



***Financial Report
with Supplemental Information
June 30, 2022***



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Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Report on the Audits of the Financial Statements

Opinions

We have audited the financial statements of the business-type activities and fiduciary activities of the Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the years ended June 30, 2022 and 2021 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and fiduciary activities of the Authority as of June 30, 2022 and 2021 and the respective changes in its financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter

As discussed in Note 1 to the financial statements, in 2022, the Authority adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*, which changes accounting and financial reporting for leases by governments. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Auditor's Responsibilities for the Audits of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audits.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audits in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

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

Required Supplemental Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information, as identified in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required 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.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Supplemental Information

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise the Authority's basic financial statements. The other supplemental information, as identified in the table of contents, except for the nonfinancial report numbered 19 and all reports for the year ended September 30, 2021 (those numbered 2, 4, 6, 8, 10, and 13-18), is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the other supplemental information, except for the nonfinancial report numbered 19 and all reports for the year ended September 30, 2021 (those numbered 2, 4, 6, 8, 10, and 13-18) is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the nonfinancial report numbered 19 and all reports for the year ended September 30, 2021 (those numbered 2, 4, 6, 8, 10, and 13-18) but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements or whether the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2022 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



November 21, 2022

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis

The following discussion and analysis has been prepared by the Suburban Mobility Authority for Regional Transportation's (the "Authority" or SMART) management and should be read in conjunction with the financial statements and related note disclosures. The discussion is intended to present an overview of SMART's financial performance for the years ended June 30, 2022 and 2021 and does not purport to make any statement regarding the future operations of the organization. While SMART is an instrumentality of the State of Michigan, it is not a component of the State, as defined by the Governmental Accounting Standards Board (GASB).

Using This Annual Report

This annual financial report consists of a series of financial statements. The statement of net position and the statement of revenue, expenses, and changes in net position provide information about the activities of SMART as a whole and present a longer-term view of the Authority's finances. This longer-term view uses the accrual basis of accounting so that it can measure the cost of providing services during the current year and whether the cost of providing the Authority's services has been fully funded.

Financial Highlights

- Total operating revenue has increased in fiscal year 2021-2022 (FY 2022) as compared to fiscal year 2020-2021 (FY 2021). This total operating revenue increase is 141 percent, or approximately \$3.7 million. The Authority had suspended collecting fare revenue effective March 18, 2020 due to the outbreak of the novel strain of coronavirus (COVID-19) and did not reinstate fare collection until March 15, 2021. The increase is largely due to the reinstatement of fares.
- Ridership during FY 2022 improved compared to FY 2021. FY 2021 ridership was unusually low, as a result of COVID-19. SMART has been running a reduced bus schedule of approximately 75 percent of pre-pandemic service. SMART continues to monitor ridership and will adjust service levels as ridership returns.
- The other component of total operating revenue is other operating income. This revenue component had an actual overall increase of approximately \$360,000, or approximately 31 percent, compared to FY 2021. This revenue stream primarily consists of advertising, rental, and miscellaneous operating revenue. SMART's advertising revenue increased as a result of running more buses with ads, due to increased scheduled miles.
- Nonoperating revenue decreased by approximately \$510,000, or less than 1 percent, in FY 2022 compared to FY 2021. SMART utilized \$10.8 million of federal CARES Act funding reimbursement during 2022, a decrease of \$1.20 million from FY 2021. Local property tax contributions increased by approximately \$3.3 million.
- In FY 2022, operating expenses of approximately \$126.9 million, before depreciation, are approximately \$9.4 million higher than FY 2021. This is largely due to an increase in materials and supplies cost, including fuel, and increased expense related to SMART expanding microtransit programs.
- Capital contribution spending in FY 2022 amounted to \$24.2 million. This is a decrease of approximately \$10.5 million, or 30 percent, for FY 2022. SMART heavily relies on federal capital funds to purchase capital assets (i.e., bus replacement and facility rehabilitation) rather than using as much for preventive maintenance in the operating budget, as had been done prior to FY 2016.
- Current liabilities increased by approximately \$2.6 million primarily due to an increase in balances due to the State of Michigan of \$1.7 million, an increase in payables under purchase of service agreements of \$1.9 million, and a decrease in accounts payable of \$0.7 million.
- Net position, which is detailed later, increased by \$31.7 million to \$197.8 million, which is a combination of the \$2.4 million increase in net investment in capital assets and \$29.2 million increase in unrestricted net position due to FY 2022 financial activity.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

The Authority's Net Position

A summary of SMART's assets, liabilities, deferred outflows and inflows, and net position at June 30, 2022, 2021, and 2020 is as follows:

	2020*	2021	2022
Assets			
Current and other assets:			
Cash and investments	\$ 139,048,962	\$ 139,242,775	\$ 160,998,019
Receivables	40,959,353	54,263,078	36,912,759
Other assets	3,323,684	3,586,869	3,443,963
Capital assets	143,183,939	160,793,326	162,892,550
Total assets	326,515,938	357,886,048	364,247,291
Deferred Outflows of Resources	27,670,543	36,178,049	33,862,829
Liabilities			
Current liabilities	33,099,498	33,658,077	36,273,824
Noncurrent liabilities	184,439,569	124,478,821	107,816,535
Total liabilities	217,539,067	158,136,898	144,090,359
Deferred Inflows of Resources	21,227,144	69,819,636	56,257,544
Net Position			
Net investment in capital assets	143,183,939	158,472,484	160,919,352
Restricted	62,254	101,639	121,708
Unrestricted	(27,825,923)	7,533,440	36,721,157
Total net position	<u>\$ 115,420,270</u>	<u>\$ 166,107,563</u>	<u>\$ 197,762,217</u>

*As a result of SMART's adoption of GASB 87, FY 2021 amounts were restated. See Note 1 for more information. FY 2020 amounts were not restated in the table above.

SMART's current assets, including restricted cash, had a net increase of \$4.3 million, which represents an increase of approximately 2 percent compared to FY 2021. Restricted cash increased from approximately \$102,000 to \$122,000 at the end of FY 2022.

Amounts invested in capital assets increased by 1.3 percent from a year ago, increasing \$2.1 million to \$162.9 million. The current year increase is due to current year net capital asset purchases exceeding depreciation expense.

Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, increased by \$29.2 million from FY 2021.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

The Authority's Changes in Net Position

	2020*	2021	2022
Operating Revenue	\$ 8,754,652	\$ 2,635,839	\$ 6,349,427
Operating Expenses	133,919,431	137,187,131	148,922,018
Operating Loss	(125,164,779)	(134,551,292)	(142,572,591)
Nonoperating Revenue	131,254,791	150,519,770	150,006,644
Income - Before capital contributions	6,090,012	15,968,478	7,434,053
Capital Contributions	33,007,276	34,718,815	24,220,601
Change in Net Position	39,097,288	50,687,293	31,654,654
Net Position - Beginning of year	76,322,982	115,420,270	166,107,563
Net Position - End of year	<u>\$ 115,420,270</u>	<u>\$ 166,107,563</u>	<u>\$ 197,762,217</u>

*As a result of SMART's adoption of GASB 87, FY 2021 amounts were restated. See Note 1 for more information. FY 2020 amounts were not restated in the table above.

As described earlier in financial highlights, total operating revenue has increased in FY 2022 as compared to FY 2021. This is mainly a result of fare being collected during all of FY 2022.

Operating expenses before depreciation are \$9.4 million higher than FY 2021. This is largely due to an increase in materials and supplies cost, including fuel, and increased expense related to SMART expanding microtransit programs.

Capital Assets and Debt Administration

The Authority continues to invest in infrastructure, equipment, and vehicles. SMART had approximately \$162.9 million and \$160.8 million invested in capital assets as of June 30, 2022 and 2021, respectively. During FY 2022, SMART had total capital asset additions of approximately \$24.2 million, primarily consisting of \$15.1 million for new vehicles and \$9.1 million in facility and bus equipment.

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

Economic Factors and Next Year's Budgets and Rates

The Regional Transit Authority (RTA) is the designated recipient for federal funds to the tricounty urbanized area consisting of Wayne, Oakland, and Macomb counties. A portion of these funds is passed through to SMART. The current allocation of Section 5307 federal capital funding passed through the RTA is 50.0 percent to SMART, 49.0 percent to DDOT, and 1 percent to the Detroit Transportation Corporation (the "People Mover"). It is anticipated for FY 2022 that the Section 5307 federal capital funding passed through the RTA will again be 50.0 percent to SMART, 49.0 percent to DDOT, and 1 percent to the Detroit Transportation Corporation. For FY 2023, Section 5307 funding of approximately \$43.6 million is included in SMART's capital budget.

On August 7, 2018, voters in the service areas of Macomb, Oakland, and Wayne counties approved a \$1.00 per thousand taxable value millage rate. The millage is applied against taxable value across Macomb County and in participating communities in Oakland and Wayne counties. The millage rate is subject to the State Headlee Amendment annually. The millage has been voter approved for a four-year fiscal period starting in FY 2018 and is estimated to generate \$80 million annually. The millage revenue has allowed the Authority to fund the much-needed replacement of its aging bus fleet by utilizing Section 5307 capital funds previously used to support operations.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

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

Requests for Further Information

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

Suburban Mobility Authority for Regional Transportation

Statement of Net Position

June 30, 2022 and 2021

	Enterprise Operating Fund	
	2022	2021
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 143,935,101	\$ 120,837,739
Investments (Note 3)	17,062,918	18,405,036
Receivables:		
Local contributions receivable (Note 1)	368,300	2,532,086
Accrued interest receivable	26,140	12,116
Current portion of leases receivable	40,964	47,450
Other receivables	910,199	731,069
Grant receivable (Note 4)	35,034,661	50,366,898
Materials and supplies inventories	2,822,250	3,208,125
Prepaid expenses and other assets	500,005	277,105
Total current assets	200,700,538	196,417,624
Noncurrent assets:		
Restricted cash (Note 3)	121,708	101,639
Leases receivable - Net of current portion	532,495	573,459
Nondepreciable capital assets (Note 5)	23,435,205	24,739,061
Depreciable capital assets - Net (Note 5)	139,457,345	136,054,265
Total noncurrent assets	163,546,753	161,468,424
Total assets	364,247,291	357,886,048
Deferred Outflows of Resources		
Deferred pension costs (Note 10)	17,868,658	17,102,393
Deferred OPEB costs (Note 12)	15,994,171	19,075,656
Total deferred outflows of resources	33,862,829	36,178,049
Liabilities		
Current liabilities:		
Municipal and community credits payable (Note 1)	6,682,211	5,670,545
Amounts payable under purchase of service agreements	3,211,379	1,294,525
Current portion of accrued self-insurance (Note 9)	5,033,123	4,953,542
Accounts payable	11,807,208	12,545,376
Accrued liabilities and other:		
Accrued salaries and wages	797,699	2,009,803
Operating assistance reserve	3,757,573	2,039,604
Other accrued liabilities	1,438,731	1,154,498
Current portion of long-term liabilities (Note 8)	3,545,900	3,990,184
Total current liabilities	36,273,824	33,658,077
Noncurrent liabilities:		
Accrued self-insurance - Net of current portion (Note 9)	9,564,194	9,212,837
Net pension liability (Note 10)	37,903,253	55,343,801
Net OPEB liability (Note 12)	58,422,141	57,523,032
Long-term liabilities - Net of current portion (Note 8)	1,926,947	2,399,151
Total noncurrent liabilities	107,816,535	124,478,821
Total liabilities	144,090,359	158,136,898

Suburban Mobility Authority for Regional Transportation

Statement of Net Position (Continued)

June 30, 2022 and 2021

	Enterprise Operating Fund	
	2022	2021
Deferred Inflows of Resources		
Deferred pension cost reductions (Note 10)	\$ 20,285,642	\$ 10,521,681
Deferred OPEB cost reductions (Note 12)	35,409,767	58,688,895
Deferred inflows from leases	562,135	609,060
Total deferred inflows of resources	<u>56,257,544</u>	<u>69,819,636</u>
Net Position		
Net investment in capital assets	160,919,352	158,472,484
Restricted	121,708	101,639
Unrestricted	36,721,157	7,533,440
Total net position	<u>\$ 197,762,217</u>	<u>\$ 166,107,563</u>

Suburban Mobility Authority for Regional Transportation

Statement of Revenue, Expenses, and Changes in Net Position

Years Ended June 30, 2022 and 2021

	Enterprise Operating Fund	
	2022	2021
Operating Revenue		
Fares	\$ 4,842,163	\$ 1,486,526
Other income	1,507,264	1,149,313
Total operating revenue	6,349,427	2,635,839
Operating Expenses		
Salaries and wages	53,311,499	54,526,837
Fringe benefits	22,558,892	21,110,545
Materials and supplies	13,032,125	7,667,468
Contractual services	4,198,017	4,505,662
Utilities	1,234,229	1,040,244
Claims and insurance	7,510,090	9,613,390
Purchased transportation (Note 7)	16,624,029	17,578,974
Miscellaneous expense	4,428,808	481,635
Depreciation	22,062,034	19,765,263
Microtransit	3,962,295	897,113
Total operating expenses	148,922,018	137,187,131
Operating Loss	(142,572,591)	(134,551,292)
Nonoperating (Expense) Revenue		
Investment (loss) income	(1,150,553)	74,991
Gain on sale of assets	59,809	92,790
Federal operating and preventive maintenance assistance	23,248,703	23,703,854
State operating grants	43,482,936	45,673,395
Local contributions (Note 6)	81,299,002	78,017,234
Other state and local sources	2,533,919	2,322,261
Interest expense	(43,242)	(50,115)
Other nonoperating revenue	576,070	685,360
Total nonoperating revenue	150,006,644	150,519,770
Income - Before capital contributions	7,434,053	15,968,478
Capital Contributions	24,220,601	34,718,815
Change in Net Position	31,654,654	50,687,293
Net Position - Beginning of year, as restated (Note 1)	166,107,563	115,420,270
Net Position - End of year	\$ 197,762,217	\$ 166,107,563

Suburban Mobility Authority for Regional Transportation

Statement of Cash Flows

Years Ended June 30, 2022 and 2021

	Enterprise Operating Fund	
	2022	2021
Cash Flows from Operating Activities		
Receipts from transit operations	\$ 6,170,297	\$ 2,554,197
Payments to suppliers	(23,184,139)	(9,088,927)
Payments to employees	(105,392,725)	(102,224,875)
Payments to claims and insurance	(7,079,152)	(6,981,729)
Payments for purchased transportation	(17,657,804)	(16,477,520)
Net cash and cash equivalents used in operating activities	(147,143,523)	(132,218,854)
Cash Flows from Noncapital Financing Activities		
State operating grants	47,387,699	33,743,023
Federal operating and preventive maintenance assistance	27,247,587	15,804,474
Local contributions	83,462,788	81,935,641
Other nonoperating receipts	3,092,037	3,007,917
Net cash and cash equivalents provided by noncapital financing activities	161,190,111	134,491,055
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	33,367,164	32,921,104
Proceeds from disposal of capital assets	137,624	92,790
Purchase of capital assets	(24,220,600)	(34,714,468)
Lease payments	(390,886)	(389,455)
Net cash and cash equivalents provided by (used in) capital and related financing activities	8,893,302	(2,090,029)
Cash Flows from Investing Activities		
Interest received on investments, net of losses	(1,164,577)	51,026
Proceeds from sale and maturities of investment securities	1,342,118	60,113
Net cash and cash equivalents provided by investing activities	177,541	111,139
Net Increase in Cash and Cash Equivalents	23,117,431	293,311
Cash and Cash Equivalents - Beginning of year	120,939,378	120,646,067
Cash and Cash Equivalents - End of year	\$ 144,056,809	\$ 120,939,378
Classification of Cash and Cash Equivalents		
Cash and cash equivalents	\$ 143,935,101	\$ 120,837,739
Restricted cash	121,708	101,639
Total cash and cash equivalents	\$ 144,056,809	\$ 120,939,378
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (142,572,591)	\$ (134,551,292)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation	22,062,034	19,765,263
Noncash change in net pension liability	(8,442,852)	(8,168,990)
Noncash change in net OPEB liability	(19,298,534)	(19,146,789)
Noncash change in self-insurance liability	430,938	2,631,661
Changes in assets and liabilities:		
Materials and supplies inventory	385,875	(228,979)
Other receivables	(179,130)	(81,642)
Prepaid and other assets	(222,900)	5,179
Accounts payable	(453,935)	4,829,882
Municipal and community credits payable	1,011,666	1,209,030
Payable under purchase service contracts	1,916,854	789,537
Accrued wages and compensated absences	(1,780,948)	728,286
Net cash and cash equivalents used in operating activities	\$ (147,143,523)	\$ (132,218,854)

Suburban Mobility Authority for Regional Transportation

**Fiduciary Funds
Statement of Fiduciary Net Position**

June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets - Interest in pooled investments	\$ 100,618,245	\$ 99,678,788
Liabilities	<u>-</u>	<u>-</u>
Net Position - Restricted for postemployment benefits other than pension	<u><u>\$ 100,618,245</u></u>	<u><u>\$ 99,678,788</u></u>

Suburban Mobility Authority for Regional Transportation

Fiduciary Funds Statement of Changes in Fiduciary Net Position

Years Ended June 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Additions		
Investment (loss) income	\$ (8,775,581)	\$ 20,344,183
Contributions - Employer contributions	<u>16,565,578</u>	<u>17,469,445</u>
Total additions	7,789,997	37,813,628
Deductions		
Benefit payments	6,665,578	7,319,845
Administrative expenses	<u>184,962</u>	<u>150,145</u>
Total deductions	<u>6,850,540</u>	<u>7,469,990</u>
Net Increase in Fiduciary Net Position	939,457	30,343,638
Net Position - Beginning of year	<u>99,678,788</u>	<u>69,335,150</u>
Net Position - End of year	<u><u>\$ 100,618,245</u></u>	<u><u>\$ 99,678,788</u></u>

June 30, 2022 and 2021

Note 1 - Significant Accounting Policies

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

Organization

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

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

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

Reporting Entity

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

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

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

Fiduciary Component Unit

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

June 30, 2022 and 2021

Note 1 - Significant Accounting Policies (Continued)

Accounting and Reporting Principles

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

Report Presentation

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

Fund Accounting

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

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

Basis of Accounting

Proprietary and fiduciary funds use the economic resources measurement focus and the full accrual basis of accounting. Revenue is recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Specific Balances and Transactions

Cash and Cash Equivalents

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

Investments

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

Local Contributions Receivable

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

Materials and Supplies Inventory

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

Note 1 - Significant Accounting Policies (Continued)

Restricted Assets

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

Capital Assets

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

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

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

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

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an expense until then. The Authority has deferred outflows related to pensions and OPEB, as detailed in Notes 10 and 12, respectively.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as revenue until that time. The Authority reports deferred inflows of resources related leases as well as pensions and OPEB, as detailed in Notes 10 and 12, respectively.

Net Position Flow Assumption

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

June 30, 2022 and 2021

Note 1 - Significant Accounting Policies (Continued)

Pension

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

Other Postemployment Benefit Costs

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

Claims Expense/Liability

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

Municipal and Community Credits Payable

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

Compensated Absences (Vacation and Sick Leave)

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

June 30, 2022 and 2021

Note 1 - Significant Accounting Policies (Continued)

Proprietary Funds Operating Classification

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

Grant Activities

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

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

Passenger Fares

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

Cost Allocation Plan

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

Leases

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

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

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

- The Authority uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the Authority generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the Authority is reasonably certain to exercise.

June 30, 2022 and 2021

Note 1 - Significant Accounting Policies (Continued)

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

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

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

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

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

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

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

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates. Significant estimates affecting the financial statements relate to the obligation for other postemployment benefits, the required contribution for pensions, estimated liabilities related to self-insurance, the allowance for collectibility of local contribution receivables, the accrual for pending property tax appeals and anticipated chargebacks from the counties, and the reserve for Act 51 revenue.

Adoption of New Accounting Pronouncement

During the current year, the Authority adopted GASB Statement No. 87, *Leases*. As a result, the business-type activities now include a liability for the present value of payments expected to be made and right-to-use assets, as well as receivables, for the present value of payments expected to be received and deferred inflows of resources that will be recognized as revenue over the term of the lease. Lease activity is further described in Note 15. The financial statements for the year ended June 30, 2021 have been restated in order to adopt GASB Statement No. 87. There was no impact on June 30, 2020 net position as a result of the adoption of the lease standard.

Note 1 - Significant Accounting Policies (Continued)

The effect of this new standard on net position was as follows:

	Business-type Activities
Net position - June 30, 2021 - As previously reported	\$ 166,123,296
Adjustment for GASB Statement No. 87 - To record lease activity	(15,733)
Net position - June 30, 2021 - As restated	\$ 166,107,563

Upcoming Accounting Pronouncements

In March 2020, the GASB issued Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, to bring a uniform guidance on how to report public-private and public-public partnership arrangements. As a result, transferors in public-private or public-public arrangements will recognize receivables for installment payments, deferred inflows of resources, and, when applicable, capital assets. Operators will recognize liabilities for installment payments and intangible right-to-use assets, and when applicable, deferred outflows of resources and liabilities for assets being transferred. This statement also provides guidance for accounting and financial reporting for availability payment arrangements, in which a government compensates an operator for services such as designing, constructing, financing, maintaining, or operating an underlying asset for a period of time in an exchange of exchange-like transaction. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2023.

In May 2020, the Governmental Accounting Standards Board issued Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITAs)*, which defines SBITAs and provides accounting and financial reporting for SBITAs by governments. This statement requires a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2023.

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

Note 2 - State of Michigan Operating Assistance Funds

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

The latest final determination of State of Michigan operating assistance allocable to SMART, in accordance with the Act 51 funding formula, was for the State of Michigan's fiscal year ended September 30, 2018. There were no further adjustments to the Act 51 revenue as a result of closing out this year. Furthermore, SMART awaits the final determination for the years ended September 30, 2019, 2020, 2021, and 2022. SMART has recorded an estimated aggregate receivable of approximately \$3,968,000 as of June 30, 2022 based on management's anticipation of the results of the State's final determination of the Act 51 funding formula for the open years. This amount includes a \$7,710,000 receivable related to 2018, 2019, 2020, and 2021 and a \$3,742,000 liability related to 2022.

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 2022 and 2021. Refer to Note 1 for additional information regarding the State of Michigan operating assistance funds.

Note 3 - Deposits and Investments

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

Cash and cash equivalents	\$ 143,935,101
Investments	17,062,918
Restricted cash	<u>121,708</u>
Total deposits and investments	<u>\$ 161,119,727</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 local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures no more than 260 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

Note 3 - Deposits and Investments (Continued)

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

The Authority's cash and investments are subject to several types of risk, which are examined in more detail below.

Custodial Credit Risk of Bank Deposits

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. SMART does not have a deposit policy for custodial credit risk. At year end, the Authority had bank deposits of \$147,291,675 (checking and savings accounts), of which \$146,266,675 was uninsured and uncollateralized.

Interest Rate Risk

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

At year end, SMART had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
Negotiable certificates of deposit	\$ 8,323,607	3.53
U.S. government agency securities	8,739,311	3.93

Fair Value Measurements

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

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

The Authority has the following recurring fair value measurements as of June 30, 2022:

- Negotiable certificates of deposit of \$8,323,607 are valued using a matrix pricing model (Level 2 inputs).
- U.S. government agency securities of \$8,739,311 are valued using a matrix pricing model (Level 2 inputs).

June 30, 2022 and 2021

Note 3 - Deposits and Investments (Continued)

- Interest in pooled investments (MERS Total Market Portfolio) of \$100,618,245 is valued at net asset value per share.

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

Note 4 - Grants Receivable

At June 30, 2022 and 2021, grants receivable are composed of the following:

	<u>2022</u>	<u>2021</u>
Accounts receivable - Billed:		
Federal government grants	\$ 4,542,041	\$ 6,136,435
State of Michigan grants	15,677,870	20,354,178
Total billed	<u>20,219,911</u>	<u>26,490,613</u>
Accounts receivable - Unbilled:		
Federal government grants	13,279,833	18,658,309
State of Michigan grants	1,485,944	4,915,561
Local grants	48,973	302,415
Total unbilled	<u>14,814,750</u>	<u>23,876,285</u>
Total	<u>\$ 35,034,661</u>	<u>\$ 50,366,898</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements

June 30, 2022 and 2021

Note 5 - Capital Assets

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

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

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements

June 30, 2022 and 2021

Note 5 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended June 30, 2021 was as follows:

	Balance July 1, 2020	Additions	Disposals and Adjustments	Balance June 30, 2021
Capital assets not being depreciated:				
Land	\$ 3,473,174	\$ -	\$ -	\$ 3,473,174
Construction in progress	12,046,394	9,214,493	-	21,260,887
Trademark	5,000	-	-	5,000
Subtotal	15,524,568	9,214,493	-	24,739,061
Capital assets being depreciated:				
Fixed-route buses and equipment	87,931,287	20,137,820	-	108,069,107
Connector buses and related equipment	87,065,798	776,075	(3,806,262)	84,035,611
Buildings and improvements	49,298,193	151,583	-	49,449,776
Office furnishings and equipment	2,363,756	-	-	2,363,756
Other equipment	73,521,576	4,434,497	-	77,956,073
Leasehold improvements	8,316,895	-	-	8,316,895
Right-to-use asset - Building space	2,660,182	-	-	2,660,182
Subtotal	311,157,687	25,499,975	(3,806,262)	332,851,400
Accumulated depreciation:				
Fixed-route buses and equipment	29,655,380	7,550,835	-	37,206,215
Connector buses and related equipment	44,447,028	7,606,606	(3,806,262)	48,247,372
Buildings and improvements	36,968,693	1,029,862	-	37,998,555
Office furnishings and equipment	2,040,562	47,985	-	2,088,547
Other equipment	60,745,854	2,962,433	-	63,708,287
Leasehold improvements	6,980,617	200,620	-	7,181,237
Right-to-use asset - Building space	-	366,922	-	366,922
Subtotal	180,838,134	19,765,263	(3,806,262)	196,797,135
Net capital assets being depreciated	130,319,553	5,734,712	-	136,054,265
Net capital assets	\$ 145,844,121	\$ 14,949,205	\$ -	\$ 160,793,326

The eligible depreciation for fiscal year 2022 of \$602,160 (\$22,062,034 total depreciation reported less ineligible depreciation of \$21,459,874) includes only depreciation of assets purchased with local funds where the useful life of the asset purchased has been approved by the Office of Passenger Transportation (OPT).

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements

June 30, 2022 and 2021

Note 5 - Capital Assets (Continued)

Construction Commitments

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

	Spent to Date	Remaining Commitment
Bus purchase	\$ 16,574,977	\$ 1,692,585
Building construction	2,052,960	10,888,310
Bus shelters	195,876	294,125
Communication boards	2,395,816	1,443,302
Bus components	8,535,859	1,855,082
	<u>\$ 29,755,488</u>	<u>\$ 16,173,404</u>
Total	<u>\$ 29,755,488</u>	<u>\$ 16,173,404</u>

Note 6 - Property Taxes

In August 2014, Oakland, Wayne, and Macomb counties approved an increase from the then-current 0.59 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, Michigan; the Wayne County Act 196 Authority; and the Oakland County Act 196 Authority, which was contributed to SMART for the years ended June 30, 2022 and 2021, totaled \$81,299,002 and \$78,017,234, respectively.

Note 7 - Community Support and Purchase of Service

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

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

	2022	2021
Purchased transportation:		
Community-based services	\$ 195,000	\$ 195,000
Community credits	3,983,400	3,913,193
Community transit bus service	328,000	328,000
	<u>4,506,400</u>	<u>4,436,193</u>
Total purchased transportation	4,506,400	4,436,193
Pass-through community support:		
Municipal credits	3,261,080	3,261,080
Specialized services	922,294	922,294
JARC and New Freedom	2,267,489	1,845,499
Royal Oak Township	16,823	15,082
Community transit bus service	4,499,526	2,977,570
Federal relief funding	1,150,417	4,121,256
	<u>12,117,629</u>	<u>13,142,781</u>
Total purchase of service	12,117,629	13,142,781
Total	<u>\$ 16,624,029</u>	<u>\$ 17,578,974</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements

June 30, 2022 and 2021

Note 8 - Long-term Liabilities

Long-term debt activity for the year ended June 30, 2022 can be summarized as follows:

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

Activity for the year ended June 30, 2021 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accumulated compensated absences	\$ 3,805,093	\$ 3,130,208	\$ (2,866,808)	\$ 4,068,493	\$ 3,642,540
Lease liability (Note 15)	2,660,182	-	(339,340)	2,320,842	347,644
Total long-term debt	\$ 6,465,275	\$ 3,130,208	\$ (3,206,148)	\$ 6,389,335	\$ 3,990,184

Note 9 - Risk Management

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

In fiscal years 2022 and 2021, 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, 2022.

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 2022, 2021, and 2020 were as follows:

	2022	2021	2020
Claims liability - July 1	\$ 14,166,379	\$ 11,534,718	\$ 11,472,340
Incurred claims - Current year, including adjustments to IBNR	5,906,962	7,521,756	3,876,796
Claim payments	(5,476,024)	(4,890,095)	(3,814,418)
Claims liability - June 30	\$ 14,597,317	\$ 14,166,379	\$ 11,534,718

Note 10 - Agent Defined Benefit Pension Plan

Plan Description

The Suburban Mobility Authority for Regional Transportation participates in an agent multiple-employer defined benefit pension plan administered by the Municipal Employees' Retirement System of Michigan, which covers all full-time employees of the Suburban Mobility Authority for Regional Transportation. MERS was established as a statewide public employee pension plan by the Michigan Legislature under PA 135 of 1945 and is administered by a nine-member retirement board. MERS issues a publicly available financial report, which includes the financial statements and required 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, MI 48917.

Benefits Provided

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

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

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

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

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

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

Employees Covered by Benefit Terms

The following members were covered by the benefit terms as of December 31, 2021:

Inactive plan members or beneficiaries currently receiving benefits	967
Inactive plan members entitled to but not yet receiving benefits	140
Active plan members	724
Total employees covered by the plan	1,831

Note 10 - Agent Defined Benefit Pension Plan (Continued)

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, 2022, the average active employee contribution rate was 4.50 percent of annual pay, and the Suburban Mobility Authority for Regional Transportation's average contribution rate was 38.56 percent of annual payroll.

Net Pension Liability

The Authority has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2022 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2021 measurement date. The December 31, 2021 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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, 2020	\$ 283,775,424	\$ 228,431,623	\$ 55,343,801
Changes for the year:			
Service cost	3,881,625	-	3,881,625
Interest	21,012,969	-	21,012,969
Differences between expected and actual experience	(3,593,770)	-	(3,593,770)
Changes in assumptions	10,047,909	-	10,047,909
Contributions - Employer	-	16,218,042	(16,218,042)
Contributions - Employee	-	1,920,194	(1,920,194)
Net investment income	-	31,018,133	(31,018,133)
Benefit payments, including refunds	(18,459,581)	(18,459,581)	-
Administrative expenses	-	(367,088)	367,088
Net changes	12,889,152	30,329,700	(17,440,548)
Balance at December 31, 2021	\$ 296,664,576	\$ 258,761,323	\$ 37,903,253

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

For the year ended June 30, 2022, the Authority recognized pension expense of \$9,145,475.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements

June 30, 2022 and 2021

Note 10 - Agent Defined Benefit Pension Plan (Continued)

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ 322,103	\$ 1,796,885
Changes in assumptions	7,535,920	-
Net difference between projected and actual earnings on pension plan investments	-	18,488,757
Employer contributions to the plan subsequent to the measurement date	10,010,635	-
Total	<u>\$ 17,868,658</u>	<u>\$ 20,285,642</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 (\$10,010,635), which will impact the net pension liability in fiscal year 2023 rather than pension expense.

Years Ending June 30	Amount
2023	\$ 3,165,288
2024	(7,448,710)
2025	(5,407,499)
2026	(2,736,698)

Actuarial Assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

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

Preretirement Mortality:

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

Nondisabled retired plan members and beneficiaries:

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

Disabled retired plan members:

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

Note 10 - Agent Defined Benefit Pension Plan (Continued)

Future mortality improvements are assumed each year using scale MP-2019 applied fully generationally from the Pub-2010 base year of 2010.

Discount Rate

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

Projected Cash Flows

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

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, 2021, the measurement date, for each major asset class are summarized in the following table:

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

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

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

	1 Percentage Point Decrease (6.25%)	Current Discount Rate (7.25%)	1 Percentage Point Increase (8.25%)
Net pension liability of the Suburban Mobility Authority for Regional Transportation	\$ 70,116,817	\$ 37,903,253	\$ 10,655,146

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.

Assumption Changes

The December 31, 2021 actuarial valuation updated the investment rate of return (gross of investment expenses) and discount rate from 7.60 percent to 7.25 percent.

June 30, 2022 and 2021

Note 11 - Defined Contribution Postemployment Benefits

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

During the years ended June 30, 2022 and 2021, the Authority made contributions of \$745,743 and \$757,532, respectively, to the plan.

Note 12 - Other Postemployment Benefit Plan

Plan Description

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

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

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

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

Benefits Provided

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

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements

June 30, 2022 and 2021

Note 12 - Other Postemployment Benefit Plan (Continued)

Employees Covered by Benefit Terms

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

The following members were covered by the benefit terms as of December 31, 2020:

Inactive plan members or beneficiaries currently receiving benefits	646
Active plan members	<u>786</u>
Total plan members	<u><u>1,432</u></u>

Contributions

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

SMART union and nonunion retirees who retire after January 6, 2012 also contribute a portion of their monthly retirement benefit to fund monthly health care premium payments made by SMART. For the fiscal year ended June 30, 2022, SMART paid postemployment health care benefit premiums and administrative costs of \$6,665,578. In addition, SMART also contributed \$9,900,000 into its prefunded retiree health care fund and paid \$184,962 of administrative OPEB investment costs from the retiree health care fund.

Net OPEB Liability

The Authority has chosen to use the June 30, 2022 measurement date as its measurement date for the net OPEB liability. The June 30, 2022 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2022 measurement date. The June 30, 2022 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020, which used update procedures to roll forward the estimated liability to June 30, 2022.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
Balance at July 1, 2021	\$ 157,201,820	\$ 99,678,788	\$ 57,523,032
Changes for the year:			
Service cost	1,006,225	-	1,006,225
Interest	8,490,468	-	8,490,468
Differences between expected and actual experience	(992,549)	-	(992,549)
Contributions - Employer	-	16,565,578	(16,565,578)
Net investment income	-	(8,775,581)	8,775,581
Benefit payments, including refunds	(6,665,578)	(6,665,578)	-
Administrative expenses	-	(184,962)	184,962
Net changes	<u>1,838,566</u>	<u>939,457</u>	<u>899,109</u>
Balance at June 30, 2022	<u><u>\$ 159,040,386</u></u>	<u><u>\$ 100,618,245</u></u>	<u><u>\$ 58,422,141</u></u>

June 30, 2022 and 2021

Note 12 - Other Postemployment Benefit Plan (Continued)

The plan's fiduciary net position represents 63.3 percent of the total OPEB liability.

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

For the year ended June 30, 2022, the Authority recognized an OPEB cost recovery of \$2,732,958.

At June 30, 2022, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 35,409,767
Changes in assumptions	12,949,734	-
Net difference between projected and actual earnings on OPEB plan investments	3,044,437	-
Total	<u>\$ 15,994,171</u>	<u>\$ 35,409,767</u>

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

Years Ending June 30	Amount
2023	\$ (6,553,895)
2024	(6,468,610)
2025	(6,370,753)
2026	41,571
2027	(63,909)

Actuarial Assumptions

The total OPEB liability in the June 30, 2022 actuarial valuation was determined using an inflation assumption of 2.50 percent; assumed salary increases for individual members based on age, including a base increase of 3.00 percent for all years and a merit/seniority increase of 0.00 to 6.70 percent; an investment rate of return (net of investment expenses) of 5.50 percent; a health care cost trend rate of 7.50 percent, decreasing for 10 years to an ultimate rate of 3.50 percent; and the sex-distinct Pub-2010 mortality tables with future assumed mortality improvements using scale MP-2019. These assumptions were applied to all periods included in the measurement.

Discount Rate

The discount rate used to measure the total OPEB liability was 5.50 percent. The projection of cash flows used to determine the discount rate assumed that, in years where an unfunded actuarial accrued liability exists, the total contributions will be equal to the projected benefit payments (pay as you go), plus an additional fixed employer contribution of a minimum \$2.7 million, in order to fund the actuarial contribution amount. In years where no unfunded actuarial accrued liability exists, the total contributions will be equal to the projected service cost, and contributions and benefit payments occur halfway through the year.

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

Note 12 - Other Postemployment Benefit Plan (Continued)

Investment Rate of Return

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2022 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Long-term Expected Real Rate of Return
Global equity	4.48 %
Global fixed income	0.41
Private investments	3.93

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

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 5.50 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percentage Point Decrease (4.5%)	Current Discount Rate (5.5%)	1 Percentage Point Increase (6.5%)
Net OPEB liability of the Municipal Employees' Retirement System of Michigan	\$ 78,644,967	\$ 58,422,141	\$ 41,679,766

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

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

	1 Percentage Point Decrease (6.50%)	Current Health Care Cost Trend Rate (7.50%)	1 Percentage Point Increase (8.50%)
Net OPEB liability of the Municipal Employees' Retirement System of Michigan	\$ 39,703,079	\$ 58,422,141	\$ 80,986,325

Note 12 - Other Postemployment Benefit Plan (Continued)

Investment Policy

The OPEB plan’s policy in regard to the allocation of invested assets is established and may be amended by the OPEB board by a majority vote of its members. It is the policy of the OPEB board to pursue an investment strategy that manages risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The OPEB plan’s investment policy discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. The following was the OPEB board’s adopted asset allocation policy as of June 30, 2022:

Municipal Employees' Retirement System of Michigan

Asset Class	Target Allocation
Global equity	53.50 %
Global fixed income	22.00
Private investments	24.50
Total	100.00 %

Rate of Return

For the year ended June 30, 2022, the annual money-weighted rate of return on OPEB plan investments, net of OPEB plan investment expense, was (8.23) percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

Note 13 - Contingent Liabilities

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

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

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Any capital funds used to pay operating costs have been subtracted from eligible costs, which included \$6 million and \$4 million of preventive maintenance in 2022 and 2021, respectively. Also, any expenses associated with earned revenue, of which SMART had none in 2022 and 2021, would be subtracted from eligible costs.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements

June 30, 2022 and 2021

Note 15 - Leases

The Authority leases building space from a third party. Payments are fixed monthly. Lease asset activity of the Authority is included in Note 5.

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

Future principal and interest payment requirements related to the Authority's lease liability at June 30, 2022 are as follows:

<u>Years Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$ 354,661	\$ 36,225	\$ 390,886
2024	366,142	29,037	395,179
2025	374,988	21,623	396,611
2026	382,557	14,054	396,611
2027	394,601	6,304	400,905
2028	100,249	334	100,583
Total	<u>\$ 1,973,198</u>	<u>\$ 107,577</u>	<u>\$ 2,080,775</u>

The Authority leases land to various third parties. Payments are generally fixed monthly with escalation over the term of the lease. During the years ended June 30, 2022 and 2021, the Authority recognized approximately \$70,000 of revenue from leases, including interest.

Required Supplemental Information

Suburban Mobility Authority for Regional Transportation

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

**Last Eight Years
Years Ended December 31**

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

Schedule is built prospectively upon implementation of GASB 68.

Suburban Mobility Authority for Regional Transportation

Required Supplemental Information Schedule of Pension Contributions

**Last Ten Fiscal Years
Years Ended June 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 9,147,144	\$ 7,966,477	\$ 8,212,548	\$ 7,033,464	\$ 6,522,752	\$ 5,725,357	\$ 5,096,203	\$ 4,788,752	\$ 4,549,591	\$ 4,747,571
Contributions in relation to the actuarially determined contribution	17,576,710	15,986,477	13,199,457	8,165,009	16,522,752	15,725,357	5,096,203	4,788,752	4,624,857	3,980,544
Contribution Excess (Deficiency)	\$ 8,429,566	\$ 8,020,000	\$ 4,986,909	\$ 1,131,545	\$ 10,000,000	\$ 10,000,000	\$ -	\$ -	\$ 75,266	\$ (767,027)
Covered Payroll	\$ 45,582,462	\$ 42,005,571	\$ 44,268,897	\$ 43,850,988	\$ 40,197,698	\$ 36,992,486	\$ 36,833,068	\$ 35,107,048	\$ 34,791,376	\$ 34,887,806
Contributions as a Percentage of Covered Payroll	38.56 %	38.06 %	29.82 %	18.62 %	41.10 %	42.51 %	13.84 %	13.64 %	13.29 %	11.41 %

Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay - Closed
Remaining amortization period	18 years
Asset valuation method	5-year smoothed market
Inflation	2.50 percent
Salary increase	3.00 percent - Including inflation
Investment rate of return	7.60 percent, net of pension plan investment expense, including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	Pub-2010 Juvenile and PubG-2010 Employee and Healthy Retiree
Other information	None

Suburban Mobility Authority for Regional Transportation

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

	Last Five Fiscal Years Years Ended June 30				
	2022	2021	2020	2019	2018
Total OPEB Liability					
Service cost	\$ 1,006,225	\$ 1,414,989	\$ 1,676,593	\$ 1,499,372	\$ 1,672,442
Interest	8,490,468	9,971,568	9,808,385	11,539,771	11,264,428
Differences between expected and actual experience	(992,549)	(42,262,549)	(1,297,425)	(27,059,480)	(321,657)
Changes in assumptions	-	11,001,181	-	22,428,697	-
Benefit payments, including refunds	(6,665,578)	(7,034,223)	(7,145,341)	(8,249,942)	(8,335,309)
Net Change in Total OPEB Liability	1,838,566	(26,909,034)	3,042,212	158,418	4,279,904
Total OPEB Liability - Beginning of year	157,201,820	184,110,854	181,068,642	180,910,224	176,630,320
Total OPEB Liability - End of year	\$ 159,040,386	\$ 157,201,820	\$ 184,110,854	\$ 181,068,642	\$ 180,910,224
Plan Fiduciary Net Position					
Contributions - Employer	\$ 16,565,578	\$ 17,183,823	\$ 13,445,341	\$ 13,999,942	\$ 13,553,709
Net investment (loss) income	(8,775,581)	20,344,183	1,564,171	1,800,508	3,672,021
Administrative expenses	(184,962)	(150,145)	(117,883)	(118,940)	(122,336)
Benefit payments, including refunds	(6,665,578)	(7,034,223)	(7,145,341)	(8,249,942)	(8,335,309)
Net Change in Plan Fiduciary Net Position	939,457	30,343,638	7,746,288	7,431,568	8,768,085
Plan Fiduciary Net Position - Beginning of year	99,678,788	69,335,150	61,588,862	54,157,294	45,389,209
Plan Fiduciary Net Position - End of year	\$ 100,618,245	\$ 99,678,788	\$ 69,335,150	\$ 61,588,862	\$ 54,157,294
Net OPEB Liability - Ending	\$ 58,422,141	\$ 57,523,032	\$ 114,775,704	\$ 119,479,780	\$ 126,752,930
Plan Fiduciary Net Position as a Percentage of Total OPEB Liability	63.27 %	63.41 %	37.66 %	34.01 %	29.94 %
Covered-employee Payroll	\$ 62,948,686	\$ 58,357,225	\$ 55,369,846	\$ 54,013,348	\$ 44,134,313
Net OPEB Liability as a Percentage of Covered-employee Payroll	92.81 %	98.57 %	207.29 %	221.20 %	287.20 %

Schedule is built prospectively upon implementation of GASB 75.

See notes to required supplemental information.

Suburban Mobility Authority for Regional Transportation

Required Supplemental Information Schedule of OPEB Contributions

**Last Ten Fiscal Years
Years Ended June 30**

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Actuarially determined contribution	\$ 6,637,149	\$ 10,915,002	\$ 11,119,377	\$ 13,305,693	\$ 13,486,227	\$ 13,048,354	\$ 13,232,377	\$ 11,175,415	\$ 10,808,965	\$ 10,343,506
Contributions in relation to the actuarially determined contribution	16,565,578	17,183,823	13,445,341	13,999,942	13,553,709	14,273,710	12,955,318	11,621,453	7,622,758	6,951,013
Contribution Excess (Deficiency)	\$ 9,928,429	\$ 6,268,821	\$ 2,325,964	\$ 694,249	\$ 67,482	\$ 1,225,356	\$ (277,059)	\$ 446,038	\$ (3,186,207)	\$ (3,392,493)
Covered-employee Payroll	\$ 62,948,686	\$ 58,357,225	\$ 55,369,846	\$ 54,013,348	\$ 44,134,313	\$ 36,833,068	\$ 36,833,068	\$ 35,107,048	\$ 35,107,048	\$ 34,791,376
Contributions as a Percentage of Covered-employee Payroll	26.32 %	29.45 %	24.28 %	25.92 %	30.71 %	38.75 %	35.17 %	33.10 %	21.71 %	19.98 %

Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	23 years - Closed
Asset valuation method	Market value of assets
Inflation	2.50 percent
Health care cost trend rates	Initial trend of 7.50 percent gradually decreasing to an ultimate trend rate of 3.50 percent in year 12
Salary increase	3.75 to 9.70 percent
Investment rate of return	5.50 percent - Net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	Sex distinct Pub-2010 mortality tables
Other information	None

Suburban Mobility Authority for Regional Transportation

Required Supplemental Information Schedule of OPEB Investment Returns

	Last Five Fiscal Years Years Ended June 30				
	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Annual money-weighted rate of return, net of investment expense	(8.23)%	28.19 %	2.36 %	2.97 %	7.78 %

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

Suburban Mobility Authority for Regional Transportation

Notes to Required Supplemental Information

June 30, 2022 and 2021

Pension Information

Changes in Assumptions

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

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

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

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

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

OPEB Information

Changes in Assumptions

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

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

Other Supplemental Information

**Other Supplemental Information
1. Operating Revenue Schedule**

Year Ended June 30, 2022

Description	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total
Passenger fares	\$ 1,075,683	\$ 3,766,482	\$ 4,842,165
Contract fares	12,594	87,924	100,518
Advertising	240,256	710,126	950,382
Rental of buildings or other property	9,616	45,986	55,602
Gain/Loss from the sale of capital assets	-	59,809	59,809
Other nontrans. revenue	68,645	157,835	226,480
Other local contracts - Mun. Cr.	14,915	44,271	59,186
Other local contracts - Com. Cr.	27,229	81,686	108,915
Total operating revenue	\$ 1,448,938	\$ 4,954,120	\$ 6,403,057

**Suburban Mobility Authority
for Regional Transportation**

**Other Supplemental Information
2. Operating Revenue Schedule**

State Year Ended September 30, 2021

Description	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total
Passenger fares	\$ 1,482,072	\$ 1,075,683	\$ 2,557,755
Contract fares	4,821	12,594	17,415
Advertising	477,998	240,256	718,254
Rental of buildings or other property	52,333	9,616	61,949
Gain/Loss from the sale of capital assets	92,790	-	92,790
Other nontrans. revenue	200,056	68,645	268,701
Other local contracts - Mun. Cr.	133,769	14,915	148,684
Other local contracts - Com. Cr.	-	27,229	27,229
	\$ 2,443,839	\$ 1,448,938	\$ 3,892,777

**Other Supplemental Information
3. Local Revenue Schedule**

Year Ended June 30, 2022

Description	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total
Taxes levied directly	\$ 19,275,000	\$ 62,024,002	\$ 81,299,002
Local community Stabilization	-	2,209,720	2,209,720
Total revenue	\$ 19,275,000	\$ 64,233,722	\$ 83,508,722
Interest Income	\$ 54,107	\$ (1,193,187)	\$ (1,139,080)
Other non-trans Revenue	\$ 139,796	\$ 426,219	\$ 566,015
Refunds and Credits	\$ 85,739	\$ 656,032	\$ 741,771

**Suburban Mobility Authority
for Regional Transportation**

Other Supplemental Information

4. Local Revenue Schedule

State Year Ended September 30, 2021

<u>Description</u>	<u>Oct 1, 2020 to Jun 30, 2021</u>	<u>Jul 1, 2021 to Sep 30, 2021</u>	<u>Total</u>
Taxes levied directly	\$ 59,196,734	\$ 19,275,000	\$ 78,471,734
Local community Stabilization	2,075,252	-	2,075,252
Total revenue	\$ 61,271,986	\$ 19,275,000	\$ 80,546,986
Interest Income	\$ 25,931	\$ 54,107	\$ 80,038
Other non-trans Revenue	\$ 417,827	\$ 139,796	\$ 557,623
Refunds and Credits	\$ 749,918	\$ 85,739	\$ 835,657

**Suburban Mobility Authority
for Regional Transportation**

Other Supplemental Information
5. Federal and State Operating Revenue

Year Ended June 30, 2022

Description	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total
State Operating Assistance	\$ 4,872,387	\$ 29,716,668	\$ 34,589,055
Other MDOT/BPT contracts and reimb.			
Reimb for section 5309 program admin	18,612	160,827	179,439
Mobility Mgt 2012-0170 P20	3,268	7,170	10,439
Lake Erie Preventative Maintenance	-	39,887	39,887
State Preventive Maintenance (NF Mobility Mgt)	750,000	233,778	983,778
Subtotal SMART State	<u>5,644,267</u>	<u>30,158,330</u>	<u>35,802,597</u>
Pass-through State Act 51:			
Act 51 Prior Year Adj	-	-	-
Bedford	19,686	83,151	102,837
Bedford (prior year)	-	24,396	24,396
LETC Urban and Non-Urban	294,380	1,304,802	1,599,182
LETC Urban and Non-Urban (prior year)	-	238,027	238,027
Line-item municipal credit	407,634	1,222,906	1,630,540
Mun. Cr. special appropriation	407,634	1,222,906	1,630,540
State Preventive Maintenance (Pass-thru)	-	516,222	516,222
Royal Oak Township	4,192	12,203	16,395
Royal Oak Township (prior year)	-	428	428
Total Pass-through State Act 51	<u>1,133,526</u>	<u>4,625,041</u>	<u>5,758,567</u>
Other state pass-through grants:			
Specialized Service Grant FY 2020	230,572	691,722	922,294
JARC PASS THRU 2012-0170 P21	50,000	2,366	52,366
MOBILITY MGT 2017-0130 P12	-	13,150	13,150
MOBILITY MGT 2017-0130 P28	2,696	24,678	27,374
MOBILITY MGT 2017-0130 P37	-	31,737	31,737
NOTA JARC Non-Urban 2017-0130 P07	-	-	-
NOTA JARC Non-Urban 2022-0138 P01	-	180,640	180,640
NOTA New Freedom 2017-0130 P29	-	111,967	111,967
NOTA New Freedom 2022-0138 P03	-	194,231	194,231
Total other state pass-through grants	<u>283,268</u>	<u>1,250,490</u>	<u>1,533,759</u>
Grand total state revenue per F/S	<u>\$ 7,061,061</u>	<u>\$ 36,033,861</u>	<u>\$ 43,094,922</u>

**Suburban Mobility Authority
for Regional Transportation**

Other Supplemental Information

5. Federal and State Operating Revenue (Continued)

Year Ended June 30, 2022

Description	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total
Preventive maintenance -	\$ 3,000,000	\$ 3,000,000	\$ 6,000,000
Planning/capital cost of contracting -			
FY 2022 UWP -	116,868	198,885	315,753
CMAQ Grant	-	702,312	702,312
CARES Act (SMART)	-	10,800,000	10,800,000
Reimb. for JARC Admin	-	-	-
Reimb. for New Freedom Admin.	36,622	13,306	49,928
Reimb. for section 5309 program admin	-	-	-
Subtotal SMART federal	<u>3,153,490</u>	<u>14,714,504</u>	<u>17,867,993</u>
Other federal pass-through grants:			
Section 5307 Lake Erie	139,500	1,646,797	1,786,297
CARES Act (Community)	310,797	839,620	1,150,417
Section 5310 PM	-	-	-
Section 5311 Lake Erie	224,445	538,734	763,179
JARC Federal Revenue	50,000	2,366	52,366
New Freedom	<u>94,323</u>	<u>1,509,336</u>	<u>1,603,660</u>
Total pass-through federal	<u>819,066</u>	<u>4,536,853</u>	<u>5,355,919</u>
Grand total federal revenue per F/S	<u>\$ 3,972,555</u>	<u>\$ 19,251,357</u>	<u>\$ 23,223,912</u>
Grand total state and federal	<u>\$ 11,033,616</u>	<u>\$ 55,285,217</u>	<u>\$ 66,318,834</u>

**Suburban Mobility Authority
for Regional Transportation**

Other Supplemental Information
6. Federal and State Operating Revenue

State Year Ended September 30, 2021

Description	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total
State Operating Assistance	\$ 33,590,285	\$ 4,872,387	\$ 38,462,672
Other MDOT/BPT contracts and reimb. -			
Reimb for section 5309 program admin	227,832	18,612	246,444
Mobility Mgt 2012-0170 P20	36,297	3,268	39,565
Lake Erie Preventative Maintenance	-	-	-
State Preventive Maintenance (NF Mobility Mgt)	750,000	750,000	1,500,000
Subtotal SMART state	<u>34,604,414</u>	<u>5,644,267</u>	<u>40,248,681</u>
Pass-through State Act 51:			
Act 51 Prior Year Adj	-		
Bedford	95,307	19,686	114,993
Bedford (prior year)	(5,733)	-	(5,733)
LETC Urban and Non-Urban	1,350,846	294,380	1,645,226
LETC Urban and Non-Urban (prior year)	214,704	-	214,704
Line-item municipal credit	1,222,906	407,634	1,630,540
Mun. Cr. special appropriation	1,222,906	407,634	1,630,540
State Preventive Maintenance (Highland Twp.)	10,793		10,793
Royal Oak Township	12,061	4,192	16,253
Royal Oak Township (prior year)	500	-	500
Total pass-through State Act 51	<u>4,124,290</u>	<u>1,133,526</u>	<u>5,257,816</u>
Other state pass-through grants:			
Specialized Service Grant FY 2020	691,722	230,572	922,294
MOBILITY MGT 2012-0130 P12	39,225	-	39,225
MOBILITY MGT 2012-0130 P28	38,869		38,869
MOBILITY MGT 2017-0130 P38	8,731	2,696	11,428
NOTA JARC Non-Urban 2017-0130 P07	59,502	-	59,502
NOTA JARC Non-Urban 2012-0130 P16	27,537	-	27,537
NOTA JARC Non-Urban 2012-0130 P23	180,640	-	180,640
NOTA JARC Non-Urban 2012-0170 P21	-	50,000	50,000
NOTA New Freedom 2017-0130 P29	71,331	-	71,331
NOTA New Freedom 2017-0130 P30	2,100		2,100
NOTA New Freedom 2017-0130 P29	-	-	-
NOTA New Freedom 2017-0130 P30	-	-	-
Total other state pass-through grants	<u>1,119,657</u>	<u>283,268</u>	<u>1,402,925</u>
Grand total state revenue per F/S	<u>\$ 39,848,361</u>	<u>\$ 7,061,061</u>	<u>\$ 46,909,422</u>

**Suburban Mobility Authority
for Regional Transportation**

Other Supplemental Information

6. Federal and State Operating Revenue (Continued)

State Year Ended September 30, 2021

Description	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total
Preventive maintenance -	\$ 3,000,000	\$ 3,000,000	\$ 6,000,000
Planning/capital cost of contracting -			
FY 2022 UWP	-	116,868	116,868
FY 2021 UWP	249,648	-	249,648
CMAQ Grant	829,192	-	829,192
CARES Act (SMART)	12,000,000	-	12,000,000
Reimb. for JARC Admin	-	-	-
Reimb. for New Freedom Admin.	53,497	36,622	90,119
Reimb. for section 5309 program admin	-	-	-
Subtotal SMART federal	16,132,337	3,153,490	19,285,826
Other federal pass-through grants:			
Section 5307 Lake Erie	364,224	139,500	503,724
CARES Act (Community)	4,121,255	310,797	4,432,052
Section 5310 PM	36,416	-	36,416
Section 5311 Lake Erie	224,815	224,445	449,260
JARC Federal Revenue	-	50,000	50,000
New Freedom	1,204,844	94,323	1,299,167
Total pass-through federal	5,951,553	819,066	6,770,619
Grand total federal revenue per F/S	\$ 22,083,890	\$ 3,972,555	\$ 26,056,445
Grand total state and federal	\$ 61,932,251	\$ 11,033,616	\$ 72,965,868

**Other Supplemental Information
7. SMART Expense Schedule**

Year Ended June 30, 2022

Description	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total
Labor - Operators S&W	\$ 5,092,378	\$ 16,047,274	\$ 21,139,652
Labor - Other S&W	4,523,859	13,451,237	17,975,096
Labor - Dispatchers S&W	3,554,668	10,609,973	14,164,641
Other fringe benefits - total fringes	5,197,876	5,514,688	22,849,672
Pensions - Defined contribution	-	-	-
Pensions - Defined benefit	3,799,640	5,345,835	9,139,859
Other postemployment benefits (OPEB)	1,875,000	857,958	(9,398,534)
Advertising fees	39,988	465,039	505,027
Audit cost	96,350	60,925	157,275
Other services	917,244	6,649,191	7,566,435
Fuel and lubricants	1,388,750	5,589,998	6,978,748
Tires and tubes	227,842	683,994	911,835
Other materials and supplies	2,071,291	2,935,623	5,006,914
Utilities	224,770	939,337	1,164,106
Casualty and liab. costs	1,741,820	5,692,499	7,434,319
Other insurance	18,942	56,827	75,769
Purchased transportation service	1,126,596	3,379,801	4,506,397
Pass-throughs that are expensed -			
Other	688,305	3,876,955	4,565,260
Municipal Credits	815,268	2,445,812	3,261,080
Richmond Lenox/CBS Bloomfield Hills	678,011	3,613,281	4,291,292
Travel, meetings, and training	16,628	74,384	91,013
Other miscellaneous expenses	692,071	3,707,069	4,399,140
Leases and rentals	104,021	(45,820)	58,202
Depreciation	576,906	21,545,156	22,122,062
Total expenses	35,468,224	113,497,036	148,965,260

Other Supplemental Information
7. SMART Expense Schedule (Continued)

Year Ended June 30, 2022

Description	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total
Less ineligible expenses:			
Ineligible refunds and credits	\$ 85,739	\$ 656,032	\$ 741,771
Other ineligible state contracts			
Passthrough (Municipal Credits)	815,268	2,445,812	3,261,080
Other	18,612	160,827	179,438
Ineligible depreciation	-	21,459,873	21,459,873
Unused community credits	42,144	125,957	168,101
Ineligible non-trans exp	280	1,527	1,807
Ineligible loss on disposal	-	-	-
Preventive maintenance			
Passthrough		-	-
SMART	3,750,000	1,168,891	4,918,891
Planning/capital cost of contracting	116,868	901,197	1,018,065
Other ineligible federal/state/local:			
Reimb. for New Freedom Admin	36,622	823,876	860,498
Other ineligible state contracts:			
Pass-Thru Ineligibles	1,366,316	7,490,236	8,856,552
Ineligible association dues	-	-	-
Ineligible pension	-	-	-
Ineligible OPEB	-	-	-
Other ineligibles	96,350	60,925	157,275
Total ineligibles	<u>6,328,198</u>	<u>35,295,153</u>	<u>41,623,352</u>
Total eligible expenses	<u>\$ 29,140,026</u>	<u>\$ 78,201,883</u>	<u>\$ 107,341,908</u>

Other Supplemental Information
7. SMART Expense Schedule (Continued)

Year Ended June 30, 2022

Description	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total
Pass-throughs that are expensed:			
Lake Erie	623,735	3,875,794	4,499,529
Municipal credit - Formula	407,634	1,222,906	1,630,540
Municipal credit - Line Item	407,634	1,222,906	1,630,540
Specialized services	230,572	691,722	922,294
Royal Oak Twp	4,192	12,631	16,823
Contra SMART Paid Expense	-	-	-
NOTA JARC Non-Urban	-	180,640	180,640
NOTA New Freedom Non-Urban	-	418,165	418,165
JARC - New Freedom Urban	100,000	4,732	104,732
JARC - Mobility Management Urban	-	-	-
New Freedom Operating Assistant Urban	167,075	1,707,929	1,875,004
New Freedom Mobility Management Urban	13,482	347,820	361,302
New Freedom Local Operating Expense Urban	(83,538)	(588,815)	(672,352)
New Freedom Highland/Milford PM	-	-	-
Cares Act Operating	310,797	839,620	1,150,417
	\$ 2,181,584	\$ 9,936,049	\$ 12,117,633
Pass-throughs that are expensed			
Ineligible pass-throughs:			
Lake Erie	\$ 623,735	\$ 3,875,794	\$ 4,499,529
Municipal credit - Formula Admin Fee	407,634	1,222,906	1,630,540
Municipal credit - Line Item	407,634	1,222,906	1,630,540
Other state subsidized serv.:			
Specialized services	230,572	691,722	922,294
Royal Oak Twp	4,192	12,631	16,823
Contra SMART Paid Expense	-	-	-
NOTA JARC Non-Urban	-	180,640	180,640
NOTA New Freedom Non-Urban	-	418,165	418,165
JARC - New Freedom Urban	100,000	4,732	104,732
JARC - Mobility Management Urban	-	-	-
New Freedom Operating Assistant Urban	167,075	1,707,929	1,875,004
New Freedom Mobility Management Urban	13,482	347,820	361,302
New Freedom Local Operating Expense Urban	(83,538)	(588,815)	(672,352)
New Freedom Highland/Milford PM	-	-	-
Cares Act Operating	310,797	839,620	1,150,417
	\$ 2,181,584	\$ 9,936,049	\$ 12,117,633
Ineligible pass-throughs			

**Other Supplemental Information
8. SMART Expense Schedule**

State Year Ended September 30, 2021

Description	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total
Labor - Operators S&W	\$ 15,098,766	\$ 5,092,378	\$ 20,191,144
Labor - Other S&W	14,428,848	4,523,859	18,952,707
Labor - Dispatchers S&W	11,119,392	3,554,668	14,674,060
Other fringe benefits	13,477,805	5,197,876	18,675,681
Pensions - Defined contribution	-	-	-
Pensions - Defined benefit	4,168,709	3,799,640	7,968,349
Other postemployment benefits (OPEB)	(3,825,366)	1,875,000	(1,950,366)
Advertising fees	322,098	39,988	362,086
Audit cost	64,875	96,350	161,225
Other services	3,526,972	917,244	4,444,216
Fuel and lubricants	3,145,790	1,388,750	4,534,540
Tires and tubes	556,407	227,842	784,249
Other materials and supplies	2,399,766	2,071,291	4,471,057
Utilities	813,243	224,770	1,038,013
Casualty and liab. costs	8,037,129	1,741,820	9,778,949
Other insurance	55,590	18,942	74,532
Purchased transportation service	4,224,269	1,126,596	5,350,865
Pass-throughs that are expensed:			
Other	6,512,282	688,305	7,200,587
Municipal Credits	2,445,812	815,268	3,261,080
Nankin/Richmond Lenox/CBS Bloomfield Hills	2,298,439	678,011	2,976,450
Travel, meetings, and training	6,704	16,628	23,332
Loss on disposal of asset	-	-	-
Other miscellaneous expenses	1,838,066	692,071	2,530,137
Leases and rentals	312,064	104,021	416,085
Depreciation	18,948,341	576,906	19,525,247
Total expenses	109,976,000	35,468,224	145,444,224

Other Supplemental Information
8. SMART Expense Schedule (Continued)

State Year Ended September 30, 2021

Description	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total
Less ineligible expenses:			
Ineligible refunds and credits	\$ 682,924	\$ 85,739	\$ 768,663
Other ineligible state contracts		-	-
Passthrough (Municipal Credits)	2,445,812	815,268	3,261,080
Other	227,832	18,612	246,444
Ineligible depreciation	19,160,538	-	19,160,538
Municipal credits	-	-	-
Unused community credits	125,105	42,144	167,249
Ineligible non-trans exp	1,190	280	1,470
Ineligible loss on disposal	-	-	-
Preventive maintenance	-	-	-
Passthrough	-	-	-
SMART	3,750,000	3,750,000	7,500,000
Planning/Cap. cost of contracting	1,090,818	116,868	1,207,686
Other ineligible federal/state/local:			-
Reimb. for JARC Admin	-	-	-
Reimb. for New Freedom Admin.	53,497	36,622	90,119
Other ineligible state contracts:			-
Pass-through ineligible	8,810,721	1,366,316	10,177,037
Ineligible pension	-	-	-
Ineligible OPEB	-	-	-
Other ineligible	1,556,084	96,350	1,652,434
Total ineligible	<u>37,904,521</u>	<u>6,328,198</u>	<u>44,232,719</u>
Total eligible expenses	<u>\$ 72,071,480</u>	<u>\$ 29,140,026</u>	<u>\$ 101,211,505</u>

Other Supplemental Information
8. SMART Expense Schedule (Continued)

State Year Ended September 30, 2021

Description	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total
Pass-throughs that are expensed:			
Lake Erie	2,298,439	623,735	2,922,174
Mun. Cr. - Formula	1,222,906	407,634	1,630,540
Mun. Cr. - Line Item	1,222,906	407,634	1,630,540
Specialized services	691,722	230,572	922,294
Royal Oak Twp	12,561	4,192	16,753
Contra SMART Paid Expense	-	-	-
NOTA JARC Non-Urban Expense	267,679	-	267,679
NOTA New Freedom Non-Urban	146,863	-	146,863
JARC - New Freedom Urban	-	100,000	100,000
JARC - Mobility Management Urban	-	-	-
New Freedom Operating Assistant Urban	1,715,093	167,075	1,882,168
New Freedom Mobility Management Urban	434,122	13,482	447,604
New Freedom Local Operating Expense Urban	(930,978)	(83,538)	(1,014,515)
New Freedom Highland/Milford PM	53,965	-	53,965
Cares Act Operating	4,121,255	310,797	4,432,052
Pass-throughs that are expensed	<u>\$ 11,256,533</u>	<u>\$ 2,181,584</u>	<u>\$ 13,438,117</u>
Ineligible pass-throughs:			
Lake Erie	2,298,439	623,735	2,922,174
Mun. Cr. - Formula	1,222,906	407,634	1,630,540
Mun. Cr. - Line Item	1,222,906	407,634	1,630,540
Other state subsidized serv.:			
Specialized services	691,722	230,572	922,294
Royal Oak Twp	12,561	4,192	16,753
Contra SMART Paid Expense	-	-	-
NOTA JARC Non-Urban Expense	267,679	-	267,679
NOTA New Freedom Non-Urban	146,863	-	146,863
JARC - New Freedom Expense Urban	-	100,000	100,000
JARC - Mobility Management Urban	-	-	-
New Freedom Operating Assistant Urban	1,715,093	167,075	1,882,168
New Freedom Mobility Management Urban	434,122	13,482	447,604
New Freedom Local Operating Expense Urban	(930,978)	(83,538)	(1,014,515)
New Freedom Highland/Milford PM	53,965	-	53,965
Cares Act Operating	4,121,255	310,797	4,432,052
Ineligible pass-throughs	<u>\$ 11,256,533</u>	<u>\$ 2,181,584</u>	<u>\$ 13,438,117</u>

**Other Supplemental Information
9. SMART Expense Schedule**

Year Ended June 30, 2022

	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total
Expense incurred:			
Pension - Defined benefit	\$ 3,799,640	\$ 5,345,835	\$ 9,145,475
OPEB - Defined benefit	1,875,000	857,958	2,732,958
Total	\$ 5,674,640	\$ 6,203,793	\$ 11,878,433
Amounts actually paid:			
Pension - Defined benefit	\$ 2,408,540	\$ 15,168,170	\$ 17,576,710
OPEB - Defined benefit	1,875,000	14,690,578	16,565,578
Total	\$ 4,283,540	\$ 29,858,748	\$ 34,142,288

**Other Supplemental Information
10. SMART Expense Schedule**

State Year Ended September 30, 2021

	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total
Expense incurred:			
Pension - Defined benefit	\$4,168,709	\$ 3,799,640	\$ 7,968,349
OPEB - Defined benefit	(3,825,366)	1,875,000	(1,950,366)
Total	\$ 343,343	\$ 5,674,640	\$ 6,017,983
	Oct 1, 2020 thru Jun 30, 2021	Jul 1, 2021 thru Sep 30, 2021	Total
Amounts actually paid:			
Pension - Defined benefit	\$12,335,339	\$ 2,408,540	\$ 14,743,879
OPEB - Defined benefit	13,507,436	1,875,000	15,382,436
Total	\$ 25,842,775	\$ 4,283,540	\$ 30,126,315
Prior year carryforward - September 30, 2020			
Pension - Defined benefit			\$ (3,709,673)
OPEB - Defined benefit			2,226,090
Total			\$ (1,483,584)
Carryforward - September 30, 2021			
Pension - Defined benefit			\$ 3,065,857
OPEB - Defined benefit			19,558,892
Total			\$ 22,624,748

**Suburban Mobility Authority
for Regional Transportation**

**Other Supplemental Information
11. Schedule of Financial Assistance**

Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	<i>UNAUDITED</i> PROGRAM OR AWARD AMOUNT	<i>AUDITED</i> FEDERAL RECEIPTS/ REVENUE	<i>UNAUDITED</i> STATE RECEIPTS/ REVENUE
U.S DEPARTMENT OF TRANSPORTATION:									
DIRECT ASSISTANCE:									
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0080	N/A	200,000 \$	- \$	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0091	N/A	15,000,000	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0080	N/A	37,720	-	-
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5339	20.526	MI-34-0005	N/A	6,920,868	-	-
CAPITAL ASSISTANCE FY16 (TRAMS)	80 % - 20 %	FY2016	SECTION 5339	20.507	MI-34-0022	MI-2016-025-05	34,262	-	-
CAPITAL ASSISTANCE FY16 (TRAMS)	80 % - 20 %	FY2016	SECTION 5339	20.507	MI-34-0022	MI-2016-025-09	3,961,269	-	-
CAPITAL ASSISTANCE FY16	80 % - 20 %	FY2016	SECTION 5339	20.507	MI-34-0022	MI-2016-025-13	142,144	11,381	-
CAPITAL ASSISTANCE FY18-19	80 % - 20 %	FY2018/19	SECTION 5339	20.507	MI-34-0046	2017-0130 P11	5,404,182		
CAPITAL ASSISTANCE FY18-19	80 % - 20 %	FY2018/19	SECTION 5339	20.507	MI-34-0046	2017-0130 P11	340,203	297,856	74,464
CAPITAL ASSISTANCE FY20-21	80 % - 20 %	FY2020/21	SECTION 5339	20.507	MI-34-0047	MI-2020-061-02	793,000	786,700	125,153
CAPITAL ASSISTANCE FY20-21	80 % - 20 %	FY2020/21	SECTION 5339	20.507	MI-34-0047	MI-2020-061-06	279,991	226,482	41,667
TOTAL							<u>33,113,639</u>	<u>1,322,419</u>	<u>241,284</u>
PLANNING AND TECHNICAL STUDIES UWP PROGRAM	80 % - 20 %	FY2011	SECTION 5303	20.505	MI-80-X006	N/A	318,806 \$	315,753 \$	315,753
TRANSIT ASSET MGT	80 % - 20 %		SECTION 5303	20.505	2015-0009		130,828	-	-
OPER REVIEW	80 % - 20 %		SECTION 5303	20.505	2015-0009		28,655	-	-
							<u>478,289</u>	<u>315,753</u>	<u>315,753</u>

Other Supplemental Information
11. Schedule of Financial Assistance (Continued)

Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	<i>UNAUDITED</i> PROGRAM OR AWARD AMOUNT	<i>AUDITED</i> FEDERAL RECEIPTS/ REVENUE	<i>UNAUDITED</i> STATE RECEIPTS/ REVENUE
U.S DEPARTMENT OF TRANSPORTATION (CONTINUED):									
CAPITAL ASSISTANCE	80 % - 20 %	FY2012	SECTION 5307	20.507	MI-90-0756	2007-0294 Z38	15,612,066	\$ -	\$ -
CAPITAL ASSISTANCE	80 % - 20 %	FY2012	SECTION 5307	20.507	MI-90-0758	2007-0294 Z39	492,476	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2013	SECTION 5307	20.507	MI-90-0678		22,231,592	355,332	15,682
CAPITAL ASSISTANCE	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-02	17,863,594	1,639,507	403,382
CAPITAL ASSISTANCE (preventative maint)	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-03	4,000,000	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-04	501,192	253,910	63,477
CAPITAL ASSISTANCE	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-06	468,018	84,564	21,141
CAPITAL ASSISTANCE FY16	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-10	8,544,000	-	-
CAPITAL ASSISTANCE FY16	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-11	120,000	19,450	4,862
CAPITAL ASSISTANCE FY16	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	MI-2016-025-08	434,698	-	-
OPERATING ASSISTANCE (MONROE) FY21	50 % - 50 %	FY2020	SECTION 5307	20.507	MI-XX-XXXX	MI-2020-061-05	1,900,450	392,225	126,578
CAPITAL ASSISTANCE (MONROE) FY21 PREV MAINT	50 % - 50 %	FY2020	SECTION 5307	20.507	MI-XX-XXXX	MI-2020-061-05	159,547	159,547	39,886
OPERATING ASSISTANCE (MONROE) FY22	50 % - 50 %	FY2021	SECTION 5307	20.507	MI-XX-XXXX	MI-2022-048-04	1,028,966	1,028,966	1,028,966
CAPITAL ASSISTANCE (CMAQ)	80 % - 20 %		CMAQ	20.507	MI-95-0077		11,575,989	-	-
CAPITAL ASSISTANCE FY16/17 (CMAQ)	80 % - 20 %	FY2016/17	CMAQ	20.507	MI-95-0122	MI-2016-025-01	7,975,200	-	-
CAPITAL ASSISTANCE FY17-18-19	80 % - 20 %	FY2018/19	SECTION 5307	20.507	MI-2018-018-01		2,336,490	702,312	-
CAPITAL ASSISTANCE FY20-21	80 % - 20 %	FY2020/21	SECTION 5307	20.507	MI-2020-061-04		10,000,000	6,000,000	1,500,000
CAPITAL ASSISTANCE FY18-19 (CMAQ)	80 % - 20 %	FY2018/19	CMAQ	20.507	MI-90-0079	MI-2018-018-03	35,571,136	4,125,529	936,069
CAPITAL ASSISTANCE FY18-19 (CMAQ)	80 % - 20 %	FY2018/19	CMAQ	20.507	MI-90-0079	MI-2018-018-04	2,022,731	1,391,601	356,025
CAPITAL ASSISTANCE (SMART) FY20 CARES	100% FED	FY2020	SECTION 5307	20.507	MI-XX-XXXX	MI-2020-052-01	24,738,365	8,507,258	-
OPERATING ASSISTANCE (SUB-RECIPIENTS) FY20 CARES	100% FED	FY2020	SECTION 5307	20.507	MI-XX-XXXX	MI-2020-052-00	6,152,420	1,146,292	-
OPERATING ASSISTANCE(SMART) FY20 CARES	100% FED	FY2020	SECTION 5307	20.507	MI-XX-XXXX	MI-2020-052-00	30,866,881	10,800,000	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2020	SECTION 5307	20.507	MI-XX-XXXX	MI-2020-061-04	27,559,250	2,281,279	443,742
CAPITAL ASSISTANCE	80 % - 20 %	FY2020	SECTION 5307	20.507	MI-XX-XXXX	MI-2020-061-07	1,040,000	1,040,000	130,000
TOTAL							<u>\$ 233,195,061</u>	<u>\$ 39,927,772.00</u>	<u>\$ 5,069,810.62</u>

**Other Supplemental Information
11. Schedule of Financial Assistance (Continued)**

Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	<i>UNAUDITED</i> PROGRAM OR AWARD AMOUNT	<i>AUDITED</i> FEDERAL RECEIPTS/ REVENUE	<i>UNAUDITED</i> STATE RECEIPTS/ REVENUE
MICHIGAN DEPARTMENT OF TRANSPORTATION:									
SECTION 5310- CAPITAL	100 % STATE		SECTION 5310	20.513	MI-XX-XXXX	2017-0130 P5	357,000	\$ -	-
SECTION 5310	100 % STATE		SECTION 5310	20.521	N/A	2017-0130 P6	102,896	-	-
	100 % STATE		SECTION 5310	20.516	MI-2017-030	2017-0130 P7	180,640	-	-
SECTION 5311	100 % STATE		SECTION 5311	20.516	MI-2017-030	2017-0130 P10	117,474	-	-
SECTION 5311	100 % STATE		SECTION 5311	20.516	MI-2017-030	2017-0130 P10	70,000	-	-
SECTION 5310	100 % STATE		SECTION 5310	20.521	MI-2018-033	2017-0130 P14	37,500	-	-
SECTION 5311	100 % STATE		SECTION 5311	20.516	MI-2017-030	2017-0130 P16	180,640	-	-
SECTION 5310	100 % STATE		SECTION 5310	20.513	MI-2019-037	2017-0130 P20	60,000	-	-
SECTION 5310	100 % STATE		SECTION 5310	20.513	MI-2019-037	2017-0130 P21	312,000	-	-
SECTION 5311	100 % STATE		SECTION 5311	20.509	MI-2020-008	2017-0130 P23	180,640	-	-
SECTION 5310	100 % STATE		SECTION 5310	20.513	MI-2020-068	2017-0130 P29	186,202	111,967	111,967
SECTION 5310 - COVID - CAPITAL ASST	100 % STATE		SECTION 5310	20.513	MI-16X005-5	2017-0130 P30	5,000	-	-
SECTION 5310 - COVID - OPER ASST	100 % STATE		SECTION 5310	20.513	MI-16X005-5	2017-0130 P30	2,100	-	-
SECTION 5311 OPER ASST	100% STATE		SECTION 5311	20.516	MI-2020-008-04	2022-0138 P1	180,640	180,640	-
SECTION 5310 OPER ASST	100% STATE		SECTION 5310	20.513	MI-2021-055-00	2022-0138 P3	281,616	194,231	-
COMBINED STATE CONTRACTS							\$ 2,254,348	\$ 486,838	\$ 111,967
TOTAL CAPITAL ASSISTANCE							\$ 269,041,337	\$ 42,052,782	\$ 5,738,815
ACCESS TO JOBS (FEDERAL SHARE):									
SECTION 5316 CAPITAL SMART			SECTION 5316	20.516	MI-37-0050		305,980	\$ -	\$ -
JARC PROGRAM OPERATING			SECTION 5316	20.516	MI-37-4050		1,894,878	-	-
JARC PROGRAM ADMIN		FY2008	SECTION 5316	20.516	MI-37-6043	N/A	214,639	-	-
SMART JARC PROGRAM OPERATING			SECTION 5316	20.516	MI-37-4050		947,439	52,366	52,366
TOTAL							\$ 3,362,936	\$ 52,366	\$ 52,366

**Other Supplemental Information
11. Schedule of Financial Assistance (Continued)**

Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	<i>UNAUDITED</i> PROGRAM OR AWARD AMOUNT	<i>AUDITED</i> FEDERAL RECEIPTS/ REVENUE	<i>UNAUDITED</i> STATE RECEIPTS/ REVENUE
NEW FREEDOM FEDERAL SHARE:									
SECTION 5317 NEW FREEDOM PROGRAM ADMIN			SECTION 5307	20.521	MI-57-6018	N/A	147,999	\$ -	\$ -
SECTION 5317 NEW FREEDOM CAPITAL			SECTION 5307	20.521	MI-57-0024	N/A	109,718	-	-
SECTION 5317 NEW FREEDOM PROGRAM ADMIN			SECTION 5307	20.521	MI-57-6024	N/A	51,247	-	-
SECTION 5310 NEW FREEDOM PROGRAM ADMIN			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	50,000	-	-
SECTION 5310 NEW FREEDOM OPERATING			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	1,500,000	-	-
SECTION 5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	320,000	41,753	10,438
SECTION 5310 NEW FREEDOM CAPITAL			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	2,907,322	-	0
SECTION 5310 NEW FREEDOM CAPITAL			SECTION 5310	21.513	MI-16-X013	2012-0170 P38	1,442,708	-	-
SECTION 5310 NEW FREEDOM CAPITAL			SECTION 5310	21.513	MI-16-X013	2012-0170 P38	25,000	-	-
SECTION 5310 NEW FREEDOM OPERATING			SECTION 5310	21.513	MI-16-X013	2012-0170 P38	1,162,000	-	-
SECTION 5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	21.513	MI-16-X013	2012-0170 P38	302,000	-	-
5310 NEW FREEDOM CAPITAL			SECTION 5310	21.513	MI-16-X013	2012-0170 P38	4,074,751	-	-
SMART 5310 PROGRAM ADMIN			SECTION 5310	21.513	MI-16-X013	2012-0170 P38	49,169	-	-
5310 NEW FREEDOM OPERATING			SECTION 5310	21.513	MI-16-X013	2012-0170 P38	2,017,000	-	-
5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	21.513	MI-16-X013	2012-0170 P38	532,000	-	-
5310 NEW FREEDOM OPERATING			SECTION 5310	20.513	MI-2016-018-02	2012-0170 P38	2,017,000	140,566	-
5310 NEW FREEDOM CAPITAL			SECTION 5310	20.513	MI-2016-018-03	2012-0170 P38	934,513	-	-
SECTION 5310 PREVENTATIVE MAINTENANCE			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	63,280	-	-
5310 NEW FREEDOM CAPITAL			SECTION 5310	20.513	MI-2018-020-01	2017-0130 P12	2,881,180	13,150	-
5310 NEW FREEDOM PREVENTATIVE MAINT			SECTION 5310	20.513	MI-2018-020-01	2017-0130 P12	18,856	-	-
SECTION 5310 PREVENTATIVE MAINTENANCE			SECTION 5310	20.513	MI-2018-020-02	2017-0130 P12	23,233	-	-
SMART 5310 PROGRAM ADMIN			SECTION 5310	20.513	MI-2018-020-02	2017-0130 P12	50,000	5,566	-
5310 NEW FREEDOM OPERATING			SECTION 5310	20.513	MI-2018-020-02	2017-0130 P12	1,573,630	4,870	-
5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	20.513	MI-2018-020-02	2017-0130 P12	843,220	52,597	13,149
5310 NEW FREEDOM CAPITAL			SECTION 5310	20.513	MI-2020-032-01	2017-0130 P28	553,168	3,776	-
5310 NEW PROGRAM ADMIN			SECTION 5310	20.513	MI-2020-032-01	2017-0130 P28	25,000	25,000	-
5310 NEW FREEDOM OPERATING			SECTION 5310	20.513	MI-2020-032-00	2017-0130 P28	1,197,936	414,950	-
5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	20.513	MI-2020-032-01	2017-0130 P28	347,120	109,496	27,374
5310 NEW PROGRAM ADMIN			SECTION 5310	20.513	MI-2021-051-02	2017-0130 P37	25,000	25,000	-
5310 NEW FREEDOM OPERATING			SECTION 5310	20.513	MI-2021-051-02	2017-0130 P37	1,936,714	754,232	-
5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	20.513	MI-2021-051-02	2017-0130 P37	873,538	126,949	31,737
TOTAL							\$ 28,054,302	\$ 1,717,905	\$ 82,699

**Suburban Mobility Authority
for Regional Transportation**

**Other Supplemental Information
11. Schedule of Financial Assistance (Continued)**

Year Ended June 30, 2022

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	<i>UNAUDITED</i> PROGRAM OR AWARD AMOUNT	<i>AUDITED</i> FEDERAL RECEIPTS/ REVENUE	<i>UNAUDITED</i> STATE RECEIPTS/ REVENUE
PASSED THROUGH MDOT:									
OPERATING ASSIST. LET- SEC 5311 (2021)	100 % STATE	FY2021	SECTION 5311	20.509	MI-2020-008-03	2017-0130 P31	449,260	\$ 224,445	\$ 224,445
OPERATING ASSIST. LET- SEC 5311 (2022)	100 % STATE	FY2022	SECTION 5311	20.509	MI-18-0055	20XX-XXXX PXX	150,996	113,247	113,247
OPERATING ASSIST. LET- SEC 5311 (2022) CRRSAA	100 % STATE	FY2022	SECTION 5311	20.509	MI-2021-023-00	2022-0138 P4	335,088	335,088	335,088
OPERATING ASSIST. LET- SEC 5311 (2021) CARES	100 % STATE	FY2021	SECTION 5311	20.509	MI-2020-015-02	2017-0130 P32	108,197	108,197	108,197
OPERATING ASSIST. LET- SEC 5311 (2019)	100% STATE	FY2019	SECTION 5311	20.509	MI-2017-030-03	2017-0130 P15	225,542	(17,798)	(17,798)
TOTAL							<u>\$ 1,269,083</u>	<u>\$ 763,179</u>	<u>\$ 763,179</u>
SUBTOTAL							32,686,321	2,533,450	898,244
MICHIGAN DEPARTMENT OF TRANSPORTATION:									
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A			-	-	40,181,004
MUNICIPAL CREDIT SPECIAL APPROPRIATION				N/A			-	-	3,261,080
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A			-	-	110,753
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A			-	-	1,739,736
OPERATING ASSISTANCE - FY07 SECTION 5304				N/A		2007-0294 Z8	-	-	-
ROYAL OAK TWP NEW SERVICES				N/A			-	-	17,416
OTHER STATE SERVICES REVENUE				N/A					
SPECIALIZED SERVICES		FY2022					-	-	691,722
SPECIALIZED SERVICES		FY2021		N/A			-	-	230,572
TOTAL							<u>-</u>	<u>-</u>	<u>46,232,283</u>
TOTAL OPERATING ASSISTANCE							<u>32,686,321</u>	<u>2,533,450</u>	<u>47,130,527</u>
GRAND TOTAL - ALL ASSISTANCE							<u>\$ 301,727,658</u>	<u>\$ 44,586,232</u>	<u>\$ 52,869,342</u>

**Other Supplemental Information
12. Other Operating Expenses**

Year Ended June 30, 2022

Description	Community Based		Total Community Based
	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	
Revenue:			
Fares	\$ 65,616	\$ 283,133	\$ 348,750
Other Non-trans Revenue	-	-	-
Advertising	-	10,000	10,000
Auxiliary Trans Revenue	-	-	-
Taxes levied directly	46,041	590,009	636,050
Local operating assistance:			
General Fund/Property tax	-	-	-
Other	93,007	1,345,428	1,438,435
Other local contracts:			
Mun. Cr.	576,287	1,608,128	2,184,415
Comm. Cr.	627,632	1,461,531	2,089,163
Other MDOT/BPT contracts and reimb.:			
Act 51	-	68,573	68,573
Other Grants	-	-	-
Specialized services	25,288	124,434	149,722
CARES Act	-	-	-
Other federal transit contracts and reimb	81,438	216,741	298,179
Refunds and rebates	-	-	-
Interest income	72	453	524
Total revenue	\$ 1,515,381	\$ 5,708,430	\$ 7,223,811
Total operating expenses	\$ 1,960,602	\$ 6,189,778	\$ 8,150,380
Ineligible expenses:			
SMART Municipal Credits	576,287	1,608,128	2,184,415
SMART Community Credits	627,632	1,461,531	2,089,163
Act 51	-	68,573	68,573
Other MDOT/BPT contracts and reimb.	-	-	-
State specialized services	25,288	124,434	149,722
CARES Act	-	-	-
Other federal contracts and reimb	81,438	216,741	298,179
Depreciation	-	-	-
Total ineligible	1,310,645	3,479,407	4,790,052
Total eligible expenses	\$ 649,957	\$ 2,710,371	\$ 3,360,328

**Suburban Mobility Authority
for Regional Transportation**

Other Supplemental Information
12. Other Operating Expenses (Continued)

Year Ended June 30, 2022

Description	Mt. Clemens			Nankin		
	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total Mt. Clemens	Jul 1, 2021 to Sep 30, 2021	Oct 1, 2021 to Jun 30, 2022	Total Nankin
	Revenue:					
Fares	\$ 5,677	\$ 22,694	\$ 28,371	\$ 49,535	\$ 148,605	\$ 198,140
Other nontrans. revenue	-	22,411	22,411	141,032	423,093	564,125
Taxes levied directly	-	-	-	-	-	-
Local operating assistance:						
General Fund/Property tax	236,388	74,969	311,357	82,000	246,000	328,000
Other	-	-	-	-	-	-
Other local contracts:						
Mun. Cr.	-	16,880	16,880	63,401	190,203	253,604
Comm. Cr.	14,904	14,907	29,811	65,490	196,469	261,959
Other MDOT/BPT contracts and reimb. -						
Specialized services	-	86,598	86,598	-	-	-
CARES Act	45,168	45,000	90,168	-	-	-
Other federal transit contracts and reimb.	-	-	-	-	-	-
Refunds and rebates	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Total revenue	\$ 302,137	\$ 283,459	\$ 585,596	\$ 401,458	\$ 1,204,370	\$ 1,605,828
Total operating expenses	\$ 93,669	\$ 306,767	\$ 400,436	\$ 333,735	\$ 1,001,204	\$ 1,334,939
Ineligible expenses:						
SMART municipal credits	-	16,880	16,880	63,401	190,203	253,604
SMART community credits	14,904	14,907	29,811	65,490	196,469	261,959
State specialized services	-	86,598	86,598	-	-	-
CARES Act	45,168	45,000	90,168	-	-	-
Refunds and rebates	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Total ineligible	60,072	163,385	223,457	128,891	386,672	515,563
Total eligible expenses	\$ 33,597	\$ 143,382	\$ 176,979	\$ 204,844	\$ 614,532	\$ 819,376

Other Supplemental Information
12. Other Operating Expenses (Continued)

Redford Township Year Ended March 31, 2022

Description	Redford Twp.		Total Redford
	1-Apr-20 to 30-Sep-21	1-Oct-21 to 31-Mar-22	
Revenue:			
Fares	\$ 4,154	\$ 4,569	\$ 8,723
Other nontrans. revenue	-	40,000	40,000
Taxes levied directly	-	-	-
Local operating assistance:			
General Fund/Property tax	-	92,591	92,591
Other	-	-	-
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	64,483	74,413	138,896
Other MDOT/BPT contracts and reimb. -			
Specialized services	-	22,579	22,579
CARES Act	-	1,413	1,413
Other federal transit contracts and reimb.	-	19,616	19,616
Refunds and rebates	-	-	-
Interest income	-	833	833
Total revenue	\$ 68,637	\$ 256,014	\$ 324,651
Total operating expenses	\$ 131,514	\$ 207,092	\$ 338,606
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	64,483	74,413	138,896
State specialized services	-	22,579	22,579
CARES Act	-	1,413	1,413
Refunds and rebates	-	-	-
Depreciation	-	-	-
Total ineligible	64,483	98,405	162,888
Total eligible expenses	\$ 67,031	\$ 108,687	\$ 175,718

Other Supplemental Information
12. Other Operating Expenses (Continued)

S.T.A.R. Year Ended March 31, 2022

Description	S.T.A.R.		Total S.T.A.R.
	1-Apr-20 to 30-Sep-21	1-Oct-21 to 31-Mar-22	
Revenue:			
Fares	\$ 385	\$ 800	\$ 1,185
Other nontrans. revenue	11,520	43,850	55,370
Taxes levied directly	-	534,590	534,590
Local operating assistance:	-		
General Fund/Property tax	-	-	-
Other	105,727	4,992	110,719
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	-	-	-
Other MDOT/BPT contracts and reimb. -			
Specialized services	3,273	22,110	25,383
CARES Act	-	-	-
Other federal transit contracts and reimkt	-	-	-
Refunds and rebates	-	-	-
Interest income	404	402	806
Total revenue	\$ 121,309	\$ 606,744	\$ 728,053
Total operating expenses	\$ 254,251	\$ 338,697	\$ 592,948
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	174,691	154,314	329,005
State specialized services	-	-	-
CARES Act	-	-	-
Charter expense	-	-	-
Depreciation	-	-	-
Total ineligible	174,691	154,314	329,005
Total eligible expenses	\$ 79,560	\$ 184,383	\$ 263,943

**Other Supplemental Information
13. Other Operating Expenses**

State Year Ended September 30, 2021

Description	Community Based		Total Community Based
	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	
Revenue:			
Fares	\$ 239,472	\$ 65,616	\$ 305,089
Advertising	1,800	-	1,800
Auxiliary Trans Revenue	-	-	-
Other Non-trans Revenue	-	-	-
Taxes levied directly	568,890	46,041	614,931
Local operating assistance:			
General Fund/Property tax	1,313,305	-	1,313,305
Other	-	93,007	93,007
Other local contracts:			
Mun. Cr.	1,533,270	576,287	2,109,557
Comm. Cr.	1,308,325	627,632	1,935,957
Other MDOT/BPT contracts and reimb.:			
Act 51	340	-	340
Other Grants	-	-	-
Specialized services	125,498	25,288	150,786
CARES Act	-	-	-
Other federal transit contracts and reimp	117,822	81,438	199,260
Interest income	16,118	72	16,189
Total revenue	\$ 5,224,840	\$ 1,515,381	\$ 6,740,221
Total operating expenses	\$ 5,412,527	\$ 1,960,602	\$ 7,373,129
Ineligible expenses:			
SMART municipal credits	1,533,270	576,287	2,109,557
SMART community credits	1,308,325	627,632	1,935,957
Act 51	340	-	340
Other MDOT/BPT contracts and reimb.:	-	-	-
State specialized services	125,498	25,288	150,786
CARES Act	-	-	-
Other Federal contracts and reimp	117,822	81,438	199,260
Depreciation	-	-	-
Total ineligible	3,085,255	1,310,645	4,395,900
Total eligible expenses	\$ 2,327,273	\$ 649,957	\$ 2,977,229

**Suburban Mobility Authority
for Regional Transportation**

Other Supplemental Information
13. Other Operating Expenses (Continued)

State Year Ended September 30, 2021

Description	Mt. Clemens			Nankin		
	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total Mt. Clemens	Oct 1, 2020 to Jun 30, 2021	Jul 1, 2021 to Sep 30, 2021	Total Nankin
	Revenue:					
Fares	\$ 22,173	\$ 5,677	\$ 27,850	\$ 70,143	\$ 49,535	\$ 119,678
Other nontrans. revenue	725	-	725	423,247	141,032	564,279
Taxes levied directly	223,876	-	223,876	-	-	-
Local operating assistance:						
General Fund/Property tax	-	236,388	236,388	246,000	82,000	328,000
Other	-	-	-	130,621	-	130,621
Other local contracts:						
Mun. Cr.	16,880	-	16,880	189,075	63,401	252,476
Comm. Cr.	29,285	14,904	44,189	193,003	65,490	258,493
Other MDOT/BPT contracts and reimb. -						
Specialized services	41,112	-	41,112	-	-	-
CARES Act	74,006	45,168	119,174	-	-	-
Other federal transit contracts and reimb.	-	-	-	-	-	-
Refunds and rebates	-	-	-	-	-	-
Interest income	-	-	-	-	-	-
Total revenue	\$ 408,057	\$ 302,137	\$ 710,194	\$ 1,252,089	\$ 401,458	\$ 1,653,547
Total operating expenses	\$ 276,528	\$ 93,669	\$ 370,197	\$ 1,045,547	\$ 333,735	\$ 1,379,282
Ineligible expenses:						
SMART municipal credits	16,880	-	16,880	189,075	63,401	252,476
SMART community credits	29,285	14,904	44,189	193,003	65,490	258,493
State specialized services	41,112	-	41,112	-	-	-
CARES Act	74,006	45,168	119,174	-	-	-
Refunds and rebates	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-
Total ineligible	161,283	60,072	221,355	382,078	128,891	510,969
Total eligible expenses	\$ 115,245	\$ 33,597	\$ 148,842	\$ 663,469	\$ 204,844	\$ 868,313

Other Supplemental Information
13. Other Operating Expenses (Continued)

State Year Ended September 30, 2021

Description	Redford Twp.		Total Redford
	Oct 1, 2020 to Mar 31, 2021	Apr 1, 2021 to Sep 30, 2021	
Revenue:			
Fares	\$ 3,836	\$ 4,154	\$ 7,990
Other nontrans. revenue	\$ 40,000		
Taxes levied directly	-	-	-
Local operating assistance:			
General Fund/Property tax	81,438	-	81,438
Other	-	-	-
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	68,351	64,483	132,834
Other MDOT/BPT contracts and reimb. -			
Specialized services	-	-	-
CARES Act	6,248	-	6,248
Other federal transit contracts and reimb.	9,551	-	9,551
Refunds and rebates	-	-	-
Interest income	1,479	-	1,479
Total revenue	<u>\$ 210,903</u>	<u>\$ 68,637</u>	<u>\$ 239,540</u>
Total operating expenses	\$ 180,712	\$ 131,514	\$ 312,226
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	68,351	64,483	132,834
State specialized services	-	-	-
CARES Act	6,248	-	6,248
Refunds and rebates	-	-	-
Depreciation	-	-	-
Total ineligible	<u>74,599</u>	<u>64,483</u>	<u>139,082</u>
Total eligible expenses	<u>\$ 106,113</u>	<u>\$ 67,031</u>	<u>\$ 173,144</u>

Other Supplemental Information
13. Other Operating Expenses (Continued)

State Year Ended September 30, 2021

Description	S.T.A.R.		Total S.T.A.R.
	Oct 1, 2020 to Mar 31, 2021	Apr 1, 2021 to Sep 30, 2021	
Revenue:			
Fares	\$ 750	385	\$ 1,135
Other nontrans. revenue	79,374	11,520	
Taxes levied directly	562,718	-	562,718
Local operating assistance:			
General Fund/Property tax	-	-	-
Other	-	105,727	105,727
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	(62,217)	-	(62,217)
Other MDOT/BPT contracts and reimb. -			
Specialized services	3,657	3,273	6,930
CARES Act	-	-	-
Other federal transit contracts and reimb	-	-	-
Refunds/rebates/insurance proceeds	-	-	-
Interest income	401	404	805
Total revenue	\$ 584,683	\$ 121,309	\$ 615,098
Total operating expenses	\$ 294,592	\$ 254,251	\$ 548,843
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	84,399	174,691	259,090
State specialized services	-	-	-
CARES Act	-	-	-
Charter expense	-	-	-
Depreciation	-	-	-
Total ineligible	84,399	174,691	259,090
Total eligible expenses	\$ 210,193	\$ 79,560	\$ 289,753

Other Supplemental Information
14. Other Operating Expenses – Combined Total

State Year Ended September 30, 2021

Description	Total Community Based	Total Mt. Clemens	Total Nankin	Total Redford	Total S.T.A.R.	Total Other
Fares	\$ 305,089	\$ 27,850	\$ 119,678	\$ 7,990	\$ 1,135	\$ 461,742
Other Non-trans Revenue	-	725	564,279			565,004
Taxes levied directly	614,931	223,876	-	-	562,718	1,401,525
Local operating assistance:						
General Fund/Property tax	1,313,305	236,388	328,000	81,438	-	1,959,131
Other	93,007	-	130,621	-	105,727	329,355
Other local contracts:						
Mun. Cr.	2,109,557	16,880	252,476	-	-	2,378,913
Comm. Cr.	1,935,957	44,189	258,493	132,834	(62,217)	2,309,256
Other MDOT/BPT contracts and reimb.:						
Act 51	340	-	-	-	-	340
Other	-	-	-	-	-	-
Specialized services	150,786	41,112	-	-	6,930	198,828
CARES Act	-	119,174	-	6,248	-	125,422
Other federal transit contracts and reimb.	199,260	-	-	9,551	-	208,811
Refunds/rebates/insurance proceeds	-	-	-	-	-	-
Interest income	16,189	-	-	1,479	805	18,473
Total revenue	\$ 6,738,421	\$ 710,194	\$ 1,653,547	\$ 239,540	\$ 615,098	\$ 9,956,800
Total operating expenses	\$ 7,373,129	\$ 370,197	\$ 1,379,282	\$ 312,226	\$ 548,843	\$ 9,983,677
Ineligible expenses:						
SMART municipal credits	2,109,557	16,880	252,476	-	-	2,378,913
SMART community credits	1,935,957	44,189	258,493	132,834	259,090	2,630,563
Act 51	340	-	-	-	-	340
Other	-	-	-	-	-	-
State specialized services	150,786	41,112	-	-	-	191,898
CARES Act	-	119,174	-	6,248	-	125,422
Charter expense	-	-	-	-	-	-
Refunds/rebates/insurance proceeds	-	-	-	-	-	-
Other federal contracts and reimb	199,260	-	-	-	-	199,260
Depreciation	-	-	-	-	-	-
Total ineligible	4,395,900	221,355	510,969	139,082	259,090	5,526,396
Total eligible expenses	\$ 2,977,229	\$ 148,842	\$ 868,313	\$ 173,144	\$ 289,753	\$ 4,457,281

Other Supplemental Information
15. URBAN Revenue Combined Schedule

State Year Ended September 30, 2021

Description	SMART Directly Provided	Other	Total for URBAN OAR
Passenger fares	\$ 2,557,755	\$ 305,089	\$ 2,862,844
Contract fares	17,415		17,415
Advertising	718,254		718,254
Rental of bldgs or other property	61,949		61,949
Gains from the sale of capital assets	92,790		92,790
Other nontrans revenue	826,324		826,324
Taxes levied directly	80,546,986	614,931	81,161,917
Local operating assistance	-	1,406,312	1,406,312
Other local contracts - Municipal credit recapture	148,684		148,684
Other local community credits	27,229	1,935,957	1,963,186
State operating assistance:			
SMART	38,462,672		38,462,672
Bedford	109,260		109,260
LETC Urban and Non-Urban	1,859,930		1,859,930
Royal Oak Township	16,753		16,753
Line-item municipal credit	1,630,540	2,109,557	3,740,097
Mun. Cr. special appropriation	1,630,540		1,630,540
State preventive maintenance (20% State share)	1,510,793		1,510,793
Other MDOT/BPT contracts and reimb. -	39,565		39,565
Reimb for section 5309 program admin	246,444	340	246,783
Other state pass-through grants:			
Specialized Service Grant FY 2020	922,294	150,786	1,073,080
MOBILITY MGT 2012-0130 P12	39,225		39,225
MOBILITY MGT 2012-0130 P28	38,869		38,869
MOBILITY MGT 2012-0170 P38	11,428		11,428
NOTA JARC Non-Urban 2017-0130 P07	59,502		59,502
NOTA JARC Non-Urban 2012-0130 P16	27,537		27,537
NOTA New Freedom 2017-0130 P23	180,640		180,640
NOTA JARC Non-Urban 2012-0170 P21	50,000		50,000
NOTA New Freedom 2017-0130 P29	71,331		71,331
NOTA New Freedom 2017-0130 P30	2,100		2,100
Federal preventive maintenance -			
MI-90-0591	6,000,000		6,000,000
Planning/Capital cost of contracting -			
FY 2019 UWP	829,192		829,192
FY 2020 UWP	249,648		249,648
FY 2021 UWP	116,868		116,868
CARES Act (SMART)	12,000,000		12,000,000
CARES Act (Community)	4,432,052		4,432,052
Other federal transit contracts and reimb.:			
Reimb. for JARC Admin	-		-
Reimb. for New Freedom Admin.	90,119		90,119
Other federal pass-through grants:			
Section 5307 Lake Erie MI-90-0777	503,724		503,724
Section 5310 PM	36,416		36,416
Section 5311 Lake Erie MI-18-0055	449,260		449,260
JARC Federal Revenue	50,000		50,000
New Freedom	1,299,167	199,260	1,498,427
Refunds, rebates, insurance proceeds	835,657		835,657
Gains from the sale of capital assets	-		-
Interest income	80,038	16,189	96,227
Total	\$ 158,878,948	\$ 6,738,421	\$ 165,617,370

Other Supplemental Information
16. URBAN Expense Combined Schedule

Description	State Year Ended September 30, 2021		
	SMART Directly Provided	Other	Total for URBAN OAR
Operators salaries and wages	\$ 20,191,144	\$ -	\$ 20,191,144
Other salaries and wages	18,952,707	-	18,952,707
Dispatchers salaries and wages	14,674,060	-	14,674,060
Other fringe benefits	18,675,681	-	18,675,681
Pensions - Defined contribuion	-	-	-
Pensions - Defined benefit	7,968,349	-	7,968,349
Other postemployment benefits (OPEB)	(1,950,366)	-	(1,950,366)
Advertising fees	362,086	-	362,086
Audit cost	161,225	-	161,225
Other services	4,444,216	-	4,444,216
Fuel and lubricants	4,534,540	-	4,534,540
Tires and tubes	784,249	-	784,249
Other materials and supplies	4,471,057	-	4,471,057
Utilities	1,038,013	-	1,038,013
Casualty and liab. costs	9,778,949	-	9,778,949
Other insurance	74,532	-	74,532
Purchased transportation service	5,350,865	-	5,350,865
Pass-throughs that are expensed	-	-	-
Other	7,200,587	7,373,129	14,573,716
Municipal Credits	3,261,080	-	3,261,080
Nankin/Richmond Lenox/CBS Bloomfield Hills	2,976,450	-	2,976,450
Travel, meetings, and training	23,332	-	23,332
Loss on disposal of asset	-	-	-
Other miscellaneous expenses	2,530,137	-	2,530,137
Leases and rentals	416,085	-	416,085
Depreciation	19,525,247	-	19,525,247
Total expenses	145,444,224	7,373,129	152,817,353
Less ineligible expenses:			
Ineligible refunds and credits	768,663	-	768,663
Other ineligible state contracts	-	-	-
Passthrough	3,261,080	-	3,261,080
Other	246,444	-	246,444
Ineligible depreciation	19,160,538	-	19,160,538
Municipal credits	-	-	-
Unused community credits	167,249	-	167,249
Ineligible non-trans exp	1,470	-	1,470
Ineligible loss on disposal	-	-	-
Preventive maintenance (MI-90-0591)	-	-	-
Passthrough	-	-	-
SMART	7,500,000	-	7,500,000
Planning/Cap. cost of contracting	1,207,686	-	1,207,686
Other ineligible federal/state/local:	-	-	-
Reimb. for JARC Admin	-	-	-
Reimb. for New Freedom Admin.	90,119	-	90,119
Pass-through ineligible	10,177,037	-	10,177,037
Ineligible pension	-	-	-
Ineligible OPEB	-	-	-
Other ineligible	1,652,434	-	1,652,434
Total ineligible	44,232,719	-	44,232,719
Total eligible expenses	\$ 101,211,505	\$ 7,373,129	\$ 108,584,634

**Suburban Mobility Authority
for Regional Transportation**

Other Supplemental Information

**17. SMART Combined Urban Regular Service Revenue
Report**

State Year Ended September 30, 2021

Description	Amount
Passenger fares	\$ 2,862,844
Contract fares	17,415
Auxiliary transportation revenue (explain):	
.15 Advertising	718,254
Nontransportation revenue (explain):	
.20 Rental of buildings or other property	61,949
.99 Other nontransportation revenue	826,324
Taxes levied directly by transit system	81,161,917
Local cash grants and reimbursements (explain):	
.10 Local operating assistance	1,406,312
.99 Other local contracts - Municipal Credit recapture	148,684
.99 Other local contracts - Community Credit Program	1,963,186
State formula and contracts:	
.01 State operating assistance SMART	38,462,672
.01 State operating assistance municipal credits	1,630,540
.01 State operating assistance LETC, Bedford, Royal Oak	1,985,943
.10 Line item municipal credits	3,740,097
.11 Preventive maintenance	1,510,793
.99 Other state contracts and reimbursements	286,348
Federal contracts:	
.01 Section 5311 LAKE ERIE	449,260
.02 Section 5307 LAKE ERIE	503,724
.11 Preventive maintenance	6,000,000
.12 Capital cost of contracting	1,195,708
.61 Cares Act (SMART)	12,000,000
.62 Cares Act (Community)	4,432,052
.99 Other planning	-
.99 Other CMAQ SMART	-
.99 Other CMAQ LAKE ERIE	-
.99 Other federal contracts and reimbursements	90,119
Interest income	96,227
Pass-through grants	
State	1,553,711
Federal	1,584,843
Refunds and credits	835,657
Total Revenue	\$ 165,617,370

Other Supplemental Information

18. SMART Combined Urban Regular Service Expense

Report

State Year Ended September 30, 2021

Description	SMART Directly Provided	Other	Total for URBAN OAR
Operators salaries and wages	\$ 20,191,144	\$ -	\$ 20,191,144
Other salaries and wages	18,952,707	-	18,952,707
Dispatchers salaries and wages	14,674,060	-	14,674,060
Other fringe benefits	18,675,681	-	18,675,681
Pensions - Defined contribuion	-	-	-
Pensions - Defined benefit	7,968,349	-	7,968,349
Other postemployment benefits (OPEB)	(1,950,366)	-	(1,950,366)
Advertising fees	362,086	-	362,086
Audit cost	161,225	-	161,225
Other services	4,444,216	-	4,444,216
Fuel and lubricants	4,534,540	-	4,534,540
Tires and tubes	784,249	-	784,249
Other materials and supplies	4,471,057	-	4,471,057
Utilities	1,038,013	-	1,038,013
Casualty and liab. costs	9,778,949	-	9,778,949
Other insurance	74,532	-	74,532
Purchased transportation service	5,350,865	-	5,350,865
Pass-throughs that are expensed	-	-	-
Other	7,200,587	7,373,129	14,573,716
Municipal Credits	3,261,080	-	3,261,080
Nankin/Richmond Lenox/CBS Bloomfield Hills	2,976,450	-	2,976,450
Travel, meetings, and training	23,332	-	23,332
Loss on disposal of asset	-	-	-
Other miscellaneous expenses	2,530,137	-	2,530,137
Leases and rentals	416,085	-	416,085
Depreciation	19,525,247	-	19,525,247
Total expenses	145,444,224	7,373,129	152,817,353
Less ineligible expenses:			
Ineligible refunds and credits	768,663	-	768,663
Other ineligible state contracts	-	-	-
Passthrough	3,261,080	-	3,261,080
Other	246,444	-	246,444
Ineligible depreciation	19,160,538	-	19,160,538
Municipal credits	-	-	-
Unused community credits	167,249	-	167,249
Ineligible non-trans exp	1,470	-	1,470
Ineligible loss on disposal	-	-	-
Preventive maintenance (MI-90-0591)	-	-	-
Passthrough	-	-	-
SMART	7,500,000	-	7,500,000
Planning/Cap. cost of contracting	1,207,686	-	1,207,686
Other ineligible federal/state/local:	-	-	-
Reimb. for JARC Admin	-	-	-
Reimb. for New Freedom Admin.	90,119	-	90,119
Pass-through ineligible	10,177,037	-	10,177,037
Ineligible pension	-	-	-
Ineligible OPEB	-	-	-
Other ineligible	1,652,434	-	1,652,434
Total ineligible	44,232,719	-	44,232,719
Total eligible expenses	\$ 101,211,505	\$ 7,373,129	\$ 108,584,634

19. SMART Combined Urban Regular Service Nonfinancial Report

State Year Ended September 30, 2021

DESCRIPTION	WEEKDAYS	SATURDAY	SUNDAY	TOTAL
FIXED ROUTE				
PUBLIC SERVICE				
VEHICLE HOURS	500,498	69,055	31,993	601,546
VEHICLE MILES	8,681,240	1,315,883	629,781	10,626,904
MISCELLANEOUS INFORMATION				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-
CONNECTOR				
PUBLIC SERVICE				
VEHICLE HOURS	179,220	7,667	1,113	188,000
VEHICLE MILES	2,578,606	108,392	19,641	2,706,639
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.

- 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 fund. 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 STAR, Community Based Nankin Transit, Redford, and Mt. Clemens are included only on schedule 4E on line Purchased Transportation.



***Federal Awards
Supplemental Information
June 30, 2022***



Independent Auditor's Reports

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance	1
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	2-3
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	4-6

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Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards	9
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Schedule of Findings and Questioned Costs	11-13
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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 the business-type activities and fiduciary activities of the Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2022 and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 21, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 21, 2022.

The accompanying schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for purposes of additional analysis, as required by the Uniform Guidance, and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards and the reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Plante & Moran, PLLC

November 21, 2022

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the business-type activities and fiduciary activities of the Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2022 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 21, 2022.

Report on Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

Purpose of This Report

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

Plante & Moran, PLLC

November 21, 2022

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

Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for Regional Transportation

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Suburban Mobility Authority for Regional Transportation's (the "Authority") compliance with the types of compliance requirements identified as subject to audit in the Office of Management and Budget (OMB) Compliance Supplement that could have a direct and material effect on the Authority's major federal program for the year ended June 30, 2022. The Authority's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on the major federal program for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

To the Board of Directors
Suburban Mobility Authority for Regional Transportation

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

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance that is required to be reported in accordance with the Uniform Guidance, which is described in the accompanying schedule of findings and questioned costs as Finding 2022-001. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the noncompliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify a certain deficiency in internal control over compliance that we consider to be a material weakness.

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. We consider the deficiency in internal control over compliance, described in the accompanying schedule of findings and questioned costs as Finding 2022-001, to be a material weakness.

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

Government Auditing Standards require the auditor to perform limited procedures on the Authority's response to the internal control over compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the other auditing procedures applied in the audit of compliance, and, accordingly, we express no opinion on it.

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 21, 2022

Suburban Mobility Authority for Regional Transportation

Schedule of Expenditures of Federal Awards

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
Clusters:				
U.S. Department of Transportation - Direct programs:				
Federal Transit Cluster - Formula Grants:				
COVID-19 - Operating Assistance FY20 CARES	20.507		\$ 1,146,292	\$ 11,946,292
Capital Assistance FY13-14-15	20.507		30,294	355,332
Capital Assistance FY17-18-19	20.507		-	702,312
Capital Assistance FY17-18-19	20.507		159,547	6,159,547
Capital Assistance FY16	20.507		-	1,639,507
Capital Assistance FY16	20.507		-	253,910
Capital Assistance FY16	20.507		104,014	104,014
Operating Assistance (Monroe) FY21	20.507		392,225	392,225
Operating Assistance (Monroe) FY22	20.507		1,028,966	1,028,966
COVID-19 - Capital Assistance FY20 CARES	20.507		-	8,507,258
Capital Assistance FY18-19	20.507		-	4,125,529
Capital Assistance FY18-19	20.507		1,391,601	1,391,601
Capital Assistance FY16	20.507		11,381	11,381
Capital Assistance FY18-19	20.507		297,856	297,856
Capital Assistance FY20-21	20.507		1,040,000	1,040,000
Capital Assistance FY20-21	20.507		-	786,700
Capital Assistance FY20-21	20.507		226,482	226,482
Capital Assistance FY20-21	20.507		506,312	2,281,279
Total Federal Transit Cluster			6,334,970	41,250,191
Transit Services Programs Cluster:				
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		-	41,753
5310 NEW FREEDOM OPERATING	20.513		140,566	140,566
5310 NEW FREEDOM CAPITAL	20.513		13,150	13,150
SMART 5310 PROGRAM ADMIN	20.513		-	5,566
5310 NEW FREEDOM OPERATING	20.513		4,870	4,870
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		52,597	52,597
5310 NEW FREEDOM CAPITAL	20.513		3,776	3,776
SMART 5310 PROGRAM ADMIN	20.513		-	25,000
5310 NEW FREEDOM OPERATING	20.513		414,950	414,950
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		109,496	109,496
SMART 5310 PROGRAM ADMIN	20.513		-	25,000
5310 NEW FREEDOM OPERATING	20.513		754,232	754,232
5310 NEW FREEDOM MOBILITY MANAGEMENT	20.513		126,949	126,949
JARC OPERATING	20.516		52,366	52,366
Total Transit Services Programs Cluster			1,672,952	1,770,271

Suburban Mobility Authority for Regional Transportation

Schedule of Expenditures of Federal Awards (Continued)

Year Ended June 30, 2022

Federal Agency/Pass-through Agency/Program Title	Assistance Listing Number	Pass-through Identifying Number	Total Amount Provided to Subrecipients	Federal Expenditures
U.S. Department of Transportation - Pass-through programs from the State of Michigan Department of Transportation:				
OPERATING ASSIST. LET- SEC 5311 (2022)	20.509	MI-18-0055	\$ 113,247	\$ 113,247
COVID-19 OPERATING ASSIST. LET- SEC 5311 (2022) CRRSA	20.509	MI-2021-023-00	335,088	335,088
COVID-19 OPERATING ASSIST. LET- SEC 5311 (2021) CARES	20.509	MI-2020-015-02	108,197	108,197
OPERATING ASSIST. LET- SEC 5311 (2021)	20.509	MI-2020-008-03	224,445	224,445
OPERATING ASSIST. LET- SEC 5311 (2019)	20.509	MI-2017-030-03	(17,798)	(17,798)
SECTION 5310	20.513	MI-2020-068	111,967	111,967
SECTION 5311	20.513	MI-2020-008-04	180,640	180,640
SECTION 5310	20.513	MI-2021-055-00	<u>194,231</u>	<u>194,231</u>
Total passed through the Michigan Department of Transportation			1,250,017	1,250,017
U.S. Department of Transportation - Pass-through programs from the Southeast Michigan Council of Governments - Metropolitan Transportation Planning and State and Non-Metropolitan Planning and Research - PLANNING & TECHNICAL STUDIES UWP PROGRAM				
	20.505	MI-80-X006	<u>-</u>	<u>315,753</u>
Total expenditures of federal awards			<u>\$ 9,257,939</u>	<u>\$ 44,586,232</u>

Suburban Mobility Authority for Regional Transportation

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

Year Ended June 30, 2022

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 22,248,703
Add federal portion of capital contributions - As reported on the financial statements	<u>22,337,529</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 44,586,232</u>

Suburban Mobility Authority for Regional Transportation

Notes to Schedule of Expenditures of Federal Awards

Year Ended June 30, 2021

Note 1 - Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Suburban Mobility Authority for Regional Transportation (the "Authority") under programs of the federal government for the year ended June 30, 2022. The information in the Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (the "Uniform Guidance"). Because the Schedule presents only a selected portion of the operations of the Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Authority.

Note 2 - Summary of Significant Accounting Policies

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

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

Suburban Mobility Authority for Regional Transportation

Schedule of Findings and Questioned Costs

Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes X No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____ Yes X None reported
- Noncompliance material to financial statements noted? _____ Yes X None reported

Federal Awards

Internal control over major programs:

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

Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a)? X Yes _____ No

Identification of major programs:

Assistance Listing Number	Name of Federal Program or Cluster	Opinion
20.507	Federal Transit Cluster	Unmodified

Dollar threshold used to distinguish between type A and type B programs: \$1,337,587

Auditee qualified as low-risk auditee? _____ Yes X No

Section II - Financial Statement Audit Findings

None

Suburban Mobility Authority for Regional Transportation

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings

Reference Number	Finding	Questioned Costs
2022-001	<p>Assistance Listing Number, Federal Agency, and Program Name - COVID-19 20.507, Department of Transportation, Federal Transit Cluster</p> <p>Federal Award Identification Number and Year - MI-2020-052</p> <p>Pass-through Entity - N/A</p> <p>Finding Type - Material weakness and material noncompliance with laws and regulations</p> <p>Repeat Finding - No</p> <p>Criteria - 2 CFR 200.403 requires recipients of federal funds to expend them on allowable costs.</p> <p>Condition - The Authority disbursed a portion of its CARES Act funds to community partners; however, many of those partners offer only Section 5310 service for seniors and individuals with disabilities. Section 5310 program expenses are not allowable under the CARES Act.</p> <p>Questioned Costs - \$1,146,291</p> <p>Identification of How Questioned Costs Were Computed - Questioned costs represent the total amount of CARES Act funds passed through to community partners.</p> <p>Context - During the fiscal year, the Authority passed through \$1,146,291 to 35 community partners.</p> <p>Cause and Effect - The CARES Act award was new to the Authority in fiscal year 2020. The Authority's other federal awards have existed for many years and the Authority is very familiar with their requirements and allowable uses. The Authority sought to share the new award with its community partners but was not aware that most of them did not have expenditures allowable under the CARES Act until the matter was identified during the Authority's most recent triennial review.</p> <p>Recommendation - When new awards are received, we recommend the Authority thoroughly analyze the compliance requirements, including the allowable uses.</p>	Yes

Suburban Mobility Authority for Regional Transportation

Schedule of Findings and Questioned Costs (Continued)

Year Ended June 30, 2022

Section III - Federal Program Audit Findings (Continued)

Reference Number	Finding	Questioned Costs
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Views of Responsible Officials and Corrective Action Plan - Authority management is aware of the issue and has been diligently working with our FTA regional office to correct the issue. While certain community partner expenses were not eligible under the CARES Act, they are certainly eligible under CRRSA and ARPA funding grants. We are in the process of finalizing a plan with the FTA where all community partner relief funding will be reprogramed under the CRRSA and ARPA grants. This correction plan, once finalized, will result in no reduction of federal relief funding to SMART or any of our community partners. Given extraordinary circumstances and expedited nature of the CARES Act funding, we do not believe that this issue will be a significant risk for future grant funding; however, the Authority has modified our grant policy manual to ensure a more thorough review of eligible expenses for subrecipients.

November 21, 2022

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

We have audited the financial statements of the Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the year ended June 30, 2022 and have issued our report thereon dated November 21, 2022. 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 and Informational Items

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

Section II contains informational 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 are invaluable.

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

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

Very truly yours,

Plante & Moran, PLLC



Pamela L. Hill



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 June 23, 2022, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles. Our audit of the financial statements does not relieve you or management of your responsibilities. Our responsibility is to plan and perform the audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement.

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

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

Our audit of SMART's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of SMART, including compliance with certain provisions of laws, regulations, contracts, and grant agreements; certain instances of error or fraud; illegal acts applicable to government agencies; and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated November 21, 2022 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 12, 2022.

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.

During the year, SMART implemented GASB Statement No. 87, *Leases*, and retrospectively applied its provisions to fiscal year 2021.

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.

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

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

- Net OPEB (other postemployment benefits) and pension liabilities and related disclosures: These estimates are based on third-party valuations performed with the underlying assumptions used in those valuations, which are based principally on plan provisions, health care-related trends, and payroll data. The significant assumptions include future rate of return on investments, future health care costs, employee eligibility rates, life expectancies, and projected salary increases.
- Estimated liabilities and the related resolution of self-insurance claims, including claims incurred but not reported (IBNR): The assumptions are based on reported incidents, third-party established actuarial methods, and historical claims incurred experience.
- Estimated reserve related to state operating grants (Act 51 revenue): The estimate is based on preliminary determinations made by the State, combined with management's estimates for uncertainties and historical results.

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

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

Difficulties Encountered in Performing the Audit

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

Disagreements with Management

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

Corrected and Uncorrected Misstatements

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

Significant Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, business conditions affecting 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 21, 2022.

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 and Informational Items

COVID-19 Resource Center and ARPA

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

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

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

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

Cybersecurity and Information Technology Controls

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

Process Efficiencies

While performing our audit, we are always looking for ways to assist SMART, whether through best practices or ways to be more efficient. Through our testing, we have observed that SMART's chart of accounts and processes for recording transactions can be burdensome and likely more complex than they need to be. This can make accurate financial reporting more difficult to achieve and also places greater strain on the finance staff. We have found that, as systems age and organizations are able to take a step back to look at practices that have been in place for several years, there may be more efficient ways of doing things. We always encourage organizations to revisit the business processes in place to look for efficiencies. We recommend SMART consider reviewing and potentially optimizing its chart of accounts and business processes. We are happy to discuss this further with SMART management.

ACH Policy

SMART utilizes automated clearing house (ACH) payments on a limited basis without having a written policy in place related to ACH payments. Public Act (PA) 738 of 2002 requires a written policy be in place any time a local unit of government is making ACH payments. The policy should include the employee responsible for overseeing the process, reporting of the goods or services received, the internal accounting controls, and the approval process. We recommend SMART implement a written ACH policy in order to be in compliance with PA 738 of 2002.

Section II - Legislative and Informational Items (Continued)

The Authority will need to ensure that consideration of the implementation of these regulations has occurred; if it has not, the Authority needs to work quickly to put the requirements into practice. Plante & Moran, PLLC has many experts in this area and welcomes any questions or needs you may have.

Federal Procurement Threshold Changes

The Office of Management and Budget has issued significant reforms to the compliance requirements that must be followed by nonfederal entities. The Office of Management and Budget recently issued Memorandum M-18-18, which provides guidance on changes to micropurchases and simplified acquisition threshold requirements. The key changes are as follows:

- Threshold for micropurchases is increased to \$10,000.
- Threshold for simplified acquisitions (small purchase procedures limit) increased to \$250,000.

Key adoption considerations for micropurchase and simplified acquisition thresholds include the following:

- During the original adoption of the Uniform Guidance procurement standards, were specific amounts included within the Authority's procurement policy, or were references to the Uniform Guidance sections or amounts as adjusted referenced? If specific amounts were referenced, the procurement policy will need to be updated to take advantage of the changes.
- If the Authority's procurement policy was written to allow for changes in amounts, the procedures will need to be updated to conform.
- If this change is inconsistent with other procurement policies within the organization, the Authority must decide how the policy will be enacted. Remember local ordinances in place may limit full utilization of changes.
- If the Authority has chosen not to fully adopt the change and maintain a lower threshold, then the Authority is not required to use these thresholds but cannot exceed them.

Upcoming Accounting Standards Requiring Preparation

We actively monitor new Governmental Accounting Standards Board (GASB) standards and due process documents and provide periodic updates to help you understand how the latest financial reporting developments will impact the Authority. In addition to the summaries below and to stay up to date, Plante & Moran, PLLC issues a biannual GASB accounting standard update. The most recent spring 2022 update and a link to previous fall and spring updates are available [here](#).

GASB Statement No. 96 - Subscription-Based Information Technology Arrangements (SBITAs)

This new accounting pronouncement will be effective for the Authority's year ending June 30, 2023. This statement defines SBITAs and provides accounting and financial reporting for SBITAs by governments, including requiring a government to recognize a subscription liability and an intangible right-to-use subscription asset for SBITAs.

GASB Statement No. 99 - Omnibus 2022

This new accounting pronouncement has various effective dates. This statement addresses accounting and financial reporting requirements for specific issues related to financial guarantees, derivative instruments, leases, public-public and public-private partnerships (PPPs), subscription-based information technology arrangements, the transition from the London Interbank Offered Rate (LIBOR), the Supplemental Nutrition Assistance Program (SNAP), nonmonetary transactions, pledges of future revenue, the focus of government-wide financial statements, and terminology.

**Section II - Legislative and Informational Items
(Continued)**

GASB Statement No. 100 - Accounting Changes and Error Corrections

This new accounting pronouncement will be effective for fiscal years ending June 30, 2024 and after. This statement enhances the accounting and financial reporting requirements for accounting changes and error corrections.

GASB Statement No. 101 - Compensated Absences

This new accounting pronouncement will be effective for SMART's fiscal year ending June 30, 2025. This statement updates the recognition and measurement guidance for compensated absences under a unified model, requiring that liabilities for compensated absences be recognized for leave that has not been used and leave that has been used but not yet paid in cash or settled through noncash means. This statement also establishes guidance for measuring a liability for leave that has not been used and updates disclosure requirements for compensated absences.