utilities	1,122,151	242,544	1,364,695
Casualty and liab. costs	4,923,946	1,694,381	6,618,327
Other insurance	47,859	15,954	63,813
Purchased transportation service - Pass-throughs that are expensed	8,576,096	2,312,701	10,888,797
Travel, meetings, and training	45,748	10,684	56,432
Loss on disposal of asset	148,866	-	148,866
Other miscellaneous expenses	446,178	33,749	479,927
Depreciation	12,044,974	1,119,174	13,164,148
Total expenses	\$ 92,130,020	\$ 25,819,162	\$ 117,949,182

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule (Continued) State Year Ended September 30, 2015

Description	OCT 1, 2014	JUL 1, 2015	Total
	to JUN 30, 2015	to SEP 30, 2015	
Less ineligible expenses:			
Ineligible refunds and credits	\$ 570,992	\$ 20,432	\$ 591,424
Ineligible depreciation	8,199,497	-	8,199,497
Unused municipal credits	109,273	-	109,273
Unused community credits	80,453	67,150	147,603
Ineligible loss on disposal	148,866	-	148,866
Local contracts	-	-	-
Preventive maintenance (MI-90-0591)	-	-	-
Planning/Cap. Cost of contracting	237,038	61,919	298,957
Admin expense paid by JARC	21,620	9,128	30,748
Admin expense paid by New Freedom	20,114	7,254	27,368
Admin Expense Paid under Section 5309	3,910	-	3,910
Other ineligible state contracts;			
Pass-through ineligibles	5,632,908	1,356,404	6,989,312
Section 5307 Lake Erie MI-90-4758	308,619	102,881	411,500
Section 5311 Lake Erie MI-18-X002	134,100	63,223	197,323
JARC	607,747	-	607,747
New Freedom	404,068	-	404,068
State preventive maintenance 2002-0088 Z20	-	-	-
Ineligible pension	3,228,769	(435,634)	2,793,135
Ineligible OPEB	(515,212)	453,655	(61,557)
Total ineligibles	<u>\$ 19,192,762</u>	<u>\$ 1,706,412</u>	<u>\$ 20,899,174</u>
Total eligible expenses	<u>\$ 72,937,258</u>	<u>\$ 24,112,750</u>	<u>\$ 97,050,008</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule (Continued) State Year Ended September 30, 2015

Description	OCT 1, 2014	JUL 1, 2015	Total
	to JUN 30, 2015	to SEP 30, 2015	
Pass-throughs that are expensed:			
Nankin Subsidy	\$ 204,750	\$ 68,250	\$ 273,000
Lake Erie	1,597,030	556,198	2,153,228
Mun. Cr. - Formula	1,222,906	407,634	1,630,540
Mun. Cr. - Line Item	1,222,906	407,634	1,630,540
Comm. Cr.	2,445,815	815,265	3,261,080
Other state subsidized serv.:			
Specialized services	590,868	196,951	787,819
Royal Oak Twp	30,030	(6,309)	23,721
Contra SMART Paid Expense	(431,416)	(168,562)	(599,978)
NOTA JARC Non-Urban Expense	59,146	-	59,146
NOTA Local JARC Non-Urban	-	-	-
NOTA New Freedom Non-Urban	105,566	-	105,566
JARC - New Freedom Expense Urban	828,229	-	828,229
JARC - Mobility Management Urban	242,041	-	242,041
New Freedom Operating Expense Urban	726,052	-	726,052
New Freedom Mobility Management Urban	40,992	-	40,992
New Freedom Local Operating Expense Urban	(415,759)	-	(415,759)
CBS Bloomfield Hills/Richmond Lenox	106,940	35,634	142,574
Pass-throughs that are expensed	\$ 8,576,096	\$ 2,312,695	\$ 10,888,791
Ineligible pass-throughs:			
Nankin Subsidy	\$ 204,750	\$ 68,250	\$ 273,000
Lake Erie	1,597,030	556,198	2,153,228
Mun. Cr. - Formula	170,401	56,799	227,200
Mun. Cr. - Line Item	1,222,906	407,634	1,630,540
Comm. Cr.	230,656	76,881	307,537
Other state subsidized serv.:			
Specialized services	590,868	196,951	787,819
Royal Oak Twp	30,030	(6,309)	23,721
NOTA JARC Non-Urban Expense	59,146	-	59,146
NOTA Local JARC Non-Urban	-	-	-
NOTA New Freedom Non-Urban	105,566	-	105,566
JARC - New Freedom Expense Urban	828,229	-	828,229
JARC - Mobility Management Urban	242,041	-	242,041
New Freedom Operating Expense Urban	726,052	-	726,052
New Freedom Mobility Management Urban	40,992	-	40,992
New Freedom Local Operating Expense Urban	(415,759)	-	(415,759)
Ineligible pass-throughs	\$ 5,632,908	\$ 1,356,404	\$ 6,989,312

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule Year Ended June 30, 2016

	OCT 1, 2015 thru SEP 30, 2015	OCT 1, 2015 thru JUN 30, 2016	Total
Expense incurred:			
Pension - Defined benefit	\$ 1,304,625	\$ 12,383,590	\$ 13,688,215
OPEB - Defined benefit	3,308,094	9,924,283	13,232,377
Total	<u>\$ 4,612,719</u>	<u>\$ 22,307,873</u>	<u>\$ 26,920,592</u>

	OCT 1, 2015 thru SEP 30, 2015	OCT 1, 2015 thru JUN 30, 2016	Total
Amounts actually paid:			
Pension - Defined benefit	\$ 1,740,259	\$ 13,609,226	\$ 15,349,485
OPEB - Defined benefit	2,854,439	10,100,880	12,955,319
Total	<u>\$ 4,594,698</u>	<u>\$ 23,710,106</u>	<u>\$ 28,304,804</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule State Year Ended September 30, 2015

	OCT 1, 2014 thru JUN 30, 2015	JUL 1, 2015 thru SEP 30, 2015	Total
Expense incurred:			
Pension - Defined benefit	\$ 6,428,323.00	\$ 1,304,625.00	\$ 7,732,948.00
OPEB - Defined benefit	8,381,561	3,308,094	11,689,655
Total	\$ 14,809,884.00	\$ 4,612,719.00	\$ 19,422,603.00
Amounts actually paid:			
Pension - Defined benefit	\$ 3,199,554.00	\$ 1,740,259.00	\$ 4,939,813.00
OPEB - Defined benefit	8,896,773	2,854,439	11,751,212
Total	\$ 12,096,327.00	\$ 4,594,698.00	\$ 16,691,025.00
Current year Ineligible expense:			
Pension - Defined benefit			\$ (2,793,135.00)
OPEB - Defined benefit			61,557
Total			\$ (2,731,578.00)
Prior year carryforward - September 30, 2014:			
Pension - Defined benefit			\$ (924,214.00)
OPEB - Defined benefit			(15,518,356)
Total			\$ (16,442,570.00)
Carryforward - September 30, 2015:			
Pension - Defined benefit			\$ (3,717,349.00)
OPEB - Defined benefit			(15,456,799)
Total			\$ (19,174,148.00)

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance Year Ended June 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT	UNAUDITED RECEIVING
U.S. DEPARTMENT OF TRANSPORTATION:												
DIRECT ASSISTANCE:												
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5309	20.500	MI-03-0194	2002-0088 Z12	\$ 3,442,875	\$ -	\$ -	\$ -	\$ -	65
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5309	20.500	MI-03-0205	2002-0088 Z20	5,339,805	-	-	-	-	2
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5309	20.500	MI-04-0013	2002-0088 Z37	7,623,000	-	-	-	-	96,058
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5309	20.500	MI-04-0025	2007-0294 Z7	1,750,000	59,148	59,148	-	-	160,510
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0040	2007-0294 Z40	4,250,000	202,113	202,113	-	-	208,815
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5309	20.500	MI-04-0057	N/A	4,995,000	15,000	15,000	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0080	N/A	200,000	-	-	-	-	176,571
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5309	20.500	MI-04-0084	N/A	1,300,000	1,180,000	1,180,000	-	-	120,000
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0091	N/A	15,000,000	4,666,583	4,666,583	-	-	7,798,112
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5339	20.526	MI-34-X003	2012-0170 P14	79,932	79,932	79,932	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5309	20.500	N/A	2012-0170 P28	2,190,502	-	-	-	-	50,502
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5339	20.526	MI-34-X003	2012-0170 P30	82,459	82,459	82,459	-	-	-
TOTAL							46,253,573	6,305,235	6,305,235	-	-	8,610,635
PLANNING AND TECHNICAL STUDIES UWP PROGRAM												
	80 % - 20 %	FY2011		20.505	MI-60-X006	N/A	312,557	312,557	312,557	-	-	-
							312,557	312,557	312,557	-	-	-

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING	
												UNAUDITED PROGRAM OR AWARD AMOUNT
U.S. DEPARTMENT OF TRANSPORTATION (CONTINUED):												
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5307	20.507	MI-90-0540	2007-0294 Z4	\$ 13,530,712	\$ -	\$ -	\$ -	\$ 8,409	
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2007	SECTION 5307	20.507	MI-90-0541	2007-0294 Z3	295,603	-	-	-	136	
CAPITAL ASSISTANCE	80 % - 20 %	FY2008	SECTION 5307	20.507	MI-90-0570	2007-0294 Z15	14,788,735	-	-	-	17,338	
CAPITAL ASSISTANCE ARRA	100%	FY2009	SECTION 5307	20.507	MI-96-0007	N/A	18,479,625	320,383	320,383	-	18,111	
CAPITAL ASSISTANCE ARRA LETC	100%	FY2009	SECTION 5307	20.507	MI-96-0008	N/A	903,695	-	-	-	2,970	
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5307	20.507	MI-90-0591	2007-0294 Z26	15,476,782	-	-	-	25,215	
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5307	20.507	MI-90-0756	2007-0294 Z38	15,301,944	-	-	-	322,618	
CAPITAL ASSISTANCE	80 % - 20 %	FY2011	SECTION 5307	20.507	MI-90-0756	2007-0294 Z38	15,605,882	-	-	-	613,701	
CAPITAL ASSISTANCE	80 % - 20 %	FY2012	SECTION 5307	20.507	MI-90-0756	2007-0294 Z38	15,612,066	55,843	55,843	-	3,857,000	
CAPITAL ASSISTANCE	80 % - 20 %	FY2013	SECTION 5307	20.507	MI-90-0678	2007-0294 Z38	22,231,592	9,722,638	9,722,638	-	(6,299,472)	
CAPITAL ASSISTANCE	80 % - 20 %	FY2014	SECTION 5307	20.507	MI-90-0678		4,000,000	4,000,000	4,000,000	-	-	
CAPITAL ASSISTANCE	100%	FY2012	CMAQ	20.507	MI-95-X077	N/A	2,909,772	-	-	-	2,909,772	
CAPITAL ASSISTANCE	80 % - 20 %	FY2012	SECTION 5307	20.507	MI-90-0758	2007-0294 Z39	492,476	40,349	40,349	-	52,852	
CAPITAL ASSISTANCE	80 % - 20 %	FY2015	SECTION 5307	20.507	MI-90-0679		62,247	-	-	-	62,247	
CAPITAL ASSISTANCE	80 % - 20 %	FY2015	SECTION 5307	20.507	MI-90-0678		508,218	199,599	199,599	-	308,619	
CAPITAL ASSISTANCE	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-XX-XXXX		411,500	329,130	329,130	-	82,370	
CAPITAL ASSISTANCE	80 % - 20 %	FY2015	SECTION 5307	20.507	MI-95-0077		11,575,989	4,081,954	4,081,954	-	1,799,289	
SMART PREVENTIVE MAINTENANCE	80 % - 20 %	FY2015	SECTION 5309	20.507	MI-96-0007		10,000	-	-	-	10,000	
TOTAL							\$ 152,196,838	\$ 18,749,896	\$ 18,749,896	\$ -	\$ 3,791,175	
MICHIGAN DEPARTMENT OF TRANSPORTATION:												
CAPITAL ASSISTANCE	100 % STATE	FY1993	SECTION 3	N/A	N/A	93-1093	\$ 1,374,719	\$ -	\$ -	\$ -	\$ 40,445	
CAPITAL ASSISTANCE	100 % STATE	FY1995	16 B-2	N/A	N/A	95-1479	500,000	-	-	-	9,970	
CAPITAL ASSISTANCE	80 % - 20 %	FY1995	SECTION 9	N/A	MI-90-0232	95-1652	3,027,062	-	-	-	494	
CAPITAL ASSISTANCE	80 % - 20 %	FY1996	SECTION 9	N/A	MI-90-0765	96-0778	1,244,502	-	-	-	1	
CAPITAL ASSISTANCE	100 % STATE	FY1998	SECTION 5309	N/A	N/A	98-0581	944,000	-	-	-	122	
CAPITAL ASSISTANCE	100 % STATE	FY2001	SECTION 5310	N/A	MI-16-0029	2001-0862	526,736	-	-	-	157	
CAPITAL ASSISTANCE	100 % STATE	FY2004	SECTION 5310	20.513	MI-16-0030	2004-0462	809,940	-	-	-	7,673	
CAPITAL ASSISTANCE	100 % STATE	FY2005	SECTION 5310	20.513	MI-16-X004	2006-0548	162,417	-	-	-	3	
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5310	20.513	MI-16-0031	2006-0581	1,032,900	-	-	-	124	
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5310	20.513	MI-16-X004	2007-0294 Z48	440,736	-	-	-	(2,301)	
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5310	20.513	MI-16-X005	2012-0170 P6	875,631	124,298	124,298	-	31,138	
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5310	20.513	MI-16-X004	2012-0170 P1	31,138	-	-	-	66,550	
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5310	20.516	MI-37-X031 837	2012-0170 P1	66,550	-	-	-	66,550	
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5317	20.521	MI-57-0010	2012-0170 P2	102,340	-	-	-	(22,192)	

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING	
												UNAUDITED PROGRAM OR AWARD AMOUNT
MICHIGAN DEPARTMENT OF TRANSPORTATION (CONTINUED):												
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5309	N/A	MI-04-0013	2002-0088 Z37	\$ 1,023,510	\$ -	\$ -	\$ -	44,401	
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2006	SECTION 5307	N/A	MI-90-0489	2002-0088 Z38	30,000	-	-	-	29,763	
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5307	N/A	MI-90-0540	2007-0294 Z4	64,482	-	-	-	1,994	
CAPITAL ASSISTANCE	100 % STATE	FY2007	SECTION 5310	20.513	MI-16-X001	2007-0294 Z6	401,158	-	-	-	401,158	
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5309	N/A	MI-04-0025	2007-0294 Z7	437,500	-	-	-	215,958	
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5309	N/A	MI-04-0025	2007-0294 Z14	57,500	-	-	-	57,500	
CAPITAL ASSISTANCE	80 % - 20 %	FY2008	SECTION 5307	N/A	MI-90-0570	2007-0294 Z15	50,425	-	-	-	2,708	
CAPITAL ASSISTANCE	100 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z17	784,380	-	-	-	9,732	
CAPITAL ASSISTANCE	101 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z18	125,000	-	-	-	31,785	
CAPITAL ASSISTANCE	104 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z21	99,806	5,239	-	5,239	-	
CAPITAL ASSISTANCE	106 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z21	65,400	-	-	-	27,381	
CAPITAL ASSISTANCE	100 % STATE	FY2009	SECTION 5310	N/A	MI-16-X003	2007-0294 Z24	1,231,315	-	-	-	3,145	
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5309	N/A	MI-04-0057	2007-0294 Z29	139,865	1,999	-	1,999	195	
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5307	N/A	MI-90-X756	2007-0294 Z38	85,057	10,043	-	10,043	27,014	
CAPITAL ASSISTANCE State Preventive Maintenance	80 % - 20 %	FY2012	SECTION 5307	N/A	MI-90-0756	2007-0294 ZXX	1,000,000	1,000,000	-	1,000,000	-	
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5307	N/A	MI-90-X758	2007-0294 Z39	37,771	10,087	-	10,087	-	
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-04-0040	2007-0294 Z40	1,062,500	50,528	-	50,528	174,818	
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0029	2007-0294 Z41	81,785	-	-	-	408	
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0030	2007-0294 Z42	285,038	-	-	-	5,746	
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0031	2007-0294 Z43	415,499	-	-	-	415,499	
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0031	2007-0294 Z4	64,482	-	-	-	2,104	
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5309	N/A	MI-16-0031	2007-0294 Z6	501,448	-	-	-	4,269	

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING	
MICHIGAN DEPARTMENT OF TRANSPORTATION (CONTINUED):												
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5309	N/A		2007-0294 Z7	\$ 437,500	\$ -	\$ -	\$ -	\$ 67,189	
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5310	N/A		2012-0170 P9	-	3,750	-	3,750	-	
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5310	N/A		2012-0170 P17	-	2,430,659	-	2,430,659	-	
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5310	N/A		2012-0170 P18	-	1,112,525	-	1,112,525	-	
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5310	N/A		2012-0170 P19	-	1,171,646	-	1,171,646	-	
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5310	N/A		2012-0170 P20	-	153,201	-	153,201	-	
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5310	N/A		2012-0170 P21	-	30,900	-	30,900	-	
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5310	N/A		2012-0170 P22	-	690,323	-	690,323	-	
CAPITAL ASSISTANCE TRANSIT SECURITY	100 % STATE	FY2007		N/A	N/A	2007 TSGP	310,872	-	-	-	173,238	
CAPITAL ASSISTANCE			SECTION 5339	20-526	MI-34-X003	2012-0170 P18	6,920,868	4,450,101	4,450,101	-	2,470,767	
CAPITAL ASSISTANCE		FY 2010	SECTION 5309	20.5	MI-04-0084	2012-0170 P11	-	295,000	-	295,000	-	
CAPITAL ASSISTANCE			SECTION 5339	20-526	MI-34-X003	2012-0170 P14	-	99,915	-	99,915	-	
CAPITAL ASSISTANCE			SECTION 5339	20-526	MI-34-X003	2012-0170 P30	-	103,074	-	103,074	-	
							\$ 40,747,489	\$ 11,743,288	\$ 4,574,399	\$ 7,168,889	\$ 4,298,956	
COMBINED STATE CONTRACTS							\$ 239,510,457	\$ 37,110,976	\$ 29,942,087	\$ 7,168,889	\$ 16,700,766	
TOTAL CAPITAL ASSISTANCE												
ACCESS TO JOBS (FEDERAL SHARE):												
SMART CAPITAL	80 % - 20 %		SECTION 5316	20-516	MI-37-X033	2007-0284 Z21	\$ 292,024	\$ 20,955	\$ 20,955	\$ -	\$ 271,069	
FY2006 SECTION 5316 JARC OPERATING RICHMOND LENO	50 % - 50 %		SECTION 5316	20-516	MI-37-X033	2007-0284 Z21	58,166	-	-	-	58,166	
FY2007 SECTION 5316 CAPITAL SMART	80 % - 20 %		SECTION 5316	20-516	MI-37-0040	2007-0294 Z29	559,459	7,998	7,998	-	-	
SECTION 5316 CAPITAL SMART			SECTION 5316	20-516	MI-37-0050	2007-0294 Z29	305,980	123,602	123,602	-	182,378	
FY2007 SECTION 5316 PROGRAM ADMINISTRATION	50 % - 50 %		SECTION 5316	20-516	MI-37-0043	2007-0294 Z45	62,162	-	-	-	29,021	
JARC PROGRAM MOB MANAGEMENT			SECTION 5316	20-516	MI-37-0050	2007-0294 Z45	362,969	-	-	-	40,420	
JARC PROGRAM OPERATING			SECTION 5316	20-516	MI-37-0043	2007-0294 Z45	328,734	57,688	57,688	-	271,046	
JARC PROGRAM OPERATING			SECTION 5316	20-516	MI-37-0043	2007-0294 Z45	1,448,472	105,328	105,328	-	69,118	
JARC PROGRAM ADMIN			SECTION 5316	20-516	MI-37-0050	2007-0294 Z45	1,894,878	120,349	120,349	-	1,774,529	
JARC NON-URBAN NOTA	50 % - 50 %		SECTION 5311	20-509	MI-18-0055	2012-0170 P29	214,639	25,019	25,019	-	87,228	
JARC NON-URBAN NOTA	50 % - 50 %		SECTION 5311	20-509	MI-18-0055	2012-0170 P35	51,035	47,305	47,305	47,304	-	
							38,909	11,943	11,943	11,943	-	
TOTAL							\$ 5,617,427	\$ 520,187	\$ 520,187	\$ 59,247	\$ 2,782,975	

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM ORAWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
SECT 5317 OPERATING		FY2006	SECTION 5317	20.521	MI-57-6007	2007-0294 Z19	\$ 382,143	\$ -	\$ -	\$ -	\$ 78,610
SECT 5317 PROGRAM ADMIN		FY2007	SECTION 5317	20.521	MI-57-6007	2007-0294 Z19	42,460	-	-	-	7,852
SECT 5317 OPERATING		FY2007	SECTION 5317	20.521	MI-57-6014	N/A	375,478	12,410	12,410	-	8,567
SECT 5317 PROGRAM ADMIN		FY2007	SECTION 5317	20.521	MI-57-6014	N/A	41,720	-	-	-	133
SECTION 5317 NEW FREEDOM CAPITAL			SECTION 5307	20.521	MI-57-0018	N/A	299,230	2,668	2,668	-	23,579
SECTION 5317 NEW FREEDOM OPERATING			SECTION 5307	20.521	MI-57-0018	N/A	917,171	112,472	112,472	-	-
SECTION 5317 NEW FREEDOM PROGRAM ADMIN			SECTION 5307	20.521	MI-57-6018	N/A	147,999	27,234	27,234	-	52,408
SECTION 5317 NEW FREEDOM CAPITAL			SECTION 5307	20.521	MI-57-0024	N/A	109,718	70,642	70,642	-	39,076
SECTION 5317 NEW FREEDOM PROGRAM ADMIN			SECTION 5307	20.521	MI-57-0024	N/A	86,000	34,034	34,034	-	53,966
SECTION 5317 NEW FREEDOM OPERATING			SECTION 5307	20.521	MI-57-0024	N/A	51,247	4,162	4,162	-	-
SECTION 5310 NEW FREEDOM OPERATING			SECTION 5307	20.521	MI-57-0024	N/A	781,948	78,467	78,467	-	205,483
SECTION 5310 NEW FREEDOM PROGRAM ADMIN			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	50,000	1,885	1,885	-	48,115
SECTION 5310 NEW FREEDOM OPERATING			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	1,500,000	141,885	141,885	-	1,358,115
SECTION 5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	320,000	-	-	-	320,000
SECTION 5310 NEW FREEDOM CAPITAL			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	2,907,322	612,803	612,803	-	2,294,519
TOTAL							\$ 8,014,436	\$ 1,098,662	\$ 1,098,662	\$ -	\$ 4,490,423
ACCESS TO JOBS (STATE SHARE):											
JARC PROGRAM OPERATING	100% STATE	FY2008	SECTION 5316	20.516	MI-37-4043	2007-0294 Z45	\$ 1,448,472	\$ 105,328	\$ -	\$ -	\$ 105,328
JARC OPERATING ASSISTANCE	100% STATE		SECTION 5316	20.516		2012-0170 P21	-	134,771	-	-	134,771
TOTAL							\$ 1,448,472	\$ 240,099	\$ -	\$ -	\$ 240,099
100% STATE JARC NOTA:											
SECTION 5316 JARC - NOTA - NON-URBAN	100% STATE	FY2012	SECTION 5316	20.516	N/A	2012-0170 P1	133,100	-	-	-	71,298
SECTION 5316 JARC - NOTA - NON-URBAN	100% STATE		SECTION 5316	20.516	N/A	2012-0170 P5	102,070	-	-	-	102,070
SECTION 5316 JARC - NOTA - NON-URBAN	100% STATE		SECTION 5316	20.516	N/A	2012-0170 P13	102,070	-	-	-	102,070
TOTAL							\$ 337,240	\$ -	\$ -	\$ -	\$ 277,438
100% STATE NEW FREEDOM NOTA:											
SECTION 5317 NEW FREEDOM - NOTA - NON-URBAN	100% STATE		SECTION 5317	20.521	MI-57-0010	2012-0170 P15	44,042	\$ -	\$ -	\$ -	44,042
SECTION 5317 NEW FREEDOM - NOTA - NON-URBAN	100% STATE	FY 2015	SECTION 5317	20.521	MI-57-0010	2012-0170 P31	46,191	13,070	13,070	13,069	31,121
SECTION 5317 NEW FREEDOM - NOTA - NON-URBAN	100% STATE	FY 2016	SECTION 5317	20.521	MI-57-0010	2012-0170 P36	44,426	6,897	6,897	6,898	37,529
SECTION 5317 NEW FREEDOM - NOTA - NON-URBAN	100% STATE	FY2012	SECTION 5317	20.521	N/A	2012-0170 P2	204,680	-	-	-	204,680
TOTAL							\$ 339,339	\$ 19,967	\$ 19,967	\$ 19,967	\$ 319,372

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2016

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING	
												UNAUDITED PROGRAM AMOUNT
PASSED THROUGH MIDOT:												
OPERATING ASSIST. - SEC. 5311	100 % STATE	FY2012	SECTION 5311	20.509	MI-18-0050	2012-0170 P4	\$ 200,879	\$ -	\$ -	\$ -	\$ 94,980	
OPERATING ASSIST. - SEC. 5311	100 % STATE	FY2013	SECTION 5311	20.509	MI-18-0050	2012-0170 P12	165,166	4,832	4,832	-	46,444	
OPERATING ASSIST. - SEC. 5311	100 % STATE	FY2015	SECTION 5311	20.509	MI-18-0050	2012-0170 P33	197,323	63,223	63,223	-	134,100	
OPERATING ASSIST. - SEC. 5311	100 % STATE	FY2016	SECTION 5311	20.509	MI-18-0050	2012-0170 P40	202,222	151,665	151,665	-	50,557	
TOTAL							1,282,507	219,720	219,720	-	326,081	
SUBTOTAL							17,039,421	2,098,635	1,858,536	319,313	8,196,289	
MICHIGAN DEPARTMENT OF TRANSPORTATION:												
OPERATING ASSISTANCE - ACT 51 SMART URBAN MUNICIPAL CREDIT SPECIAL APPROPRIATION				N/A		9/30/2015	-	-	-	34,016,044	-	
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2015	-	-	-	1,630,540	-	
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2015	-	-	-	120,774	-	
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2015	-	-	-	1,442,911	-	
SPECIALIZED SERVICES				N/A		9/30/2015	-	-	-	9,240	-	
SPECIALIZED SERVICES		FY2014		N/A		2007-0294-ZXX	-	-	-	196,951	-	
SPECIALIZED SERVICES		FY2015		N/A		2007-0294-ZXX	-	-	-	590,868	-	
TOTAL							-	-	-	38,007,328	-	
TOTAL OPERATING ASSISTANCE							17,039,421	2,098,635	1,858,536	38,326,641	8,196,289	
GRAND TOTAL - ALL ASSISTANCE							\$ 256,549,878	\$ 39,209,611	\$ 31,800,623	\$ 45,495,530	\$ 24,897,055	

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses Year Ended June 30, 2016

Description	Community Based			Royal Oak		
	JUL 1, 2015 to SEP 30, 2015	OCT 1, 2015 to JUN 30, 2016	Total Community Based	JUL 1, 2015 to SEP 30, 2015	OCT 1, 2015 to JUN 30, 2016	Total Royal Oak
	Revenue:					
Fares	\$ 166,989	\$ 490,916	\$ 657,905	\$ 447	\$ 1,999	\$ 2,446
Taxes levied directly	29,573	482,011	511,584	-	-	-
Local operating assistance:						
General Fund/Property tax	229,652	1,575,834	1,805,486	15,000	55,000	70,000
Other	-	-	-	1,710	5,130	6,840
Other local contracts:						
Mun. Cr.	699,423	1,578,676	2,278,099	599	1,800	2,399
Comm. Cr.	406,510	1,019,943	1,426,453	-	-	-
Other MDOT/BPT contracts and reimb:						
Act 51	-	127,671	127,671	5,522	20,412	25,934
Specialized services	-	30,229	30,229	-	-	-
Other federal transit contracts and reimb	-	83,999	83,999	-	-	-
Interest income	8,860	26,554	35,414	-	12	-
Total revenue	\$ 1,541,007	\$ 5,415,833	\$ 6,956,840	\$ 23,278	\$ 84,353	\$ 107,619
Total operating expenses	\$ 2,167,986	\$ 5,906,861	\$ 8,074,847	\$ 20,101	\$ 50,377	\$ 70,478
Ineligible expenses:						
SMART municipal credits	699,423	1,578,676	2,278,099	599	1,800	2,399
SMART community credits	406,510	1,019,943	1,426,453	-	-	-
Act 51	-	127,671	127,671	-	-	-
State specialized services	-	30,229	30,229	-	-	-
Other federal contracts and reimb	-	83,999	83,999	-	-	-
Depreciation	6,898	22,366	29,264	-	-	-
Total ineligible	1,112,831	2,862,884	3,975,715	599	1,800	2,399
Total eligible expenses	\$ 1,055,155	\$ 3,043,977	\$ 4,099,132	\$ 19,502	\$ 48,577	\$ 68,079

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) Year Ended June 30, 2016

Description	Mt. Clemens			Nankin		
	JUL 1, 2015	OCT 1, 2015	Total Mt. Clemens	JUL 1, 2015	OCT 1, 2015	Total Nankin
	to SEP 30, 2015	to JUN 30, 2016		to SEP 30, 2015	to JUN 30, 2016	
Revenue:						
Fares	\$ 14,472	\$ 54,246	\$ 68,718	\$ 31,695	\$ 95,084	\$ 126,779
Taxes levied directly	-	-	-	-	-	-
Local operating assistance:						
General Fund/Property tax	292,342	9,706	302,048	-	-	-
Other	-	-	-	68,250	204,750	273,000
Other local contracts:						
Mun. Cr.	1,407	9,849	11,256	40,060	120,180	160,240
Comm. Cr.	2,033	17,671	19,704	53,614	160,841	214,455
Other MDOT/BPT contracts and reimb - Specialized services	3,455	6,909	10,364	-	-	-
Other federal transit contracts and reimb	-	-	-	-	-	-
Refunds and rebates	638	2,653	3,291	-	-	-
Interest income	49	-	49	-	-	-
Total revenue	<u>\$ 314,396</u>	<u>\$ 101,034</u>	<u>\$ 415,430</u>	<u>\$ 193,619</u>	<u>\$ 580,855</u>	<u>\$ 774,474</u>
Total operating expenses	\$ 104,768	\$ 290,519	\$ 395,287	\$ 189,649	\$ 568,948	\$ 758,597
Ineligible expenses:						
SMART municipal credits	1,407	9,849	11,256	40,060	120,180	160,240
SMART community credits	2,033	17,671	19,704	53,614	160,841	214,455
State specialized services	3,455	6,909	10,364	-	-	-
Refunds and rebates	638	2,653	3,291	-	-	-
Depreciation	-	-	-	-	-	-
Total ineligible	<u>7,533</u>	<u>37,082</u>	<u>44,615</u>	<u>93,674</u>	<u>281,021</u>	<u>374,695</u>
Total eligible expenses	<u>\$ 97,235</u>	<u>\$ 253,437</u>	<u>\$ 350,672</u>	<u>\$ 95,975</u>	<u>\$ 287,927</u>	<u>\$ 383,902</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) Year Ended June 30, 2016

Description	Redford		Total Redford
	APR 1, 2015	OCT 1, 2015	
	to SEP 30, 2015	to MAR 31, 2016	
Revenue:			
Fares	\$ 8,050	\$ 7,478	\$ 15,528
Taxes levied directly	-	-	-
Local operating assistance:			
General Fund/Property tax	-	83,222	83,222
Other	15,000	45,000	60,000
Other local contracts:			
Mun. Cr.	25,042	25,038	50,080
Comm. Cr.	34,340	34,338	68,678
Other MDOT/BPT contracts and reimb -			
Specialized services	-	6,451	6,451
Other federal transit contracts and reimb	-	-	-
Refunds and rebates	-	7,539	7,539
Interest income	-	376	376
Total revenue	\$ 82,432	\$ 209,442	\$ 291,874
Total operating expenses	\$ 89,813	\$ 160,729	\$ 250,542
Ineligible expenses:			
SMART municipal credits	25,042	25,038	50,080
SMART community credits	34,340	34,338	68,678
State specialized services	-	6,451	6,451
Refunds and rebates	-	7,539	7,539
Depreciation	-	-	-
Total ineligible	59,382	73,366	132,748
Total eligible expenses	\$ 30,431	\$ 87,363	\$ 117,794

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) Year Ended June 30, 2016

Description	S.T.A.R.		Total S.T.A.R.
	APR 1, 2015 to SEP 30, 2015	OCT 1, 2015 to MAR 31, 2016	
Revenue:			
Fares	\$ 1,339	\$ 10,580	\$ 11,919
Taxes levied directly	-	414,199	414,199
Local operating assistance:			
General Fund/Property tax	-	-	-
Other	19,621	73,858	93,479
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	-	-	-
Other MDOT/BPT contracts and reimb -			
Specialized services	4,080	12,241	16,321
Other federal transit contracts and reimb	-	-	-
Interest income	265	249	514
Total revenue	\$ 25,305	\$ 511,127	\$ 536,432
Total operating expenses	\$ 193,566	\$ 361,610	\$ 555,176
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	-	-	-
State specialized services	72,947	147,391	220,338
Charter expense	-	4,650	4,650
Depreciation	-	-	-
Total ineligible	72,947	152,041	224,988
Total eligible expenses	\$ 120,619	\$ 209,569	\$ 330,188

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses Year Ended September 30, 2015

Description	Community Based			Royal Oak		
	OCT 1, 2014	JUL 1, 2015	Total C.-Based	OCT 1, 2014	JUL 1, 2015	Total R.Oak
	to JUN 30, 2015	to SEP 30, 2015		to JUN 30, 2015	to SEP 30, 2015	
Revenue:						
Fares	\$ 549,848	\$ 166,989	\$ 716,837	\$ 756	\$ 447	\$ 1,203
Taxes levied directly	1,271,200	29,573	1,300,773	-	-	-
Local operating assistance:						
General Fund/Property tax	614,412	229,652	844,064	45,000	15,000	60,000
Other	-	-	-	5,130	1,710	6,840
Local special demonstration -						
Project assistance	-	-	-	-	-	-
Other local contracts:						
Mun. Cr.	2,019,072	699,423	2,718,495	1,795	599	2,394
Comm. Cr.	952,081	406,510	1,358,591	-	-	-
Other MDOT/BPT contracts and reimb:						
Act 51	-	-	-	24,849	5,522	30,371
Specialized services	-	-	-	-	-	-
Other federal transit contracts and reimb	-	-	-	-	-	-
Interest income	24,524	8,860	33,384	-	-	-
Total revenue	<u>\$ 5,431,137</u>	<u>\$ 1,541,007</u>	<u>\$ 6,972,144</u>	<u>\$ 77,530</u>	<u>\$ 23,278</u>	<u>\$ 100,808</u>
Total operating expenses	\$ 6,193,715	\$ 2,167,986	\$ 8,361,701	\$ 56,049	20,101	\$ 76,150
Ineligible expenses:						
SMART municipal credits	2,019,072	699,423	2,718,495	1,795	599	2,394
SMART community credits	952,081	406,510	1,358,591	-	-	-
Act 51	-	-	-	-	-	-
State specialized services	-	-	-	-	-	-
Other federal contracts and reimb	-	-	-	-	-	-
Depreciation	22,501	6,898	29,399	-	-	-
Total ineligible	<u>2,993,654</u>	<u>1,112,831</u>	<u>4,106,485</u>	<u>1,795</u>	<u>599</u>	<u>2,394</u>
Total eligible expenses	<u>\$ 3,200,061</u>	<u>\$ 1,055,155</u>	<u>\$ 4,255,216</u>	<u>\$ 54,254</u>	<u>\$ 19,502</u>	<u>\$ 73,756</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2015

Description	Mt. Clemens			Nankin		
	OCT 1, 2014	JUL 1, 2015	Total Mt. Clemens	OCT 1, 2014	JUL 1, 2015	Total Nankin
	to JUN 30, 2015	to SEP 30, 2015		to JUN 30, 2015	to SEP 30, 2015	
Revenue:						
Fares	\$ 62,635	\$ 14,472	\$ 77,107	\$ 95,561	\$ 31,695	\$ 127,256
Taxes levied directly	-	-	-	-	-	-
Local operating assistance:						
General Fund/Property tax	(7,664)	292,342	284,678	-	-	-
Other	-	-	-	204,750	68,250	273,000
Other local contracts:						
Mun. Cr.	(a) 17,510	1,407	18,917	120,180	40,060	160,240
Comm. Cr.	(a) 24,130	2,033	26,163	160,841	53,614	214,455
Other MDOT/BPT contracts and reimb - Specialized services	12,508	3,455	15,963	-	-	-
Other federal transit contracts and reimb	-	-	-	-	-	-
Refunds and rebates	102,860	638	103,498	-	-	-
Interest income	552	49	601	-	-	-
Total revenue	\$ 212,531	\$ 314,396	\$ 526,927	\$ 581,332	\$ 193,619	\$ 774,951
Total operating expenses	\$ 331,217	\$ 104,768	\$ 435,985	\$ 583,714	\$ 189,649	\$ 773,363
Ineligible expenses:						
SMART municipal credits	17,510	1,407	18,917	120,180	40,060	160,240
SMART community credits	24,130	2,033	26,163	160,841	53,614	214,455
State specialized services	12,508	3,455	15,963	-	-	-
Refunds and rebates	102,860	638	103,498	-	-	-
Depreciation	-	-	-	-	-	-
Total ineligible	157,008	7,533	164,541	281,021	93,674	374,695
Total eligible expenses	\$ 174,209	\$ 97,235	\$ 271,444	\$ 302,693	\$ 95,975	\$ 398,668

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2015

Description	Redford		Total Redford
	1-Oct-14 to 30-Mar-15	1-Apr-15 to 30-Sep-15	
Revenue:			
Fares	\$ 9,110	\$ 8,050	\$ 17,160
Taxes levied directly	-	-	-
Local operating assistance:			
General Fund/Property tax	82,464	-	82,464
Other	60,000	15,000	75,000
Other local contracts:			
Mun. Cr.	25,038	25,042	50,080
Comm. Cr.	34,338	34,340	68,678
Other MDOT/BPT contracts and reimb. -			
Specialized services	7,739	-	7,739
Other federal transit contracts and reimb.	-	-	-
Insurance proceeds	-	-	-
Interest income	305	-	305
Total revenue	\$ 218,994	\$ 82,432	\$ 301,426
Total operating expenses	\$ 142,178	\$ 89,813	\$ 231,991
Ineligible expenses:			
SMART Municipal Credits	25,038	25,042	50,080
SMART Community Credits	34,338	34,340	68,678
State specialized services	7,739	-	7,739
Insurance proceeds	-	-	-
Depreciation	-	-	-
Total ineligible	67,115	59,382	126,497
Total eligible expenses	\$ 75,063	\$ 30,431	\$ 105,494

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2015

Description	S.T.A.R.		Total S.T.A.R.
	OCT 1, 2014	APR 1, 2015	
	to MAR 30, 2015	to SEP 30, 2015	
Revenue:			
Fares	\$ 1,653	\$ 1,339	\$ 2,992
Taxes levied directly	388,237	-	388,237
Local operating assistance:			
General Fund/Property tax	-	-	-
Other	78,771	19,621	98,392
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	-	-	-
Other MDOT/BPT contracts and reimb -			
Specialized services	1,223	4,080	5,303
Other federal transit contracts and reimb	-	-	-
Interest income	495	265	760
Total revenue	<u>\$ 470,379</u>	<u>\$ 25,305</u>	<u>\$ 495,684</u>
Total operating expenses	\$ 324,067	\$ 193,566	\$ 517,633
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	-	-	-
State specialized services	164,279	72,947	237,226
Charter expense	4,562	-	4,562
Depreciation	-	-	-
Total ineligible	<u>\$ 168,841</u>	<u>\$ 72,947</u>	<u>\$ 241,788</u>
Total eligible expenses	<u>\$ 155,226</u>	<u>\$ 120,619</u>	<u>\$ 275,845</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses - Combined Total State Year Ended September 30, 2015

Description	Total C.Based	Total Mt. Clemens	Total Nankin	Total Redford	Total S.T.A.R.	Total Other
Fares	\$ 716,837	\$ 77,107	\$ 127,256	\$ 17,160	\$ 2,992	\$ 941,352
Taxes levied directly	1,300,773	-	-	-	388,237	1,689,010
Local operating assistance:						
General Fund/Property tax	844,064	284,678	-	82,464	-	1,211,206
Other	-	-	273,000	75,000	98,392	446,392
Other local contracts:						
Mun. Cr.	2,718,495	18,917	160,240	50,080	-	2,947,732
Comm. Cr.	1,358,591	26,163	214,455	68,678	-	1,667,887
Other MIDOT/BPT contracts and reimb:						
Act 51	-	-	-	-	-	-
Specialized services	-	15,963	-	7,739	5,303	29,005
Other federal transit contracts and reimb	-	-	-	-	-	-
Refunds/rebates/insurance proceeds	-	103,498	-	-	-	103,498
Interest income	33,384	601	-	305	760	35,050
Total revenue	\$ 6,972,144	\$ 526,927	\$ 774,951	\$ 301,426	\$ 495,684	\$ 9,071,132
Total operating expenses	\$ 8,361,701	\$ 435,985	\$ 773,363	\$ 231,991	\$ 517,633	\$ 10,320,673
Ineligible expenses:						
SMART municipal credits	2,718,495	18,917	160,240	50,080	-	2,947,732
SMART community credits	1,358,591	26,163	214,455	68,678	-	1,667,887
State specialized services	-	15,963	-	7,739	237,226	260,928
Charter expense	-	-	-	-	4,562	4,562
Refunds/rebates/insurance proceeds	-	103,498	-	-	-	103,498
Depreciation	29,399	-	-	-	-	29,399
Total ineligible	4,106,485	164,541	374,695	126,497	241,788	5,014,006
Total eligible expenses	\$ 4,255,216	\$ 271,444	\$ 398,668	\$ 105,494	\$ 275,845	\$ 5,306,667

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information URBAN Revenue Combined Schedule State Year Ended September 30, 2015

Description	SMART Directly Provided	Other	Total for URBAN OAR
Passenger fares	\$ 12,328,292	\$ 941,352	\$ 13,269,644
Contract fares	114,441	-	114,441
Concessions	-	-	-
Advertising	605,633	-	605,633
Other auxiliary trans revenue	-	-	-
Sales of maintenance services	-	-	-
Rental of bldgs or other property	53,273	-	53,273
Gains from the sale of capital assets	-	-	-
Other nontrans revenue	19,337	-	19,337
Taxes levied directly	68,937,383	1,689,010	70,626,393
Local operating assistance	-	1,657,598	1,657,598
Other local contracts - Municipal credit recapture	109,273	-	109,273
Other local community credits	147,603	1,667,887	1,815,490
State operating assistance:			
SMART	31,287,351	-	31,287,351
Municipal credit	1,766,417	2,947,732	4,714,149
Bedford	69,177	-	69,177
LETC Urban and Non-Urban	1,475,228	-	1,475,228
Royal Oak Township	24,284	-	24,284
Line-item municipal credit	1,766,417	-	1,766,417
State preventive maintenance (20% State share)	-	-	-
Other MDOT/BPT contracts and reimb.:			
Specialized service grants	787,819	29,005	816,824
NOTA JARC 2007-0294 Z31	81,942	-	81,942
Reimb for Section 5309 Admin.	2,558	-	2,558
JARC PASS THRU 2007-0294 Z45	380,580	-	380,580
NOTA JARC Non-Urban 2012-0170 P13	59,146	-	59,146
NOTA New Freedom 2012-0170 P15	34,897	-	34,897
NOTA New Freedom 2007-0294 Z35	17,886	-	17,886
Federal preventive maintenance -			
MI-90-0591	-	-	-
Planning/Capital cost of contracting -			
FY 2015 UWP - CONTRACT #MI-80-X006	298,957	-	298,957
Reimb. For JARC Admin. MI-37-6040	30,748	-	30,748
Reimb. For JARC Admin. MI-37-6043	-	-	-
Reimb. For New Freedom Admin. MI-57-6007	27,368	-	27,368
Reimb. For New Freedom Admin. MI-57-6014	-	-	-
Reimb. For New Freedom Admin. MI-57-6018	-	-	-
Reimb. For Section 5309 Admin.	3,910	-	3,910
Other federal transit contracts and reimb.:			
Section 5307 Lake Erie MI-90-4758	411,500	-	411,500
Section 5311 Lake Erie Non-Urban MI-18-X002 2007-0294 Z32	197,323	-	197,323
JARC	607,747	-	607,747
New Freedom	404,068	-	404,068
Refunds, rebates, insurance proceeds	591,424	103,498	694,922
Gains from the sale of capital assets	-	-	-
Interest income	96,413	35,050	131,463
Total	\$ 122,738,395	\$ 9,071,132	\$ 131,809,527

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information URBAN Expense Combined Schedule State Year Ended September 30, 2015

Description	SMART Directly Provided	Other	Total for URBAN OAR
Operators salaries and wages	\$ 17,917,751	\$ -	\$ 17,917,751
Other salaries and wages	14,760,377	-	14,760,377
Dispatchers salaries and wages	4,035,573	-	4,035,573
Other fringe benefits	13,544,138	-	13,544,138
Pensions - Defined contribuion	21,827	-	21,827
Pensions - Defined benefit	7,713,105	-	7,713,105
Other postemployment benefits (OPEB)	12,059,889	-	12,059,889
Advertising fees	34,609	-	34,609
Audit cost	146,451	-	146,451
Other services	2,220,489	-	2,220,489
Fuel and lubricants	5,892,625	-	5,892,625
Tires and tubes	701,269	-	701,269
Other materials and supplies	6,116,074	-	6,116,074
Utilities	1,364,695	-	1,364,695
Casualty and liab. costs	6,618,327	-	6,618,327
Other insurance	63,813	-	63,813
Purchased transportation service - Pass-throughs that are expensed	10,888,797	1,958,972	12,847,769
Travel, meetings, and training	56,432	-	56,432
Loss on disposal of asset	148,866	-	148,866
Other miscellaneous expenses	479,927	-	479,927
Depreciation	13,164,148	-	13,164,148
Total expenses	\$ 117,949,182	\$ 1,958,972	\$ 119,908,154
Less ineligible expenses:			
Ineligible refunds and credits	\$ 591,424	\$ 103,498	\$ 694,922
Ineligible depreciation	8,199,497	-	8,199,497
Ineligible loss on disposal	148,866	-	148,866
Unused municipal credits	109,273	-	109,273
Unused community credits	147,603	-	147,603
Planning/Cap. Cost of contracting	298,957	-	298,957
Admin expense paid by JARC	30,748	-	30,748
Admin expense paid by New Freedom	27,368	-	27,368
Admin expense paid by section 5309	3,910	-	3,910
Other ineligible federal/state/local - CMAQ MI-95-0049	-	-	-
Other state contracts:			
Pass-through ineligible	6,989,312	907,521	7,896,833
Section 5307 Lake Erie MI-90-4758	411,500	-	411,500
Section 5311 Lake Erie MI-18-X002	197,323	-	197,323
JARC	607,747	-	607,747
New Freedom	404,068	-	404,068
Ineligible pension	2,793,135	-	2,793,135
Ineligible OPEB	(61,557)	-	(61,557)
Total ineligible	20,899,174	1,011,019	21,910,193
Total eligible expenses	\$ 97,050,008	\$ 947,953	\$ 97,997,961

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Combined Urban Regular Service Revenue Report Year Ended September 30, 2015

Description	Amount
Passenger fares	\$ 13,269,644
Contract fares	114,441
Auxiliary transportation revenue (explain):	
.15 Advertising	605,633
Nontransportation revenue (explain):	
.20 Rental of buildings or other property	53,273
.99 Other nontransportation revenue	19,337
Taxes levied directly by transit system	70,626,393
Local cash grants and reimbursements (explain):	
.10 Local operating assistance	1,657,598
.99 Other local contracts - Municipal credit recapture	109,273
.99 Other local contracts - Community Credit Program	1,815,490
State formula and contracts:	
.01 State operating assistance SMART	31,287,351
.01 State operating assistance Municipal Credits	4,714,149
.01 State operating assistance LETC, Bedford, Royal Oak	1,568,689
.10 Line item municipal credits	1,766,417
.99 Other state contracts and reimbursements	1,393,833
Federal contracts:	
.01 Section 5311 LAKE ERIE	197,323
.02 Section 5307 LAKE ERIE	411,500
.11 Preventive maintenance	-
.12 Capital cost of contracting	298,957
.13 Capital contract reimbursement for administrative expenses	62,026
.99 Other federal contracts and reimbursements	1,011,815
Interest income	131,463
Refunds and credits	694,922
Total Revenue	\$ 131,809,527

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Combined Urban Regular Service Expense Report Year Ended September 30, 2015

	Operations	Maintenance	Gen. Admin.	Total
Labor:				
01 Oper salary and wages	\$ 17,917,751	\$ -	\$ -	\$ 17,917,751
02 Other salary and wages	-	6,341,662	8,418,715	14,760,377
03 Disp salary and wages	4,035,573	-	-	4,035,573
Fringe benefits	8,098,853	2,339,517	3,105,768	13,544,138
Postemployment benefits	7,211,331	2,083,139	2,765,419	12,059,889
Pension - Defined contribution	-	-	21,827	21,827
Pension - Defined benefit	4,612,128	1,332,307	1,768,670	7,713,105
Services:				
01 Audit	-	-	146,451	146,451
02 Advertising fees	-	-	34,609	34,609
99 Other services	110,279	1,036,552	1,073,658	2,220,489
Materials and supp. cons.:				
01 Fuel and lubricants	5,892,625	-	-	5,892,625
02 Tires and tubes	701,269	-	-	701,269
99 Other materials and supplies	577,178	5,317,974	220,922	6,116,074
Utilities	-	-	1,364,695	1,364,695
Casual and liability costs:				
03 Premium for public liability	6,618,327	-	-	6,618,327
99 Other insurance	-	63,813	-	63,813
Purchased transportation service on SMART F/S	10,888,797	-	-	10,888,797
Purchased transportation service POS STAR and community based	1,958,972	-	-	1,958,972
Miscellaneous expense:				
02 Travel and meetings	-	-	56,432	56,432
09 Loss on disposal of asset	-	-	148,866	148,866
99 Other miscellaneous expense	-	-	479,927	479,927
Depreciation	-	-	13,164,148	13,164,148
Total expenses	\$ 68,623,083	\$ 18,514,964	\$ 32,770,107	\$ 119,908,154
Less ineligible expenses:				
Ineligible depreciation	\$ -	\$ -	\$ 8,199,497	\$ 8,199,497
Ineligible loss on disposal	-	-	148,866	148,866
Ineligible refunds and credits	-	-	694,922	694,922
Planning/Cap. cost of contracting	-	-	298,957	298,957
Admin expense paid by JARC	-	-	30,748	30,748
Admin expense paid by New Freedom	-	-	27,368	27,368
Admin expense paid by section 5309	-	-	3,910	3,910
Unused municipal credits	109,273	-	-	109,273
Unused community credits	147,603	-	-	147,603
Other state contracts:				
Pass-through ineligible	7,896,833	-	-	7,896,833
Section 5307 Lake Erie MI-90-4758	411,500	-	-	411,500
Section 5311 Lake Erie MI-18-X002	197,323	-	-	197,323
JARC	607,747	-	-	607,747
New Freedom	404,068	-	-	404,068
Ineligible pension	-	-	2,793,135	2,793,135
Ineligible OPEB	-	-	(61,557)	(61,557)
Total ineligible expenses	9,774,347	-	12,135,846	21,910,193
Total eligible expenses	\$ 58,848,736	\$ 18,514,964	\$ 20,634,261	\$ 97,997,961

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Combined Urban Regular Service Nonfinancial Report Year Ended September 30, 2015

DESCRIPTION	WEEKDAYS	SATURDAY	SUNDAY	TOTAL
FIXED ROUTE				
PUBLIC SERVICE				
VEHICLE HOURS	583,502	50,226	25,651	659,379
VEHICLE MILES	9,486,298	859,702	440,071	10,786,071
MISCELLANEOUS INFORMATION				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-
CONNECTOR				
PUBLIC SERVICE				
VEHICLE HOURS	216,513	4,708	731	221,952
VEHICLE MILES	3,661,060	98,080	17,298	3,776,438
MISCELLANEOUS INFORMATION				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-

The methodology used for compiling miles and hours has been reviewed and the recording method has been found to be adequate and reliable.

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Royal Oak Twp. Urban Service Revenue Report Year Ended September 30, 2015

Description	Amount
Passenger fares	\$ 1,203
Contract fares	-
Package delivery/Meals on Wheels	-
Incidental charter service revenue	-
Auxiliary transportation revenue (explain):	
.10 Concessions	-
.15 Advertising	-
.20 Intercity ticket sales	-
.99 Other auxiliary transportation revenue	-
Nontransportation revenue (explain):	
.10 Sale of maintenance services	-
.15 Rental of revenue vehicles	-
.20 Rental of buildings or other property	-
.25 Parking lot revenue	-
.60 Gains from the sales of capital assets	-
.99 Other nontransportation revenue	-
Taxes levied directly by transit system	-
Local cash grants and reimbursements (explain):	
.10 Local operating assistance	60,000
.20 Single business tax	-
.99 Other local contracts (Community Credit Program)	6,840
State formula and contracts:	
.01 State operating assistance	25,568
.10 Line item municipal credits	2,394
.11 Preventive maintenance	-
.12 Capital cost of contracting	-
.13 Capital contract reimbursement for administrative expenses	-
.14 Other capital contract reimbursements for operating expenses	-
.99 Other state contracts and reimbursements	-
Federal contracts:	
.01 Section 5311	-
.02 Section 5307	-
.11 Preventive maintenance	-
.12 Capital cost of contracting	-
.13 Capital contract reimbursement for administrative expenses	-
.14 Other capital contract reimbursements for operating expenses	-
.98 RTAP	-
.99 Other federal contracts and reimbursements	-
Interest income	-
Contributed service	-
Total revenue	\$ 96,005

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Royal Oak Twp. Urban Regular Service Expense Report Year Ended September 30, 2015

	Operations	Maintenance	Gen. Admin.	Total
Labor				
01 Oper salary and wages	\$ 4,053	\$ -	\$ -	\$ 4,053
02 Other salary and wages	21,599	-	7,920	29,519
03 Disp salary and wages	17,164	-	-	17,164
Fringe benefits	-	-	-	-
Services:				
01 Audit	-	-	-	-
02 Advertising fees	1,344	-	-	1,344
99 Other services	80	-	9,120	9,200
Materials and supp. cons.:				
01 Fuel and lubricants	4,366	-	-	4,366
02 Tires and tubes	-	-	-	-
99 Other materials and supplies	2,134	2,692	-	4,826
Utilities	3,869	-	-	3,869
Casual and liability costs:				
03 Premium for public liability	1,809	-	-	1,809
99 Other insurance	-	-	-	-
Taxes	-	-	-	-
Purchased transportation service	-	-	-	-
Miscellaneous expense:				
02 Travel and meetings	-	-	-	-
99 Other miscellaneous expense	-	-	-	-
Interest expense:				
01 Interest on long-term debt	-	-	-	-
02 Interest on short-term debt	-	-	-	-
Leases and rentals	-	-	-	-
Depreciation	-	-	-	-
Total expenses	\$ 56,418	\$ 2,692	\$ 17,040	\$ 76,150
Less ineligible expenses:				
03 Federal grants (explain)	-	-	-	-
04 State grants (specialized svcs)	-	-	-	-
05 Local grants	-	-	-	-
06 Interest expense	-	-	-	-
07 Depreciation	-	-	-	-
08 Other (explain)	-	-	-	2,394
09 Ineligible percent of dues	-	-	-	-
10 Expenses assoc w/auxiliary trans	-	-	-	-
15 Charter expense	-	-	-	-
99 Total ineligible expense	-	-	-	2,394
Total eligible expenses	\$ 56,418	\$ 2,692	\$ 17,040	\$ 73,756

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Royal Oak Twp. Urban Regular Service Nonfinancial Report Year Ended September 30, 2015

DESCRIPTION	WEEKDAYS	SATURDAY	SUNDAY	TOTAL
FIXED ROUTE				
PUBLIC SERVICE				
<hr/>				
VEHICLE HOURS	-	-	-	-
VEHICLE MILES	-	-	-	-
<hr/>				
MISCELLANEOUS INFORMATION				
<hr/>				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-
CONNECTOR				
PUBLIC SERVICE				
<hr/>				
VEHICLE HOURS	1,874	-	-	1,874
VEHICLE MILES	8,108	-	-	8,108
<hr/>				
MISCELLANEOUS INFORMATION				
<hr/>				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-

The methodology used for compiling miles and hours has been reviewed and the recording method has been found to be adequate and reliable.

Suburban Mobility Authority for Regional Transportation

Notes to Other Supplemental Information

- (1) Administrative expenses that are charged to capital grants are not included in SMART's operating expenses.

All administrative costs related to capital contracts are deducted and transferred to the capital. Therefore, these expenditures are not reimbursed by state formula funds.

- (2) Expenses that are paid on behalf of our purchase of service providers are not included in SMART's eligible expenses.

Costs related to our purchase of service providers are deducted and reimbursed by these providers and included in their operating expenses.

- (3) No expenses for Lake Erie Transit are included in SMART's submittal.

- (4) Expenses for S.T.A.R., Community-based, Nankin Transit, Redford, and Mt. Clemens are included only on Schedule 4E on line purchased transportation.

FY2016 SINGLE AUDIT

**Suburban Mobility Authority for
Regional Transportation**

**Federal Awards
Supplemental Information
June 30, 2016**

Suburban Mobility Authority for Regional Transportation

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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 Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 4, 2016, which contained unmodified opinions on the 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 4, 2016.

The accompanying schedule of expenditures of federal awards and reconciliation of financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Plante & Moran, PLLC

November 4, 2016

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 financial statements of Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2016 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 4, 2016.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Suburban Mobility Authority for Regional Transportation's internal control over financial reporting (internal control) to determine the 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 may exist that have not been identified.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Suburban Mobility Authority for Regional Transportation'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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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 Authority'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.

Plante & Moran, PLLC

November 4, 2016

Report on Compliance for Each Major Federal Program;
Report on Internal Control Over Compliance

Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Report on Compliance for Each Major Federal Program

We have audited Suburban Mobility Authority for Regional Transportation's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2016. Suburban Mobility Authority for Regional Transportation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Suburban Mobility Authority for Regional Transportation's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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* (the "Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Suburban Mobility Authority for Regional Transportation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Suburban Mobility Authority for Regional Transportation's compliance.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Opinion on Each Major Federal Program

In our opinion, Suburban Mobility Authority for Regional Transportation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of Suburban Mobility Authority for Regional Transportation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Suburban Mobility Authority for Regional Transportation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

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.

Plante & Moran, PLLC

November 4, 2016

Suburban Mobility Authority for Regional Transportation

Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Federal Agency/Pass-through Agency/Program Title	Identifying Number	CFDA Number	Project Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Direct programs:					
Federal Transit Cluster:					
Investment Grants:					
Capital Assistance	N/A	20.500	MI-04-0013	\$ -	\$ -
Capital Assistance	N/A	20.500	MI-04-0025	-	59,148
Capital Assistance	N/A	20.500	MI-04-0040	-	202,113
Capital Assistance	N/A	20.500	MI-04-0073	-	15,000
Capital Assistance	N/A	20.500	MI-04-0084	-	1,180,000
Capital Assistance	N/A	20.500	MI-04-0091	-	4,686,583
Total Federal Transit - Investment Grants				-	6,142,844
Formula Grants:					
ARRA Capital Assistance	N/A	20.507	MI-96-0007	-	320,383
Capital Assistance	N/A	20.507	MI-90-0756	-	55,843
Capital Assistance	N/A	20.507	MI-90-0678	-	13,722,638
Capital Assistance	N/A	20.507	MI-90-0758	-	40,349
Operating Assistance (Monroe) FY15	N/A	20.507	MI-90-4678	199,599	199,599
Operating Assistance (Monroe) FY16	N/A	20.507	MI-90-4678	329,130	329,130
Capital Assistance	N/A	20.507	MI-95-0077	-	4,081,954
SECTION 5339	2012-0170 P14	20.526	MI-34-0003	-	79,932
SECTION 5339	2012-0170 P30	20.526	MI-34-0003	-	82,459
SECTION 5339 CAPITAL	2012-0170 P18	20.526	MI-34-0005	-	4,450,101
Total Federal Transit - Formula Grants				528,729	23,362,388
Total Federal Transit Cluster				528,729	29,505,232
Transit Services Program Cluster:					
5310 NEW FREEDOM CAPITAL	2012-0170 P20	20.513	MI-16-4007	-	612,803
SMART 5310 PROGRAM ADMIN	2012-0170 P20	20.513	MI-16-4007	-	1,885
5310 NEW FREEDOM OPERATING	2012-0170 P20	20.513	MI-16-4007	141,885	141,885
SECTION 5310	2012-0170 P6	20.513	MI-16-X005	-	124,298
SMART Capital	N/A	20.516	MI-37-0033	-	20,955
SMART JARC Capital	N/A	20.516	MI-37-0040	-	7,998
SMART JARC Program Operating	N/A	20.516	MI-37-4043	105,328	105,328
SMART JARC Program Admin	N/A	20.516	MI-37-6043	-	25,019
SMART JARC Capital	N/A	20.516	MI-37-0050	-	123,602
SMART JARC PROGRAM MOB MGT	N/A	20.516	MI-37-0050	57,688	57,688
SMART JARC PROGRAM MOB OPERATING	N/A	20.516	MI-37-4050	120,349	120,349
NEW FREEDOM NON-URBAN NOTA (2015)	2012-0170 P31	20.521	MI-57-0010	-	13,070
NEW FREEDOM NON-URBAN NOTA (2016)	2012-0170 P36	20.521	MI-57-0010	-	6,897
Section 5317 New Freedom Operating	N/A	20.521	MI-57-4014	12,410	12,410
Section 5317 New Freedom Program Admin	N/A	20.521	MI-57-6024	-	4,162
Section 5317 New Freedom Capital (M/M)	N/A	20.521	MI-57-0018	2,668	2,668
Section 5317 New Freedom Operating	N/A	20.521	MI-57-4018	112,472	112,472
Section 5317 New Freedom Program Admin	N/A	20.521	MI-57-6018	-	27,234
Section 5317 New Freedom Capital	N/A	20.521	MI-57-4024	-	70,642
Section 5317 New Freedom Operating	N/A	20.521	MI-57-4024	78,467	78,467
Section 5317 New Freedom Capital (M/M)	N/A	20.521	MI-57-4024	34,034	34,034
Total Transit Services Program Cluster				665,301	1,703,866
Total Direct programs				1,194,030	31,209,098
U.S. Department of Transportation - Pass-through programs from the State of Michigan Department of Transportation:					
Operating Assist. - SEC 5311 (2013)	2012-0170 P12	20.509	MI-18-0055	4,832	4,832
Operating Assist. - SEC 5311 (2015)	2012-0170 P33	20.509	MI-18-0055	63,223	63,223
Operating Assist. - SEC 5311 (2016)	2012-0170 P40	20.509	MI-18-0055	151,665	151,665
JARC NON-URBAN NOTA (2015)	2012-0170 P29	20.509	MI-18-0055	-	47,305
JARC NON-URBAN NOTA (2016)	2012-0170 P35	20.509	MI-18-0055	-	11,943
				219,720	278,968
U.S. Department of Transportation - Pass-through programs from the Southeast Michigan Council of Governments - Planning and Technical Studies UWP Program					
	N/A	20.505	MI-80-X006	-	312,557
Total pass-through programs				219,720	591,525
Total federal awards				\$ 1,413,750	\$ 31,800,623

Suburban Mobility Authority for Regional Transportation

Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 5,785,294
Add federal portion of capital contributions - As reported on the financial statements (includes all funds)	<u>26,015,329</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 31,800,623</u>

Suburban Mobility Authority for Regional Transportation

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2016

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Suburban Mobility Authority for Regional Transportation under programs of the federal government for the year ended June 30, 2016. The information in this 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 Suburban Mobility Authority for Regional Transportation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Suburban Mobility Authority for Regional Transportation.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or 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. Pass-through entity identifying numbers are presented where available.

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

Suburban Mobility Authority for Regional Transportation

Schedule of Findings and Questioned Costs Year Ended June 30, 2016

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 No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Noncompliance material to financial statements noted?

Yes No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? Yes No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? Yes None reported

Type of auditor's report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516 (a)?

Yes No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
20.500, 20.507, 20.526	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs: \$954,019

Auditee qualified as low-risk auditee? Yes No

Section II - Financial Statement Audit Findings

None

Section III - Federal Program Audit Findings

None