

Suburban Mobility Authority for Regional Transportation

**Financial Report
with Supplemental Information
June 30, 2012**

Suburban Mobility Authority for Regional Transportation

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Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority
for Regional Transportation

We have audited the accompanying basic financial statements of Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the years ended June 30, 2012 and 2011, which collectively comprise Suburban Mobility Authority for Regional Transportation's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Suburban Mobility Authority for Regional Transportation's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Suburban Mobility Authority for Regional Transportation as of June 30, 2012 and 2011 and the respective changes in financial position and cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

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

To the Board of Directors
Suburban Mobility Authority
for Regional Transportation

Our audits were conducted for the purpose of forming opinions on the financial statements that collectively comprise Suburban Mobility Authority for Regional Transportation's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the financial statements. The other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on it.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2012 on our consideration of Suburban Mobility Authority for Regional Transportation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Plante & Morse, PLLC

November 12, 2012

Management's Discussion and Analysis

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis

Overview of the Financial Statements and Financial Analysis

The following discussion and analysis has been prepared by Suburban Mobility Authority for Regional Transportation's (the "Authority" or SMART) management and should be read in conjunction with the financial statements and related note disclosures. The discussion is intended to present an overview of SMART's financial performance for the years ended June 30, 2012 and 2011 and does not purport to make any statement regarding the future operations of the organization. While SMART is an instrumentality of the State of Michigan, it is not a component of the State as defined by the Governmental Accounting Standards Board (GASB).

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

Financial Highlights

- Fare revenue was consistent with the previous year despite a 20 percent route reduction plan approved by the board of directors in December 2011 due to budgetary concerns.
- Operating expenses before depreciation of \$105.3 million is \$3.5 million lower than 2011 due to a decline in costs from the above-mentioned service reductions and the savings resulting from labor concessions and employee reductions during the year.
- Current assets had a net increase of \$0.6 million, largely due to an increase in the cash and cash equivalents balance which was partially offset by reduced grants receivables and prepaid expenses.
- Current liabilities decreased by \$7.9 million primarily due to a reduction in notes payable on the remaining fleet financing debt.
- Net assets increased by \$1.2 million due to organization-wide cost reduction efforts implemented to offset declining grant revenues and local contributions.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

Statement of Net Assets

A summarization of SMART's assets, liabilities, and net assets at June 30, 2012, 2011, and 2010 follows (in millions):

	2012	2011	2010
Assets			
Current assets	\$ 49.6	\$ 49.0	\$ 49.0
Capital assets	71.5	74.5	76.2
Other noncurrent assets	0.7	1.2	0.7
Total assets	<u>\$ 121.8</u>	<u>\$ 124.7</u>	<u>\$ 125.9</u>
Liabilities			
Current liabilities	\$ 23.2	\$ 31.1	\$ 36.9
Noncurrent liabilities	20.4	16.6	18.4
Total liabilities	<u>\$ 43.6</u>	<u>\$ 47.7</u>	<u>\$ 55.3</u>
Net Assets			
Invested in capital assets	\$ 69.2	\$ 66.0	\$ 58.6
Restricted	1.1	-	-
Unrestricted	7.9	11.0	12.0
Total net assets	<u>\$ 78.2</u>	<u>\$ 77.0</u>	<u>\$ 70.6</u>

SMART's current assets had a net increase of \$0.6 million which represents a 1.2 percent increase compared with FY2011.

SMART's current liabilities decreased by \$7.9 million, primarily due to a reduction in the current portion of outstanding debt payments due on notes used to previously fund the purchase of fleet vehicles.

Amounts invested in capital assets (net of related debt) increased 3.2 percent from a year ago - increasing from \$66.0 million to \$69.2 million. The current year increase is due primarily to lower debt obligations as the vehicle fleet loan reaches maturity.

Restricted net assets are a result of the sale of the Pontiac Terminal and the Tank Farm properties in FY2012 which generated cash proceeds of approximately \$1.1 million. Although classified as restricted, these funds are available to SMART for future equipment purchases.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

Unrestricted net assets, which is the portion of net assets that can be used to finance day-to-day operations, decreased by \$3.1 million from 2011. This represents a decrease of 28.1 percent. This follows a FY2011 decrease of \$1.0 million or approximately 8.3 percent. The current level of unrestricted net assets for SMART's operations stands at \$7.9 million, or about 7.5 percent of 2012 operating expenses before depreciation.

Statement of Revenue, Expenses, and Changes in Net Assets

The following table is a summary of SMART's revenue, expenses, and changes in net assets for the years ended June 30, 2012, 2011, and 2010 (in millions):

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Operating revenue	\$ 15.2	\$ 15.3	\$ 13.8
Operating expenses before depreciation	<u>105.3</u>	<u>108.8</u>	<u>103.9</u>
Operating loss before depreciation	(90.1)	(93.5)	(90.1)
Depreciation expense	<u>12.8</u>	<u>12.7</u>	<u>13.0</u>
Total operating loss	(102.9)	(106.2)	(103.1)
Nonoperating revenue (net of related expenses)	<u>93.5</u>	<u>101.3</u>	<u>99.6</u>
Net loss before capital contributions	(9.4)	(4.9)	(3.5)
Capital contributions	<u>10.6</u>	<u>11.3</u>	<u>10.6</u>
Net gain	1.2	6.4	7.1
Net assets - Beginning of year	<u>77.0</u>	<u>70.6</u>	<u>63.5</u>
Net assets - End of year	<u>\$ 78.2</u>	<u>\$ 77.0</u>	<u>\$ 70.6</u>

SMART's operating revenue decreased by approximately \$0.1 million, largely attributable to a slight decreased ridership compared to 2011. Nonoperating revenue (net of related expenses) decreased \$7.8 million or 7.7 percent due to the continuation of declines in property values in the service areas, resulting in a reduction in millage revenue for the fifth straight year.

Operating expenses (before depreciation) decreased \$3.5 million during the year. The decrease is primarily a result of the December 2011 services reductions and the implementation of negotiated labor concessions including staffing reductions implemented during the year.

SMART is faced with on-going funding challenges and must continue to closely monitor available resources and expenses in the ensuing fiscal years.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

Capital Assets and Related Debt

The Authority continues to invest in infrastructure, equipment and vehicles. The Authority had \$71.5 million and \$74.5 million invested in capital assets as of June 30, 2012 and 2011, respectively. During fiscal 2012, the Authority had total capital asset additions of approximately \$10.6 million, the largest portion of which included approximately \$7.6 million of connector buses and related equipment.

The Authority continues to pay down debt consistent with established amortization schedules and did not enter into any new term debt financing agreements in 2012 and 2011. Long-term debt on the remaining fleet financing installment notes was approximately \$2.3 million and \$8.5 million as of June 30, 2012 and 2011, respectively. The remaining balance of \$2.3 million at June 30, 2012 was completely paid off in October 2012.

More detailed information concerning capital assets and long-term debt can be found in Notes 5 and 8, respectively, in the notes to the financial statements.

Economic Factors and Next Year's Budget

SMART continues to face economic challenges including a continued decline in the largest revenue source - local contributions (property tax revenues). Local contributions decreased by approximately \$4.3 million and \$6.2 million for fiscal years ending June 30, 2012 and 2011, respectively, from the previous year. Local contributions are expected to decline again in fiscal 2013. In response to the reduction in revenue, management implemented various cost savings initiatives related to operations in 2011 and 2012, including staffing and transportation route reductions and negotiated employee concessions.

The operating budget for fiscal year ending June 30, 2013 includes an expected use of cumulative net assets of approximately \$3.6 million to offset projected expenses in excess of anticipated revenues. However, the Authority is often able to offset a significant portion of certain operational expenses (namely preventive maintenance) with grant revenue from both federal and state sources. The use of cumulative net assets to cover a budget shortfall is largely dependent on the extent to which these grants can be used to offset certain expenses, which is unknown at this time.

Using this Annual Report

This annual financial report consists of a series of financial statements. The statement of net assets and the statement of revenue, expenses, and changes in net assets 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.

Suburban Mobility Authority for Regional Transportation

Management's Discussion and Analysis (Continued)

Contacting SMART's Financial Management

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

Suburban Mobility Authority for Regional Transportation

Statement of Net Assets

	Enterprise Operating Fund	
	June 30, 2012	June 30, 2011
Assets		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 35,823,218	\$ 33,308,065
Restricted cash (Note 3)	1,136,006	-
Receivables:		
Local contributions receivable (Note 1)	754,764	1,020,524
Other receivables	832,205	537,087
Grants receivable (Note 4)	8,600,981	10,492,943
Materials and supplies inventories	2,340,388	1,999,771
Prepaid expenses and other assets	130,500	1,654,412
Total current assets	49,618,062	49,012,802
Noncurrent assets:		
Net pension asset (Note 10)	675,716	1,189,045
Nondepreciable capital assets (Note 5)	7,563,284	7,665,190
Depreciable capital assets - Net (Note 5)	64,004,903	66,881,355
Total noncurrent assets	72,243,903	75,735,590
Total assets	121,861,965	124,748,392
Liabilities		
Current liabilities:		
Municipal and community credits payable (Note 1)	4,742,465	5,308,976
Amounts payable under purchase-of-service agreements	587,420	1,162,285
Current portion of accrued self-insurance (Note 9)	6,653,073	7,465,407
Accounts payable	1,566,744	2,664,684
Accrued liabilities and other:		
Accrued salaries and wages	1,327,087	903,546
Accrued interest payable	57,985	119,645
Other accrued liabilities	3,382,474	4,402,620
Current portion of compensated absences (Note 8)	2,514,937	2,934,949
Current portion of notes payable (Note 8)	2,365,429	6,131,101
Total current liabilities	23,197,614	31,093,213
Noncurrent liabilities:		
Accrued self-insurance - Net of current portion (Note 9)	5,941,589	5,751,710
Net OPEB obligation (Note 11)	14,347,974	8,341,544
Compensated absences - Net of current portion (Note 8)	141,531	162,059
Long-term notes payable - Net of current portion (Note 8)	-	2,365,429
Total noncurrent liabilities	20,431,094	16,620,742
Total liabilities	43,628,708	47,713,955
Equity - Net assets		
Invested in capital assets - Net of related debt Restricted (Note 1)	69,202,758	66,050,015
Unrestricted	1,136,006	-
Total net assets	78,233,257	77,034,437

Suburban Mobility Authority for Regional Transportation

Statement of Revenue, Expenses, and Changes in Net Assets

	Enterprise Operating Fund	
	<u>June 30, 2012</u>	<u>June 30, 2011</u>
Operating Revenue		
Fares	\$ 14,421,545	\$ 14,504,641
Other income	807,898	824,031
Total operating revenue	<u>15,229,443</u>	<u>15,328,672</u>
Operating Expenses		
Salaries and wages	37,592,448	40,766,638
Fringe benefits	32,165,981	30,504,551
Materials and supplies	15,022,597	15,233,251
Contractual services	2,753,368	3,050,055
Utilities	1,553,828	1,840,771
Claims and insurance	5,885,222	6,043,924
Purchased transportation (Note 7)	10,238,222	11,254,225
Miscellaneous expense	129,470	99,529
Depreciation	12,780,949	12,703,139
Total operating expenses	<u>118,122,085</u>	<u>121,496,083</u>
Operating Loss	(102,892,642)	(106,167,411)
Nonoperating Revenue (Expenses)		
Federal operating and preventative maintenance assistance	18,405,498	23,235,854
State operating grants	35,154,905	34,734,988
Local contributions (Note 6)	39,903,784	44,188,008
Interest expense	(469,414)	(798,716)
Investment income	59,462	117,710
Gain (loss) on sale of assets	464,349	(146,654)
Total nonoperating revenue	<u>93,518,584</u>	<u>101,331,190</u>
Loss - Before capital contributions	(9,374,058)	(4,836,221)
Capital Contributions	<u>10,572,878</u>	<u>11,278,087</u>
Increase in Net Assets	1,198,820	6,441,866
Net Assets - Beginning of year	<u>77,034,437</u>	<u>70,592,571</u>
Net Assets - End of year	<u>\$ 78,233,257</u>	<u>\$ 77,034,437</u>

Suburban Mobility Authority for Regional Transportation

Statement of Cash Flows

	Enterprise Operating Fund	
	June 30, 2012	June 30, 2011
Cash Flows from Operating Activities		
Receipts from transit operations	\$ 14,934,325	\$ 15,222,718
Payments to suppliers	(20,394,054)	(24,941,887)
Payments to employees	(63,255,669)	(68,581,451)
Payments to claims and insurance	(6,507,677)	(5,308,089)
Payments for purchased transportation	(11,379,598)	(10,174,376)
Net cash used in operating activities	(86,602,673)	(93,783,085)
Cash Flows from Noncapital Financing Activities		
State operating grants	36,186,192	32,974,717
Federal operating and preventive maintenance assistance	19,266,173	20,288,986
Local contributions	40,169,544	45,395,968
Net cash provided by noncapital financing activities	95,621,909	98,659,671
Cash Flows from Capital and Related Financing Activities		
Receipt of capital grants	10,572,878	11,278,087
Purchase of capital assets	(10,579,888)	(11,301,569)
Proceeds from disposal of assets	1,241,745	112,500
Payment on installment note payable	(6,131,101)	(9,079,419)
Interest paid	(531,074)	(922,513)
Net cash used in capital and related financing activities	(5,427,440)	(9,912,914)
Cash Flows from Investing Activities - Interest received on investments	59,363	118,059
Net Increase (Decrease) in Cash and Cash Equivalents	3,651,159	(4,918,269)
Cash and Cash Equivalents - Beginning of year	33,308,065	38,226,334
Cash and Cash Equivalents - End of year	\$ 36,959,224	\$ 33,308,065
Balance Sheet Classification of Cash and Cash Equivalents	\$ 36,959,224	\$ 33,308,065
Less Amounts Classified as Restricted	(1,136,006)	-
Total cash and cash equivalents	\$ 35,823,218	\$ 33,308,065
Reconciliation of Operating Loss to Net Cash from Operating Activities		
Operating loss	\$ (102,892,642)	\$ (106,167,411)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation and amortization	12,780,949	12,703,139
Noncash decrease (increase) in net pension asset	513,329	(531,504)
Noncash expense related to net OPEB obligations	6,006,430	4,095,872
Noncash (decrease) increase in self-insurance liability	(622,455)	735,835
Changes in assets and liabilities:		
Materials and supplies inventory	(340,617)	(159,896)
Prepaid expenses	1,523,912	(1,103,539)
Other receivables	(295,118)	(105,954)
Accounts payable and accrued expenses	(2,118,086)	(3,454,869)
Municipal and community credits payable	(566,511)	497,949
Payable under purchase service contracts	(574,865)	581,900
Accrued wages and compensated absences	(16,999)	(874,607)
Net cash used in operating activities	\$ (86,602,673)	\$ (93,783,085)

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

Suburban Mobility Authority for Regional Transportation

**Notes to Financial Statements
June 30, 2012 and 2011**

Note 1 - Summary of Significant Accounting Policies

Organization

Suburban Mobility Authority for Regional Transportation (SMART or the "Authority"), 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, who represent the counties that comprise SMART's operating region.

Pursuant to the provisions of legislation enacted in 1988 which amended Act No. 204, a corporation known as the Regional Transit Coordinating Council (RTCC) is the designated recipient of operating assistance funds from the State of Michigan and the Federal Transit Administration (FTA). SMART and the Detroit Department of Transportation (DDOT) are subrecipients of such operating assistance funds. The Articles of Incorporation of the RTCC provide that 35 percent of any state or federal transportation operating assistance or formula capital grants or loans is to be distributed to SMART, and the remaining 65 percent is to be distributed to the DDOT. The FTA and the State of Michigan pay such funds directly to SMART and the DDOT at the direction of the RTCC. Capital grants or loans are not allocated on a formula basis by the responsible federal or state agencies, but rather are allocated on a specific project or asset basis. These allocations to SMART and the DDOT are based on the terms of the grant or loan.

However, due to the 2010 population census, where the City of Detroit fell below the 750,000 population requirement to maintain the RTCC funding split, the State of Michigan has temporarily suspended the 65/35 split for Act 51 funding beginning in fiscal year 2012. The State is allocating the funds to SMART as an independent large urban transit agency until the RTCC legislation is clarified on this matter, or new RTA legislation is enacted.

Reporting Entity

The financial reporting entity, as defined by Statement No. 14 of the Governmental Accounting Standards Board (GASB), is comprised of the primary government and its component units. The primary government includes all departments and operations for which SMART exercises oversight responsibility. Oversight responsibility was evaluated based on consideration of financial interdependency, selection of governing authority, designation of management, the ability to significantly influence management, and accountability for fiscal matters. The reporting entity of SMART consists solely of the primary government. There are no component units.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Under the guidelines of GASB Statement No. 14, this is evidenced by the fact that, with respect to any other governmental unit, including the transportation agencies with which SMART has entered into purchase-of-service agreements, or the Act 196 Transportation Authorities in the counties served by SMART, SMART does not select its governing authority, designate its management, exercise significant influence over its daily operations, or maintain their 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.

Basis of Accounting - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue from operations, investments, and other sources is recorded when earned. Expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied.

The accounting policies of Suburban Mobility Authority for Regional Transportation conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Nonexchange transactions, in which SMART receives value without directly giving equal value in return, include federal operating and preventive maintenance assistance, state operating grants, local contributions from property taxes, and capital contributions. On an accrual basis, revenue from these grants and contributions is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, and expenditure requirements, in which the resources are provided to SMART on a reimbursement basis.

In accordance with Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority applies all applicable GASB pronouncements, as well as all Financial Accounting Standards Board (FASB) statements and interpretations, Accounting Principles Board (APB) opinions, and accounting research bulletins (ARBs) issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds. The Authority has elected not to follow private sector guidance.

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

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

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

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

Capital Assets - Capital assets are defined by the Authority as assets with an initial individual cost of more than \$2,500 (\$1,000 for computer equipment) and an estimated useful life in excess of one year. Purchased or constructed capital assets are reported at cost or estimated historical cost. Improvements which are expected to extend the useful lives of existing assets are capitalized. Donated fixed assets are recorded at their estimated fair value at the date of donation. 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, based upon the estimated useful lives of the assets as follows:

Connector transit buses	4-10 years
Fixed-route buses	7-14 years
Buildings and building improvements	25 years
Leasehold improvements*	5-25 years
Equipment and office furniture	3-10 years

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

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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.

Pension and Other Postemployment Benefit Costs - The Authority offers both pension and retiree healthcare benefits to retirees. The Authority receives an actuarial valuation to compute the annual required contribution (ARC) necessary to fund the obligation over the remaining amortization period. The Authority reports the full accrual cost equal to the current year required contribution, adjusted for interest and an "adjustment to the ARC" on the beginning of year under/over paid amount, if any.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

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

Net Assets - Equity is presented in three components as follows:

- **Invested in Capital, Net of Related Debt** - This consists of capital assets, net of accumulated depreciation, less the outstanding balances of any bonds, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted** - This consists of net assets that are legally restricted by outside parties or by law through constitutional provisions or enabling legislation. When both restricted and unrestricted resources are available for use, generally it is the Authority's policy to use restricted resources first and then unrestricted resources when they are needed. At June 30, 2012, the Authority has restricted net assets related to 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 like-kind replacement vehicles. There were no such restricted net assets at June 30, 2011.
- **Unrestricted** - This consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 1 - Summary of Significant Accounting Policies (Continued)

Classification of Revenue - SMART has classified its revenue as either operating or nonoperating revenue according to the following criteria:

- **Operating Revenue** - Operating revenue includes activities that have the characteristics of exchange transactions such as revenue from transit operations.
- **Nonoperating Revenue** - Nonoperating revenue includes activities that have the characteristics of nonexchange transactions that are defined as nonoperating revenue by GASB No. 9, *Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*, and GASB No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, such as federal and state contributions and investment income.

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

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

Reclassifications - Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

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 net pension asset, 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.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

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 RTCC is the designated recipient of such funds and SMART is a subrecipient of the RTCC. SMART has recorded operating grant revenue under Act 51 based on a formula that takes into account the eligible costs incurred by SMART, estimates of eligible costs incurred by DDOT, locally generated revenue of SMART and DDOT, the percentage of the RTCC's funding that is allocable to SMART, and preliminary information made available by the Michigan Department of Transportation (MDOT) as to the amount of funds expected to be available to the RTCC.

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, 2010. The resulting reduction in revenue has been finalized with the State and is scheduled to be paid in the first quarter of 2013. Furthermore, SMART awaits the "final" determination for the years ended September 30, 2011 and 2012. SMART has recorded an estimated aggregate liability as of June 30, 2012 based on management's anticipation of the results of the State's final determination of the Act 51 funding formula for the open years.

Act 51 requires SMART to provide a portion of the State of Michigan operating assistance as funding to municipalities within its transportation district. Amounts not used by the municipalities within two years must be expended by SMART for operating purposes within the county in which the city, village, or township resides. SMART was required to provide approximately \$3,261,000 and \$3,059,000 pursuant to this provision in the fiscal years 2012 and 2011, respectively. 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:

	Business-type Activities
Cash and cash equivalents	\$ 35,823,218
Restricted cash	<u>1,136,006</u>
Total designated	<u>\$ 36,959,224</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 3 - Deposits and Investments (Continued)

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

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 not less than two standards rating services, which matures not more than 260 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and investment pools organized under the local government Investment Pool Acts, 1982 PA 367 and 1985 PA 121.

The Authority's cash and investments are subject to two 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 government'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 approximately \$307,000 of bank deposits (checking and savings accounts), none of which were uninsured and uncollateralized.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 3 - Deposits and Investments (Continued)

Credit Risk - State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations; however, SMART's investment policy further limits its investment choices to the highest-rated commercial paper at the time of purchase as established by not less than two nationally recognized rating agencies. As of year end, the Authority held investments in a governmental pooled investment fund and a money market account. The pooled investment fund is in compliance with PA 367 of 1982 and PA 20 of 1943, as amended. Although the fund is not rated, all assets which make up the fund were rated A1/PI/FI at the time of purchase. Credit quality ratings of these investments held at year end are as follows:

Investment	Fair Value	Credit Rating
Comerica - J Fund	\$ 6,089,817	Not rated
Money market	30,537,626	Not rated

Note 4 - Grants Receivable

At June 30, 2012 and 2011, grants receivable are comprised of the following:

	2012	2011
Accounts receivable - Billed:		
Federal government grants	\$ 6,103,123	\$ 6,510,279
State of Michigan grants	1,558,298	2,943,615
Total billed	7,661,421	9,453,894
Accounts receivable - Unbilled:		
Federal government grants	325,137	778,656
State of Michigan grants	534,194	246,490
Local grants	80,229	13,903
Total unbilled	939,560	1,039,049
Total	\$ 8,600,981	\$ 10,492,943

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 5 - Capital Assets

Capital asset activity during the fiscal year ended June 30, 2012 was as follows:

	Balance July 1, 2011	Additions	Disposals	Balance June 30, 2012
Capital assets not being depreciated:				
Land	\$ 4,250,570	\$ -	\$ (777,396)	\$ 3,473,174
Construction in progress	3,414,620	675,490	-	4,090,110
Subtotal	7,665,190	675,490	(777,396)	7,563,284
Capital assets being depreciated:				
Fixed-route buses and equipment	99,165,595	49,178	(731,694)	98,483,079
Connector buses and related equipment	33,237,640	7,604,267	(5,804,449)	35,037,458
Buildings and improvements	43,877,317	1,578,914	(3,851,213)	41,605,018
Office furnishings and equipment	1,905,770	-	-	1,905,770
Other equipment	50,287,393	629,846	-	50,917,239
Leasehold improvements	6,425,853	42,291	-	6,468,144
Subtotal	234,899,568	9,904,496	(10,387,356)	234,416,708
Accumulated depreciation:				
Fixed-route buses and equipment	61,148,195	7,136,121	(731,694)	67,552,622
Connector buses and related equipment	27,040,593	2,114,144	(5,804,449)	23,350,288
Buildings and improvements	32,046,561	952,328	(3,851,213)	29,147,676
Office furnishings and equipment	1,819,395	14,920	-	1,834,315
Other equipment	41,728,301	2,157,547	-	43,885,848
Leasehold improvements	4,235,168	405,888	-	4,641,056
Subtotal	168,018,213	12,780,948	(10,387,356)	170,411,805
Net capital assets being depreciated	66,881,355	(2,876,452)	-	64,004,903
Net capital assets	\$ 74,546,545	\$ (2,200,962)	\$ (777,396)	\$ 71,568,187

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 5 - Capital Assets (Continued)

Capital asset activity during the fiscal years ended June 30, 2011 was as follows:

	Balance July 1, 2010	Additions	Disposals	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 4,250,570	\$ -	\$ -	\$ 4,250,570
Construction in progress	278,133	3,137,206	(719)	3,414,620
Subtotal	4,528,703	3,137,206	(719)	7,665,190
Capital assets being depreciated:				
Fixed-route buses and equipment	95,440,268	5,022,227	(1,296,900)	99,165,595
Connector buses and related equipment	34,314,759	1,086,649	(2,163,768)	33,237,640
Buildings and improvements	43,537,803	339,514	-	43,877,317
Office furnishings and equipment	1,868,504	37,266	-	1,905,770
Other equipment	48,839,538	1,447,855	-	50,287,393
Leasehold improvements	6,195,001	230,852	-	6,425,853
Subtotal	230,195,873	8,164,363	(3,460,668)	234,899,568
Accumulated depreciation:				
Fixed-route buses and equipment	55,301,425	6,885,307	(1,038,537)	61,148,195
Connector buses and related equipment	26,759,190	2,445,099	(2,163,696)	27,040,593
Buildings and improvements	31,199,660	846,901	-	32,046,561
Office furnishings and equipment	1,803,889	15,506	-	1,819,395
Other equipment	39,652,823	2,075,478	-	41,728,301
Leasehold improvements	3,800,320	434,848	-	4,235,168
Subtotal	158,517,307	12,703,139	(3,202,233)	168,018,213
Net capital assets being depreciated	71,678,566	(4,538,776)	(258,435)	66,881,355
Net capital assets	\$ 76,207,269	\$ (1,401,570)	\$ (259,154)	\$ 74,546,545

The eligible depreciation of \$6,074,338 (\$12,780,949 total depreciation reported less ineligible depreciation of \$6,706,611) includes only depreciation of assets purchased with Authority funds whereby the useful life of the asset purchased has been approved by the BPT.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 5 - Capital Assets (Continued)

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

	<u>Spent to Date</u>	<u>Remaining Commitment</u>
Building improvements/renovations	\$ 24,524	\$ 566,204
Radio upgrade	-	6,620,285
Total	<u>\$ 24,524</u>	<u>\$ 7,186,489</u>

Note 6 - Property Taxes

In 2006, voters in Macomb County and in those communities participating in Act 196 Transportation Authorities in Oakland County and Wayne County approved a .59 property tax millage dedicated to public transportation. The Macomb and Wayne County millages were approved for four years and the Oakland County millage was approved for two years. The millage was re-approved in fiscal year ended June 30, 2011 in these same jurisdictions. Tax revenue received by Macomb County, the Wayne County Act 196 Authority and the Oakland County Act 196 Authority, which was contributed to SMART for the years ended June 30, 2012 and 2011, totaled \$39,903,784 and \$44,188,008, respectively.

Note 7 - Purchase-of-service Agreements

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

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 7 - Purchase-of-service Agreements (Continued)

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

	2012	2011
Municipal credits	\$ 3,261,074	\$ 3,058,956
Community credits	2,832,055	3,540,069
Community transit bus service	2,053,464	2,447,034
Specialized services	787,818	787,819
JARC and New Freedom	1,117,810	1,235,426
Royal Oak Township	43,427	42,339
Community-based services - Bloomfield Township	142,574	142,582
Total	<u>\$ 10,238,222</u>	<u>\$ 11,254,225</u>

Note 8 - Long-term Debt

SMART has entered into various installment purchase obligations to finance the acquisition of transit coaches and replacement engines.

Long-term obligation activity for the year ended June 30, 2012 is summarized as follows:

	Interest Rate	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note 2: 2001 Installment Purchase 100 Transit Coach Buses: Amount of issue: \$17,643,511 Maturing through September 2011	4.5%	\$1,568,661- \$3,043,525	\$ 1,568,662	\$ -	\$ 1,568,662	\$ -	\$ -
Note 2: 2002 Installment Purchase 87 Transit Coach Buses: Amount of issue: \$15,469,092 Maturing through September 2012	4.64%	\$1,374,395- \$2,656,008	4,030,403	-	2,656,008	1,374,395	1,374,395
Note 4: 2007 Installment Purchase Engine Replacement Plan: Amount of issue: \$10,171,326 Maturing through September 2012	5.27%	\$991,034- \$1,906,432	2,897,465	-	1,906,431	991,034	991,034
Total installment purchase obligations			8,496,530	-	6,131,101	2,365,429	2,365,429
Accumulated compensated absences			3,097,008	2,730,440	3,170,980	2,656,468	2,514,937
Total long-term debt			<u>\$ 11,593,538</u>	<u>\$ 2,730,440</u>	<u>\$ 9,302,081</u>	<u>\$ 5,021,897</u>	<u>\$ 4,880,366</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 8 - Long-term Debt (Continued)

Activity for the year ended June 30, 2011 was as follows:

	Interest Rate Ranges	Principal Maturity Ranges	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Note 1: 2000 Installment Purchase 100 Transit Coach Buses: Amount of issue: \$27,300,000 Maturing through September 2010	4.44%	\$1,698,113	\$ 1,698,113	\$ -	\$ 1,698,113	\$ -	\$ -
Note 2: 2001 Installment Purchase 100 Transit Coach Buses: Amount of issue: \$17,643,511 Maturing through September 2011	4.5%	\$1,568,661- \$3,043,525	4,603,187	-	3,034,525	1,568,662	1,568,661
Note 2: 2002 Installment Purchase 87 Transit Coach Buses: Amount of issue: \$15,469,092 Maturing through September 2012	4.64%	\$1,374,395- \$2,656,008	6,567,332	-	2,536,929	4,030,403	2,656,008
Note 4: 2007 Installment Purchase Engine Replacement Plan: Amount of issue: \$10,171,326 Maturing through September 2012	5.27%	\$991,034- \$1,906,432	4,707,317	-	1,809,852	2,897,465	1,906,432
Total installment purchase obligations			17,575,949	-	9,079,419	8,496,530	6,131,101
Accumulated compensated absences			3,128,711	2,995,091	3,026,794	3,097,008	2,934,949
Total business-type activities			\$ 20,704,660	\$ 2,995,091	\$ 12,106,213	\$ 11,593,538	\$ 9,066,050

Annual debt service requirements to maturity for the above note obligations include principal and interest of \$2,365,429 and \$57,985, respectively, due in the fiscal year ending June 30, 2013.

Note 9 - Risk Management

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

In fiscal years 2012 and 2011, 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 liability, 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. 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, 2012.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 9 - Risk Management (Continued)

Settled claims have not exceeded commercial coverage in any of the preceding five years.

SMART carries third-party commercial insurance for other areas of liability risk including health benefits.

Changes in the balances of self-insured liabilities during fiscal years 2012, 2011, and 2010 were as follows:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Claims liability - July 1	\$ 13,217,117	\$ 12,481,282	\$ 10,388,207
Incurred claims - Current year including adjustments to IBNR	5,593,483	8,306,684	5,683,051
Claim payments	<u>(6,215,938)</u>	<u>(7,570,849)</u>	<u>(3,589,976)</u>
Claims liability - June 30	<u>\$ 12,594,662</u>	<u>\$ 13,217,117</u>	<u>\$ 12,481,282</u>

Note 10 - Defined Benefit Pension Plan

Plan Description - SMART participates in the Michigan Municipal Employees' Retirement System (MMERS), an agent multiple-employer defined benefit pension plan. The system provides retirement, disability, and death benefits to plan members and their beneficiaries. The Michigan Municipal Employees' Retirement System issues a publicly available financial report that includes financial statements and required supplemental information for the system. That report may be obtained by writing to the system at 1134 Municipal Way, Lansing, MI 48917.

As of the December 31, 2007 valuation, the ATU, ATU clerical, UAW No. 771, Teamsters No. 24, AFSCME Local 1917, and nonunion plans were closed. As of July 1, 2007, all employees are a part of one of two plans as described below.

For employees hired prior to July 1, 2007:

Benefits vest after six years of service, with special provisions for death and disability. Normal retirement is at age 60 with six years of service or at age 55 with 15 years of service. Early retirement with reduced benefits is available beginning at age 50 with 25 years of service.

For employees hired after July 1, 2007:

Benefits vest after 10 years of service, with special provisions for death and disability. Normal retirement is at age 60 with 10 years of service or at age 55 with 20 years of service. Early retirement with reduced benefits is available beginning at age 50 with 25 years of service.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 10 - Defined Benefit Pension Plan (Continued)

Substantially all SMART employees are members of the MMERS plan. As of December 31, 2010, the date of the last actuarial valuation, 606 retirees and beneficiaries were receiving benefit payments, and the plan had 856 active members and 204 inactive vested members.

During the year ended June 30, 2012, the Authority implemented service reductions and employee layoffs impacting the plan membership. Approximately 100 active employees included in the December 31, 2010 actuary valuation were laid off or otherwise terminated (although 34 of those positions were reinstated prior to the June 30, 2012 fiscal year end). In response to this change in plan membership, SMART's management has requested a new actuarial valuation as of December 31, 2011 to be used in subsequent years. The impact on the funding status of the plan and related accrued liability is not determinable at this time.

Funding Policy - The obligation to contribute to and maintain the system for these employees was established by negotiation with the Authority's collective bargaining units and through employment agreements for nonrepresented employees. Beginning January 2012, all members are required to contribute 4.5 percent of eligible payroll to MMERS. Prior to January 1, 2012, members of only one of SMART's collective bargaining units (UAW No. 771) made contributions to MMERS. For the period spanning July 1, 2011 through December 31, 2011 and the year ended June 30, 2011, these employees (UAW No. 771) contributed 3 percent of eligible payroll.

As the plan sponsor, SMART is required to contribute at an actuarially determined rate. The actuarial determined rates for the fiscal years ended June 30, 2012 and 2011 were based on the December 31, 2009 and 2008 valuations, respectively. For the fiscal years ended June 30, 2012 and 2011, the UAW Local 771 new hire plan had an employer contribution rate, as a percentage of payroll, of 5.07 percent and all other employees had an employer contribution rate of 7.06 percent. The contribution requirements of plan members are established and may be amended by the retirement board of MMERS.

Annual Pension Cost and Net Pension Asset - For fiscal years ended June 30, 2012 and 2011, SMART's annual pension costs of \$5,162,739 and \$5,935,478, respectively, were equal to the adjusted required and actual contribution less interest on the net pension asset.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 10 - Defined Benefit Pension Plan (Continued)

SMART's annual pension cost and net pension asset for the years ended June 30, 2012 and 2011 are as follows:

	2012	2011
Annual required contribution	\$ (5,194,092)	\$ (5,952,816)
Interest on net pension asset	95,124	52,603
Adjustment to annual required contribution	(63,771)	(35,265)
Annual pension cost (APC)	(5,162,739)	(5,935,478)
Contributions made	4,649,410	6,466,982
(Decrease) increase in net pension asset	(513,329)	531,504
Net pension asset - Beginning of year	1,189,045	657,541
Net pension asset - End of year	<u>\$ 675,716</u>	<u>\$ 1,189,045</u>

Three-year historical trend information follows:

	Fiscal Year Ended June 30		
	2012	2011	2010
Annual pension cost (APC)	\$ 5,162,739	\$ 5,935,478	\$ 5,093,929
Percentage of APC contributed	90.0 %	109.0 %	95.0 %
Net pension asset	\$ 675,716	\$ 1,189,045	\$ 657,541

Funded Status and Funding Progress - The funding status (in thousands) for the three most recent years is as follows:

	Actuarial Valuation Date		
	December 31, 2010	December 31, 2009	December 31, 2008
Actuarial value of assets	\$ 157,584	\$ 152,858	\$ 148,449
Actuarial accrued liability (AAL) (entry age)	190,871	180,727	178,591
Unfunded AAL (UAAL)	33,287	27,869	30,142
Funded ratio	82.6 %	84.6 %	83.1 %
Covered payroll	39,147	40,598	42,973
UAAL as a percentage of covered payroll	85.0 %	68.6 %	70.1 %

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 10 - Defined Benefit Pension Plan (Continued)

Actuarial Methods and Assumptions - In the December 31, 2009 and 2008 actuarial valuations, the entry age actuarial cost method was used. Significant actuarial assumptions used include (a) an 8 percent investment rate of return, (b) projected salary increases of 2 percent to 4.5 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0 percent to 8.4 percent, attributable to seniority/merit, and (d) a 2.5 percent annual benefit increase. The actuarial valuation of assets was determined using techniques that smooth the effects of investment volatility over a 10-year period. The unfunded actuarial liability is being amortized as a level percentage of payroll on a closed basis. The remaining amortization period being used for both the 2009 and 2008 valuation years is 28 years, which will then be reduced by one year in each of the next eight annual valuations, beginning with the 2010 valuation.

Note 11 - Other Postemployment Benefits

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

Eligible employees include those who retire after attaining age 60 with at least six years of service or after attaining age 55 with at least 15 years of service. For employees hired after July 1, 2007, health, life, and prescription benefits will be provided after the employee attains age 55 with at least 25 years of service. This is an agent multiple-employer defined benefit plan.

Substantially all SMART employees are members of the plan. As of December 31, 2010 (the most recent actuarial valuation), 603 retirees and beneficiaries were receiving benefit payments and the plan had 879 active members.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 11 - Other Postemployment Benefits (Continued)

During the year ended June 30, 2012, the Authority implemented service reductions and employee layoffs impacting the plan membership. Approximately 100 active employees included in the December 31, 2010 actuary valuation were laid off or otherwise terminated (although 34 of those positions were reinstated prior to the June 30, 2012 year end). Additionally, the Authority implemented Public Act 152 of 2011 requiring employee contributions toward healthcare premiums ranging between 16 and 20 percent. In response to these changes, SMART's management has requested a new actuarial valuation as of December 31, 2011 to be used in subsequent years. The impact of the above changes on the funding status of the plan and the related accrued liability is not determinable at this time.

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

Funding Progress - For the years ended June 30, 2012 and 2011, the Authority has estimated the cost of providing retiree healthcare benefits through actuarial valuations as of December 31, 2010 and December 31, 2008, respectively. The valuations compute an annual required contribution, which represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years. The valuations' computed contributions and actual funding are summarized as follows:

	2012	2011
Annual required contribution (recommended)	\$ 11,579,061	\$ 9,487,958
Interest on the prior year's net OPEB obligation	542,200	339,654
Less adjustment to the annual required contribution	<u>(445,017)</u>	<u>(226,503)</u>
Annual OPEB cost	11,676,244	9,601,109
Amounts contributed - Payments of current premiums	<u>5,669,814</u>	<u>5,505,237</u>
Increase in net OPEB obligation	6,006,430	4,095,872
OPEB obligation - Beginning of year	<u>8,341,544</u>	<u>4,245,672</u>
OPEB obligation - End of year	<u>\$ 14,347,974</u>	<u>\$ 8,341,544</u>

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 11 - Other Postemployment Benefits (Continued)

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

<u>Fiscal Year Ended</u>	<u>Annual OPEB Costs</u>	<u>Percentage Contributed</u>	<u>Net OPEB Obligation</u>
6/30/10	\$ 9,189,597	99.0 %	\$ 4,245,672
6/30/11	9,601,109	57.0	8,341,545
6/30/12	11,676,244	49.0	14,347,974

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets (a)</u>	<u>Actuarial Liability (AAL) (b)</u>	<u>Unfunded AAL (UAAL) (b-a)</u>	<u>Funded Ratio (Percent) (a/b)</u>
12/31/07	\$ 6,093	\$ 110,869	\$ 104,776	5.5 %
12/31/08	7,565	116,089	108,524	6.5
12/31/10	17,683	177,518	159,835	10.0

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

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

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 11 - Other Postemployment Benefits (Continued)

The current year required contribution amount was determined as part of the December 31, 2010 actuarial valuation using the individual entry-age actuarial cost method. The actuarial assumptions include: (a) a 6.5 percent investment rate of return, (b) projected salary increase of 4.5 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.3 percent to 8.4 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 4.5 percent to 10 percent per year (annually). The actuarial values of assets are determined on the basis of a valuation method that assumes the fund earns the expected rate of return (8 percent), and includes an adjustment to reflect market value. SMART's unfunded actuarial accrued liability is being amortized as a level percent of payroll over a period of 30 years.

The prior year required contribution amount was determined as part of the December 31, 2008 actuarial valuation using the individual entry-age actuarial cost method. The actuarial assumptions include: (a) an 8.0 percent investment rate of return, (b) projected salary increase of 4.5 percent per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.3 percent to 8.4 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 4.5 percent to 10 percent per year (annually). The actuarial values of assets are determined on the basis of a valuation method that assumes the fund earns the expected rate of return (8 percent), and includes an adjustment to reflect market value. SMART's unfunded actuarial accrued liability is being amortized as a level percent of payroll over a period of 30 years.

The significant increases in the net OPEB obligation as of both June 30, 2012 and June 30, 2011 is due to the fact that there was no pre-funding in either year, and thus only a portion of the contributions in relation to the ARC was actually made. Although SMART is required to report an expense and liability for the unfunded ARC in any given year (in accordance with *Government Auditing Standards*), those expenses are only considered eligible expenses relative to the Authority's operating assistance funds allocation (through the State of Michigan) to the extent that they are paid. When the additional portion of the ARC is paid, the Authority expects to receive supplemental State operating assistance to partially offset these future payments. SMART's management estimates that approximately \$4.5 million, predicated on the then-existing funding formulas, would be available to fund future ARC liability payments based on the recorded OPEB obligation at June 30, 2012.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 12 - Commitments

SMART leases certain office space and equipment under operating lease agreements. Some leases include escalation clauses for SMART's pro rata share of taxes and operating expenses. Total rent expense for the years ended June 30, 2012 and 2011 was approximately \$349,000 and \$344,000, respectively.

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

Approximate minimum lease payments are as follows:

Fiscal Years Ending June 30	Amount
2013	\$ 329,000
2014	408,000
2015	375,000
2016	380,000
2017-2018	501,000
Total	<u>\$ 1,993,000</u>

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 BPT R&E Manual

Ineligible expenses are classified appropriately according to the definition in the Local Public Transit Revenue and Expense Manual (R&E Manual). Any capital funds used to pay operating costs have been subtracted from eligible costs. Also, any expenses associated with earned revenue (if applicable) have been subtracted from eligible costs.

Suburban Mobility Authority for Regional Transportation

Notes to Financial Statements June 30, 2012 and 2011

Note 15 - Upcoming Accounting Pronouncements

In December 2010, the GASB issued Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This statement incorporates into GASB literature certain accounting and financial reporting guidance issued on or before November 30, 1989 that is included in FASB statements and interpretations, APB opinions, and accounting research bulletins of the AICPA Committee on Accounting Procedure. Suburban Mobility Authority for Regional Transportation is currently evaluating the impact this standard will have on the financial statements when adopted during its 2012-2013 fiscal year.

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for Suburban Mobility Authority for Regional Transportation's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the enterprise fund level.

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). Suburban Mobility Authority for Regional Transportation is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.

Other Supplemental Information

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Operating Revenue Schedule Year Ended June 30, 2012

Description	Jul 1, 2011 to Sep 30, 2011	Oct 1, 2011 to Jun 30, 2012	Total
Passenger fares	\$ 4,024,891	\$ 10,396,653	\$ 14,421,544
Contract fares	43,875	122,294	166,169
Concessions	-	-	-
Advertising	125,000	415,135	540,135
Rental of buildings or other property	9,128	42,182	51,310
Other nontrans. revenue	13,458	36,820	50,278
Other local contracts - Mun. Cr.	-	-	-
Other local contracts - Com. Cr.	-	-	-
Total revenue	<u>\$ 4,216,352</u>	<u>\$ 11,013,084</u>	<u>\$ 15,229,436</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Operating Revenue Schedule State Year Ended September 30, 2011

Description	Oct 1, 2010 to Jun 30, 2011	Jul 1, 2011 to Sep 30, 2011	Total
Passenger fares	\$ 10,874,075	\$ 4,024,891	\$ 14,898,966
Contract fares	128,579	43,875	172,454
Concessions	-	-	-
Advertising	433,709	125,000	558,709
Rental of buildings or other property	41,541	9,128	50,669
Other nontrans. revenue	24,650	13,458	38,108
Other local contracts - Mun. Cr.	6,404	-	6,404
Other local contracts - Com. Cr.	6	-	6
Total revenue	<u>\$ 11,508,964</u>	<u>\$ 4,216,352</u>	<u>\$ 15,725,316</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Local Revenue Schedule Year Ended June 30, 2012

Description	July 1, 2011 to Sep 30, 2011	Oct 1, 2011 to Jun 30, 2012	Total
Taxes levied directly	\$ -	\$ -	\$ -
Local operating assistance millage	10,100,100	29,803,683	39,903,783
Other local contracts	-	-	-
Total revenue	<u>\$ 10,100,100</u>	<u>\$ 29,803,683</u>	<u>\$ 39,903,783</u>
Interest Income	<u>\$ 31,801</u>	<u>\$ 27,661</u>	<u>\$ 59,462</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Local Revenue Schedule Year Ended September 30, 2011

Description	Oct 1, 2010 to Jun 30, 2011	July 1, 2011 to Sep 30, 2011	Total
Taxes levied directly	\$ -	\$ -	\$ -
Local operating assistance millage	32,827,434	10,100,100	42,927,534
Other local contracts	-	-	-
Total revenue	\$ 32,827,434	\$ 10,100,100	\$ 42,927,534
Interest Income	\$ 71,570	\$ 31,801	\$ 103,371

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Federal and State Operating Revenue Year Ended June 30, 2012

Description	Jul 1, 2011 to Sep 30, 2011	Oct 1, 2011 to Jun 30, 2012	Total
State Operating Assistance	\$ 6,518,218	\$ 19,776,155	\$ 26,294,373
Prior Year (2011 Reconciled Adj)	-	658,921	658,921
Prior Year (2009 Preliminary Audit Adj)	-	(127,383)	(127,383)
Line-item municipal credit	407,633	1,210,268	1,617,901
Mun. Cr. special appropriation	407,635	1,210,269	1,617,904
Cap. K reimb. for admin. expenses	-	-	-
Other Cap. K reimb. for operating expenses	-	-	-
Other MDOT/BPT contracts and reimb.:			
Other Transit User Study MI-80-0002 2007-0294 Z8	43,345	-	43,345
State Preventive Maintenance 2007-0294 ZXX	923,220	1,434,532	2,357,752
Subtotal SMART State	8,300,051	24,162,762	32,462,813
Pass-through State Act 51:			
Bedford	27,165	87,264	114,429
Bedford (FY11 Reconcile Adj.)	-	13,517	13,517
LETG Urban and Non-Urban	436,205	1,053,546	1,489,751
LETG Urban and Non-Urban (FY11 Reconcile Adj.)	-	(55,293)	(55,293)
Royal Oak Township	14,487	36,297	50,784
Royal Oak Township (Reconciled FY11 Adj.)	-	(7,357)	(7,357)
Total Pass-through State Act 51	477,857	1,127,974	1,605,831
Other state pass-through grants:			
Specialized Service Grant 2007-0294 Z30	196,960	-	196,960
Specialized Service Grant 2007-0294 ZXX	-	590,858	590,858
JARC PASS THRU 2007-0294 Z21	377	53,196	53,573
JARC PASS THRU 2007-0294 Z45	-	244,869	244,869
NOTA New Freedom 2007-0294 Z35	-	-	-
Total other state pass-through grants	197,337	888,923	1,086,260
Grand total state revenue per F/S	\$ 8,975,245	\$ 26,179,659	\$ 35,154,904

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Federal and State Operating Revenue (Continued) Year Ended June 30, 2012

Description	Jul 1, 2011 to Sep 30, 2011	Oct 1, 2011 to Jun 30, 2012	Total
Preventive maintenance - MI-90-0756	\$ 3,692,880	\$ 10,838,059	\$ 14,530,939
Planning/capital cost of contracting - FY 2011 UWP - CONTRACT #MI-80-2002	76,922	228,619	305,541
Reimb. for JARC Admin MI-37-6040	3,794	20,490	24,284
Reimb. for JARC Admin MI-37-6043	-	-	-
Reimb. for New Freedom Admin. MI-57-6007	3,782	17,778	21,560
Other Transit User Study MI-80-0002 2007-0294 Z8	-	-	-
Gateway - M-0782 (075) 2007-0294/Z12	-	-	-
Other federal transit contracts and reimb. - CMAQ MI-95-0049	-	-	-
Subtotal SMART State	3,777,378	11,104,946	14,882,324
Other federal pass-through grants:			
Section 5307 Lake Erie MI-90-4758	119,750	396,301	516,051
Section 5307 ARRA SMART	2,020,000	-	2,020,000
Section 5311 Lake Erie MI-86-X002-2007-0294-Z32	29,121	138,635	167,756
Other	1,509	315,930	317,439
Other	808	501,121	501,929
Total pass-through federal	\$ 2,171,188	\$ 1,351,987	\$ 3,523,175
Grand total federal revenue per F/S	\$ 5,948,566	\$ 12,456,933	\$ 18,405,499
Grand total state and federal	\$ 14,923,811	\$ 38,636,592	\$ 53,560,403

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Federal and State Operating Revenue Year Ended September 30, 2011

Description	Oct 1, 2010 to Jun 30, 2011	Jul 1, 2011 to Sep 30, 2011	Total
State Operating Assistance	\$ 20,324,820	\$ 6,518,218	\$ 26,843,038
Prior Year (2010 Reconciled Adj)	677,952	-	677,952
Prior Year (2009 Preliminary Audit Adj)	(880,200)	-	(880,200)
Line-item municipal credit	1,147,113	407,632	1,554,745
Mun. Cr. Special Appropriation	1,147,109	407,636	1,554,745
Cap. K reimb. for admin. expenses	-	-	-
Other Cap. K reimb. for operating expenses	-	-	-
Other MDOT/BPT contracts and reimb.:			
Other Transit User Study MI-80-0002 2007-0294 Z8	187,094	43,345	230,439
State Preventive Maintenance	1,390,294	923,220	2,313,514
Subtotal SMART state	23,994,182	8,300,051	32,294,233
Pass-through State Act 51:			
Bedford	89,544	27,165	116,709
Bedford (Prior Year)	17,121	-	17,121
LETC Urban and Non-Urban	1,272,522	436,205	1,708,727
LETC Urban and Non-Urban (Prior Year)	51,350	-	51,350
Royal Oak Township	37,301	14,487	51,788
Royal Oak Township (Prior Year)	(4,206)	-	(4,206)
Total pass-through State Act 51:	1,463,632	477,857	1,941,489
Other state pass-through grants:			
Specialized Service Grant 2007-0294 Z20	-	-	-
Specialized Service Grant 2007-0294	590,859	196,960	787,819
NOTA JARC 2007-0294 Z31	101,848	-	101,848
JARC PASS THRU 2007-0294 Z21	125,271	377	125,648
JARC PASS THRU 2007-0294 Z45	85,632	-	85,632
NOTA New Freedom 2007-0294 Z35	93,034	-	93,034
Total other state pass-through grants	996,644	197,337	1,193,981
Grand total state revenue per F/S	\$ 26,454,458	\$ 8,975,245	\$ 35,429,703

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Federal and State Operating Revenue (Continued) Year Ended September 30, 2011

Description	Oct 1, 2010 to Jun 30, 2011	Jul 1, 2011 to Sep 30, 2011	Total
Preventive maintenance - MI-90-0756	\$ 14,913,805	\$ 3,692,880	\$ 18,606,685
Planning/capital cost of contracting - FY 2011 UWP - CONTRACT MI-80-2002	230,723	76,922	307,645
Cap. K reimb. for JARC admin. expenses	-	3,794	3,794
Remib. for Jarc Admin MI-37-6040	13,660	3,782	17,442
Remib. for Jarc Admin MI-37-6043	1,690	-	1,690
Remib. for New Freedom Admin MI-57-6007	13,698	-	13,698
Remib. for New Freedom Admin MI-57-6014	441	-	441
Remib. for New Freedom Admin MI-57-6018	1,855	-	1,855
Other federal transit contracts and reimb. - CMAQ MI-95-0049	471,189	-	471,189
Subtotal SMART federal	15,647,061	3,777,378	19,424,439
Other federal pass-through grants:			
Section 5307 Lake Erie MI-90-4758	359,248	119,750	478,998
Section 5307 ARRA SMART	-	2,020,000	2,020,000
Section 5307 Lake Erie ARRA LAKE ERIE MI-96-4008	67,777	-	67,777
Section 5307 Lake Erie ARRA BEDFORD MI-96-4007	23,348	-	23,348
CMAQ Lake Erie MI-95-0017	9,294	-	9,294
Section 5311 Lake Erie MI-86-X002 2007-0294 Z32	114,705	29,121	143,826
Other	236,751	1,509	238,260
Other	563,658	808	564,466
Total pass-through federal	1,374,781	2,171,188	3,545,969
Grand total federal revenue per F/S	\$ 17,021,842	\$ 5,948,566	\$ 22,970,408
Grand total state and federal	\$ 43,476,300	\$ 14,923,811	\$ 58,400,111

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule Year Ended June 30, 2011

Description	Jul 1, 2011 to Sep 30, 2011	Oct 1, 2011 to Jun 30, 2012	Total
Labor	\$ 10,296,442	\$ 27,295,993	\$ 37,592,435
Other fringe benefits	5,660,629	15,337,052	20,997,681
Pensions	1,304,590	3,857,278	5,161,868
OPEB - Funded	-	-	-
OPEB - Unfunded	1,351,045	4,655,385	6,006,430
Advertising fees	-	-	-
Audit cost	44,724	127,336	172,060
Other services	489,525	2,093,604	2,583,129
Fuel and lubricants	2,602,212	6,405,589	9,007,801
Tires and tubes	169,570	429,913	599,483
Other materials and supplies	1,509,418	3,906,103	5,415,521
Utilities	328,783	1,225,047	1,553,830
Casualty and liab. costs	1,409,153	4,476,071	5,885,224
Taxes and fees	-	-	-
Purchased transportation service	2,338,748	7,899,472	10,238,220
Pass-throughs that are expensed	-	-	-
Travel, meetings, and training	5,739	37,368	43,107
Association dues and subscriptions	-	4,255	4,255
Loss on disposal of asset	-	(464,349)	(464,349)
Other miscellaneous expenses	19,013	63,129	82,142
Cost overruns	-	-	-
Interest on long-term debt	157,797	311,617	469,414
Interest on short-term debt	-	-	-
Interest on capital lease	-	-	-
Leases and rentals	-	-	-
Depreciation	1,575,000	11,205,949	12,780,949
 Total expenses	 <u>\$ 29,262,388</u>	 <u>\$ 88,866,812</u>	 <u>\$ 118,129,200</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule (Continued) Year Ended June 30, 2011

Description	Jul 1, 2011 to Sep 30, 2011	Oct 1, 2011 to Jun 30, 2012	Total
Less ineligible expenses:			
Ineligible depreciation	\$ -	\$ 6,706,612	\$ 6,706,612
Ineligible loss on disposal	-	-	-
Local contracts	-	-	-
Preventive maintenance (MI-90-0591)	3,692,880	10,838,059	14,530,939
Planning/Cap. Cost of K (FY 2011 MI-80-0201)	76,922	228,619	305,541
Admin expense paid by JARC MI-37-6040	-	-	-
Admin expense paid by New Freedom MI-57-6007	-	-	-
Other ineligible federal/state/local	-	-	-
CMAQ MI-95-0049	-	-	-
JARC MI-37-X033 2007-0294/Z10	-	-	-
Other state contracts (municipal credits)	-	-	-
Pass-through ineligibles	3,340,551	-	3,340,551
Gateway - M-0782 (075) 2007-0294/Z12	-	-	-
Transit User Study MI-80-0002 2002-0088 Z8	-	187,094	187,094
State preventive maintenance	-	1,390,294	1,390,294
Ineligible association dues	-	-	-
Ineligible pension/OPEB	1,048,669	4,957,761	6,006,430
Other ineligibles	-	-	-
Cost overruns	-	-	-
Garnishments	5,419	-	5,419
Total ineligibles	8,164,441	24,308,439	32,472,880
Total eligible expenses	\$ 21,097,947	\$ 64,558,373	\$ 85,656,320

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule (Continued) Year Ended June 30, 2011

Description	Jul 1, 2011 to Sep 30, 2011	Oct 1, 2011 to Jun 30, 2012	Total
Pass-throughs that are expensed:			
Nankin Subsidy	\$ 68,250	\$ 204,750	\$ 273,000
Lake Erie	563,544	1,682,667	2,246,211
Mun. Cr. - Formula	407,632	1,222,903	1,630,535
Mun. Cr. - Line Item	407,636	1,222,903	1,630,539
Comm. Cr.	708,009	2,124,046	2,832,055
Other state subsidized serv.	-	-	-
Specialized services	196,960	590,858	787,818
Royal Oak Twp	14,487	28,940	43,427
Contra SMART Paid Expense	(114,798)	(350,950)	(465,748)
JARC - NEW FREEDOM expense Urban	-	584,219	584,219
JARC - Mobility Management Urban	1,886	29,776	31,662
NEW FREEDOM Operating Assistant Urban	-	811,104	811,104
NEW FREEDOM Mobility Management Urban	808	44,397	45,205
NEW FREEDOM Local Operating Expense Urban	-	(354,380)	(354,380)
	\$ 2,254,414	\$ 7,841,233	\$ 10,095,647
Pass-throughs that are expensed			
Ineligible pass-throughs:			
Nankin Subsidy	\$ 68,250	\$ 204,750	\$ 273,000
Lake Erie	563,544	1,682,667	2,246,211
Mun. Cr. - Formula	407,632	1,222,903	1,630,535
Mun. Cr. - Line Item	407,636	1,222,903	1,630,539
Comm. Cr.	708,009	2,124,046	2,832,055
Other state subsidized serv.	-	-	-
Specialized services	196,960	590,858	787,818
Royal Oak Twp	14,487	28,940	43,427
Contra SMART Paid Expense	(114,798)	(350,950)	(465,748)
JARC - NEW FREEDOM expense Urban	-	584,219	584,219
JARC - Mobility Management Urban	1,886	29,776	31,662
NEW FREEDOM Operating Assistant Urban	-	811,104	811,104
NEW FREEDOM Mobility Management Urban	808	44,397	45,205
NEW FREEDOM Local Operating Expense Urban	-	(354,380)	(354,380)
	\$ 2,254,414	\$ 7,841,233	\$ 10,095,647
Ineligible pass-throughs			

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule State Year Ended September 30, 2010

Description	Oct 1, 2010 to Jun 30, 2011	Jul 1, 2011 to Sep 30, 2011	Total
Labor	\$ 30,412,580	\$ 10,296,442	\$ 40,709,022
Other fringe benefits	15,120,341	5,660,629	20,780,970
Pensions	4,486,541	1,304,590	5,791,131
OPEB - Funded	-	-	-
OPEB - Unfunded	3,047,203	1,351,045	4,398,248
Advertising fees	-	-	-
Audit cost	107,179	44,724	151,903
Other services	2,264,546	489,525	2,754,071
Fuel and lubricants	7,011,706	2,602,212	9,613,918
Tires and tubes	504,628	169,570	674,198
Other materials and supplies	4,518,066	1,509,418	6,027,484
Utilities	1,468,773	328,783	1,797,556
Casualty and liab. costs	4,771,058	1,409,153	6,180,211
Taxes and fees	-	-	-
Purchased transportation service	8,741,634	2,338,748	11,080,382
Pass-throughs that are expensed	-	-	-
Travel, meetings, and training	24,705	5,739	30,444
Association dues and subscriptions	3,639	-	3,639
Loss on disposal of asset	146,654	-	146,654
Other miscellaneous expenses	32,741	19,013	51,754
Cost overruns	-	-	-
Interest on long-term debt	599,043	157,797	756,840
Interest on short-term debt	-	-	-
Interest on capital lease	-	-	-
Leases and rentals	-	-	-
Depreciation	11,177,588	1,575,000	12,752,588
Total expenses	\$ 94,438,625	\$ 29,262,388	\$ 123,701,013

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule (Continued) State Year Ended September 30, 2011

Description	Oct 1, 2010 to Jun 30, 2011	Jul 1, 2011 to Sep 30, 2011	Total
Less ineligible expenses:			
Ineligible depreciation	\$ 6,609,009	\$ -	\$ 6,609,009
Ineligible loss on disposal	-	-	-
Local contracts	-	-	-
Preventive maintenance (MI-90-0591)	14,913,805	3,692,880	18,606,685
Planning/Cap. Cost of K (FY 2010 MI-80-2001)	230,723	76,922	307,645
Administrative expense paid by Cap. K	-	-	-
Other expense paid by Cap. K	-	-	-
Other Ineligible federal/state/local	-	-	-
CMAQ MI-95-0049	471,189	-	471,189
Other state contracts (municipal credits)	-	-	-
Pass-through ineligibles	-	-	-
Transit User Study MI-80-0002 2002-0088 Z8	187,094	-	187,094
State preventive maintenance 2002-0088 Z20	1,390,294	-	1,390,294
Ineligible interest	-	-	-
MPTA Dues (7.10% INELIG.)	-	-	-
CTAA Dues (1.66% INELIG.)	-	-	-
APTA Dues (14.00% INELIG.)	-	-	-
Ineligible pension/OPEB	3,626,314	-	3,626,314
Other ineligibles	-	1,048,669	1,048,669
Cost overruns	883	-	883
Garnishments	24,650	5,419	30,069
Total ineligibles	<u>\$ 27,453,961</u>	<u>\$ 4,823,890</u>	<u>\$ 32,277,851</u>
Total eligible expenses	<u>\$ 66,984,664</u>	<u>\$ 24,438,498</u>	<u>\$ 91,423,162</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Expense Schedule (Continued) State Year Ended September 30, 2011

Description	Oct 1, 2010 to Jun 30, 2011	Jul 1, 2011 to Sep 30, 2011	Total
Pass-throughs that are expensed:			
Nankin Subsidy	\$ 204,750	\$ 68,250	\$ 273,000
Lake Erie	2,004,909	563,544	2,568,453
Mun. Cr. - Formula	1,147,113	407,632	1,554,745
Mun. Cr. - Line Item	1,147,109	407,636	1,554,745
Comm. Cr.	2,655,046	708,009	3,363,055
Other state subsidized serv.	-	-	-
Specialized services	590,859	196,960	787,819
Royal Oak Twp	33,095	14,487	47,582
Contra SMART Paid Expense	(354,377)	(114,798)	(469,175)
JARC NOTA	101,848	-	101,848
NOTA NEW FREEDOM	187,443	-	187,443
JARC - New Freedom Expense Urban	404,576	-	404,576
JARC - Monility Management Urban	43,079	1,886	44,965
NEW FREEDOM Operating Expense Urban	834,367	-	834,367
NEW FREEDOM Mobility Management Urban	45,878	808	46,686
NEW FREEDOM Local Operating Expense Urban	(410,996)	-	(410,996)
CBS Bloomfield Hills/Richmond Lenox	106,936	-	106,936
Pass-throughs that are expensed	\$ 8,741,635	\$ 2,254,414	\$ 10,996,049
Ineligible pass-throughs:			
Nankin Subsidy	\$ 204,750	\$ 68,250	\$ 273,000
Lake Erie	2,004,909	563,544	2,568,453
Mun. Cr. - Formula	1,147,113	407,632	1,554,745
Mun. Cr. - Line Item	1,147,109	407,636	1,554,745
Comm. Cr.	2,655,046	708,009	3,363,055
Other state subsidized serv.	-	-	-
Specialized services	590,859	196,960	787,819
Royal Oak Twp	33,095	14,487	47,582
Contra SMART Paid Expense	(354,377)	(114,798)	(469,175)
JARC NOTA	101,848	-	101,848
NOTA NEW FREEDOM	187,443	-	187,443
JARC - New Freedom Expense Urban	404,576	-	404,576
JARC - Monility Management Urban	43,079	1,886	44,965
NEW FREEDOM Operating Expense Urban	834,367	-	834,367
NEW FREEDOM Mobility Management Urban	45,878	808	46,686
NEW FREEDOM Local Operating Expense Urban	(410,996)	-	(410,996)
CBS Bloomfield Hills/Richmond Lenox	106,936	-	106,936
Ineligible pass-throughs	\$ 8,741,635	\$ 2,254,414	\$ 10,996,049

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
U.S DEPARTMENT OF TRANSPORTATION											
DIRECT ASSISTANCE											
CAPITAL ASSISTANCE	80 % - 20 %	FY2001	SECTION 5309	20.500	MI-03-0175	2002-0088 Z3	\$ 4,085,048	\$ -	\$ -	\$ -	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	SECTION 5309	20.500	MI-03-0185	2002-0088 Z9	2,088,961	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5309	20.500	MI-03-0194	2002-0088 Z12	3,442,875	22,429	22,429	-	1,810,806
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5309	20.500	MI-03-0205	2002-0088 Z20	5,339,805	-	-	-	2
CAPITAL ASSISTANCE NOTA	80 % - 20 %	FY2002	SECTION 5309	20.500	MI-03-0207	2002-0088 Z23	148,504	-	-	-	-
CAPITAL ASSISTANCE NOTA	80 % - 20 %	FY2005	SECTION 5309	20.500	MI-03-0218	2002-0088 Z27	77,742	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	SECTION 5309	20.500	MI-03-0220	2002-0088 Z28	3,401,222	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5309	20.500	MI-04-0013	2002-0088 Z37	7,623,000	114,623	114,623	-	272,615
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5309	20.500	MI-04-0025	2007-0294 Z7	1,750,000	1,504	1,504	-	858,918
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0040	2007-0294 Z40	4,250,000	1,531,133	1,531,133	-	2,242,102
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0057	2007-0294 Z28	3,923,500	-	-	-	-
							\$ 36,130,657	\$ 1,669,689	\$ 1,669,689	\$ -	\$ 5,184,443
PLANNING & TECHNICAL STUDIES UWP PROGRAM FY12	80 % - 20 %	FY2012		20.505	MI-80-XXXX	N/A	305,541	305,541	305,541	-	-
							\$ 305,541	\$ 305,541	\$ 305,541	-	-
PLANNING & TECHNICAL STUDIES SECTION 5304	100% STATE	FY2011	SECTION 5309	20.505	MI-80-0002	2007-0294 Z8	240,000	15,690	15,690	-	-
							\$ 240,000	\$ 15,690	\$ 15,690	-	-

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
CAPITAL ASSISTANCE	80 % - 20 %	FY2000	SECTION 5307	20.507	MI-90-0336	2000-0751	\$ 12,877,102	\$ -	\$ -	\$ -	-
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5310	20.513	MI-16-0031	2006-0581	1,032,900	70,799	70,799	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	SECTION 5307	20.507	MI-90-0385	2002-0088 Z4	13,861,988	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	ENHANCEMENT	20.507	MI-90-0392	2002-0088 Z7	-	-	-	13,840	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5307	20.507	MI-90-0402	2002-0088 Z11	12,573,660	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	CMAQ	20.507	MI-90-0410	2002-0088 Z14	688,325	-	-	-	-
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2003	SECTION 5307	20.507	MI-90-0413	2002-0088 Z15	-	-	-	-	268,490
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5307	20.507	MI-90-0435	2002-0088 Z17	12,723,791	-	-	-	-
CAPITAL ASSISTANCE RICHMOND LENOX	80 % - 20 %	FY2004	STP	20.507	MI-90-0436	2002-0088 Z19	24,000	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	CMAQ	20.507	MI-90-0438	2002-0088 Z25	974,986	10,626	10,626	-	-
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2004	SECTION 5307	20.507	MI-90-0441	2002-0088 Z18	268,460	-	-	-	-
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2004	STP	20.507	MI-90-0450	2002-0088 Z26	65,500	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	CMAQ	20.507	MI-90-0456	2002-0088 Z29	624,000	-	-	-	559,459
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2005	SECTION 5307	20.507	MI-90-0462	2002-0088 Z32	281,342	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	SECTION 5307	20.507	MI-90-0465	2002-0088 Z33	13,043,067	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5307	20.507	MI-90-0488	2002-0088 Z39	13,045,016	467	467	-	-
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2006	SECTION 5307	20.507	MI-90-0489	2002-0088 Z38	281,932	5,335	5,335	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	CMAQ	20.507	MI-90-0515	2002-0088 Z36	380,000	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5307	20.507	MI-90-0540	2007-0294 Z4	13,530,712	81,827	81,827	-	530
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2007	SECTION 5307	20.507	MI-90-0541	2007-0294 Z3	295,603	19,116	19,116	-	137
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2008	SECTION 5307	20.507	MI-90-0566	2007-0294 Z16	320,760	71,484	71,484	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2008	SECTION 5307	20.507	MI-90-0570	2007-0294 Z15	14,788,735	238,648	238,648	-	11,014
CAPITAL ASSISTANCE ARRA	100%	FY2009	SECTION 5307	20.507	MI-96-0007	N/A	18,479,625	3,657,785	3,657,785	-	6,160,133
CAPITAL ASSISTANCE ARRA LETC	100%	FY2009	SECTION 5307	20.507	MI-96-0008	N/A	903,695	-	-	-	-
CAPITAL ASSISTANCE	100 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z17	627,504	540,815	540,815	-	-
CAPITAL ASSISTANCE	100 % STATE	FY2009	SECTION 5310	N/A	MI-16-X003	2007-0294 Z24	985,652	901,201	901,201	-	84,451
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5307	20.507	MI-90-0591	2007-0294 Z26	15,476,782	240,878	240,878	-	165,463
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5307	20.507	MI-90-0592	2007-0294 Z27	411,196	69,191	69,191	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2011	SECTION 5307	20.507	MI-90-0756	2007-0294 Z38	14,477,561	9,454,999	9,454,999	-	5,022,562
CAPITAL ASSISTANCE	80 % - 20 %	FY2012	SECTION 5307	20.507	MI-90-0756	2007-0294 Z38	15,612,066	5,099,940	5,099,940	-	10,512,126
CAPITAL ASSISTANCE	80 % - 20 %	FY2010-12	SECTION 5307	20.507	MI-90-0756	2007-0294 Z38	845,799	55,205	55,205	-	790,594
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	NHANCE & CMA	20.507	MI-95-0049	PENDING	16,013	1,192	1,192	-	-
CAPITAL ASSISTANCE	100%	FY2012	CMAQ	20.507	MI-95-X077	N/A	2,909,772	-	-	-	2,909,772
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	N/A	MI-16-X004	2007-0294 Z36	8,697	8,697	8,697	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5307	20.507	MI-90-0758	2007-0294 Z39	151,083	-	-	-	136,813
CAPITAL ASSISTANCE	80 % - 20 %	FY2011	SECTION 5307	20.507	MI-90-0758	2007-0294 Z39	478,998	119,750	119,750	-	359,248
CAPITAL ASSISTANCE	80 % - 20 %	FY2012	SECTION 5307	20.507	MI-90-0758	2007-0294 Z39	528,404	396,301	396,301	-	132,103
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0029	2007-0294 Z41	65,428	65,428	65,428	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0030	2007-0294 Z42	228,030	225,149	225,149	-	2,881
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0031	2007-0294 Z43	332,339	328,966	328,966	-	3,373
CAPITAL ASSISTANCE TRANSIT SECURITY	100 % STATE	FY2007		N/A	N/A	2007 TSGP	310,872	156,868	156,868	-	154,004
SMART PREVENTIVE MAINTENANCE			SECTION 5309	20.507	MI-96-0007		10,000	-	-	-	10,000
							\$ 184,823,725	\$ 21,820,667	\$ 21,820,667	\$ -	\$ 27,014,663

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
CAPITAL ASSISTANCE	100 % STATE	FY1993	SECTION 3	N/A	N/A	93-1093	\$ 1,374,719	\$ -	\$ -	\$ -	\$ 40,445
CAPITAL ASSISTANCE	100 % STATE	FY1994	FHWA	N/A	N/A	94-0166	5,625,000	-	-	-	-
CAPITAL ASSISTANCE	100 % STATE	FY1995	16 B-2	N/A	N/A	95-1479	500,000	-	-	-	10,288
CAPITAL ASSISTANCE	80 % - 20 %	FY1995	SECTION 9	N/A	MI-90-0232	95-1652	3,027,062	-	-	-	494
CAPITAL ASSISTANCE	100 % STATE	FY1995	FHWA	N/A	VH-9426(402	95-2164	9,375,000	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY1996	SECTION 9	N/A	MI-90-0265	96-0778	1,244,902	-	-	-	1
CAPITAL ASSISTANCE	100 % STATE	FY1998	SECTION 5309	N/A	N/A	98-0581	944,000	-	-	-	14
CAPITAL ASSISTANCE	80 % - 20 %	FY2000	SECTION 5307	N/A	MI-90-0336	2000-0751	3,219,275	-	-	-	-
CAPITAL ASSISTANCE	100 % STATE	FY2001	SECTION 5310	N/A	N/A	2001-0862	526,736	-	-	-	157
CAPITAL ASSISTANCE	100 % STATE	FY2002	SECTION 5310	N/A	N/A	2002-0595	904,845	-	-	-	-
CAPITAL ASSISTANCE	100 % STATE	FY2004	SECTION 5310	20.513	MI-16-0029	2004-0462	647,952	-	-	-	7,673
CAPITAL ASSISTANCE	100 % STATE	FY2005	SECTION 5310	20.513	MI-16-0030	2005-0441	621,099	-	-	-	-
CAPITAL ASSISTANCE	100 % STATE	FY2005	SECTION 5310	20.513	MI-16-0030	2006-0548	162,417	-	-	-	-
CAPITAL ASSISTANCE	100 % STATE	FY2006	SECTION 5310	20.513	MI-16-0031	2006-0581	1,379,686	88,499	-	88,499	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2001	SECTION 5309	N/A	MI-03-0175	2002-0088 Z3	1,021,262	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	SECTION 5307	N/A	MI-90-0385	2002-0088 Z4	3,465,497	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	ENHANCEMENT	N/A	MI-90-0392	2002-0088 Z7	3,460	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2002	SECTION 5309	N/A	MI-03-0185	2002-0088 Z9	522,240	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5307	N/A	MI-90-0402	2002-0088 Z11	3,143,415	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	SECTION 5309	N/A	MI-03-0194	2002-0088 Z12	860,719	5,597	-	5,597	452,713
CAPITAL ASSISTANCE	80 % - 20 %	FY2003	CMAQ	N/A	MI-90-0410	2002-0088 Z14	172,081	-	-	-	-
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2003	SECTION 5307	N/A	MI-90-0413	2002-0088 Z15	67,122	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5307	N/A	MI-90-0435	2002-0088 Z17	3,180,948	-	-	-	-
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2004	SECTION 5307	N/A	MI-90-0441	2002-0088 Z18	67,115	-	-	-	-
CAPITAL ASSISTANCE RICHMOND LENOX	80 % - 20 %	FY2004	STP	N/A	MI-90-0436	2002-0088 Z19	6,000	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	SECTION 5309	N/A	MI-03-0205	2002-0088 Z20	1,334,951	-	-	-	1
CAPITAL ASSISTANCE NOTA	80 % - 20 %	FY2002	SECTION 5309	N/A	MI-03-0207	2002-0088 Z23	37,126	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2004	CMAQ	N/A	MI-90-0438	2002-0088 Z25	243,747	2,481	-	2,481	63
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2004	STP	N/A	MI-90-0450	2002-0088 Z26	16,375	-	-	-	-
CAPITAL ASSISTANCE NOTA	80 % - 20 %	FY2005	SECTION 5309	N/A	MI-03-0218	2002-0088 Z27	19,435	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	SECTION 5309	N/A	MI-03-0220	2002-0088 Z28	679,783	-	-	-	-
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2005	CMAQ	N/A	MI-90-0456	2002-0088 Z29	156,000	-	-	-	-
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2005	SECTION 5307	N/A	MI-90-0462	2002-0088 Z32	45,925	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2005	SECTION 5307	N/A	MI-90-0465	2002-0088 Z33	608,051	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	CMAQ	N/A	MI-90-0515	2002-0088 Z36	95,000	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5309	N/A	MI-04-0013	2002-0088 Z37	1,023,510	12,514	-	12,514	30,586

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
CAPITAL ASSISTANCE LETC	80 % - 20 %	FY2006	SECTION 5307	N/A	MI-90-0489	2002-0088 Z38	\$ 30,000	\$ 237	\$ -	\$ 237	\$ -
CAPITAL ASSISTANCE	80 % - 20 %	FY2006	SECTION 5307	N/A	MI-90-0488	2002-0088 Z39	67,932	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5307	N/A	MI-90-0541	2007-0294 Z3	12,000	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5307	N/A	MI-90-0540	2007-0294 Z4	64,482	(28)	-	(28)	-
CAPITAL ASSISTANCE	100 % STATE	FY2007	SECTION 5310	20.513	MI-16-X001	2007-0294 Z6	401,158	-	-	-	4,269
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5309	N/A	MI-04-0025	2007-0294 Z7	437,500	376	-	376	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2007	SECTION 5309	N/A	MI-04-0025	2007-0294 Z14	57,500	-	-	-	1,421
CAPITAL ASSISTANCE	80 % - 20 %	FY2008	SECTION 5307	N/A	MI-90-0570	2007-0294 Z15	49,025	984	-	984	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2008	SECTION 5307	N/A	MI-90-0566	2007-0294 Z16	60,873	465	-	465	-
CAPITAL ASSISTANCE	100 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z17	784,380	676,019	-	676,019	9,732
CAPITAL ASSISTANCE	100 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z18	31,785	-	-	-	31,785
CAPITAL ASSISTANCE	100 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z21	99,806	94,567	-	94,567	5,239
CAPITAL ASSISTANCE	100 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z23	65,400	-	-	-	27,246
CAPITAL ASSISTANCE	100 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z23	327,090	135	-	135	197,676
CAPITAL ASSISTANCE	100 % STATE	FY2008	SECTION 5307	N/A	MI-16-X002	2007-0294 Z31	103,504	-	-	-	1,656
CAPITAL ASSISTANCE	100 % STATE	FY2009	SECTION 5310	N/A	MI-16-X003	2007-0294 Z24	1,231,315	-	-	1,126,514	104,801
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5307	N/A	MI-90-X591	2007-0294 Z26	52,558	18,135	-	18,135	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5307	N/A	MI-90-X592	2007-0294 Z27	85,502	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	N/A	MI-04-0057	2007-0294 Z28	980,875	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5309	N/A	MI-04-0057	2007-0294 Z29	139,865	121,909	-	121,909	17,956
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	N/A	MI-16-X004	2007-0294 Z36	10,871	10,871	-	10,871	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5307	N/A	MI-90-X756	2007-0294 Z38	85,057	6,000	-	6,000	31,723
CAPITAL ASSISTANCE State Preventive Maintenance	80 % - 20 %	FY2011	SECTION 5307	N/A	MI-90-X756	2007-0294 Z38	3,748,045	-	-	2,357,752	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2010	SECTION 5307	N/A	MI-90-X758	2007-0294 Z39	37,771	13,801	-	13,801	20,402
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-04-0040	2007-0294 Z40	1,062,500	382,783	-	382,783	560,526
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0029	2007-0294 Z41	81,810	81,810	-	81,810	-
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0030	2007-0294 Z42	285,038	281,436	-	281,436	3,602
CAPITAL ASSISTANCE	80 % - 20 %	FY08-FY09	SECTION 5309	N/A	MI-16-0031	2007-0294 Z43	415,499	411,207	-	411,207	4,292
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5309	N/A		2007-0294 Z3	12,000	-	-	-	-
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5309	N/A		2007-0294 Z4	28,336	-	-	28,336	-
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5309	N/A		2007-0294 Z6	3,644	-	-	-	4,269
CAPITAL ASSISTANCE	80 % - 20 %		SECTION 5309	N/A		2007-0294 Z7	75,474	72,867	-	72,867	142,239
CAPITAL ASSISTANCE TRANSIT SECURITY	100 % STATE	FY2006		N/A	N/A	2006 TSGP	297,672	-	-	-	-
CAPITAL ASSISTANCE TRANSIT SECURITY	100 % STATE	FY2007		N/A	N/A	2007 TSGP	310,872	156,868	-	156,868	154,004
COMBINED STATE CONTRACTS							\$ 57,859,594	\$ 2,439,533	\$ -	\$ 5,952,135	\$ 1,865,273
TOTAL CAPITAL ASSISTANCE							\$ 279,359,517	\$ 26,251,120	\$ 23,811,587	\$ 5,952,135	\$ 34,064,379

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
U.S. DEPARTMENT OF TRANSPORTATION											
STATE & FED. OPERATING ASSISTANCE											
COMPUTATIONS BASED ON OPERATING EXP.											
DIRECT ASSISTANCE											
OPERATING ASSIST. LETC		FY2003	SECTION 5307	20.507	MI-90-4413	N/A	\$ 268,490	\$ -	\$ -	\$ -	-
OPERATING ASSIST. LETC		FY2004	SECTION 5307	20.507	MI-90-4441	N/A	268,459	-	-	-	-
OPERATING ASSIST. LETC		FY2005	SECTION 5307	20.507	MI-90-4462	N/A	281,343	-	-	-	-
OPERATING ASSIST. LETC		FY2006	SECTION 5307	20.507	MI-90-4489	N/A	283,250	-	-	-	-
OPERATING ASSIST. LETC		FY2007	SECTION 5307	20.507	MI-90-4541	N/A	295,603	-	-	-	-
OPERATING ASSIST. LETC		FY2007	SECTION 5307	20.507	MI-90-4566	N/A	320,759	-	-	-	-
OPERATING ASSIST. LETC		FY2009	SECTION 5307	20.507	MI-90-4592	N/A	411,198	-	-	-	-
OPERATING ASSIST. LETC		FY2010	SECTION 5307	20.507	MI-90-4758	N/A	528,404	-	-	-	-
OPERATING ASSIST. LETC		FY2011	SECTION 5307	20.507	MI-90-4758	N/A	478,998	-	-	-	-
ARRA OPERATING SMART			ARRA 5307	20.507	MI-96-4007	N/A	2,020,000	2,020,000	2,020,000	-	-
ARRA OPERATING BEDFORD			ARRA 5307	20.507	MI-96-4007	N/A	31,148	-	-	-	-
ARRA OPERATING LAKE ERIE			ARRA 5307	20.507	MI-96-4008	N/A	90,369	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2002	CMAQ	20.507	MI-90-0393	N/A	1,573,381	-	-	-	-
OPERATING ASSIST. - CMAQ		FY2003	CMAQ	20.507	MI-90-X410	N/A	2,058,574	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2004	CMAQ	20.507	MI-90-0438	N/A	1,630,740	-	-	-	-
OPERATING ASSIST. - CMAQ LETC		FY2004	CMAQ	20.507	MI-90-0438	N/A	160,000	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2005	CMAQ	20.507	MI-90-0456	N/A	1,024,319	-	-	-	-
OPERATING ASSIST. - CMAQ LETC		FY2006	CMAQ	20.507	MI-90-0515	N/A	245,000	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2006	CMAQ	20.507	MI-90-0515	N/A	2,413,889	-	-	-	-
OPERATING ASSIST. - CMAQ LETC		FY2007	CMAQ	20.507	MI-95-0011	N/A	310,366	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2007	CMAQ	20.507	MI-95-0011	N/A	2,365,188	-	-	-	-
OPERATING ASSIST. - CMAQ LETC		FY2008	CMAQ	20.507	MI-95-0017	N/A	316,573	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2008	CMAQ	20.507	MI-95-0017	N/A	3,516,204	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2009	CMAQ	20.507	MI-95-0038	N/A	4,107,204	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2010	CMAQ	20.507	MI-95-0049	N/A	3,156,097	-	-	-	-
OPERATING ASSIST. - CMAQ SMART		FY2011	CMAQ	20.507	MI-95-0049	N/A	857,010	-	-	-	-
TOTAL							\$ 29,012,566	\$ 2,020,000	\$ 2,020,000	\$ -	-

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
ACCESS TO JOBS (FEDRAL SHARE)											
SMART CAPITAL	80 % - 20 %		SECTION 5316	20.516	MI-37-X033		\$ 292,024	\$ 271,169	\$ 271,169	\$ -	399,224
FY2006 SECTION 5316 JARC CAPITAL RICHMOND LENOX	80 % - 20 %	FY2006	SECTION 5316	20.516	MI-37-X033	2007-0294 Z21	107,200	107,200	107,200	-	-
FY2006 SECTION 5316 JARC OPERATING RICHMOND LENOX	50 % - 50 %	FY2006	SECTION 5316	20.516	MI-37-X033	2007-0294 Z21	58,166	31,407	31,407	-	-
FY2006 SECTION 5316 JARC OPERATING NOTA	50 % - 50 %	FY2006	SECTION 5316	20.516	MI-37-X033	2007-0294 Z21	132,323	22,166	22,166	-	-
FY2007 SECTION 5316 CAPITAL SMART	80 % - 20 %	FY2007	SECTION 5316	20.516	MI-37-0040	2007-0294 Z29	559,459	487,638	487,638	-	-
FY2007 SECTION 5316 PROGRAM ADMINISTRATION	50 % - 50 %	FY2007	SECTION 5316	20.516	MI-37-6040	2007-0294 Z29	62,162	23,482	23,482	-	29,021
JARC PROGRAM MOG MANAGEMENT		FY2008	SECTION 5316	20.516	MI-37-0043	2007-0294 Z45	362,969	143,495	143,495	-	305,454
JARC PROGRAM OPERATING		FY2008	SECTION 5316	20.516	MI-37-4043	2007-0294 Z45	1,448,472	120,372	120,372	-	1,292,348
JARC PROGRAM ADMIN		FY2008	SECTION 5316	20.516	MI-37-6043	N/A	214,639	802	802	-	212,148
							\$ 3,237,414	\$ 1,207,731	\$ 1,207,731	\$ -	2,238,195
NEW FREEDOM FEDERAL SHARE											
SECT 5317 CAPITAL		FY2006	SECTION 5317	20.521	MI-57-0007	2007-0294 Z19	55,000	-	-	-	-
SECT 5317 OPERATING		FY2006	SECTION 5317	20.521	MI-57-4007	2007-0294 Z19	327,143	102,344	102,344	-	78,610
SECT 5317 PROGRAM ADMIN		FY2006	SECTION 5317	20.521	MI-57-6007	2007-0294 Z19	42,460	19,958	19,958	-	11,654
SECT 5317 OPERATING		FY2007	SECTION 5317	20.521	MI-57-4014	N/A	375,478	184,522	184,522	-	209,772
SECT 5317 PROGRAM ADMIN		FY2007	SECTION 5317	20.521	MI-57-6014	N/A	41,720	1,067	1,067	-	40,345
SECTION 5307 NEW FREEDOM CAPITAL			SECTION 5307	20.521	MI-57-0018	N/A	299,230	45,205	45,205	-	231,901
SECTION 5307 NEW FREEDOM OPERATING			SECTION 5307	20.521	MI-57-4018	N/A	917,171	169,857	169,857	-	632,221
SECTION 5307 NEW FREEDOM PROGRAM ADMIN			SECTION 5307	20.521	MI-57-6018	N/A	147,999	535	535	-	145,676
							\$ 2,206,201	\$ 523,488	\$ 523,488	\$ -	1,350,179
ACCESS TO JOBS (STATE SHARE)											
CAPITAL ASSISTANCE JARC RICHMOND LENOX	80 % - 20 %	FY2006	SECTION 5316	20.516	MI-37-X033	2007-0294 Z21	26,800	-	-	-	-
FY2006 SECTION 5316 JARC OPERATING RICHMOND LENOX	50 % - 50 %	FY2006	SECTION 5316	20.516	MI-37-4033	2007-0294 Z21	58,166	-	-	-	58,166
FY2006 SECTION 5316 JARC OPERATING NOTA	50 % - 50 %	FY2006	SECTION 5316	20.516	MI-37-4033	2007-0294 Z21	132,323	-	-	-	132,323
FY2006 SECTION 5316 JARC CAPITAL SMART	50 % - 50 %	FY2006	SECTION 5316	20.516	MI-37-X033	2007-0294 Z21	73,006	-	-	-	-
FY2007 SECTION 5316 JARC CAPITAL SMART	80 % - 20 %	FY2007	SECTION 5316	20.516	MI-37-0040	2007-0294 Z29	139,865	-	-	-	-
JARC PROGRAM OPERATING		FY2008	SECTION 5316	20.516	MI-37-4043	2007-0294 Z45	1,448,472	298,443	-	298,443	-
							\$ 1,878,632	\$ 298,443	\$ -	298,443	190,489

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
100% STATE JARC NOTA											
NOTA ACCESS TO JOBS OPERATING	100 % STATE	FY06 & 07	SECTION 5316	20.516	MI-37-X026	2007-0294 Z11	\$ 297,354	\$ -	\$ -	\$ -	\$ -
NOTA ACCESS TO JOBS OPERATING	100 % STATE	FY2008	SECTION 5316	20.516	MI-37-X031	2007-0294 Z18	100,000	-	-	-	-
CAPITAL ASSITANCE NOTA JARC	100 % STATE	FY2009	SECTION 5316	20.516	MI-37-X031	2007-0294 Z18	163,545	-	-	-	-
NOTA ACCESS TO JOBS CAPITAL	100 % STATE	FY2010	SECTION 5316	20.516	MI-37-X037	2007-0294 Z23	65,400	108	108	-	-
NOTA ACCESS TO JOBS OPERATING	100 % STATE	FY2010	SECTION 5316	20.516	MI-37-X037	2007-0294 Z23	327,090	-	-	-	-
SECTION 5316 JARC NOTA OPERATING	50 % - 50 %		SECTION 5316	20.516	MI-37-X037	2007-0294 Z31	51,752	-	-	-	-
SECTION 5316 JARC - NOTA - NON-URBAN	100% STATE	FY2012	SECTION 5316	20.516	N/A	2012-0170 P1	133,100	-	-	-	133,100
							<u>\$ 1,138,241</u>	<u>\$ 108</u>	<u>\$ 108</u>	<u>\$ -</u>	<u>\$ 133,100</u>
100% STATE NEW FREEDOM NOTA											
NOTA NEW FREEDOM CAPITAL	100 % STATE	FY 08 & 09	SECTION 5317	20.521	MI-57-X001	2007-0294 Z14	46,000	-	-	-	-
NOTA NEW FREEDOM CAPITAL	100 % STATE	FY 08 & 09	SECTION 5317	20.521	MI-57-X001	2007-0294 Z14	48,642	-	-	-	-
NOTA NEW FREEDOM OPERATING	100 % STATE	FY 09 & 10	SECTION 5317	20.521	MI-57-X010	2007-0294 Z35	93,034	-	-	-	-
SECTION 5317 NEW FREEDOM - NOTA - NON-URBAN	100% STATE	FY2012	SECTION 5317	20.521	N/A	2012-0170 P2	204,680	-	-	-	204,680
							<u>\$ 392,356</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 204,680</u>
PASSED THROUGH MDOT											
OPERATING ASSIST. - SEC.5311	100 % STATE	FY2010	SECTION 5311	20.509	MI-X18-X050	2007-0294 Z34	174,141	-	-	-	-
OPERATING ASSIST. - SEC.5311	100 % STATE	FY2011	SECTION 5311	20.509	MI-X18-X050	2007-0294 Z47	212,098	11,943	11,943	-	-
OPERATING ASSIST. - SEC.5311	100 % STATE	FY2012	SECTION 5311	20.509	MI-X18-0050	2007-0294 Z47	-	138,635	138,635	-	-
OPERATING ASSIST. - SEC.5311	100 % STATE	FY2012	SECTION 5311	20.509	MI-X18-0050	2007-0294 Z47	-	17,675	17,675	-	-
CAPITAL ASSIST. - SEC .5311 ARRA	100 % STATE	FY2009	SECTION 5311	20.509	MI-X86-X002	2007-0294 Z32	-	-	-	-	-
OPERATING ASSIST. - SEC.5311 ARRA	100 % STATE	FY2009	SECTION 5311	20.509	MI-86-X002	2007-0294 ZXX	27,210	-	-	-	-
TOTAL							<u>413,449</u>	<u>168,253</u>	<u>168,253</u>	<u>-</u>	<u>-</u>
SUB TOTAL							<u>\$ 38,278,859</u>	<u>\$ 4,218,023</u>	<u>\$ 3,919,580</u>	<u>\$ 298,443</u>	<u>\$ 4,116,643</u>

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2012

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	UNAUDITED PROGRAM OR AWARD AMOUNT	AUDITED DISBURSEMENTS/ EXPENDITURES	UNAUDITED FEDERAL RECEIPTS/ REVENUE	UNAUDITED STATE RECEIPTS/ REVENUE	UNAUDITED AMOUNT REMAINING
MICHIGAN DEPARTMENT OF TRANSPORTATION											
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2009	\$ -	\$ (65,709)	\$ -	\$ (65,709)	-
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2010	-	-	-	-	-
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2011	-	7,399,195	-	7,399,195	-
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2012	-	21,110,327	-	21,110,327	-
MUNICIPAL CREDIT SPECIAL APPROPRIATION				N/A		9/30/2011	-	1,617,903	-	1,617,903	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2009	-	(1,104)	-	(1,104)	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2010	-	-	-	-	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2011	-	51,482	-	51,482	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2012	-	77,568	-	77,568	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2009	-	50,298	-	50,298	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2010	-	(141,840)	-	(141,840)	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2011	-	399,424	-	385,907	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2012	-	1,140,093	-	1,140,093	-
OPERATING ASSISTANCE - FY07 SECTION 5304				N/A		2007-0294 Z8	300,000	-	-	43,345	-
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2009	-	1,697	-	1,697	-
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2010	-	-	-	-	-
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2011	-	5,433	-	5,433	-
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2012	-	36,297	-	36,297	-
SPECIALIZED SERVICES		FY2011		N/A		2007-0294 Z30	787,818	196,959	-	196,960	-
SPECIALIZED SERVICES		FY2012		N/A		2007-0294-ZXX	-	590,859	-	590,858	-
TOTAL							1,087,818	32,468,882	-	32,498,710	-
TOTAL OPERATING ASSISTANCE							39,366,677	36,686,905	3,919,580	32,797,153	4,116,643
GRAND TOTAL - ALL ASSISTANCE							\$ 318,726,194	\$ 62,938,025	\$ 27,731,167	\$ 38,749,288	\$ 38,181,022

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses Year Ended June 30, 2012

Code	Description	Community Based			Royal Oak		
		1-Jul-11 to 30-Sep-11	1-Oct-11 to 30-Jun-12	Total C.Based	1-Jul-11 to 30-Sep-11	1-Oct-11 to 30-Jun-12	Total R.Oak
Revenue:							
40yxx	Fares	\$ 136,602	\$ 206,567	\$ 343,169	\$ 453	\$ 1,619	\$ 2,072
40800	Taxes levied directly	8,826	390,295	399,121	-	-	-
40910	Local operating assistance:						
	General Fund/Property tax	99,845	433,186	533,031	15,000	40,000	55,000
	Other	-	-	-	1,869	4,464	6,333
40915	Local special demonstration project assistance	-	-	-	-	-	-
40999	Other local contracts	4,323	11,824	16,147	-	-	-
	Mun. Cr.	486,687	809,411	1,296,098	1,285	1,800	3,085
	Comm. Cr.	490,378	612,342	1,102,720	-	-	-
41199	Other MDOT/BPT contracts and reimb.:						
	ACT 51	-	-	-	12,790	36,297	49,087
	Specialized services	-	-	-	-	-	-
41399	Other federal transit contracts and reimb.	-	-	-	-	-	-
41400	Interest income	1,651	661	2,312	-	-	-
	Total revenue	\$ 1,228,312	\$ 2,464,286	\$ 3,692,598	\$ 31,397	\$ 84,180	\$ 115,577
	Total operating expenses	\$ 2,155,290	\$ 2,544,781	\$ 4,700,071	\$ 31,696	\$ 95,456	\$ 127,152
Ineligible expenses:							
	SMART Municipal Credits	486,687	809,411	1,296,098	-	-	-
	SMART Community Credits	490,378	612,342	1,102,720	-	-	-
	State specialized services	-	-	-	-	-	-
	Depreciation	-	-	-	-	-	-
	Total ineligible	977,065	1,421,753	2,398,818	-	-	-
	Total eligible expenses	\$ 1,178,225	\$ 1,123,028	\$ 2,301,253	\$ 31,696	\$ 95,456	\$ 127,152

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses Year Ended June 30, 2012

Code	Description	Mt. Clemens			Nankin		
		1-Jul-11 to 30-Sep-11	1-Oct-11 to 30-Jun-12	Total Mt. Clemens	1-Jul-11 to 30-Sep-11	1-Oct-11 to 30-Jun-12	Total Nankin
Revenue:							
40yxx	Fares	\$ 21,267	\$ 64,746	\$ 86,013	\$ 28,529	\$ 64,567	\$ 93,096
40800	Taxes levied directly	-	-	-	-	-	-
40910	Local operating assistance:						
	General Fund/Property tax	336,853	(9,770)	327,083	-	-	-
	Other	-	-	-	68,250	204,750	273,000
40999	Other local contracts:						
	Mun. Cr.	(a) 4,221	12,663	16,884	40,060	120,181	160,241
	Comm. Cr.	(a) 5,301	15,903	21,204	46,600	139,802	186,402
41199	Other MDOT/BPT contracts and reimb. - Specialized services	3,455	11,352	14,807	-	-	-
41399	Other federal transit contracts and reimb.	-	6,904	6,904	-	-	-
41400	Interest income	-	2,440	2,440	9	4	13
	Total revenue	\$ 371,097	\$ 104,238	\$ 475,335	\$ 183,448	\$ 529,304	\$ 712,752
	Total operating expenses	\$ 130,194	\$ 439,845	\$ 570,039	\$ 224,216	\$ 627,349	\$ 851,565
Ineligible expenses:							
	SMART Municipal Credits	-	-	-	-	-	-
	SMART Community Credits	-	-	-	-	-	-
	State specialized services	3,455.00	11,352.00	14,807.00	-	-	-
	Depreciation	-	-	-	-	-	-
	Total ineligible	3,455.00	11,352.00	14,807.00	-	-	-
	Total eligible expenses	\$ 126,739	\$ 428,493	\$ 555,232	\$ 224,216	\$ 627,349	\$ 851,565

(a) Included on SMART's Ineligible Schedule

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) Year Ended June 30, 2011

Code	Description	Harper Woods			Redford		
		1-Jul-11 to 30-Sep-11	1-Oct-11 to 31-Dec-11	Total H.Woods	1-Apr-11 to 30-Sep-11	1-Oct-11 to 31-Mar-12	Total Redford
Revenue:							
40yxx	Fares	\$ -	\$ -	\$ -	\$ 11,402	\$ 12,800	\$ 24,202
40800	Taxes levied directly	-	-	-	-	-	-
40910	Local operating assistance:						
	General Fund/Property tax	-	-	-	(1,188)	105,795	104,607
	Other	-	-	-	17,704	21,500	39,204
40999	Other local contracts:						
	Mun. Cr.	(a) -	-	-	25,283	25,038	50,321
	Comm. Cr.	(a) -	-	-	33,576	29,844	63,420
41199	Other MDOT/BPT contracts and reimb. - Specialized services	-	-	-	1,650	3,300	4,950
41399	Other federal transit contracts and reimb.	-	-	-	3,438	-	3,438
41400	Interest income	-	-	-	15	216	231
	Total revenue	\$ -	\$ -	\$ -	\$ 91,880	\$ 198,493	\$ 290,373
	Total operating expenses	\$ -	\$ -	\$ -	\$ 119,227	\$ 168,211	\$ 287,438
Ineligible expenses:							
	SMART Municipal Credits	-	-	-	-	-	-
	SMART Community Credits	-	-	-	-	-	-
	State specialized services	-	-	-	1,650	3,300	4,950
	Depreciation	-	-	-	-	-	-
	Total Ineligible	-	-	-	1,650	3,300	4,950
	Total eligible expenses	\$ -	\$ -	\$ -	\$ 117,577	\$ 164,911	\$ 282,488

(a) Included on SMART's Ineligible Schedule

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) Year Ended June 30, 2012

Code	Description	S.T.A.R.		Total S.T.A.R.
		1-Apr-11 to 30-Sep-11	1-Oct-11 to 31-Mar-12	
Revenue:				
40yxx	Fares	\$ 4,874	\$ 7,631	\$ 12,505
40800	Taxes levied directly	-	384,175	384,175
40910	Local operating assistance:			
	General Fund/Property tax	-	-	-
	Other	-	85,852	85,852
40999	Other local contracts:			
	Mun. Cr.	-	-	-
	Comm. Cr.	-	-	-
41199	Other MDOT/BPT contracts and reimb. - Specialized services	4,081	13,216	17,297
41399	Other federal transit contracts and reimb.	-	-	-
41400	Interest income	614	640	1,254
	Total revenue	\$ 9,569	\$ 491,514	\$ 501,083
	Total operating expenses	\$ 236,447	\$ 345,802	\$ 582,249
Ineligible expenses:				
	SMART Municipal Credits	-	-	-
	SMART Community Credits	-	-	-
	State specialized services	4,081	13,216	17,297
	Depreciation	-	-	-
	Total ineligible	4,081	13,216	17,297
	Total eligible expenses	\$ 232,366	\$ 332,586	\$ 564,952

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses Year Ended September 30, 2011

Description	Community Based			Royal Oak		
	1-Oct-10 to 30-Jun-11	1-Jul-11 to 30-Sep-11	Total C.Based	1-Oct-10 to 30-Jun-11	1-Jul-11 to 30-Sep-11	Total R.Oak
Revenue:						
Fares	\$ 362,886	\$ 136,602	\$ 499,488	\$ 1,033	\$ 453	\$ 1,486
Taxes levied directly	360,209	8,826	369,035	-	-	-
Local operating assistance:						
General Fund/Property tax	627,367	99,845	727,212	30,000	15,000	45,000
Other	22,005	-	22,005	5,580	1,869	7,449
Local special demonstration -						
Project assistance	-	-	-	-	-	-
Other local contracts:						
Mun. Cr.	1,033,671	486,687	1,520,358	3,834	1,285	5,119
Comm. Cr.	1,278,439	490,378	1,768,817	-	-	-
Other MDOT/BPT contracts and reimb.:						
ACT 51	-	-	-	38,385	12,790	51,175
Specialized services	16,186	-	16,186	-	-	-
Other federal transit contracts and reimb.	-	-	-	-	-	-
Interest income	7,737	1,651	9,388	-	-	-
Total revenue	\$ 3,708,500	\$ 1,223,989	\$ 4,932,489	\$ 78,832	\$ 31,397	\$ 110,229
Total operating expenses	\$ 4,404,433	\$ 2,155,290	\$ 6,559,723	\$ 110,706	\$ 31,696	\$ 142,402
Ineligible expenses:						
SMART Municipal Credits	1,033,671	486,687	1,520,358	-	-	-
SMART Community Credits	1,278,439	490,378	1,768,817	-	-	-
State specialized services	16,186	-	16,186	-	-	-
Depreciation	-	-	-	-	-	-
Total ineligible	2,328,296	977,065	3,305,361	-	-	-
Total eligible expenses	\$ 2,076,137	\$ 1,178,225	\$ 3,254,362	\$ 110,706	\$ 31,696	\$ 142,402

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2011

Code	Description	Mt. Clemens			Nankin		
		1-Oct-10 to 30-Jun-11	1-Jul-11 to 30-Sep-11	Total Mt. Clemens	1-Oct-10 to 30-Jun-11	1-Jul-11 to 30-Sep-11	Total Nankin
Revenue							
40yxx	Fares	\$ 65,007	\$ 21,267	\$ 86,274	\$ 77,097	\$ 28,529	\$ 105,626
40800	Taxes levied directly	-	-	-	-	-	-
40910	Local operating assistance:						
	General Fund/Property tax	(13,955)	336,853	322,898	45,250	-	45,250
	Other	871	-	871	204,750	68,250	273,000
40999	Other local contracts:						
	Mun. Cr.	(a) 12,844	4,221	17,065	123,026	40,060	163,086
	Comm. Cr.	(a) 19,885	5,301	25,186	174,750	46,600	221,350
41199	Other MDOT/BPT contracts and reimb. -						
	Specialized services	10,365	3,455	13,820	-	-	-
41399	Other federal transit contracts and reimb.	-	-	-	-	-	-
41400	Interest income	3,125	-	3,125	-	9	9
	Total revenue	<u>\$ 98,142</u>	<u>\$ 371,097</u>	<u>\$ 469,239</u>	<u>\$ 624,873</u>	<u>\$ 183,448</u>	<u>\$ 808,321</u>
	Total operating expenses	\$ 459,806	\$ 130,194	\$ 590,000	\$ 760,138	\$ 224,216	\$ 984,354
	Ineligible expenses:						
	SMART Municipal Credits	-	-	-	-	-	-
	SMART Community Credits	-	-	-	-	-	-
	State specialized services	10,365	3,455	13,820	-	-	-
	Depreciation	-	-	-	-	-	-
	Total ineligible	10,365	3,455	13,820	-	-	-
	Total eligible expenses	<u>\$ 449,441</u>	<u>\$ 126,739</u>	<u>\$ 576,180</u>	<u>\$ 760,138</u>	<u>\$ 224,216</u>	<u>\$ 984,354</u>

(a) Included on SMART's Ineligible Schedule

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2011

Description	Harper Woods			Redford		
	1-Oct-10 to 30-Jun-11	1-Jul-11 to 30-Sep-11	Total H.Woods	1-Oct-10 to 30-Mar-11	1-Apr-11 to 30-Sep-11	Total Redford
Revenue:						
Fares	\$ 38,278	\$ -	\$ 38,278	\$ 10,824	\$ 11,402	\$ 22,226
Taxes levied directly	-	-	-	-	-	-
Local operating assistance:						
General Fund/Property tax	-	-	-	119,066	(1,188)	117,878
Other	149,976	-	149,976	-	17,704	17,704
Other local contracts:						
Mun. Cr.	(a) 10,575	-	10,575	25,536	25,283	50,819
Comm. Cr.	(a) 15,376	-	15,376	36,896	33,576	70,472
Other MDOT/BPT contracts and reimb. -						
Specialized services	-	-	-	3,667	1,650	5,317
Other federal transit contracts and reimb.	-	-	-	35,250	3,438	38,688
Interest income	-	-	-	55	15	70
Total revenue	\$ 214,205	\$ -	\$ 214,205	\$ 231,294	\$ 91,880	\$ 323,174
Total operating expenses	\$ 214,205	\$ -	\$ 214,205	\$ 154,484	\$ 119,227	\$ 273,711
Ineligible expenses:						
SMART Municipal Credits	-	-	-	-	-	-
SMART Community Credits	-	-	-	-	-	-
State specialized services	-	-	-	3,667	1,650	5,317
Depreciation	-	-	-	-	-	-
Total ineligible	-	-	-	3,667	1,650	5,317
Total eligible expenses	\$ 214,205	\$ -	\$ 214,205	\$ 150,817	\$ 117,577	\$ 268,394

(a) Included on SMART's Ineligible Schedule

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2011

Description	S.T.A.R.		Total S.T.A.R.
	to 31-Mar-11	to 30-Sep-11	
Revenue:			
Fares	\$ 6,665	\$ 4,874	\$ 11,539
Taxes levied directly	297,554	-	297,554
Local operating assistance:			
General Fund/Property tax	-	-	-
Other	67,296	-	67,296
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	-	-	-
Other MDOT/BPT contracts and reimb. -			
Specialized services	12,240	4,081	16,321
Other federal transit contracts and reimb.	-	-	-
Interest income	265	614	879
Total revenue	\$ 384,020	\$ 9,569	\$ 393,589
Total operating expenses	\$ 335,451	\$ 236,447	\$ 571,898
Ineligible expenses:			
SMART Municipal Credits	-	-	-
SMART Community Credits	-	-	-
State specialized services	12,240	4,081	16,321
Depreciation	-	-	-
Total ineligible	\$ 12,240	\$ 4,081	\$ 16,321
Total eligible expenses	\$ 323,211	\$ 232,366	\$ 555,577

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Other Operating Expenses - Combined Total State Year Ended September 30, 2011

Description	Total C.Based	Total Mt. Clemens	Total Nankin	Total H.Woods	Total Redford	Total S.T.A.R.	Total Other
Revenue:							
Fares	\$ 499,488	\$ 86,274	\$ 100,537	\$ 38,278	\$ 22,226	\$ 11,539	\$ 758,342
Taxes levied directly	369,035					297,554	666,589
Local operating assistance:							
General Fund/Property tax	727,212	322,898	45,250	-	117,878	-	1,213,238
Other	22,005	871	273,000	149,976	17,704	67,296	530,852
Other local contracts:							
Mun. Cr.	1,520,358	17,065 (a)	163,085 (a)	10,575 (a)	50,819 (a)	-	1,761,902
Comm. Cr.	1,768,817	25,186 (a)	221,349 (a)	15,376 (a)	70,472 (a)	-	2,101,200
Other MDOT/BPT contracts and reimb.:							
Act 51	-	-	-	-	-	-	-
Specialized services	16,186	13,820	-	-	5,317	16,321	51,644
Other federal transit contracts and reimb.	-	-	-	-	38,688	-	38,688
Interest income	9,388	3,125	9	-	70	879	13,471
Total revenue	\$ 4,932,489	\$ 469,239	\$ 803,230	\$ 214,205	\$ 323,174	\$ 393,589	\$ 7,135,926
Total operating expenses	\$ 6,559,723	\$ 590,000	\$ 962,100	\$ 214,205	\$ 273,711	\$ 571,898	\$ 9,171,637
Ineligible expenses:							
SMART Municipal Credits	1,520,358	-	-	-	-	-	1,520,358
SMART Community Credits	1,768,817	-	-	-	-	-	1,768,817
State specialized services	16,186	13,820	-	-	5,317	16,321	51,644
Depreciation	-	-	-	-	-	-	-
Total ineligible	3,305,361	13,820	-	-	5,317	16,321	3,340,819
Total eligible expenses	\$ 3,254,362	\$ 576,180	\$ 962,100	\$ 214,205	\$ 268,394	\$ 555,577	\$ 5,830,818

(a) Included on SMART's Ineligible Schedule

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information URBAN Revenue Combined Schedule State Year Ended September 30, 2011

Description	SMART Directly Provided	Other	Total for URBAN OAR
Passenger fares	\$ 14,898,966	\$ 720,064	\$ 15,619,030
Contract fares	172,454	-	172,454
Concessions	-	-	-
Advertising	558,709	-	558,709
Rental of bldgs or other property	50,669	-	50,669
Other nontrans revenue	38,108	-	38,108
Other local contracts - Mun. Cr. Recapture	6,404	-	6,404
Other local contracts - Com. Cr.	6	-	6
Taxes levied directly	-	666,589	666,589
Local operating assistance	42,927,534	1,213,238	44,140,772
Other local contracts	-	-	-
Other local community credits	-	2,085,824	2,085,824
State operating assistance:			
SMART	26,640,790	-	26,640,790
Municipal Credit	1,554,743	1,751,327	3,306,070
Bedford	133,830	-	133,830
LETC Urban and Non-Urban	1,760,077	-	1,760,077
Royal Oak Township	47,582	-	47,582
Line-item municipal credit	1,554,747	-	1,554,747
Cap. K reimb. for admin. expenses	-	-	-
Other Cap. K reimb. for operating expenses	-	-	-
Other MDOT/BPT contracts and reimb.:			
Specialized service grants	-	51,644	51,644
Specialized Service Grant 2007-0294 Z30	787,819	-	787,819
NOTA JARC 2007-0294 Z31	101,848	-	101,848
JARC PASS THRU 207-0294 Z21	125,648	-	125,648
JARC PASS THRU 207-0294 Z45	85,632	-	85,632
NOTA New Freedom 2007-0294 Z35	93,034	-	93,034
Federal preventive maintenance -			
MI-90-0591	18,606,685	-	18,606,685
Planning/Capital cost of contracting -			
FY 2011 UWP - CONTRACT #MI-80-2002	307,645	-	307,645
Cap. K reimb. for admin. expenses	19,144	-	19,144
Reimb. For JARC Admin. MI-37-6040	17,442	-	17,442
Reimb. For JARC Admin. MI-37-6043	1,690	-	1,690
Reimb. For New Freedom Admin. MI-57-6007	13,698	-	13,698
Reimb. For New Freedom Admin. MI-57-6014	441	-	441
Reimb. For New Freedom Admin. MI-57-6018	1,855	-	1,855
Other federal transit contracts and reimb.	-	38,688	38,688
CMAQ MI-95-0049	471,189	-	471,189
Section 5307 Lake Erie MI-90-4758	478,998	-	478,998
CMAQ Lake Erie MI-95-0017	9,294	-	9,294
Section 5311 Lake Erie Non Urban MI-18-X002 2007-0294 Z32	143,826	-	143,826
Section 5307 Lake Erie ARRA Lake Erie MI-96-4008	67,777	-	67,777
Section 5307 Lake Erie ARRA Bedford MI-96-4007	23,348	-	23,348
Other	238,259	-	238,259
Other	564,466	-	564,466
Interest income	103,371	13,471	116,842
Total	\$ 112,607,728	\$ 6,540,845	\$ 119,148,573

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information URBAN Expense Combined Schedule State Year Ended September 30, 2011

Description	SMART Directly Provided	Other	Total for URBAN OAR
Labor	\$ 40,709,022	\$ -	\$ 40,709,022
Other fringe benefits	20,780,970	-	20,780,970
Pensions	5,791,131	-	5,791,131
OPEB - Funded	-	-	-
OPEB - Unfunded	4,398,248	-	4,398,248
Advertising fees	-	-	-
Audit cost	151,903	-	151,903
Other services	2,754,071	-	2,754,071
Fuel and lubricants	9,613,918	-	9,613,918
Tires and tubes	674,198	-	674,198
Other materials and supplies	6,027,484	-	6,027,484
Utilities	1,797,556	-	1,797,556
Casualty and liab. costs	6,180,211	-	6,180,211
Taxes and fees	-	-	-
Purchased transportation service	11,080,382	8,957,432	20,037,814
Pass-throughs that are expensed	-	-	-
Travel, meetings, and training	30,444	-	30,444
Association dues and subscriptions	3,639	-	3,639
Gain/Loss on disposal of asset	146,654	-	146,654
Other miscellaneous expenses	51,754	-	51,754
Cost overruns	-	-	-
Interest on long-term debt	756,840	-	756,840
Interest on short-term debt	-	-	-
Interest on capital lease	-	-	-
Leases and rentals	-	-	-
Depreciation	12,752,588	-	12,752,588
Total expenses	\$ 123,701,013	\$ 8,957,432	\$ 132,658,445
Less ineligible expenses:			
Ineligible depreciation	\$ 6,609,009	\$ -	\$ 6,609,009
Ineligible loss on disposal	-	-	-
Local contracts	-	-	-
Preventive maintenance (MI-90-0591)	18,606,685	-	18,606,685
Planning/Cap. Cost of K (FY 2010 MI-80-2001)	307,645	-	307,645
Other ineligible federal/state/local	-	-	-
CMAQ MI-95-0049	471,189	-	471,189
Other state contracts (municipal credits):			
Purchased transportation ineligible	-	3,340,551	3,340,551
Pass-through ineligibles	-	-	-
Gateway 2007-0294/Z12	-	-	-
Transit User Study MI-80-0002 2002-0088 Z8	187,094	-	187,094
State Preventive Maintenance 2002-0088 Z20	1,390,294	-	1,390,294
Ineligible interest	-	-	-
MPTA dues (7.00% INELIG.)	-	-	-
CTAA dues (1.66% INELIG.)	-	-	-
APTA dues (14.00% INELIG.)	-	-	-
Ineligible pension/OPEB	3,626,314	-	3,626,314
Other ineligibles	1,048,669	-	1,048,669
Cost overruns	883	-	883
Garnishments	30,069	-	30,069
Total ineligible	32,277,851	3,340,551	35,618,402
Total eligible expenses	\$ 91,423,162	\$ 5,616,881	\$ 97,040,043

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Combined Urban Regular Service Revenue Report Year Ended September 30, 2011

Description	Amount
Passenger fares	\$ 15,619,030
Contract fares	172,454
Package delivery/Meals on Wheels	-
Incidental charter service revenue	-
Auxiliary transportation revenue (explain):	
.10 Concessions	-
.15 Advertising	558,709
.20 Intercity ticket sales	-
.99 Other auxiliary transportation revenue	-
Nontransportation revenues (explain):	
.10 Sale of maintenance services	-
.15 Rental of revenue vehicles	-
.20 Rental of buildings or other property	50,669
.25 Parking lot revenue	-
.60 Gains from the sales of capital assets	-
.99 Other nontransportation revenue	38,108
Taxes levied directly by transit system	666,589
Local cash grants and reimbursements (explain):	
.10 Local operating assistance	44,140,772
.20 Single business tax	-
.99 Other local contracts	6,412
.99 Other local contracts (Community Credit Program)	2,085,824
State formula and contracts:	
.01 State operating assistance SMART	28,195,531
.01 State operating assistance CBS MUNICIPAL CREDITS	1,751,327
.01 State operating assistance LAKE ERIE BEDFORD ROYAL OAK	1,941,489
.10 Line item municipal credits	1,554,747
.11 Preventive maintenance	-
.12 Capital cost of contracting	-
.13 Capital contract reimbursement for administrative expenses	-
.14 Other capital contract reimbursements for operating expenses	-
.99 Other State Contracts and Reimbursements	1,245,625
Federal contracts:	
.01 Section 5311 LAKE ERIE	143,826
.02 Section 5307 LAKE ERIE	570,123
.11 Preventive maintenance	18,606,685
.12 Capital cost of contracting	-
.13 Capital contract reimbursement for administrative expenses	307,645
.99 Other planning	841,413
.99 Other CMAQ SMART	471,189
.99 Other CMAQ LAKE ERIE	9,294
.99 Other federal contracts and reimbursements	54,270
Interest income	116,842
Contributed service	-
Total Revenue	\$ 119,148,573

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Combined Urban Regular Service Expense Report Year Ended September 30, 2011

	Operations	Maintenance	Gen. Admin.	Total
Labor				
01 Oper salary and wages	\$ 20,139,572	\$ -	\$ -	\$ 20,139,572
02 Other salary and wages	-	7,169,949	8,497,117	15,667,066
03 Disp salary and wages	-	-	4,902,384	4,902,384
Fringe benefits	-	-	20,780,970	20,780,970
Postretirement benefits funded	-	-	-	-
Postretirement benefits unfunded	-	-	4,398,248	4,398,248
Pension	-	-	5,791,131	5,791,131
Services				
01 Audit	-	-	151,903	151,903
02 Advertising fees	-	-	-	-
99 Other services	119,250	1,346,784	1,288,037	2,754,071
Materials and supp. cons.				
01 Fuel and lubricants	9,613,918	-	-	9,613,918
02 Tires and tubes	674,197	-	-	674,197
99 Other materials and supplies	682,766	5,117,285	227,433	6,027,484
Utilities	-	-	1,797,556	1,797,556
Casual and liability costs				
03 Premium for public liability	-	-	-	-
99 Other insurance	6,180,211	-	-	6,180,211
Taxes	-	-	-	-
Purchased transportation service on SMART F/S	11,080,382	-	-	11,080,382
Purchased transportation service POS STAR and community based	8,957,432	-	-	8,957,432
Miscellaneous expense	-	-	-	-
02 Travel and meetings	-	-	30,444	30,444
03 Dues and subscriptions	-	-	3,639	3,639
09 Loss on disposal of asset	-	-	146,654	146,654
99 Other overruns	-	-	-	-
99 Other miscellaneous expense	-	-	51,754	51,754
Interest expense	-	-	-	-
01 Interest on long-term debt	-	-	756,840	756,840
02 Interest on short-term debt	-	-	-	-
Leases and rentals	-	-	-	-
Depreciation	-	-	12,752,588	12,752,588
Total expenses	\$ 57,447,728	\$ 13,634,018	\$ 61,576,698	\$ 132,658,444
Less ineligible expenses				
Ineligible depreciation	\$ -	\$ -	\$ 6,609,009	\$ 6,609,009
Ineligible loss on disposal	-	-	-	-
Local contracts	-	-	-	-
Preventive maintenance (MI-90-0591)	-	18,606,685	-	18,606,685
Planning/Cap. Cost of K (FY 2010 MI-80-2001)	-	-	307,645	307,645
Administrative expense paid by Cap. K	-	-	-	-
Other expense paid by Cap. K	-	-	-	-
Other ineligible federal/state/local:				
CMAQ MI-95-0049	-	-	471,189	471,189
JARC MI-37-X033 2007-0294/Z10	-	-	-	-
Other state contracts (municipal credits):				
Purchased transportation ineligible	3,340,551	-	-	3,340,551
Pass-through ineligible	-	-	-	-
Transit user study MI-80-002 2202-0088 Z8	187,094	-	-	187,094
State preventive maintenance 2002-0088 Z20	1,390,294	-	-	1,390,294
Ineligible interest	-	-	-	-
MPTA dues (7.10% INELIG.)	-	-	-	-
CTAA dues (1.66% INELIG.)	-	-	-	-
APTA dues (14.00% INELIG.)	-	-	-	-
Ineligible pension/OPEB	-	-	3,626,314	3,626,314
Other ineligible	-	-	1,048,669	1,048,669
Cost overruns	-	-	883	883
Garnishments	-	-	30,069	30,069
Total ineligible expenses	4,917,939	18,606,685	12,093,778	35,618,402
Total eligible expenses	\$ 52,529,789	\$ (4,972,667)	\$ 49,482,920	\$ 97,040,042

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information SMART Combined Urban Regular Service Nonfinancial Report Year Ended September 30, 2011

DESCRIPTION	WEEKDAYS	SATURDAY	SUNDAY	TOTAL
FIXED ROUTE				
PUBLIC SERVICE				
VEHICLE HOURS	730,206	75,536	37,429	843,171
VEHICLE MILES	11,173,100	1,255,737	617,053	13,045,890
MISCELLANEOUS INFORMATION				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-
CONNECTOR				
PUBLIC SERVICE				
VEHICLE HOURS	191,474	4,124	580	196,178
VEHICLE MILES	3,497,254	74,799	11,525	3,583,578
MISCELLANEOUS INFORMATION				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-

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

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Royal Oak Twp Urban Service Revenue Report Year Ended September 30, 2011

Description	Amount
Passenger fares	\$ 1,486
Contract fares	-
Package delivery/ Meals on Wheels	-
Incidental charter service revenue	-
Auxiliary transportation revenue (explain):	
.10 Concessions	-
.15 Advertising	-
.20 Intercity ticket sales	-
.99 Other auxiliary transportation revenue	-
Nontransportation revenue (explain):	
.10 Sale of maintenance services	-
.15 Rental of revenue vehicles	-
.20 Rental of buildings or other property	-
.25 Parking lot revenue	-
.60 Gains from the sales of capital assets	-
.99 Other nontransportation revenue	-
Taxes levied directly by transit system	-
Local cash grants and reimbursements (explain):	
.10 Local operating assistance	52,449
.20 Single business tax	-
.99 Other local contracts (Community Credit Program)	-
State formula and contracts:	
.01 State operating assistance	51,175
.10 Line item municipal credits	5,119
.11 Preventive maintenance	-
.12 Capital cost of contracting	-
.13 Capital contract reimbursement for administrative expenses	-
.14 Other capital contract reimbursements for operating expenses	-
.99 Other state contracts and reimbursements	-
Federal contracts:	
.01 Section 5311	-
.02 Section 5307	-
.11 Preventive maintenance	-
.12 Capital cost of contracting	-
.13 Capital contract reimbursement for administrative expenses	-
.14 Other capital contract reimbursements for operating expenses	-
.98 RTAP	-
.99 Other federal contracts and reimbursements	-
Interest income	-
Contributed service	-
Total revenue	\$ 110,229

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Royal Oak Twp Urban Regular Service Expense Report Year Ended September 30, 2011

	Operations	Maintenance	Gen. Admin.	Total
Labor				
01 Oper salary and wages	\$ 23,790	\$ -	\$ -	\$ 23,790
02 Other salary and wages	18,163	-	14,628	32,791
03 Disp salary and wages	17,734	-	-	17,734
Fringe benefits	22,821	-	-	22,821
Services:				
01 Audit	-	-	-	-
02 Advertising fees	-	-	-	-
99 Other services	264	-	12,290	12,554
Materials and supp. Cons.:				
01 Fuel and lubricants	11,676	-	-	11,676
02 Tires and tubes	571	-	-	571
99 Other materials and supplies	2,925	2,739	-	5,664
Utilities	4,816	-	852	5,668
Casual and liability costs:				
03 Premium for public liability	-	-	-	-
99 Other insurance	6,777	-	-	6,777
Taxes				-
Purchased transportation service	-	-	-	-
Miscellaneous expense:				
02 Travel and meetings	792	-	-	792
99 Other miscellaneous expense	1,564	-	-	1,564
Interest expense:				
01 Interest on long-term debt	-	-	-	-
02 Interest on short-term debt	-	-	-	-
Leases and rentals	-	-	-	-
Depreciation	-	-	-	-
Total expenses	\$ 111,893	\$ 2,739	\$ 27,770	\$ 142,402
Less ineligible expenses:				
03 Federal grants (explain)	-	-	-	-
04 State grants (specialized svcs)	-	-	-	-
05 Local grants	-	-	-	-
06 Interest expense	-	-	-	-
07 Depreciation	-	-	-	-
08 Other (explain)	-	-	-	-
09 Ineligible percent of dues	-	-	-	-
10 Expenses assoc w/auxiliary trans	-	-	-	-
15 Charter expense	-	-	-	-
99 Total ineligible expense	-	-	-	-
Total eligible expenses	\$ 111,893	\$ 2,739	\$ 27,770	\$ 142,402

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Royal Oak Twp Urban Regular Service Nonfinancial Report Year Ended September 30, 2011

DESCRIPTION	WEEKDAYS	SATURDAY	SUNDAY	TOTAL
FIXED ROUTE				
PUBLIC SERVICE				
<hr/>				
VEHICLE HOURS	-	-	-	-
VEHICLE MILES	-	-	-	-
MISCELLANEOUS INFORMATION				
<hr/>				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-
CONNECTOR				
PUBLIC SERVICE				
<hr/>				
VEHICLE HOURS	1,920	-	-	1,920
VEHICLE MILES	15,964	-	-	15,964
MISCELLANEOUS INFORMATION				
<hr/>				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-

Management has determined that the methodology used for compiling miles and hours has been reviewed and the reconciling method has been found to be adequate and reliable.

Suburban Mobility Authority for Regional Transportation

Other Supplemental Information Footnotes

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

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

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

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

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

- 4) Expenses for STAR, Community Based Nankin Transit, Redford, Mt. Clemens, and Harper Woods are included only on Schedule 4E on line Purchased Transportation.

Suburban Mobility Authority for Regional Transportation

**Federal Awards
Supplemental Information
June 30, 2012**

Suburban Mobility Authority for Regional Transportation

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Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

We have audited the basic financial statements of Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2012 and have issued our report thereon dated November 12, 2012, which contained an unqualified opinion on those basic financial statements. Those basic financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these basic financial statements based on our audit. We have not performed any procedures with respect to the audited basic financial statements subsequent to November 12, 2012.

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

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

Plante & Moran, PLLC

November 12, 2012

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 the Board of Directors
Suburban Mobility Authority for
Regional Transportation

We have audited the financial statements of Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2012 and have issued our report thereon dated November 12, 2012. We have conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

The management of Suburban Mobility Authority for Regional Transportation is responsible for establishing and maintaining an effective internal control over financial reporting. In planning and performing our audit, we considered Suburban Mobility Authority for Regional Transportation's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

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

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a certain deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs as Finding 2012-1, that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

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

We noted certain matters that we have reported to management of Suburban Mobility Authority for Regional Transportation in a separate letter dated November 12, 2012.

Suburban Mobility Authority for Regional Transportation's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit Suburban Mobility Authority for Regional Transportation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the board of directors, others within the Authority, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

November 12, 2012

Report on Compliance with Requirements That Could Have a
Direct and Material Effect on the Major Program and on
Internal Control Over Compliance in Accordance with OMB Circular A-133

Independent Auditor's Report

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Compliance

We have audited the compliance of Suburban Mobility Authority for Regional Transportation (the "Authority") with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the year ended June 30, 2012. The major federal program of Suburban Mobility Authority for Regional Transportation is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal program is the responsibility of Suburban Mobility Authority for Regional Transportation's management. Our responsibility is to express an opinion on Suburban Mobility Authority for Regional Transportation's compliance based on our audit.

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

In our opinion, Suburban Mobility Authority for Regional Transportation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2012.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

Internal Control Over Compliance

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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.

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

This report is intended solely for the information and use of management, the board of directors, others within the Authority, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Plante & Moran, PLLC

November 12, 2012

Suburban Mobility Authority for Regional Transportation

Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

Federal Agency/Pass-through Agency/Program Title	Pass-through Identifying Number	CFDA Number	Project Number	Federal Expenditures
U.S. Department of Transportation - Direct programs:				
Federal Transit Cluster:				
Investment Grants:				
Capital Assistance		20.500	MI-03-0194	\$ 22,429
Capital Assistance		20.500	MI-04-0013	114,623
Capital Assistance		20.500	MI-04-0025	1,504
Capital Assistance		20.500	MI-04-0040	1,531,133
Total Federal Transit - Investment Grants				1,669,689
Formula Grants:				
Capital Assistance		20.507	MI-90-0438	10,626
Capital Assistance		20.507	MI-90-0488	467
Capital Assistance		20.507	MI-90-0489	5,335
Capital Assistance		20.507	MI-90-0540	81,827
Capital Assistance		20.507	MI-90-0541	19,116
Capital Assistance		20.507	MI-90-0566	71,484
Capital Assistance		20.507	MI-90-0570	238,648
ARRA Capital Assistance		20.507	MI-96-0007	3,657,785
Capital Assistance		20.507	MI-90-0591	240,878
Capital Assistance		20.507	MI-90-0592	69,191
Capital Assistance		20.507	MI-90-0756	14,554,939
Capital Assistance		20.507	MI-90-0758	55,205
Capital Assistance		20.507	MI-95-0049	1,192
ARRA Operating		20.507	MI-96-4007	2,020,000
Operating Assistance (LETC)		20.507	MI-90-4758	516,051
Total Federal Transit - Formula Grants				21,542,744
Total Federal Transit Cluster				23,212,433
Transit Services Program Cluster:				
Section 5310	2006-0581	20.513	MI-16-0031	70,799
Section 5310	2007-0294 Z17	20.513	MI-16-X002	540,815
Section 5310	2007-0294 Z24	20.513	MI-16-X003	901,201
Section 5310	2007-0294 Z36	20.513	MI-16-X004	8,697
Section 5309	2007-0294 Z41	20.513	MI-16-0029	65,428
Section 5310	2007-0294 Z42	20.513	MI-16-0030	225,149
Section 5311	2007-0294 Z43	20.513	MI-16-0031	328,966
Section 5316 JARC NOTA	2007-0294 Z23	20.516	MI-37-X037	108
JARC Program		20.516	MI-37-0033	271,169
Richmond Lenox		20.516	MI-37-X033	160,773
JARC Program		20.516	MI-37-0040	487,638
JARC Program Admin		20.516	MI-37-6040	23,482
JARC Program		20.516	MI-37-X043	264,669
Section 5307 New Freedom		20.521	MI-57-X007	122,302
Section 5307 New Freedom		20.521	MI-57-X014	185,589
Section 5307 New Freedom		20.521	MI-57-X018	215,597
Total Transit Services Program Cluster				3,872,382
Total Direct programs				27,084,815

Suburban Mobility Authority for Regional Transportation

Schedule of Expenditures of Federal Awards (Continued) Year Ended June 30, 2012

Federal Agency/Pass-through Agency/Program Title	Pass-through Identifying Number	CFDA Number	Project Number	Federal Expenditures
U.S. Department of Transportation - Pass-through Programs from the State of Michigan Department of Transportation:				
Operating Assistance - Section 5311		20.509	MI-18-0050	\$ 168,253
Planning and Technical Studies Section 5304	2007-0294 Z8	20.515	MI-80-0002	15,690
U.S. Department of Transportation - Pass-through Programs from the Southeast Michigan Council of Governments - Planning and Technical Studies UWP Program				
		20.505	MI-80-X006	<u>305,541</u>
Total Pass-through Programs				<u>489,484</u>
Total U.S. Department of Transportation				27,574,299
U.S. Department of Homeland Security - Pass-through from the State of Michigan Department of State Police - Transit Security Grant Program				
	2007-RL-T7-0117	97.075	2007-RL-T7-0117	<u>156,868</u>
Total federal awards				<u>\$ 27,731,167</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, 2012

Revenue from federal sources - As reported on financial statements (includes all funds)	\$ 18,405,498
Add federal portion of capital contributions- As reported on the financial statements (includes all funds)	<u>9,325,669</u>
Federal expenditures per the schedule of expenditures of federal awards	<u>\$ 27,731,167</u>

Suburban Mobility Authority for Regional Transportation

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

Note 1 - Basis of Presentation and Significant Accounting Policies

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of Suburban Mobility Authority for Regional Transportation under programs of the federal government for the year ended June 30, 2012. Expenditures reported on the Schedule are reported on the same basis of accounting as the basic financial statements, although the basis for determining when federal awards are expended is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. In addition, expenditures reported on the Schedule are recognized following the cost principles contained in OMB Circular A-87, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Because the Schedule presents only a selected portion of the operations of Suburban Mobility Authority for Regional Transportation, it is not intended to, and does not, present the financial position, changes in net assets, or cash flows, if applicable, of Suburban Mobility Authority for Regional Transportation. Pass-through entity identifying numbers are presented where available.

Suburban Mobility Authority for Regional Transportation

Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2012

Note 2 - Subrecipient Awards

Of the federal expenditures presented in the Schedule, federal awards were provided to subrecipients as follows:

Federal Program Title	CFDA Number	Amount Provided to Subrecipients
Lake Erie Transit Corporation:		
Operating Assistance Section 5307	20.507	\$ 516,051
Operating Assistance Section 5311	20.509	150,081
Total Lake Erie Transit Corporation		666,132
North Oakland Transportation Authority:		
Section 5316 JARC	20.516	140,332
Section 5317 New Freedom	20.521	162,478
Total North Oakland Transportation Authority		302,810
Richmond Lenox:		
Section 5316 JARC	20.516	40,451
Section 5317 New Freedom	20.521	28,863
Total Richmond Lenox		69,314
Macomb County Community Service Agency Section 5316 JARC	20.516	14,087
Downriver Community Conference:		
Section 5316 JARC	20.516	40,234
Section 5317 New Freedom	20.521	147,067
Total Downriver Community Conference		187,301
Jewish Family Services:		
Section 5316 JARC	20.516	35,623
Section 5317 New Freedom	20.521	98,000
Total Jewish Family Services		133,623
Program to Educate Cyclists:		
Section 5316 JARC	20.516	46,712
Section 5317 New Freedom	20.521	65,520
Total Program to Educate Cyclists		112,232
Total amount provided to subrecipients		\$ 1,485,499

Suburban Mobility Authority for Regional Transportation

Schedule of Findings and Questioned Costs Year Ended June 30, 2012

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? Yes No

Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes No

Identification of major program:

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

Dollar threshold used to distinguish between type A and type B programs: \$831,935

Auditee qualified as low-risk auditee? Yes No

Suburban Mobility Authority for Regional Transportation

Schedule of Findings and Questioned Costs (Continued) Year Ended June 30, 2012

Section II - Financial Statement Audit Findings

Reference Number	Finding
2012-1	<p>Finding Type - Significant deficiency</p> <p>Criteria - The accounting data that is included in the Authority's annual financial statements should not include errors of any consequence. Any errors that occur during the year should be detected and corrected by the Authority.</p> <p>Condition - During the audit testing of the fuel inventory General Ledger account, an error was identified. The error resulted from duplicate entries being posted to the General Ledger. Initial efforts to correct the duplicate postings were not accurate. The resulting errors were also identified and subsequently corrected in conjunction with the year-end audit procedures.</p> <p>Context - The necessary accounting adjustments included corrections to inventory balances for all three terminals.</p> <p>Cause - The Authority did not have a monthly review system in place to ensure that inventory entries posted to the general ledger system are accurate and correctly posted.</p> <p>Effect - As a result, fuel inventory balances were initially overstated in the aggregate by approximately \$300,000 at June 30, 2012.</p> <p>Recommendation - We recommend the Authority implement a monthly system of controls to ensure that inventory entries posted to the general ledger are reviewed for accuracy.</p> <p>Views of Responsible Officials and Planned Corrective Actions - Since this matter was identified and corrected during the audit, the Authority has now put procedures in place that involve a monthly review and reconciliation of the related inventory accounts to avoid such errors in the future.</p>

Section III - Federal Program Audit Findings

None

Suburban Mobility Authority for Regional Transportation

Summary Schedule of Prior Audit Findings Year Ended June 30, 2012

Prior Year Finding Number	Federal Program	Original Finding Description	Status	Planned Corrective Action
2011-0	N/A	The 2011 audit identified that management was underestimating the magnitude of potential chargebacks/refunds when calculating estimated liabilities related to collectibility/retention of local tax contributions.	Corrected	N/A
2011-1	20.500/20.507	The audit identified noncompliance with the reporting requirement for DBE. Required reports were not being submitted to the FTA.	Corrected	N/A

November 12, 2012

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

We have audited the financial statements of Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the year ended June 30, 2012 and have issued our report thereon dated November 12, 2012. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I - Communications Required Under SAS 114

Section II - Legislative and Other 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 updated legislative and informational items that we believe will be of interest to you, along with a few recommendations related to internal controls and procedures noted during our current year audit. These comments are offered in the interest of helping the Authority in its efforts toward continuous improvement, not just in the areas of internal control and accounting procedures, but also in operational or administrative efficiency and effectiveness.

In addition to the comments and recommendations in this letter, our observations and comments regarding SMART's internal control, including any significant deficiencies or material weaknesses that we identified, have been reported to you in the 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*. This report is included in the supplemental schedule of federal awards and we recommend that the matters we have noted there receive your careful consideration.

We would like to take this opportunity to thank the Authority's staff for the cooperation and courtesy extended to us during our audit. Their assistance and professionalism were critical to the completion of the engagement and are much appreciated.

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.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

November 12, 2012

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

Very truly yours,

Plante & Moran, PLLC

A handwritten signature in black ink, appearing to read "D. Bohrer".

Douglas G. Bohrer

A handwritten signature in black ink, appearing to read "Alisha Davis".

Alisha M. Davis

Section I - Communications Required Under SAS 114

Our Responsibility Under U.S. Generally Accepted Auditing Standards

As stated in our engagement letter dated May 3, 2012, 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 have made some assessments of SMART's compliance with certain provisions of laws, regulations, contracts, and grant agreements. While those assessments are not sufficient to identify all noncompliance with applicable laws, regulations, and contract provisions, we are required to communicate all noncompliance conditions that come to our attention. We have communicated those conditions in a separate letter dated November 12, 2012 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.

We are also obligated to communicate certain matters related to our audit to those responsible for the governance of SMART, including certain instances of error or fraud and significant deficiencies in internal control that we identify during our audit. In certain situations, *Government Auditing Standards* require disclosure of illegal acts to applicable government agencies. If such illegal acts were detected during our audit, we would be required to make disclosures regarding these acts to applicable government agencies. No such disclosures were required.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our letter about planning matters dated July 24, 2012, and in our direct discussions about planning matters with the SMART Audit Committee Chair, Robert Daddow and Deputy General Manager, John Swatosh.

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 I to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year.

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

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

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

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

- OPEB (other postemployment benefits) obligation and net pension asset, as well as related actuarial accrued liability disclosures - including the actuarial methods and assumptions. These estimates are based on third-party valuations performed with the underlying assumptions used in those valuations which are principally based on plan provisions, healthcare-related trends, and payroll data.
- Estimated liabilities and the related resolution of self-insurance claims including claims incurred but not reported (IBNR). The assumptions are based on reported incidents, third-party established actuarial methods, and historical claims-incurred experience.
- Allowance for collectibility reserve related to local revenue source receivables. The assumptions are based on communications from each of the counties (Oakland, Macomb, and Wayne), combined with management's estimates for uncertainties and historical results.
- Reserve for ACT 51 operating assistance revenue. The assumption is based on the estimated reduction of the collective qualifying expenditures by SMART and DDOT which will result in less total eligible expenditures to be reimbursed by ACT 51 monies from the State of Michigan.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

November 12, 2012

We evaluated the key factors and assumptions used to develop the above estimates in determining that they are reasonable in relation to the SMART financial statements taken as a whole. However, as it relates to the actuarial accrued liabilities for pension and retiree health care, the current estimates as presented do not include the change in the benefit provisions pursuant to the adoption of Public Act 152 for retiree health and changes in plan membership affecting both plans that occurred due to staff reductions during the year. Accordingly, the Authority will need to prepare new valuations during the fiscal year ending June 30, 2013 that include these plan revisions and could result in differences from the estimates obtained from the most recently completed valuations.

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

Difficulties Encountered in Performing the Audit

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

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.

Management has corrected a misstatement which was identified. The necessary accounting adjustment was for corrections to inventory balances at all three terminals.

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.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 12, 2012.

Section II - Legislative and Other Informational Items

Other Postemployment Obligation Calculation - COBRA (and other riders)

The Authority is currently including contra amounts under COBRA (and other riders) paid by employees and retirees as a reduction in their pay-as-you-go amount for purposes of calculating OPEB expense and liability calculations. Because the amounts for active and retired employees are grouped together, SMART management has concluded to use the full amount. Although the overall balance in the accounts is insignificant in any given year, as this practice continues year after year, the impact on the ending obligation amount will grow. We recommend that the Authority break out the COBRA amounts attributable to active and retired employees to ensure applicable amounts are separately reported/included in the OPEB expense and liability calculations.

Ridership Pass Revenue

In connection with SMART and DDOT's regional pass options, which enable frequent riders to purchase regional passes that can be used interchangeably between the SMART and DDOT bus systems, we noted that as confirmation of SMART passes honored by DDOT (for which SMART then reimburses DDOT), SMART does not receive any reports or other corroborating information for amounts paid to DDOT. SMART receives an email from DDOT which indicates the number of passes honored and the total amount owed to DDOT. SMART then compares that to their GFI report which shows the Authority the number of DDOT passes honored by SMART and the net amount is paid to DDOT (in instances where amounts due to DDOT exceeds amounts due from DDOT). Although this makes up a small portion of total pass card revenue, we encourage SMART personnel to work with DDOT in an effort to obtain corroborating system reports from DDOT each month for amounts due to DDOT.

Potential Elimination of the Personal Property Tax

There has been much talk regarding elimination of the personal property tax. Certain estimates indicate that if the personal property tax were completely eliminated, it would reduce revenue for communities across the state (including school districts) by over \$1 billion.

In April 2012, the Senate introduced a package of eight bills (SB1065-SB1072) aimed to eliminate personal property taxes. The bills, as amended, were passed by the Senate in early May. Now, these bills await action by the House.

Here is a summary of what these tie-barred bills stipulate:

- Exemption, beginning December 31, 2012, for commercial and industrial personal property if the combined taxable value of all such property owned by the taxpayer were less than \$40,000
- Eligible manufacturing personal property purchased after December 31, 2011 would be exempt from personal property tax beginning December 31, 2015.

- Effective December 31, 2015, eligible manufacturing personal property that had been subject to taxation for 10 years would also be exempt.
- Provision for partial reimbursement to the local unit via a newly created personal property tax reimbursement fund. Debt mills and voter-approved qualified mill loss would be reimbursed in full. Debt mill loss is defined as revenue loss associated with debt mills that were levied in the 2012 fiscal year and that have not expired or been subsequently renewed. Qualified voter-approved mill means a millage levied in the 2012 or subsequent fiscal year for a specific purpose or activity that is not a general operating millage and that was approved by the voters prior to the 2103 fiscal year. Starting in the 2016 fiscal year, taxes lost in excess of 2 percent of General Fund revenue would be reimbursed. The bills also include poison pill language which nullifies the bills if the replacement fund is not fully funded.

More recently, there is a new proposal in which replacement funds would come from use tax. In this proposal, 100 percent of personal property tax revenue that is used for police and fire services would be reimbursed. The remaining personal property tax revenue would be reimbursed by the State at 80 percent, subject to the reimbursement provisions noted above. The reimbursements under this proposal would begin in fiscal year 2016.

To date, the legislature is still in the process of developing these bills and has not approved a final version as various alternatives are still being debated.

Deficit Elimination Plans

The Michigan Department of Treasury issued numbered letter 2012-1 in February 2012 which clarifies when a deficit elimination plan is required and how to quantify the deficit requiring elimination. In addition, it also charges local units with the responsibility to file deficit elimination plans concurrent with the submission of the audit report to the Department of Treasury. Local units should no longer be waiting for a letter from the State to file their plans. The plans are now due on or before the filing of your financial statement. Failure to file a plan can result in withholding of 25 percent of the EVIP revenue-sharing payments (for governmental units that are receiving such payments).

The plans should typically result in elimination of the deficit within one year but should never exceed five years. These plans should also have acceptable evidence to support the plan. The letter defines “acceptable evidence” as certified board/council resolutions approving the funding and the journal entry showing that the transfer was made in the general ledger. Additionally, if there is a projected multi-year budget, this too must be approved by the council/board and submitted. Plans and support can be emailed to Treas_MunicipalFinance@michigan.gov or mailed to the Michigan Department of Treasury.

The letter defines a fund deficit, since the law lacks any reference to generally accepted accounting terminology. It states that for governmental funds (not proprietary funds, fiduciary funds, or discretely presented component units) “a plan is necessary to eliminate any “unrestricted fund balance” deficits. Unrestricted fund balance is the sum of the committed, assigned, and unassigned balances.” Determining whether a deficit exists is more challenging for proprietary funds, fiduciary funds, and discretely presented component units and local units will be expected to apply the test that is explained in the letter. We highly recommend that local units review the letter at the following link to ensure that they comply with the requirements: http://www.michigan.gov/treasury/0,1607,7-121-1751_2194_2196---,00.html#2012.

Bill Still Being Considered - Prohibition Against Hiring Current Retirees

House Bill 5637, the Jobs Initiative Reform Act, is a bill that has been introduced in the House that prohibits public employers in Michigan from employing an individual who is receiving benefits from the public employer's defined benefit retirement plan, and to provide sanctions.

A public employer shall not directly, or indirectly through a contract with a third party, employ an individual who is receiving retirement benefits from a public employee defined benefit retirement plan of that public employer. This prohibition does not apply if the individual waives his or her right to receive previously accrued retirement benefits from that public employer's defined benefit retirement plan while reemployed by the public employer.

Sanctions would consist of reimbursing the defined benefit retirement plan for retirement benefits that the defined benefit retirement plan paid to the individual during the prohibited employment.

This appears to be an issue only if a retiree is being rehired by the existing employer and would not apply if that retiree seeks employment with a different employer.

Upcoming Accounting Pronouncements

In June 2011, the GASB issued Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*. The statement will be effective for the Suburban Mobility Authority for Regional Transportation's 2012-2013 fiscal year. The statement incorporates deferred outflows of resources and deferred inflows of resources, as defined by GASB Concepts Statement No. 4, into the definitions of the required components of the residual measure of net position, formerly net assets. This statement also provides a new statement of net position format to report all assets, deferred outflows of resources, liabilities, deferred inflows of resources, and net position. Once implemented, this statement will impact the format and reporting of the balance sheet at the enterprise fund level.

To the Board of Directors
Suburban Mobility Authority for
Regional Transportation

November 12, 2012

In June 2012, the GASB issued GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. Statement No. 68 requires governments providing defined benefit pensions to recognize their unfunded pension benefit obligation as a liability for the first time, and to more comprehensively and comparably measure the annual costs of pension benefits. This net pension liability that will be recorded on the government-wide, proprietary, and discretely presented component units statements will be computed differently than the current unfunded actuarial accrued liability, using specific parameters set forth by the GASB. The statement also enhances accountability and transparency through revised note disclosures and required supplemental information (RSI). The Suburban Mobility Authority for Regional Transportation is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for financial statements for the year ending June 30, 2015.