

November 6, 2015

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

We have audited the financial statements of the Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the year ended June 30, 2015 and have issued our report thereon dated November 6, 2015. Professional standards require that we provide you with the following information related to our audit which is divided into the following sections:

Section I - Required Communications with Those Charged with Governance

Section II - Legislative and 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.

In addition to the comments in this letter, our observations and comments regarding SMART's internal control, including any significant deficiencies or material weaknesses that we identified, if any, 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.

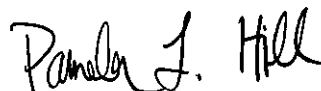
To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

November 6, 2015

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 that reads "Pamela L. Hill". The signature is written in a cursive, flowing style.

Pamela L. Hill

A handwritten signature in black ink that reads "Keith Szymanski". The signature is written in a cursive, flowing style.

Keith Szymanski

## **Section I - Required Communications with Those Charged with Governance**

### **Our Responsibility Under U.S. Generally Accepted Auditing Standards**

As stated in our engagement letter dated June 23, 2015, 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 controls of SMART. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

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

Our audit of SMART's financial statements has also been conducted in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Under *Government Auditing Standards*, we are obligated to communicate certain matters that come to our attention related to our audit to those responsible for the governance of SMART, including compliance with certain provisions of laws, regulations, contracts, grant agreements, certain instances of error or fraud, illegal acts applicable to government agencies, and significant deficiencies in internal control that we identify during our audit. Toward this end, we issued a separate letter dated November 6, 2015 regarding our consideration of SMART's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements.

### **Planned Scope and Timing of the Audit**

We performed the audit according to the planned scope and timing previously communicated to you in our meeting about planning matters on August 19, 2015.

### **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.

As described in Note 10, the Authority changed accounting policies related to the adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - An Amendment of GASB Statement No. 27*. The objective of this statement is for governments that provide defined benefit pensions to recognize the unfunded pension benefit obligation as a liability on the entity's balance sheet.

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

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

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

- OPEB (other postemployment benefits) and pension obligations, as well as related actuarial accrued liability and net pension liability disclosures - including the actuarial methods and assumptions. These estimates are based on third-party valuations performed with the underlying assumptions used in those valuations which are principally based on plan provisions, healthcare-related trends, and payroll data. The significant assumptions include future rate of return on investments, future healthcare costs, employee eligibility rates, life expectancies, and projected salary increases.
- Estimated liabilities and the related resolution of self-insurance claims including claims incurred but not reported (IBNR). The assumptions are based on reported incidents, third-party established actuarial methods, and historical claims-incurred experience.
- Allowance for collectibility reserve related to local revenue source receivables. The assumptions are based on communications from each of the counties (Oakland, Macomb, and Wayne), combined with management's estimates for uncertainties and historical results.
- Reserve for Act 51 operating assistance revenue. The assumption is based on the estimated reduction of the collective qualifying expenditures by SMART and RTA member agencies, which will result in less total eligible expenditures to be reimbursed by Act 51 monies from the State of Michigan through the Regional Transportation Authority. There was no reserve recorded at June 30, 2015.

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

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

### ***Difficulties Encountered in Performing the Audit***

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

### ***Disagreements with Management***

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

### ***Corrected and Uncorrected Misstatements***

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

### ***Significant Findings or Issues***

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

### ***Management Representations***

We have requested certain representations from management that are included in the management representation letter dated November 6, 2015.

### ***Management Consultations with Other Independent Accountants***

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

## **Section II - Legislative and Other Informational Items**

### **New Rules Governing Management of Federal Programs**

The Office of Management and Budget (OMB) has issued significant reforms to the compliance requirements that must be followed by non-federal entities receiving federal funding. All entities receiving federal dollars will need to understand the changes made as a result of these reforms and may be required to make changes to internal procedures, processes, and controls.

These reforms impact three key areas of federal grants management:

1. **Audit Requirements** - For fiscal years beginning on or after January 1, 2015, the threshold for obtaining a federal awards audit will increase from the current threshold of \$500,000 of annual federal spending to \$750,000. There will also be significant changes to the criteria for qualifying as a low-risk auditee and a reduction in the number of major programs required to be tested for some clients.
2. **Cost Principles** - Effective for all federal awards received on or after December 26, 2014, the grant reforms related to cost principles go into effect. Not only were certain changes made to allowable costs under this new guidance, but there were significant changes in the area of time and effort reporting and indirect costs.
3. **Administrative Requirements** - Also effective for all federal awards received on or after December 26, 2014, non-federal entities receiving federal funding must adhere to new rules related to administering federal awards. Most notably, these requirements may impact the Authority's procurement systems, including maintaining written conflict of interest policies and disclosures.

These revisions are clearly the most significant changes to occur to federal grants management in recent history. Entities receiving federal funding will need to carefully digest these changes. Plante & Moran, PLLC has been on the cutting edge of these reforms, offering our clients free webinars, implementation checklists, and other tools to aid in implementation. The implementation date is already upon us and the Authority will need to ensure that the implementation of the new regulations occurs in a timely and complete manner. Plante & Moran, PLLC has many experts in this area and welcomes any questions or needs you may have in this area. We will be meeting with your team internally in the coming months to offer free assistance with questions the Authority may have on implementation.

**New Other Postemployment Benefits Standards (Retiree Healthcare Obligations)**

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

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

**Legacy Cost Impact - Pro-forma**

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

|                                | As Currently<br>Reported | Following GASB<br>No. 75 |
|--------------------------------|--------------------------|--------------------------|
| Net position:                  |                          |                          |
| Net investment in capital asse | \$ 71,236,000            | \$ 71,236,000            |
| Restricted                     | 303,000                  | 303,000                  |
| Unrestricted                   | <u>(21,307,000)</u>      | <u>(156,062,000)</u>     |
| Total net position             | <u>\$ 50,232,000</u>     | <u>\$ (84,523,000)</u>   |

# **Suburban Mobility Authority for Regional Transportation**

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**Financial Report  
with Supplemental Information  
June 30, 2015**

# **Suburban Mobility Authority for Regional Transportation**

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# **Suburban Mobility Authority for Regional Transportation**

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## Independent Auditor's Report

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the years ended June 30, 2015 and 2014 and the related notes to the financial statements, which collectively comprise the basic financial statements of the Authority, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

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

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

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Suburban Mobility Authority for Regional Transportation as of June 30, 2015 and 2014 and the changes in financial position and its cash flows thereof for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

### ***Emphasis of Matter***

As described in Note 10 to the financial statements, during the year ended June 30, 2015, the Authority adopted the provisions of Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result of implementing this pronouncement, the Authority's net pension liability has been recognized on the statements and, as discussed in Note 10, the beginning net position for the year ended June 30, 2015 has been restated. Our opinion is not modified with respect to this matter.

### ***Other Matters***

#### ***Required Supplemental Information***

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

#### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 basic financial statements. The accompanying other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2015 on our consideration of the Suburban Mobility Authority for Regional Transportation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Suburban Mobility Authority for Regional Transportation's internal control over financial reporting and compliance.

*Plante & Moran, PLLC*

November 6, 2015

## **Management's Discussion and Analysis**

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# **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 the Suburban Mobility Authority for Regional Transportation's (the "Authority" or SMART) management and should be read in conjunction with the financial statements and related note disclosures. The discussion is intended to present an overview of SMART's financial performance for the years ended June 30, 2015 and 2014 and does not purport to make any statement regarding the future operations of the organization. While SMART is an instrumentality of the State of Michigan, it is not a component of the State as defined by the Governmental Accounting Standards Board (GASB).

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

### **Financial Highlights**

- Although fare revenue increased by approximately \$185,000, overall operating revenue decreased slightly from \$13.8 million to \$13.5 million, primarily attributable to a decrease in advertising and community credit revenue.
- Operating expenses before depreciation of \$104.5 million are \$5.8 million higher than 2014 primarily due to increased employee fringe benefits and higher claims and insurance.
- Capital contributions increased \$12 million or 136 percent from FY2014. This is a direct result of the increased millage rate, allowing SMART to use federal capital funds to purchase capital assets, i.e., bus replacement, rather than using these funds for preventive maintenance in the operating budget as has been done for the last several years.
- Current assets had a net increase of \$20.5 million, largely due to an increase in cash and cash equivalents of \$17.4 million, an increase in local contributions receivable of \$2.1 million, and an increase in grants receivable of \$1.1 million.
- Deferred outflows of resources of \$4.6 million are directly related to the mandatory adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. See Notes 10 and 11 in the notes to the financial statements for additional information.
- Current liabilities increased by \$1.5 million primarily due to increases in accounts payable of \$2.0 million offset by smaller decreases in other current liabilities.
- Net position, discussed further below, decreased by \$32.1 million to \$50.2 million, which is a combination of the \$38.5 million decrease in unrestricted net position, the \$0.9 million decrease in restricted net position, and the \$7.3 million increase in net investment in capital assets.

# Suburban Mobility Authority for Regional Transportation

## Management's Discussion and Analysis (Continued)

### Statement of Net Position

A summary of SMART's assets, liabilities, and net position at June 30, 2015, 2014, and 2013 follows (in millions):

|                                       | 2015    | 2014*   | 2013*   |
|---------------------------------------|---------|---------|---------|
| <b>Assets</b>                         |         |         |         |
| Current assets                        | \$ 83.2 | \$ 62.7 | \$ 57.2 |
| Capital assets                        | 71.2    | 63.9    | 68.2    |
| Other noncurrent assets               | 0.3     | 1.2     | 1.1     |
| Total assets                          | 154.7   | 127.8   | 126.5   |
| <b>Deferred Outflows of Resources</b> | 4.6     | -       | -       |
| <b>Liabilities</b>                    |         |         |         |
| Current liabilities                   | 20.1    | 18.5    | 23.3    |
| Noncurrent liabilities                | 89.0    | 26.9    | 25.0    |
| Total liabilities                     | 109.1   | 45.4    | 48.3    |
| <b>Net Position</b>                   |         |         |         |
| Net investment in capital assets      | 71.2    | 64.0    | 68.2    |
| Restricted                            | 0.3     | 1.2     | 1.1     |
| Unrestricted                          | (21.3)  | 17.2    | 8.9     |
| Total net position                    | \$ 50.2 | \$ 82.4 | \$ 78.2 |

\* GASB Statement No. 68 was implemented by SMART in fiscal year 2015. Fiscal year 2014 and 2013 amounts shown above have not been modified to reflect the retroactive application of the change.

SMART's current assets had a net increase of \$20.5 million, which represents a 32.7 percent increase compared with FY 2014.

Amounts invested in capital assets increased 11.4 percent from a year ago - increasing from \$63.9 million to \$71.2 million. The current year increase is due to current year net capital asset purchases exceeding depreciation expense.

Restricted net position is a result of the sale of federally funded capital assets representing approximately \$300,000, which, although classified as restricted, are available to SMART for future capital purchases.

# Suburban Mobility Authority for Regional Transportation

## Management's Discussion and Analysis (Continued)

Unrestricted net position, which is the portion of net position that can be used to finance day-to-day operations, decreased by \$38.5 million from 2014. This represents a decrease of 223.8 percent. This follows a FY 2014 increase of \$8.3 million or approximately 93.3 percent. The current level of unrestricted net position for SMART's operations stands at -\$21.3 million. The decrease in unrestricted net position is wholly attributable to the Authority's adoption of GASB No. 68, which reduced beginning of year unrestricted net position by \$54.2 million. Absent this change, the increase to unrestricted net position would have more closely reflected the \$22.1 million increase in net position as noted on the statement of revenue, expenses, and changes in net position. Additional information on GASB No. 68 can be found in Notes 10 and 11 in the notes to the financial statements.

### Statement of Revenue, Expenses, and Changes in Net Position

The following table is a summary of SMART's revenue, expenses, and changes in net position for the years ended June 30, 2015, 2014, and 2013 (in millions):

|                                                | 2015           | 2014*          | 2013*          |
|------------------------------------------------|----------------|----------------|----------------|
| Operating revenue                              | \$ 13.5        | \$ 13.8        | \$ 13.8        |
| Operating expenses before depreciation         | 104.5          | 98.7           | 100.5          |
| Operating loss before depreciation             | (91.0)         | (84.9)         | (86.7)         |
| Depreciation expense                           | 13.3           | 12.8           | 12.8           |
| Total operating loss                           | (104.3)        | (97.7)         | (99.5)         |
| Nonoperating revenue (net of related expenses) | 105.5          | 93.1           | 89.7           |
| Net income (loss) before capital contributions | 1.2            | (4.6)          | (9.8)          |
| Capital contributions                          | 20.8           | 8.8            | 9.8            |
| Increase in net position                       | 22.0           | 4.2            | -              |
| Net position - Beginning of year               | 82.4           | 78.2           | 78.2           |
| Impact of GASB Statement No. 68*               | (54.2)         | -              | -              |
| Net position - End of year                     | <u>\$ 50.2</u> | <u>\$ 82.4</u> | <u>\$ 78.2</u> |

\* GASB Statement No. 68 was implemented by SMART in fiscal year 2015. Fiscal year 2014 and 2013 amounts shown above have not been modified to reflect the retroactive application of the change.

SMART's operating revenue decreased by \$0.3 million from 2014. Nonoperating revenue (net of related expenses) increased \$12.4 million or 13.3 percent due to the increase in millage revenue

# **Suburban Mobility Authority for Regional Transportation**

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## **Management's Discussion and Analysis (Continued)**

levied in the service areas offset by a reduction in state operating and federal operating and preventive maintenance assistance.

Operating expenses (before depreciation) increased \$5.8 million during the year. The increase is primarily due to increased employee fringe benefits of \$4.9 million and a \$1.3 million increase in claims and insurance offset by a decrease in materials and supplies expense of \$1.7 million.

SMART faces ongoing funding challenges and will continue to closely monitor available resources and expenses in the ensuing fiscal years.

### **Capital Assets and Related Debt**

The Authority continues to invest in infrastructure, equipment, and vehicles. SMART had \$71.2 million and \$63.9 million invested in capital assets as of June 30, 2015 and 2014, respectively. During fiscal year 2015, the Authority had total capital asset additions of approximately \$20.6 million, consisting primarily of approximately \$17.8 million for new vehicles and \$2.1 million in buildings and improvements.

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

### **Economic Factors and Next Year's Budget**

The Regional Transit Authority (RTA) is the designated recipient for federal funds to the tri-county urbanized area consisting of Wayne, Oakland, and Macomb counties. A portion of these funds is passed through to SMART. Presently, the allocation of Section 5307 federal capital funding passed through the RTA is 51.5 percent to SMART, 47.5 percent to DDOT, and 1 percent to the Detroit Transportation Corporation (the People Mover). For fiscal 2016, Section 5307 funding of approximately \$26.4 million is included in SMART's capital budget. The current funding allocation has been in place since March 2013 but is subject to change based on an annual review by the RTA.

Like most municipal governments, SMART has suffered from the reduction in property tax values, decreasing the current property tax revenue more than 25 percent since 2008, resulting in a cumulative loss of over \$53 million in operating revenue to SMART through FY 2014. However, on August 4, 2014, voters in the Macomb, Oakland, and Wayne County service areas approved a millage increase from 0.59 to 1.0 mill. The additional revenue has allowed the Authority to fund the much-needed replacement of the aging bus fleet by utilizing Section 5307 capital funds previously used to support operations.

SMART is committed to providing the best transit service to the communities under its service umbrella. To that end, nonessential costs have been eliminated within the administrative

# **Suburban Mobility Authority for Regional Transportation**

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## **Management's Discussion and Analysis (Continued)**

departments to achieve this goal. SMART has adopted a balanced budget for FY 2016. Additionally, the Authority has maintained the staffing reductions implemented in 2010 as well as the service reductions implemented in December 2011. SMART's operating budget in FY 2011 was a little over \$121 million while the FY 2016 operating budget will be \$108.8 million.

### **Using this Annual Report**

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

### **Contacting SMART's Financial Management**

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

# Suburban Mobility Authority for Regional Transportation

## Statement of Net Position

|                                                          | Enterprise Operating Fund |               |
|----------------------------------------------------------|---------------------------|---------------|
|                                                          | June 30, 2015             | June 30, 2014 |
| <b>Assets</b>                                            |                           |               |
| Current assets:                                          |                           |               |
| Cash and cash equivalents (Note 3)                       | \$ 67,982,221             | \$ 50,626,048 |
| Receivables:                                             |                           |               |
| Local contributions receivable (Note 1)                  | 2,196,199                 | 111,168       |
| Other receivables                                        | 363,829                   | 268,514       |
| Grant receivables (Note 4)                               | 10,403,321                | 9,340,337     |
| Materials and supplies inventories                       | 2,194,461                 | 2,240,103     |
| Prepaid expenses and other assets                        | 50,236                    | 67,422        |
| Total current assets                                     | 83,190,267                | 62,653,592    |
| Noncurrent assets:                                       |                           |               |
| Restricted cash (Note 3)                                 | 302,792                   | 1,233,800     |
| Nondepreciable capital assets (Note 5)                   | 15,910,864                | 15,682,382    |
| Depreciable capital assets - Net (Note 5)                | 55,325,108                | 48,263,654    |
| Total noncurrent assets                                  | 71,538,764                | 65,179,836    |
| Total assets                                             | 154,729,031               | 127,833,428   |
| <b>Deferred Outflows of Resources -</b>                  |                           |               |
| Pension costs deferred (Note 11)                         | 4,639,239                 | -             |
| <b>Liabilities</b>                                       |                           |               |
| Current liabilities:                                     |                           |               |
| Municipal and community credits payable (Note 1)         | 2,782,794                 | 2,868,263     |
| Amounts payable under purchase-of-service agreements     | 246,253                   | 527,196       |
| Current portion of accrued self-insurance (Note 9)       | 6,416,944                 | 6,513,690     |
| Accounts payable                                         | 5,718,986                 | 3,652,856     |
| Accrued liabilities and other:                           |                           |               |
| Accrued salaries and wages                               | 1,094,004                 | 948,787       |
| Other accrued liabilities                                | 1,260,454                 | 1,571,671     |
| Current portion of compensated absences (Note 8)         | 2,597,227                 | 2,492,311     |
| Total current liabilities                                | 20,116,662                | 18,574,774    |
| Noncurrent liabilities:                                  |                           |               |
| Accrued self-insurance - Net of current portion (Note 9) | 5,826,201                 | 5,241,340     |
| Net pension liability (Note 11)                          | 61,623,466                | -             |
| Net OPEB obligation (Note 13)                            | 21,447,954                | 21,491,223    |
| Compensated absences - Net of current portion (Note 8)   | 168,447                   | 170,394       |
| Total noncurrent liabilities                             | 89,066,068                | 26,902,957    |
| Total liabilities                                        | 109,182,730               | 45,477,731    |
| <b>Equity - Net position</b>                             |                           |               |
| Net investment in capital assets                         | 71,235,972                | 63,946,036    |
| Restricted (Note 1)                                      | 302,792                   | 1,233,800     |
| Unrestricted                                             | (21,353,224)              | 17,175,861    |
| Total net position                                       | \$ 50,185,540             | \$ 82,355,697 |

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

# Suburban Mobility Authority for Regional Transportation

## Statement of Revenue, Expenses, and Changes in Net Position

|                                                                | Enterprise Operating Fund |                      |
|----------------------------------------------------------------|---------------------------|----------------------|
|                                                                | Year Ended                |                      |
|                                                                | June 30, 2015             | June 30, 2014        |
| <b>Operating Revenue</b>                                       |                           |                      |
| Fares                                                          | \$ 12,528,679             | \$ 12,338,661        |
| Other income                                                   | 1,029,114                 | 1,476,391            |
| Total operating revenue                                        | 13,557,793                | 13,815,052           |
| <b>Operating Expenses</b>                                      |                           |                      |
| Salaries and wages                                             | 36,174,558                | 35,462,705           |
| Fringe benefits                                                | 32,979,155                | 28,647,885           |
| Materials and supplies                                         | 13,473,205                | 15,136,960           |
| Contractual services                                           | 2,870,321                 | 2,375,603            |
| Utilities                                                      | 1,389,786                 | 1,663,805            |
| Claims and insurance                                           | 6,596,087                 | 5,306,727            |
| Purchased transportation (Note 7)                              | 11,096,329                | 10,001,750           |
| Miscellaneous expense                                          | 525,895                   | 115,012              |
| Depreciation                                                   | 13,319,974                | 12,803,713           |
| Total operating expenses                                       | 118,425,310               | 111,514,160          |
| <b>Operating Loss</b>                                          | (104,867,517)             | (97,699,108)         |
| <b>Nonoperating Revenue (Expenses)</b>                         |                           |                      |
| Federal operating and preventative maintenance assistance      | 1,973,734                 | 17,733,510           |
| State operating grants                                         | 34,866,205                | 35,522,528           |
| Local contributions (Note 6)                                   | 68,713,706                | 39,288,686           |
| Other nonoperating revenue                                     | 587,498                   | 417,724              |
| Investment income                                              | 84,252                    | 76,358               |
| (Loss) gain on sale of assets                                  | (148,866)                 | 69,421               |
| Total nonoperating revenue                                     | 106,076,529               | 93,108,227           |
| <b>Gain (Loss) - Before capital contributions</b>              | 1,209,012                 | (4,590,881)          |
| <b>Capital Contributions</b>                                   | 20,810,121                | 8,735,560            |
| <b>Change in Net Position</b>                                  | 22,019,133                | 4,144,679            |
| <b>Net Position - Beginning of year, as restated (Note 10)</b> | 28,166,407                | 78,211,018           |
| <b>Net Position - End of year</b>                              | <b>\$ 50,185,540</b>      | <b>\$ 82,355,697</b> |

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

# Suburban Mobility Authority for Regional Transportation

## Statement of Cash Flows

|                                                                                | Enterprise Operating Fund |                        |
|--------------------------------------------------------------------------------|---------------------------|------------------------|
|                                                                                | Year Ended                |                        |
|                                                                                | June 30, 2015             | June 30, 2014          |
| <b>Cash Flows from Operating Activities</b>                                    |                           |                        |
| Receipts from transit operations                                               | \$ 13,462,478             | \$ 14,171,394          |
| Payments to suppliers                                                          | (16,441,466)              | (23,089,585)           |
| Payments to employees                                                          | (66,153,859)              | (60,934,227)           |
| Payments to claims and insurance                                               | (6,107,972)               | (6,973,852)            |
| Payments for purchased transportation                                          | (11,462,741)              | (10,361,270)           |
| Net cash used in operating activities                                          | (86,703,560)              | (87,187,540)           |
| <b>Cash Flows from Noncapital Financing Activities</b>                         |                           |                        |
| State operating grants                                                         | 32,602,168                | 36,393,806             |
| Federal operating and preventive maintenance assistance                        | 3,174,782                 | 19,173,972             |
| Local contributions                                                            | 66,628,675                | 39,893,815             |
| Other nonoperating receipts                                                    | 587,498                   | 417,724                |
| Net cash provided by noncapital financing activities                           | 102,993,123               | 95,879,317             |
| <b>Cash Flows from Capital and Related Financing Activities</b>                |                           |                        |
| Receipt of capital grants                                                      | 20,099,436                | 7,306,243              |
| Proceeds from disposal of capital assets                                       | 58,605                    | 70,510                 |
| Purchase of capital assets                                                     | (20,106,691)              | (7,101,083)            |
| Net cash provided by capital and related financing activities                  | 51,350                    | 275,670                |
| <b>Cash Flows from Investing Activities - Interest received on investments</b> | 84,252                    | 76,358                 |
| <b>Net Increase in Cash and Cash Equivalents</b>                               | 16,425,165                | 9,043,805              |
| <b>Cash and Cash Equivalents - Beginning of year</b>                           | 51,859,848                | 42,816,043             |
| <b>Cash and Cash Equivalents - End of year</b>                                 | <b>\$ 68,285,013</b>      | <b>\$ 51,859,848</b>   |
| <b>Balance Sheet Classification of Cash and Cash Equivalents</b>               |                           |                        |
| Cash and investments                                                           | \$ 68,285,013             | \$ 51,859,848          |
| Restricted cash                                                                | (302,792)                 | (1,233,800)            |
| <b>Total unrestricted cash and cash equivalents</b>                            | <b>\$ 67,982,221</b>      | <b>\$ 50,626,048</b>   |
| <b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>  |                           |                        |
| Operating loss                                                                 | \$ (104,867,517)          | \$ (97,699,108)        |
| Depreciation and amortization                                                  | 13,319,974                | 12,803,713             |
| Noncash change in net pension asset/liability                                  | 2,794,937                 | (73,494)               |
| Noncash change in net OPEB obligations                                         | (43,269)                  | 3,522,952              |
| Noncash change in self-insurance liability                                     | 488,115                   | (1,667,125)            |
| Changes in assets and liabilities:                                             |                           |                        |
| Materials and supplies inventory                                               | 45,642                    | 356,340                |
| Other receivables                                                              | (95,315)                  | 162,746                |
| Prepaid and other assets                                                       | 17,186                    | (1,961)                |
| Accounts payable and accrued liabilities                                       | 1,754,913                 | (3,958,988)            |
| Municipal and community credits payable                                        | (85,469)                  | (117,130)              |
| Payable under purchase service contracts                                       | (280,943)                 | (242,390)              |
| Accrued wages and compensated absences                                         | 248,186                   | (273,095)              |
| <b>Net cash used in operating activities</b>                                   | <b>\$ (86,703,560)</b>    | <b>\$ (87,187,540)</b> |

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

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

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 1 - Summary of Significant Accounting Policies**

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

#### **Organization**

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

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

PA 387 also terminated the Regional Transit Coordinating Council (RTCC), the then-existing designated recipient, and made the Southeast Michigan Council of Governments (SEMCOG) the designated recipient of federal funds until October 1, 2013, when the RTA became the designated recipient. Prior to PA 387, the allocation of State of Michigan operating assistance funds under Act 51 and federal capital funds to the tri-county Urbanized Area had been 65 percent to DDOT and 35 percent to SMART. However, for fiscal years ended June 30, 2012 and 2013, the State allocated funds to SMART as an independent large urban area transit agency. In March 2013, based on information submitted by the agencies, SEMCOG revised the allocation to 51.5 percent to SMART, 47.5 percent to DDOT, and 1 percent to the Detroit Transportation Corporation. This allocation remains in effect and is subject to change based on annual review by the RTA. Capital grants or loans are not allocated on a formula basis but rather are allocated on a specific project or asset basis in accordance with the terms of the grant or loan.

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **Reporting Entity**

The financial reporting entity, as defined by Statements No. 14 and No. 39 (as amended by Statement No. 61) of the Governmental Accounting Standards Board (GASB), is comprised of the primary government and its component units. The primary government includes all departments and operations for which SMART exercises oversight responsibility. Oversight responsibility was evaluated based on consideration of financial interdependency, selection of governing authority, designation of management, the ability to significantly influence management, and accountability for fiscal matters. The reporting entity of SMART consists solely of the primary government. There are no component units.

Based on the guidelines outlined in GASB Statements No. 14 and No. 39 (as amended by Statement No. 61), this is evidenced by the fact that, with respect to any other governmental unit, including the transportation agencies with which SMART has entered into purchase-of-service agreements, or the Act 196 Transportation Authorities in the counties served by SMART, SMART does not select its governing authority, designate its management, exercise significant influence over its daily operations, or maintain its accounting records.

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

#### **Accounting and Reporting Principles**

The Suburban Mobility Authority for Regional Transportation follows accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. Accounting and financial reporting pronouncements are promulgated by the Governmental Accounting Standards Board.

#### **Report Presentation**

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

#### **Fund Accounting**

Proprietary funds include enterprise funds, which provide goods or services to users in exchange for charges or fees. The Authority reports all activity in a single enterprise fund.

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

#### **Basis of Accounting**

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

#### **Specific Balances and Transactions**

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

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

**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.

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 1 - Summary of Significant Accounting Policies (Continued)

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

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

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

#### Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to future periods and so will not be recognized as an expense until then. The Authority has deferred outflows from the difference between projected and actual investment earnings of the pension plan as well as contributions made after the measurement date of the net pension liability.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to future periods and so will not be recognized as revenue until that time. The Authority has no deferred outflows of resources.

#### Net Position Flow Assumption

Sometimes the Authority will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position, a flow assumption must be made about the order in which the resources are considered to be applied. It is SMART's policy to consider restricted net position to have been depleted before unrestricted net position is applied.

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

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

# **Suburban Mobility Authority for Regional Transportation**

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**Notes to Financial Statements  
June 30, 2015 and 2014**

## **Note I - Summary of Significant Accounting Policies (Continued)**

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

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

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

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

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

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 1 - Summary of Significant Accounting Policies (Continued)**

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

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

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

### **Note 2 - State of Michigan Operating Assistance Funds**

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

The latest "final" determination of State of Michigan operating assistance allocable to SMART in accordance with the Act 51 funding formula was for the State of Michigan's fiscal year ended September 30, 2012. The resulting reduction in revenue has been finalized with the State and was paid in the first quarter of SMART's fiscal year ended June 30, 2014. Furthermore, SMART awaits the "final" determination for the years ended September 30, 2013, 2014, and 2015. SMART has not recorded any estimated aggregate liability as of June 30, 2015, based on management's anticipation of the results of the State's final determination of the Act 51 funding formula for the open years.

# **Suburban Mobility Authority for Regional Transportation**

## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 2 - State of Michigan Operating Assistance Funds (Continued)**

Act 51 requires SMART to provide a portion of the State of Michigan operating assistance as funding to municipalities within its transportation district. Amounts not used by the municipalities within two years must be expended by SMART for operating purposes within the county in which the city, village, or township resides. SMART was required to provide approximately \$3,261,000 pursuant to this provision in each of fiscal years 2015 and 2014. Refer to Note 1 for additional information regarding the State of Michigan operating assistance funds.

### **Note 3 - Deposits and Investments**

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

|                           |                      |
|---------------------------|----------------------|
| Cash and cash equivalents | \$ 67,982,221        |
| Restricted cash           | <u>302,792</u>       |
| Total designated          | <u>\$ 68,285,013</u> |

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

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

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 3 - Deposits and Investments (Continued)

The Authority's cash and investments are subject to custodial credit risk, which is examined in more detail below:

**Custodial Credit Risk of Bank Deposits** - Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. SMART does not have a deposit policy for custodial credit risk. At year end, the Authority had approximately \$68,682,000 of bank deposits (checking and savings accounts), of which \$67,432,000 was uninsured and uncollateralized.

### Note 4 - Grants Receivable

At June 30, 2015 and 2014, grants receivable are comprised of the following:

|                                 | 2015          | 2014         |
|---------------------------------|---------------|--------------|
| Accounts receivable - Billed:   |               |              |
| Federal government grants       | \$ 1,624,598  | \$ 5,358,925 |
| State of Michigan grants        | 2,617,535     | 2,958,412    |
| Total billed                    | 4,242,133     | 8,317,337    |
| Accounts receivable - Unbilled: |               |              |
| Federal government grants       | 3,136,560     | 603,287      |
| State of Michigan grants        | 1,809,452     | 220,636      |
| Local grants                    | 1,215,176     | 199,077      |
| Total unbilled                  | 6,161,188     | 1,023,000    |
| Total                           | \$ 10,403,321 | \$ 9,340,337 |

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 5 - Capital Assets

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

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

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 5 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended June 30, 2014 was as follows:

|                                       | Balance<br>July 1, 2013 | Reclassifications | Additions      | Disposals  | Balance<br>June 30, 2014 |
|---------------------------------------|-------------------------|-------------------|----------------|------------|--------------------------|
| Capital assets not being depreciated: |                         |                   |                |            |                          |
| Land                                  | \$ 3,473,174            | \$ -              | \$ -           | \$ -       | \$ 3,473,174             |
| Construction in progress              | 6,730,457               | (3,051,646)       | 8,530,397      | -          | 12,209,208               |
| Subtotal                              | 10,203,631              | (3,051,646)       | 8,530,397      | -          | 15,682,382               |
| Capital assets being depreciated:     |                         |                   |                |            |                          |
| Fixed-route buses and equipment       | 97,564,964              | 1,978,802         | -              | 9,183,913  | 90,359,853               |
| Connector buses and related equipment | 37,065,973              | 124,340           | -              | 865,948    | 36,324,365               |
| Buildings and improvements            | 43,769,503              | 129,617           | -              | -          | 43,899,120               |
| Office furnishings and equipment      | 1,905,770               | 149,703           | -              | -          | 2,055,473                |
| Other equipment                       | 51,726,471              | 669,184           | -              | -          | 52,395,655               |
| Leasehold improvements                | 6,468,144               | -                 | -              | -          | 6,468,144                |
| Subtotal                              | 238,500,825             | 3,051,646         | -              | 10,049,861 | 231,502,610              |
| Accumulated depreciation:             |                         |                   |                |            |                          |
| Fixed-route buses and equipment       | 73,650,498              | -                 | 6,886,727      | 9,182,827  | 71,354,398               |
| Connector buses and related equipment | 24,076,909              | -                 | 2,654,238      | 865,946    | 25,865,201               |
| Buildings and improvements            | 29,971,457              | -                 | 922,410        | -          | 30,893,867               |
| Office furnishings and equipment      | 1,846,385               | -                 | 17,703         | -          | 1,864,088                |
| Other equipment                       | 45,920,766              | -                 | 1,980,554      | -          | 47,901,320               |
| Leasehold improvements                | 5,018,001               | -                 | 342,081        | -          | 5,360,082                |
| Subtotal                              | 180,484,016             | -                 | 12,803,713     | 10,048,773 | 183,238,956              |
| Net capital assets being depreciated  | 58,016,809              | 3,051,646         | (12,803,713)   | 1,088      | 48,263,654               |
| Net capital assets                    | \$ 68,220,440           | \$ -              | \$ (4,273,316) | \$ 1,088   | \$ 63,946,036            |

The eligible depreciation for fiscal year 2015 of \$5,120,478 (\$13,319,974 total depreciation reported less ineligible depreciation of \$8,199,496) includes only depreciation of assets purchased with local funds whereby the useful life of the asset purchased has been approved by the OPT (Office of Passenger Transportation).

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### 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:

|                            | Spent to Date | Remaining<br>Commitment |
|----------------------------|---------------|-------------------------|
| Vehicle purchases          | \$ -          | \$ 24,690,320           |
| Community service vehicles | -             | 777,062                 |
| Bus rehabilitation         | -             | 4,765,881               |
| Propane filling stations   | -             | 460,503                 |
| Total                      | \$ -          | \$ 30,693,766           |

### 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 counties millages were approved for four years and the Oakland County millage was approved for two years. The millage was re-approved in the fiscal year ended June 30, 2011 in these same jurisdictions. As its two-year renewal was expiring, the Oakland County millage was again re-approved during the fiscal year ended June 30, 2013. In August 2014, Oakland, Wayne, and Macomb counties approved an increase to the millage rate resulting in a new millage rate collected in fiscal year 2015 of 1.00 mills. 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, 2015 and 2014, totaled \$68,713,706 and \$39,288,686, 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, 2015 and 2014

### 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:

|                               | 2015                 | 2014                 |
|-------------------------------|----------------------|----------------------|
| Municipal credits             | \$ 3,261,081         | \$ 3,261,080         |
| Community credits             | 3,261,080            | 2,832,055            |
| Community transit bus service | 1,947,200            | 1,682,314            |
| Specialized services          | 787,819              | 778,819              |
| JARC and New Freedom          | 1,655,816            | 1,288,849            |
| Royal Oak Township            | 40,759               | 16,046               |
| Community-based services      | 142,574              | 142,587              |
| Total                         | <u>\$ 11,096,329</u> | <u>\$ 10,001,750</u> |

### Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2015 can be summarized as follows:

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

Activity for the year ended for the year ended June 30, 2014 was as follows:

|                                  | Beginning Balance   | Additions           | Reductions          | Ending Balance      | Due Within One Year |
|----------------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| Accumulated compensated absences | <u>\$ 2,768,041</u> | <u>\$ 2,903,417</u> | <u>\$ 3,008,753</u> | <u>\$ 2,662,705</u> | <u>\$ 2,492,311</u> |

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### 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 2015 and 2014, SMART was a qualifying self-insurer for vehicle and general liability loss with a self-retention per occurrence amount of \$1 million and excess insurance totaling \$10 million per occurrence. SMART is self-insured for workers' compensation claims up to \$500,000 per specific claim and is insured up to \$5 million for aggregate losses in excess of the \$500,000 individual claim. Vehicle, general, and workers' compensation claim liabilities are actuarially determined based on known information. Liabilities are reported when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Recorded liabilities include an estimated amount for claims that have been incurred but not reported (IBNR). Management represents, based on existing known information and prior experience, that the estimated reserve for claims is adequate to satisfy all claims filed, or expected to be filed, for incidents that occurred through June 30, 2015.

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

Changes in the balances of self-insured liabilities during fiscal years 2015, 2014, and 2013 were as follows:

|                                                                  | 2015                 | 2014                 | 2013                 |
|------------------------------------------------------------------|----------------------|----------------------|----------------------|
| Claims liability - July 1                                        | \$ 11,755,030        | \$ 13,422,155        | \$ 12,594,662        |
| Incurring claims - Current year including<br>adjustments to IBNR | 6,159,784            | 5,469,015            | 6,564,085            |
| Claim payments                                                   | (5,671,669)          | (7,136,140)          | (5,736,592)          |
| Claims liability - June 30                                       | <u>\$ 12,243,145</u> | <u>\$ 11,755,030</u> | <u>\$ 13,422,155</u> |

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 10 - Reporting Change (Prior period adjustments)

During the current year, the Authority adopted GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. As a result, the financial statements now include a liability for unfunded legacy costs. Some of the changes in this net pension liability will be recognized immediately as part of the pension expense measurement, and part will be deferred and recognized over future years. Refer to the pension note for further details.

The beginning net position for the year ended June 30, 2015 has been restated in order to adopt GASB Statement No. 68. The effect of this new accounting standard was a decrease in net position to record the net pension liability at the beginning of the current fiscal year. The fiscal year 2014 financial statements have not been restated due to the lack of information available related to the net pension liability and the related activity for that year.

As a result of implementing this statement, the beginning net position has been restated as indicated:

|                                                        |                      |
|--------------------------------------------------------|----------------------|
| Net position - June 30, 2014 - As previously reported  | \$ 82,355,697        |
| Adjustment for implementation of GASB Statement No. 68 | <u>(54,189,290)</u>  |
| Net position - June 30, 2014 - As restated             | <u>\$ 28,166,407</u> |

### Note 11 - Agent Defined Benefit Pension Plan

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

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

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

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 11 - Agent Defined Benefit Pension Plan (Continued)

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

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

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

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

**Employees Covered by Benefit Terms** - At the June 30, 2015 measurement date, the following employees were covered by the benefit terms:

|                                                                     |              |
|---------------------------------------------------------------------|--------------|
| Inactive plan members or beneficiaries currently receiving benefits | 763          |
| Inactive plan members entitled to but not yet receiving benefits    | 192          |
| Active plan members                                                 | <u>725</u>   |
| Total employees covered by MERS                                     | <u>1,680</u> |

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 11 - Agent Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2015, the average active employee contribution rate was 4.5 percent of annual pay and the Suburban Mobility Authority for Regional Transportation's average contribution rate was 2.92 percent of annual payroll.

#### Net Pension Liability

The net pension liability reported at June 30, 2015 was determined using a measure of the total pension liability and the pension net position as of December 31, 2014. The December 31, 2014 total pension liability was determined by an actuarial valuation performed as of that date.

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

| Changes in Net Pension Liability    | Increase (Decrease)     |                       |                       |
|-------------------------------------|-------------------------|-----------------------|-----------------------|
|                                     | Total Pension Liability | Plan Net Position     | Net Pension Liability |
| <b>Balance at December 31, 2013</b> | \$ 211,559,070          | \$ 155,084,015        | \$ 56,475,055         |
| Service cost                        | 3,701,095               | -                     | 3,701,095             |
| Interest                            | 17,072,926              | -                     | 17,072,926            |
| Contributions - Employer            | -                       | 4,675,271             | (4,675,271)           |
| Contributions - Employee            | -                       | 1,600,418             | (1,600,418)           |
| Net investment income               | -                       | 9,705,285             | (9,705,285)           |
| Benefit payments, including refunds | (12,930,124)            | (12,930,124)          | -                     |
| Administrative expenses             | -                       | (355,364)             | 355,364               |
| Net changes                         | 7,843,897               | 2,695,486             | 5,148,411             |
| <b>Balance at December 31, 2014</b> | <u>\$ 219,402,967</u>   | <u>\$ 157,779,501</u> | <u>\$ 61,623,466</u>  |

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 11 - Agent Defined Benefit Pension Plan (Continued)

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

For the year ended June 30, 2015, the Suburban Mobility Authority for Regional Transportation recognized pension expense of \$7,583,689. At June 30, 2015, the Suburban Mobility Authority for Regional Transportation reported deferred outflows of resources related to pensions from the following source:

|                                                                                  | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|----------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Net difference between projected and actual earnings on pension plan investments | \$ 2,239,993                         | \$ -                                |
| Employer contributions to the plan subsequent to the measurement date            | 2,399,246                            | -                                   |
| Total                                                                            | <u>\$ 4,639,239</u>                  | <u>\$ -</u>                         |

Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows. These amounts are exclusive of the employer contributions to the plan made subsequent to the measurement date (\$2,399,246), which will impact the net pension liability in fiscal year 2016, rather than pension expense.

| Years Ending<br>June 30 | Amount     |
|-------------------------|------------|
| 2016                    | \$ 559,998 |
| 2017                    | 559,998    |
| 2018                    | 559,998    |
| 2019                    | 559,999    |

**Actuarial Assumptions** - The total pension liability in the June 30, 2015 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |           |                                                                                                                                  |
|---------------------------|-----------|----------------------------------------------------------------------------------------------------------------------------------|
| Inflation                 | 3.0-4.0 % |                                                                                                                                  |
| Salary increases          | 4.5 %     | In the long term, 1 percent, 2 percent, and 3 percent for calendar years 2014, 2015, and 2016, respectively, including inflation |
| Investment rate of return | 8.25 %    | Net of pension plan investment expense, including inflation                                                                      |

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 11 - Agent Defined Benefit Pension Plan (Continued)

Mortality rates were based on the 1994 Group Annuity Mortality Table of a 50 percent male and 50 percent female blend. For disabled retirees, the regular mortality table is used with a 10-year set forward in ages to reflect the higher expected mortality rates of disabled members.

The actuarial assumptions used in the December 31, 2014 valuation were based on the results of the most recent actuarial experience study in 2008.

**Discount Rate** - The discount rate used to measure the total pension liability was 8.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current contribution rate and that employer contributions will be made at rates equal to the difference between actuarially determined contribution rates and the employee rate.

#### Projected Cash Flows

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

The long-term expected rate of return on pension plan investments was determined using a model in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return as of December 31, 2014, the measurement date, for each major asset class are summarized in the following table:

| Asset Class             | Target<br>Allocation (%) | Long-term<br>Expected Real<br>Rate of Return |
|-------------------------|--------------------------|----------------------------------------------|
| Global equity           | 58 %                     | 5.0 %                                        |
| Global fixed income     | 20                       | 2.2                                          |
| Real assets             | 12                       | 4.2                                          |
| Diversifying strategies | 10                       | 6.6                                          |

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 11 - Agent Defined Benefit Pension Plan (Continued)

**Sensitivity of the Net Pension Liability to Changes in the Discount Rate** - The following presents the net pension liability of the Suburban Mobility Authority for Regional Transportation, calculated using the discount rate of 8.25 percent, as well as what the Suburban Mobility Authority for Regional Transportation's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (7.25 percent) or 1 percentage point higher (9.25 percent) than the current rate:

|                                                                                            | 1% Decrease<br>(7.25%) | Current<br>Discount Rate<br>(8.25%) | 1% Increase<br>(9.25%) |
|--------------------------------------------------------------------------------------------|------------------------|-------------------------------------|------------------------|
| Net pension liability of the Suburban<br>Mobility Authority for Regional<br>Transportation | \$ 84,518,871          | \$ 61,623,466                       | \$ 42,006,107          |

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

### Note 12 - Defined Contribution Postemployment Benefits

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

During the year ended June 30, 2015, the Suburban Mobility Authority for Regional Transportation made contributions of \$864,707 to the plan.

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 13 - Other Postemployment Benefits**

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

Eligible employees include those who retire after attaining age 60 with at least six years of service or after attaining age 55 with at least 15 years of service. For certain employees hired after July 1, 2007, health, life, and prescription benefits will be provided after the employee attains age 55 with at least 25 years of service. This is an agent multiple-employer defined benefit plan. As of December 31, 2014, 697 retirees and beneficiaries were receiving benefit payments and the plan had 461 active members.

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

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

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 13 - Other Postemployment Benefits (Continued)

**Funding Progress** - For the years ended June 30, 2015 and 2014, the Authority has estimated the cost of providing retiree healthcare benefits through actuarial valuations as of December 31, 2013 and 2011, 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:

|                                                     | 2015          | 2014          |
|-----------------------------------------------------|---------------|---------------|
| Annual required contribution (recommended)          | \$ 11,175,415 | \$ 10,808,965 |
| Interest on the prior year's net OPEB obligation    | 1,289,473     | 1,078,096     |
| Less adjustment to the annual required contribution | (886,704)     | (741,351)     |
| Annual OPEB cost                                    | 11,578,184    | 11,145,710    |
| Amounts contributed - Payments of current premiums  | 7,003,647     | 7,622,758     |
| Advance funding                                     | 4,617,806     | -             |
| (Decrease) increase in net OPEB obligation          | (43,269)      | 3,522,952     |
| OPEB obligation - Beginning of year                 | 21,491,223    | 17,968,271    |
| OPEB obligation - End of year                       | \$ 21,447,954 | \$ 21,491,223 |

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

| Fiscal Year Ended | Annual OPEB Costs | Percentage Contributed | Net OPEB Obligation |
|-------------------|-------------------|------------------------|---------------------|
| 6/30/13           | \$ 10,571,310     | 65.8 %                 | 17,968,271          |
| 6/30/14           | 11,145,710        | 68.4                   | 21,491,223          |
| 6/30/15           | 11,578,184        | 100.4                  | 21,447,953          |

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

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

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 13 - Other Postemployment Benefits (Continued)**

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

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

The current and prior year required contribution amounts were determined as part of the December 31, 2013 and 2011 actuarial valuations, respectively, using the individual entry-age actuarial cost method. The actuarial assumptions include (a) a 6.0 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 13 percent per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 4.5 percent to 9 percent per year (annually). The actuarial values of assets are determined on the basis of a valuation method that assumes the fund earns the expected rate of return (6 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.

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements June 30, 2015 and 2014

### Note 13 - Other Postemployment Benefits (Continued)

The significant increases in the net OPEB obligation as of June 30, 2014 and several prior years are due to the fact that there was no pre-funding in those years, and thus only a portion of the contributions in relation to the ARC was actually made. Although SMART is required to report an expense and liability for the unfunded ARC in any given year (in accordance with *Government Auditing Standards*), those expenses are only considered eligible expenses relative to the Authority's operating assistance funds allocation (through the State of Michigan) to the extent that they are paid. The amount of eligible other postemployment benefits paid by SMART for the years ended June 30, 2015 and 2014 was \$11,621,453 and \$7,622,758, respectively. When the additional portion of the ARC is paid for that year and others, the Authority expects to receive supplemental State operating assistance to partially offset these future payments. SMART's management estimates that approximately \$6.6 million, predicated on the then-existing funding formulas, would be available to fund future ARC liability payments based on the recorded OPEB obligation at June 30, 2015.

### Note 14 - Commitments

SMART leases certain office space and equipment under operating lease agreements. Some leases include escalation clauses for SMART's pro-rata share of taxes and operating expenses. Total rent expense for the years ended June 30, 2015 and 2014 was approximately \$328,000 and \$351,000, respectively.

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

Approximate minimum lease payments are as follows:

| <u>Fiscal Years<br/>Ending June 30</u> | <u>Amount</u>     |
|----------------------------------------|-------------------|
| 2016                                   | \$ 380,000        |
| 2017                                   | 385,000           |
| 2018                                   | <u>116,000</u>    |
| Total                                  | <u>\$ 881,000</u> |

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Financial Statements June 30, 2015 and 2014**

### **Note 15 - Contingent Liabilities**

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

### **Note 16 - Explanation of Ineligible Expenses per the OPT R&E Manual**

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

### **Note 17 - Upcoming Accounting Pronouncements**

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

## **Required Supplemental Information**

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# Suburban Mobility Authority for Regional Transportation

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

|                                                                               | 2015                     |
|-------------------------------------------------------------------------------|--------------------------|
| <b>Total Pension Liability</b>                                                |                          |
| Service cost                                                                  | \$ 3,701,095             |
| Interest                                                                      | 17,072,926               |
| Changes in benefit terms                                                      | -                        |
| Differences between expected and actual experience                            | -                        |
| Changes in assumptions                                                        | -                        |
| Benefit payments, including refunds                                           | (12,930,124)             |
| <b>Net Change in Total Pension Liability</b>                                  | 7,843,897                |
| <b>Total Pension Liability - Beginning of year</b>                            | 211,559,070              |
| <b>Total Pension Liability - End of year</b>                                  | <b>\$ 219,402,967</b>    |
| <b>Plan Fiduciary Net Position</b>                                            |                          |
| Contributions - Employer                                                      | \$ 4,675,271             |
| Contributions - Employee                                                      | 1,600,418                |
| Net investment income                                                         | 9,705,285                |
| Administrative expenses                                                       | (355,364)                |
| Benefit payments, including refunds                                           | (12,930,124)             |
| Other                                                                         | -                        |
| <b>Net Change in Plan Fiduciary Net Position</b>                              | 2,695,486                |
| <b>Plan Fiduciary Net Position - Beginning of year</b>                        | 155,084,015              |
| <b>Plan Fiduciary Net Position - End of year</b>                              | <b>\$ 157,779,501</b>    |
| <b>Net Pension Liability - Ending</b>                                         | <b>\$ 61,623,466</b>     |
| <b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 71.91 %                  |
| <b>Covered Employee Payroll</b>                                               |                          |
| <b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>      | \$ 35,107,048<br>175.5 % |

# Suburban Mobility Authority for Regional Transportation

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

|                                                                      | 2015         | 2014         | 2013         | 2012         | 2011         | 2010         | 2009         | 2008         | 2007         | 2006         |
|----------------------------------------------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Actuarially determined contribution                                  | \$ 4,788,752 | \$ 4,549,591 | \$ 4,747,571 | \$ 5,194,092 | \$ 5,952,816 | \$ 5,118,276 | \$ 5,365,368 | \$ 5,069,952 | \$ 4,903,596 | \$ 4,727,052 |
| Contributions in relation to the actuarially determined contribution | 4,788,752    | 4,624,857    | 3,980,544    | 4,649,410    | 6,466,982    | 4,828,115    | 5,265,668    | 5,245,276    | 5,100,478    | 4,902,184    |
| Contribution deficiency (excess)                                     | \$ -         | \$ (75,266)  | \$ 767,027   | \$ 544,682   | \$ (514,166) | \$ 290,161   | \$ 99,700    | \$ (175,324) | \$ (196,882) | \$ (175,132) |
| Covered employee payroll                                             | \$35,107,048 | \$34,791,376 | \$34,887,806 | \$36,714,556 | \$39,146,755 | \$40,597,694 | \$42,972,512 | \$40,865,007 | \$42,543,387 | \$40,865,875 |
| Contributions as a percentage of covered employee payroll            | 13.6 %       | 13.3 %       | 11.4 %       | 12.7 %       | 16.5 %       | 11.9 %       | 12.3 %       | 12.8 %       | 12.0 %       | 12.0 %       |

### Notes to Schedule of Suburban Mobility Authority for Regional Transportation Contributions

Actuarial valuation information relative to the determination of contributions:

Valuation date      Actuarially determined contribution rates are calculated as of December 31, 2012, which is 18 months prior to the beginning of the fiscal year in which the contributions are reported.

Methods and assumptions used to determine contribution rates:

|                               |                                                                                         |
|-------------------------------|-----------------------------------------------------------------------------------------|
| Actuarial cost method         | Entry age normal                                                                        |
| Amortization method           | Level percentage of pay, closed                                                         |
| Remaining amortization period | 26 years                                                                                |
| Asset valuation method        | 10-year smoothed market                                                                 |
| Inflation                     | 3-4 percent                                                                             |
| Salary increases              | 4.5 percent, including inflation                                                        |
| Investment rate of return     | 8 percent                                                                               |
| Retirement age                | Experience-based tables of rates that are specific to the type of eligibility condition |
| Mortality                     | 50 percent male - 50 percent female blend of the 1994 Group Annuity Mortality Table     |
| Other information             | None                                                                                    |

# **Suburban Mobility Authority for Regional Transportation**

## **Required Supplemental Information OPEB System Schedule Year Ended June 30, 2015**

The schedule of funding progress is as follows:

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

## **Other Supplemental Information**

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## Suburban Mobility Authority for Regional Transportation

### Other Supplemental Information Operating Revenue Schedule Year Ended June 30, 2015

| Description                           | Jul 1, 2014<br>to<br>Sep 30, 2014 | Oct 1, 2014<br>to<br>Jun 30, 2015 | Total                |
|---------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Passenger fares                       | \$ 3,363,351                      | \$ 9,165,328                      | \$ 12,528,679        |
| Contract fares                        | 42,001                            | 83,970                            | 125,971              |
| Advertising                           | 131,250                           | 448,992                           | 580,242              |
| Rental of buildings or other property | 9,643                             | 44,530                            | 54,173               |
| Gains from the sale of capital assets | -                                 | -                                 | -                    |
| Other nontrans. revenue               | 5,661                             | 12,833                            | 18,494               |
| Other local contracts - Mun. Cr.      | 17,293                            | 109,273                           | 126,566              |
| Other local contracts - Com. Cr.      | 59,721                            | 80,453                            | 140,174              |
| Total revenue                         | <u>\$ 3,628,920</u>               | <u>\$ 9,945,379</u>               | <u>\$ 13,574,299</u> |

# **Suburban Mobility Authority for Regional Transportation**

## **Other Supplemental Information Operating Revenue Schedule State Year Ended September 30, 2014**

| Description                           | Oct 1, 2013<br>to<br>Jun 30, 2014 | Jul 1, 2014<br>to<br>Sep 30, 2014 | Total                |
|---------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Passenger fares                       | \$ 9,025,201                      | \$ 3,363,351                      | \$ 12,388,552        |
| Contract fares                        | 137,925                           | 42,001                            | 179,926              |
| Advertising                           | 470,365                           | 131,250                           | 601,615              |
| Rental of buildings or other property | 44,529                            | 9,643                             | 54,172               |
| Gains from the sale of capital assets | 69,421                            | -                                 | 69,421               |
| Other nontrans. revenue               | 28,680                            | 5,661                             | 34,341               |
| Other local contracts - Mun. Cr.      | 203,789                           | 17,293                            | 221,082              |
| Other local contracts - Com. Cr.      | 318,858                           | 59,721                            | 378,579              |
| Total revenue                         | <u>\$ 10,298,768</u>              | <u>\$ 3,628,920</u>               | <u>\$ 13,927,688</u> |

# **Suburban Mobility Authority for Regional Transportation**

## **Other Supplemental Information Local Revenue Schedule Year Ended June 30, 2015**

| Description                        | July 1, 2014<br>to<br>Sep 30, 2014 | Oct 1, 2014<br>to<br>Jun 30, 2015 | Total                |
|------------------------------------|------------------------------------|-----------------------------------|----------------------|
| Taxes levied directly              | \$ -                               | \$ -                              | \$ -                 |
| Local operating assistance millage | 16,318,575                         | 52,395,131                        | 68,713,706           |
| Other local contracts              | -                                  | -                                 | -                    |
| Total revenue                      | <u>\$ 16,318,575</u>               | <u>\$ 52,395,131</u>              | <u>\$ 68,713,706</u> |
| Interest Income                    | <u>\$ 21,070</u>                   | <u>\$ 63,182</u>                  | <u>\$ 84,252</u>     |
| Refunds and Credits                | <u>\$ -</u>                        | <u>\$ 570,992</u>                 | <u>\$ 570,992</u>    |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Local Revenue Schedule Year Ended September 30, 2014

| Description                        | Oct 1, 2013<br>to<br>Jun 30, 2014 | July 1, 2014<br>to<br>Sep 30, 2014 | Total                |
|------------------------------------|-----------------------------------|------------------------------------|----------------------|
| Taxes levied directly              | \$ -                              | \$ -                               | \$ -                 |
| Local operating assistance millage | 29,774,438                        | 16,318,575                         | 46,093,013           |
| Other local contracts              | -                                 | -                                  | -                    |
| Total revenue                      | <u>\$ 29,774,438</u>              | <u>\$ 16,318,575</u>               | <u>\$ 46,093,013</u> |
| Interest Income                    | <u>\$ 54,040</u>                  | <u>\$ 21,070</u>                   | <u>\$ 75,110</u>     |
| Refunds and Credits                | <u>\$ 391,706</u>                 | <u>\$ -</u>                        | <u>\$ 391,706</u>    |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Federal and State Operating Revenue Year Ended June 30, 2015

| Description                                | Jul 1, 2014<br>to<br>Sep 30, 2014 | Oct 1, 2014<br>to<br>Jun 30, 2015 | Total                |
|--------------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| State Operating Assistance                 | \$ 6,331,100                      | \$ 22,140,745                     | \$ 28,471,845        |
| Line-item municipal credit                 | 407,636                           | 1,222,904                         | 1,630,540            |
| Mun. Cr. special appropriation             | 407,636                           | 1,222,904                         | 1,630,540            |
| Other MDOT/BPT contracts and reimb.:       |                                   |                                   |                      |
| Reimb for section 5309 program admin       | -                                 | 2,558                             | 2,558                |
| State Preventive Maintenance 2007-0294 ZXX | -                                 | -                                 | -                    |
| Subtotal SMART State                       | 7,146,372                         | 24,589,111                        | 31,735,483           |
| Pass-through State Act 51:                 |                                   |                                   |                      |
| Bedford                                    | 39,994                            | 91,620                            | 131,614              |
| Bedford (prior year)                       | 8,481                             | (52,985)                          | (44,504)             |
| LETC Urban and Non-Urban                   | 420,560                           | 1,123,668                         | 1,544,228            |
| LETC Urban and Non-Urban (prior year)      | 34,798                            | (7,992)                           | 26,806               |
| Royal Oak Township                         | 10,166                            | 24,849                            | 35,015               |
| Royal Oak Township (prior year)            | -                                 | 5,744                             | 5,744                |
| Total Pass-through State Act 51            | 513,999                           | 1,184,904                         | 1,698,903            |
| Other state pass-through grants:           |                                   |                                   |                      |
| Specialized Service Grant FY 2014          | 196,951                           |                                   | 196,951              |
| Specialized Service Grant FY 2015          | -                                 | 590,868                           | 590,868              |
| JARC PASS THRU 2012-0170 P21               | -                                 | 81,942                            | 81,942               |
| JARC PASS THRU 2007-0294 Z45               | -                                 | 380,580                           | 380,580              |
| NOTA JARC Non-Urban 2012-0170 P5           | 69,549                            | -                                 | 69,549               |
| NOTA JARC Non-Urban 2012-0170 P13          | -                                 | 59,146                            | 59,146               |
| NOTA New Freedom 2012-0170 P15             | -                                 | 34,897                            | 34,897               |
| NOTA New Freedom 2012-0170 P31             | -                                 | 17,886                            | 17,886               |
| Total other state pass-through grants      | 266,500                           | 1,165,319                         | 1,431,819            |
| Grand total state revenue per F/S          | <u>\$ 7,926,871</u>               | <u>\$ 26,939,334</u>              | <u>\$ 34,866,205</u> |

# Suburban Mobility Authority for Regional Transportation

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

| Description                                                                  | Jul 1, 2014<br>to<br>Sep 30, 2014 | Oct 1, 2014<br>to<br>Jun 30, 2015 | Total                |
|------------------------------------------------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Preventive maintenance -<br>MI-90-0756                                       | \$ -                              | \$ -                              | \$ -                 |
| Planning/capital cost of contracting -<br>FY 2015 UWP - CONTRACT #MI-80-X006 | 68,452                            | 237,038                           | 305,490              |
| Reimb. for JARC Admin MI-37-6040                                             | 8,546                             | 21,620                            | 30,166               |
| Reimb. for JARC Admin MI-37-6043                                             | -                                 | -                                 | -                    |
| Reimb. for New Freedom Admin. MI-57-6007                                     | 7,874                             | 20,114                            | 27,988               |
| Reimb. for section 5309 program admin                                        | 6,323                             | 3,910                             | 10,233               |
| Other federal transit contracts and reimb. -<br>CMAQ MI-95-0049              | -                                 | -                                 | -                    |
| Subtotal SMART State                                                         | 91,195                            | 282,682                           | 373,877              |
| Other federal pass-through grants:                                           |                                   |                                   |                      |
| Section 5307 Lake Erie MI-90-4758                                            | 102,878                           | 308,619                           | 411,497              |
| Section 5311 Lake Erie MI-86-X002-2007-0294-Z32                              | 42,445                            | 134,100                           | 176,545              |
| JARC                                                                         | -                                 | 607,747                           | 607,747              |
| New Freedom                                                                  | -                                 | 404,068                           | 404,068              |
| Total pass-through federal                                                   | 145,323                           | 1,454,534                         | 1,599,857            |
| Grand total federal revenue per F/S                                          | <u>\$ 236,518</u>                 | <u>\$ 1,737,216</u>               | <u>\$ 1,973,734</u>  |
| Grand total state and federal                                                | <u>\$ 8,163,389</u>               | <u>\$ 28,676,550</u>              | <u>\$ 36,839,939</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Federal and State Operating Revenue Year Ended September 30, 2014

| Description                                | Oct 1, 2013<br>to<br>Jun 30, 2014 | Jul 1, 2014<br>to<br>Sep 30, 2014 | Total                |
|--------------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| State Operating Assistance                 | \$ 19,173,543                     | \$ 6,331,100                      | \$ 25,504,643        |
| Line-item municipal credit                 | 1,222,904                         | 407,636                           | 1,630,540            |
| Mun. Cr. Special Appropriation             | 1,222,904                         | 407,636                           | 1,630,540            |
| Other MDOT/BPT contracts and reimb.:       |                                   |                                   |                      |
| Reimb for section 5309 program admin       | 229                               | -                                 | 229                  |
| State Preventive Maintenance 2007-0294 ZXX | 3,023,500                         | -                                 | 3,023,500            |
| Subtotal SMART state                       | 24,643,080                        | 7,146,372                         | 31,789,452           |
| Pass-through State Act 51:                 |                                   |                                   |                      |
| Bedford                                    | 122,680                           | 39,994                            | 162,674              |
| Bedford (prior year)                       | 30,663                            | 8,481                             | 39,144               |
| LETC Urban and Non-Urban                   | 1,097,501                         | 420,560                           | 1,518,061            |
| LETC Urban and Non-Urban (prior year)      | 48,036                            | 34,798                            | 82,834               |
| Royal Oak Township                         | 30,092                            | 10,166                            | 40,258               |
| Royal Oak Township (prior year)            | (22,050)                          | -                                 | (22,050)             |
| Total pass-through State Act 51            | 1,306,922                         | 513,999                           | 1,820,921            |
| Other state pass-through grants:           |                                   |                                   |                      |
| Specialized Service Grant FY 2014          | 590,868                           | 196,951                           | 787,819              |
| Specialized Service Grant FY 2015          | -                                 | -                                 | -                    |
| NOTA JARC Non-Urban 2012-0170 P5           | -                                 | 69,549                            | 69,549               |
| JARC PASS THRU 2007-0294 Z21               | -                                 | -                                 | -                    |
| JARC PASS THRU 2007-0294 Z45               | 349,283                           | -                                 | 349,283              |
| NOTA New Freedom 2007-0294 Z35             | 22,883                            | -                                 | 22,883               |
| Total other state pass-through grants      | 963,034                           | 266,500                           | 1,229,534            |
| Grand total state revenue per F/S          | <u>\$ 26,913,036</u>              | <u>\$ 7,926,871</u>               | <u>\$ 34,839,907</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Federal and State Operating Revenue (Continued) Year Ended September 30, 2014

| Description                                     | Oct 1, 2013<br>to<br>Jun 30, 2014 | Jul 1, 2014<br>to<br>Sep 30, 2014 | Total                |
|-------------------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Preventive maintenance -<br>MI-90-0756          | \$ 12,178,000                     | \$ -                              | \$ 12,178,000        |
| Planning/capital cost of contracting:           |                                   |                                   |                      |
| FY 2011 UWP - CONTRACT MI-80-2001               | 238,346                           | -                                 | 238,346              |
| FY 2015 UWP - CONTRACT MI-80-X006               | -                                 | 68,452                            | 68,452               |
| Reimb. for Jarc Admin MI-37-6040                | 23,495                            | 8,546                             | 32,041               |
| Reimb. for Jarc Admin MI-37-6043                | -                                 | -                                 | -                    |
| Reimb. for New Freedom Admin MI-57-6007         | 28,571                            | 7,874                             | 36,445               |
| Reimb. for section 5309 program admin           | 918                               | 6,323                             | 7,241                |
| Subtotal SMART federal                          | 12,469,330                        | 91,195                            | 12,560,525           |
| Other federal pass-through grants:              |                                   |                                   |                      |
| Section 5307 Lake Erie MI-90-4758               | 308,637                           | 102,878                           | 411,515              |
| Section 5311 Lake Erie MI-86-X002 2007-0294 Z32 | 134,375                           | 42,445                            | 176,820              |
| JARC                                            | 459,968                           | -                                 | 459,968              |
| New Freedom                                     | 456,717                           | -                                 | 456,717              |
| Total pass-through federal                      | 1,359,697                         | 145,323                           | 1,505,020            |
| Grand total federal revenue per F/S             | <u>\$ 13,829,027</u>              | <u>\$ 236,518</u>                 | <u>\$ 14,065,545</u> |
| Grand total state and federal                   | <u>\$ 40,742,063</u>              | <u>\$ 8,163,389</u>               | <u>\$ 48,905,452</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Expense Schedule Year Ended June 30, 2015

| Description                                                           | Jul 1, 2014<br>to<br>Sep 30, 2014 | Oct 1, 2014<br>to<br>Jun 30, 2015 | Total                 |
|-----------------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------|
| Labor                                                                 | \$ 8,927,219                      | \$ 27,247,329                     | \$ 36,174,548         |
| Other fringe benefits                                                 | 5,043,138                         | 15,748,867                        | 20,792,005            |
| Pensions                                                              | 794,095                           | 6,818,513                         | 7,612,608             |
| Other postemployment benefits (OPEB)                                  | 876,474                           | 3,698,063                         | 4,574,537             |
| Advertising fees                                                      | 350,106                           | 25,983                            | 376,089               |
| Audit cost                                                            | 45,048                            | 89,202                            | 134,250               |
| Other services                                                        | 563,532                           | 1,891,639                         | 2,455,171             |
| Fuel and lubricants                                                   | 2,041,997                         | 4,520,726                         | 6,562,723             |
| Tires and tubes                                                       | 170,263                           | 526,445                           | 696,708               |
| Other materials and supplies                                          | 1,523,523                         | 4,597,625                         | 6,121,148             |
| Utilities                                                             | 267,635                           | 1,122,151                         | 1,389,786             |
| Casualty and liab. costs                                              | 1,624,282                         | 4,971,805                         | 6,596,087             |
| Purchased transportation service -<br>Pass-throughs that are expensed | 2,520,232                         | 8,576,096                         | 11,096,328            |
| Travel, meetings, and training                                        | 12,921                            | 45,748                            | 58,669                |
| Loss on disposal of asset                                             | -                                 | 148,866                           | 148,866               |
| Other miscellaneous expenses                                          | 20,473                            | 446,178                           | 466,651               |
| Depreciation                                                          | 1,275,000                         | 12,044,974                        | 13,319,974            |
| Total expenses                                                        | <u>\$ 26,055,938</u>              | <u>\$ 92,520,210</u>              | <u>\$ 118,576,148</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Expense Schedule (Continued) Year Ended June 30, 2015

| Description                           | Jul 1, 2014<br>to<br>Sep 30, 2014 | Oct 1, 2014<br>to<br>Jun 30, 2015 | Total                |
|---------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Less ineligible expenses:             |                                   |                                   |                      |
| Ineligible depreciation               | \$ -                              | \$ 8,199,497                      | \$ 8,199,497         |
| Ineligible loss on disposal           | -                                 | 148,866                           | 148,866              |
| Local contracts                       | -                                 | -                                 | -                    |
| Preventive maintenance (MI-90-0591)   | -                                 | -                                 | -                    |
| Planning/capital cost of contracting  | 68,452                            | 237,038                           | 305,490              |
| Admin Expense Paid by JARC            | 8,546                             | 21,620                            | 30,166               |
| Admin Expense Paid by New Freedom     | 7,874                             | 20,114                            | 27,988               |
| Admin Expense Paid under Section 5309 | 6,323                             | 3,910                             | 10,233               |
| Other ineligible federal/state/local: |                                   |                                   |                      |
| CMAQ MI-95-0049                       | -                                 | -                                 | -                    |
| JARC MI-37-X033 2007-0294/Z10         | -                                 | -                                 | -                    |
| Other ineligible state contracts:     |                                   |                                   |                      |
| Pass-Thru Ineligibles                 | 1,535,949                         | 5,632,908                         | 7,168,857            |
| Section 5307 Lake Erie                | 102,878                           | 308,619                           | 411,497              |
| Section 5311 Lake Erie                | 42,445                            | 134,100                           | 176,545              |
| JARC                                  | -                                 | 607,747                           | 607,747              |
| New Freedom                           | -                                 | 404,068                           | 404,068              |
| State preventive maintenance          | -                                 | -                                 | -                    |
| Ineligible association dues           | -                                 | -                                 | -                    |
| Ineligible pension                    | 346,180                           | (421,446)                         | (75,266)             |
| Ineligible OPEB                       | 890,076                           | 2,296,131                         | 3,186,207            |
| Other ineligible - Garnishments       | -                                 | -                                 | -                    |
| Total ineligible                      | 3,008,723                         | 17,593,172                        | 20,601,895           |
| Total eligible expenses               | <u>\$ 23,047,215</u>              | <u>\$ 74,927,038</u>              | <u>\$ 97,974,253</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Expense Schedule (Continued) Year Ended June 30, 2015

| Description                               | Jul 1, 2014<br>to<br>Sep 30, 2014 | Oct 1, 2014<br>to<br>Jun 30, 2015 | Total                |
|-------------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Pass-throughs that are expensed:          |                                   |                                   |                      |
| Nankin Subsidy                            | \$ 68,250                         | \$ 204,750                        | \$ 273,000           |
| Lake Erie                                 | 649,156                           | 1,597,030                         | 2,246,186            |
| Mun. Cr. - Formula                        | 407,634                           | 1,222,906                         | 1,630,540            |
| Mun. Cr. - Line Item                      | 407,634                           | 1,222,906                         | 1,630,540            |
| Comm. Cr.                                 | 815,265                           | 2,445,815                         | 3,261,080            |
| Other state subsidized serv.:             |                                   |                                   |                      |
| Specialized services                      | 196,951                           | 590,868                           | 787,819              |
| Royal Oak Twp                             | 10,729                            | 30,030                            | 40,759               |
| Contra SMART Paid Expense                 | (140,570)                         | (431,416)                         | (571,986)            |
| NOTA JARC Non-Urban                       | 69,549                            | 59,146                            | 128,695              |
| NOTA Local JARC Non-Urban                 | -                                 | -                                 | -                    |
| NOTA New Freedom Non-Urban                | -                                 | 105,566                           | 105,566              |
| JARC - New Freedom Urban                  | -                                 | 828,229                           | 828,229              |
| JARC - Mobility Management Urban          | -                                 | 242,041                           | 242,041              |
| New Freedom Operating Assistant Urban     | -                                 | 726,052                           | 726,052              |
| New Freedom Mobility Management Urban     | -                                 | 40,992                            | 40,992               |
| New Freedom Local Operating Expense Urban | -                                 | (415,759)                         | (415,759)            |
| CBS Bloomfield Hills/Richmond Lennox      | 35,634                            | 106,940                           | 142,574              |
| Pass-throughs that are expensed           | <u>\$ 2,520,232</u>               | <u>\$ 8,576,096</u>               | <u>\$ 11,096,328</u> |
| Ineligible pass-throughs:                 |                                   |                                   |                      |
| Nankin Subsidy                            | \$ 68,250                         | \$ 204,750                        | \$ 273,000           |
| Lake Erie                                 | 649,156                           | 1,597,030                         | 2,246,186            |
| Mun. Cr. - Formula                        | 56,799                            | 170,401                           | 227,200              |
| Mun. Cr. - Line Item                      | 407,634                           | 1,222,906                         | 1,630,540            |
| Comm. Cr.                                 | 76,881                            | 230,656                           | 307,537              |
| Other state subsidized serv.:             |                                   |                                   |                      |
| Specialized services                      | 196,951                           | 590,868                           | 787,819              |
| Royal Oak Twp                             | 10,729                            | 30,030                            | 40,759               |
| NOTA JARC Non-Urban                       | 69,549                            | 59,146                            | 128,695              |
| NOTA Local JARC Non-Urban                 | -                                 | -                                 | -                    |
| NOTA New Freedom Non-Urban                | -                                 | 105,566                           | 105,566              |
| JARC - New Freedom Urban                  | -                                 | 828,229                           | 828,229              |
| JARC - Mobility Management Urban          | -                                 | 242,041                           | 242,041              |
| New Freedom Operating Assistant Urban     | -                                 | 726,052                           | 726,052              |
| New Freedom Mobility Management Urban     | -                                 | 40,992                            | 40,992               |
| New Freedom Local Operating Expense Urban | -                                 | (415,759)                         | (415,759)            |
| Ineligible pass-throughs                  | <u>\$ 1,535,949</u>               | <u>\$ 5,632,908</u>               | <u>\$ 7,168,857</u>  |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Expense Schedule State Year Ended September 30, 2014

| Description                                                           | Oct 1, 2013<br>to<br>Jun 30, 2014 | Jul 1, 2014<br>to<br>Sep 30, 2014 | Total                 |
|-----------------------------------------------------------------------|-----------------------------------|-----------------------------------|-----------------------|
| Labor                                                                 | \$ 26,560,477                     | \$ 8,927,219                      | \$ 35,487,696         |
| Other fringe benefits                                                 | 10,396,686                        | 5,043,138                         | 15,439,824            |
| Pensions                                                              | 3,073,793                         | 794,095                           | 3,867,888             |
| Other postemployment benefits (OPEB)                                  | 8,053,047                         | 876,474                           | 8,929,521             |
| Advertising fees                                                      | 358,850                           | 350,106                           | 708,956               |
| Audit cost                                                            | 126,874                           | 45,048                            | 171,922               |
| Other services                                                        | 1,591,916                         | 563,532                           | 2,155,448             |
| Fuel and lubricants                                                   | 6,672,234                         | 2,041,997                         | 8,714,231             |
| Tires and tubes                                                       | 471,495                           | 170,263                           | 641,758               |
| Other materials and supplies                                          | 4,278,777                         | 1,523,523                         | 5,802,300             |
| Utilities                                                             | 1,261,651                         | 267,635                           | 1,529,286             |
| Casualty and liab. costs                                              | 3,858,672                         | 1,624,282                         | 5,482,954             |
| Taxes and fees                                                        | -                                 | -                                 | -                     |
| Purchased transportation service -<br>Pass-throughs that are expensed | 8,478,469                         | 2,520,232                         | 10,998,701            |
| Travel, meetings, and training                                        | 31,056                            | 12,921                            | 43,977                |
| Association dues and subscriptions                                    | -                                 | -                                 | -                     |
| Loss on disposal of asset                                             | -                                 | -                                 | -                     |
| Other miscellaneous expenses                                          | 55,292                            | 20,473                            | 75,765                |
| Cost overruns                                                         | -                                 | -                                 | -                     |
| Interest on long-term debt                                            | -                                 | -                                 | -                     |
| Interest on short-term debt                                           | -                                 | -                                 | -                     |
| Interest on capital lease                                             | -                                 | -                                 | -                     |
| Leases and rentals                                                    | -                                 | -                                 | -                     |
| Depreciation                                                          | 11,403,712                        | 1,275,000                         | 12,678,712            |
| Total expenses                                                        | <u>\$ 86,673,001</u>              | <u>\$ 26,055,938</u>              | <u>\$ 112,728,939</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Expense Schedule (Continued) State Year Ended September 30, 2014

| Description                                | Oct 1, 2013<br>to<br>Jun 30, 2014 | Jul 1, 2014<br>to<br>Sep 30, 2014 | Total                |
|--------------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Less ineligible expenses:                  |                                   |                                   |                      |
| Ineligible depreciation                    | \$ 7,384,206                      | \$ -                              | \$ 7,384,206         |
| Ineligible loss on disposal                | -                                 | -                                 | -                    |
| Local contracts                            | -                                 | -                                 | -                    |
| Preventive maintenance (MI-90-0591)        | 12,178,000                        | -                                 | 12,178,000           |
| Planning/Cap. Cost of contracting          | 238,346                           | 68,452                            | 306,798              |
| Admin expense paid by JARC                 | 23,495                            | 8,546                             | 32,041               |
| Admin expense paid by New Freedom          | 28,571                            | 7,874                             | 36,445               |
| Admin Expense Paid under Section 5309      | 918                               | 6,323                             | 7,241                |
| Other ineligible state contracts:          |                                   |                                   |                      |
| Pass-through ineligible                    | 5,428,192                         | 1,535,949                         | 6,964,141            |
| Section 5307 Lake Erie MI-90-4758          | 308,637                           | 102,878                           | 411,515              |
| Section 5311 Lake Erie MI-18-X002          | 134,375                           | 42,445                            | 176,820              |
| JARC                                       | 459,968                           | -                                 | 459,968              |
| New Freedom                                | 456,717                           | -                                 | 456,717              |
| State preventive maintenance 2002-0088 Z20 | 3,023,500                         | -                                 | 3,023,500            |
| Ineligible pension                         | (421,446)                         | (6,637)                           | (428,083)            |
| Ineligible OPEB                            | 2,296,131                         | 112,443                           | 2,408,574            |
| Total ineligible                           | <u>\$ 31,539,610</u>              | <u>\$ 1,878,273</u>               | <u>\$ 33,417,883</u> |
| Total eligible expenses                    | <u>\$ 55,133,391</u>              | <u>\$ 24,177,665</u>              | <u>\$ 79,311,056</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Expense Schedule (Continued) State Year Ended September 30, 2014

| Description                               | Oct 1, 2013<br>to<br>Jun 30, 2014 | Jul 1, 2014<br>to<br>Sep 30, 2014 | Total                |
|-------------------------------------------|-----------------------------------|-----------------------------------|----------------------|
| Pass-throughs that are expensed:          |                                   |                                   |                      |
| Nankin Subsidy                            | \$ 204,750                        | \$ 68,250                         | \$ 273,000           |
| Lake Erie                                 | 1,741,892                         | 649,156                           | 2,391,048            |
| Mun. Cr. - Formula                        | 1,222,904                         | 407,634                           | 1,630,538            |
| Mun. Cr. - Line Item                      | 1,222,904                         | 407,634                           | 1,630,538            |
| Comm. Cr.                                 | 2,124,046                         | 815,265                           | 2,939,311            |
| Other state subsidized serv.:             |                                   |                                   |                      |
| Specialized services                      | 590,868                           | 196,951                           | 787,819              |
| Royal Oak Twp                             | 8,042                             | 10,729                            | 18,771               |
| Contra SMART Paid Expense                 | (399,416)                         | (140,570)                         | (539,986)            |
| NOTA JARC Non-Urban Expense               | -                                 | 69,549                            | 69,549               |
| NOTA Local JARC Non-Urban                 | -                                 | -                                 | -                    |
| NOTA New Freedom Non-Urban                | 103,622                           | -                                 | 103,622              |
| JARC - New Freedom Expense Urban          | 624,771                           | -                                 | 624,771              |
| JARC - Mobility Management Urban          | 184,479                           | -                                 | 184,479              |
| New Freedom Operating Expense Urban       | 773,810                           | -                                 | 773,810              |
| New Freedom Mobility Management Urban     | 69,812                            | -                                 | 69,812               |
| New Freedom Local Operating Expense Urban | (467,644)                         | -                                 | (467,644)            |
| CBS Bloomfield Hills/Richmond Lenox       | 106,935                           | 35,634                            | 142,569              |
| Pass-throughs that are expensed           | <u>\$ 8,111,775</u>               | <u>\$ 2,520,232</u>               | <u>\$ 10,632,007</u> |
| Ineligible pass-throughs:                 |                                   |                                   |                      |
| Nankin Subsidy                            | \$ 204,750                        | \$ 68,250                         | \$ 273,000           |
| Lake Erie                                 | 1,741,892                         | 649,156                           | 2,391,048            |
| Mun. Cr. - Formula                        | 170,401                           | 56,799                            | 227,200              |
| Mun. Cr. - Line Item                      | 1,222,904                         | 407,634                           | 1,630,538            |
| Comm. Cr.                                 | 200,485                           | 76,881                            | 277,366              |
| Other state subsidized serv.:             |                                   |                                   |                      |
| Specialized services                      | 590,868                           | 196,951                           | 787,819              |
| Royal Oak Twp                             | 8,042                             | 10,729                            | 18,771               |
| Contra SMART Paid Expense                 | -                                 | 69,549                            | 69,549               |
| NOTA JARC Non-Urban Expense               | -                                 | -                                 | -                    |
| NOTA Local JARC Non-Urban                 | -                                 | -                                 | -                    |
| NOTA New Freedom Non-Urban                | 103,622                           | -                                 | 103,622              |
| JARC - New Freedom Expense Urban          | 624,771                           | -                                 | 624,771              |
| JARC - Mobility Management Urban          | 184,479                           | -                                 | 184,479              |
| New Freedom Operating Expense Urban       | 773,810                           | -                                 | 773,810              |
| New Freedom Mobility Management Urban     | 69,812                            | -                                 | 69,812               |
| New Freedom Local Operating Expense Urban | (467,644)                         | -                                 | (467,644)            |
| Ineligible pass-throughs                  | <u>\$ 5,428,192</u>               | <u>\$ 1,535,949</u>               | <u>\$ 6,964,141</u>  |

# **Suburban Mobility Authority for Regional Transportation**

## **Other Supplemental Information SMART Expense Schedule Year Ended June 30, 2015**

|                   | 7/1/2014<br>thru<br>9/30/2014 | 10/1/2014<br>thru<br>6/30/2015 | Total                |
|-------------------|-------------------------------|--------------------------------|----------------------|
| Expense incurred: |                               |                                |                      |
| Pension           | \$ 1,182,304                  | \$ 6,430,304                   | \$ 7,612,608         |
| OPEB              | 2,793,854                     | 8,381,561                      | 11,175,415           |
| Total             | <u>\$ 3,976,158</u>           | <u>\$ 14,811,865</u>           | <u>\$ 18,788,023</u> |

|                        | 7/1/2014<br>thru<br>9/30/2014 | 10/1/2014<br>thru<br>6/30/2015 | Total                |
|------------------------|-------------------------------|--------------------------------|----------------------|
| Amounts actually paid: |                               |                                |                      |
| Pension                | \$ 1,188,941                  | \$ 3,199,554                   | \$ 4,388,495         |
| OPEB                   | 2,681,411                     | 8,896,773                      | 11,578,184           |
| Total                  | <u>\$ 3,870,352</u>           | <u>\$ 12,096,327</u>           | <u>\$ 15,966,679</u> |

# **Suburban Mobility Authority for Regional Transportation**

## **Other Supplemental Information SMART Expense Schedule State Year Ended September 30, 2014**

| Expense incurred: | 10/1/2013<br>thru<br>6/30/2014 | 7/1/2014<br>thru<br>9/30/2014 | Total                |
|-------------------|--------------------------------|-------------------------------|----------------------|
| Pension           | \$ 3,073,793                   | \$ 1,182,304                  | \$ 4,256,097         |
| OPEB              | 8,053,047                      | 2,793,854                     | 10,846,901           |
| Total             | <u>\$ 11,126,840</u>           | <u>\$ 3,976,158</u>           | <u>\$ 15,102,998</u> |

| Amounts actually paid: | 10/1/2013<br>thru<br>6/30/2014 | 7/1/2014<br>thru<br>9/30/2014 | Total                |
|------------------------|--------------------------------|-------------------------------|----------------------|
| Pension                | \$ 3,495,239                   | \$ 1,188,941                  | \$ 4,684,180         |
| OPEB                   | 5,756,916                      | 2,681,411                     | 8,438,327            |
| Total                  | <u>\$ 9,252,155</u>            | <u>\$ 3,870,352</u>           | <u>\$ 13,122,507</u> |

|                                 |  |  |                       |
|---------------------------------|--|--|-----------------------|
| Current year ineligible expense |  |  |                       |
| Pension                         |  |  | \$ 428,083            |
| OPEB                            |  |  | (2,408,574)           |
| Total                           |  |  | <u>\$ (1,980,491)</u> |

|                                              |  |  |                        |
|----------------------------------------------|--|--|------------------------|
| Prior year carryforward - September 30, 2013 |  |  |                        |
| Pension                                      |  |  | \$ (1,352,297)         |
| OPEB                                         |  |  | (13,109,782)           |
| Total                                        |  |  | <u>\$ (14,462,079)</u> |

|                                   |  |  |                        |
|-----------------------------------|--|--|------------------------|
| Carryforward - September 30, 2014 |  |  |                        |
| Pension                           |  |  | \$ (924,214)           |
| OPEB                              |  |  | (15,518,356)           |
| Total                             |  |  | <u>\$ (16,442,570)</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Schedule of Financial Assistance Year Ended June 30, 2015

| FEDERAL GRANTOR/PASS-THROUGH<br>GRANTOR/PROGRAM TITLE | FEDERAL<br>STATE<br>SHARE | FISCAL<br>YEAR | FUNDING<br>SOURCE | FEDERAL<br>CFDA<br>NUMBER | FEDERAL<br>GRANTOR<br>NUMBER | STATE<br>GRANTOR<br>NUMBER | UNAUDITED<br>PROGRAM<br>OR AWARD<br>AMOUNT | AUDITED<br>DISBURSEMENTS/<br>EXPENDITURES | UNAUDITED<br>FEDERAL<br>RECEIPTS/<br>REVENUE | UNAUDITED<br>STATE<br>RECEIPTS/<br>REVENUE | UNAUDITED<br>AMOUNT<br>REMAINING |
|-------------------------------------------------------|---------------------------|----------------|-------------------|---------------------------|------------------------------|----------------------------|--------------------------------------------|-------------------------------------------|----------------------------------------------|--------------------------------------------|----------------------------------|
| U.S DEPARTMENT OF TRANSPORTATION:                     |                           |                |                   |                           |                              |                            |                                            |                                           |                                              |                                            |                                  |
| DIRECT ASSISTANCE:                                    |                           |                |                   |                           |                              |                            |                                            |                                           |                                              |                                            |                                  |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2003         | SECTION 5309      | 20.500                    | MI-03-0194                   | 2003-0088 Z12              | \$ 3,442,875                               | \$ -                                      | \$ -                                         | \$ -                                       | 63                               |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2004         | SECTION 5309      | 20.500                    | MI-03-0205                   | 2003-0088 Z20              | 5,339,805                                  | -                                         | -                                            | -                                          | 2                                |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2006         | SECTION 5309      | 20.500                    | MI-04-0013                   | 2002-0088 Z37              | 7,623,000                                  | -                                         | -                                            | -                                          | 96,088                           |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2007         | SECTION 5309      | 20.500                    | MI-04-0025                   | 2007-0294 Z7               | 1,750,000                                  | 637,116                                   | 637,116                                      | -                                          | 219,658                          |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2009         | SECTION 5309      | 20.500                    | MI-04-0040                   | 2007-0294 Z40              | 4,250,000                                  | 175,923                                   | 175,923                                      | -                                          | 410,928                          |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2009         | SECTION 5309      | 20.500                    | MI-04-0057                   | N/A                        | 4,995,000                                  | 4,980,000                                 | 4,980,000                                    | -                                          | (4,980,000)                      |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2009         | SECTION 5309      | 20.500                    | MI-04-0080                   | N/A                        | 200,000                                    | -                                         | -                                            | -                                          | 176,571                          |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2009         | SECTION 5309      | 20.500                    | MI-04-0091                   | N/A                        | 15,000,000                                 | 1,087,980                                 | 1,087,980                                    | -                                          | 12,484,695                       |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2010         | SECTION 5309      | 20.500                    | MI-04-0062                   | 2007-0294 Z29              | 1,500,000                                  | 22                                        | 22                                           | -                                          | -                                |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               | FY2010         | SECTION 5309      | 20.500                    | N/A                          | 2012-0170 P28              | 2,190,502                                  | 710,686                                   | 710,686                                      | -                                          | 50,502                           |
| TOTAL                                                 |                           |                |                   |                           |                              |                            | 46,291,182                                 | 7,591,727                                 | 7,591,727                                    | -                                          | 8,458,479                        |
| PLANNING AND TECHNICAL STUDIES FY2010                 | 80 % - 20 %               | FY2011         |                   | 20.505                    | MI-80-X006                   | N/A                        | 305,541                                    | 305,490                                   | 305,490                                      | -                                          | 51                               |
|                                                       |                           |                |                   |                           |                              |                            | 305,541                                    | 305,490                                   | 305,490                                      | -                                          | 51                               |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2015

| 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 (CONTINUED): |             |                |                     |                        |                      |                                   |                                     |                                     |                                   |                            |
| CAPITAL ASSISTANCE                             | FY2007      | SECTION 5307   | 20.507              | MI-90-0540             | 2007-0294 Z4         | \$ 13,530,712                     | \$ -                                | \$ -                                | \$ -                              | 8,409                      |
| CAPITAL ASSISTANCE LETC                        | FY2007      | SECTION 5307   | 20.507              | MI-90-0541             | 2007-0294 Z3         | 295,603                           | -                                   | -                                   | -                                 | 136                        |
| CAPITAL ASSISTANCE                             | FY2008      | SECTION 5307   | 20.507              | MI-90-0570             | 2007-0294 Z15        | 14,788,735                        | -                                   | -                                   | -                                 | 17,338                     |
| CAPITAL ASSISTANCE ARRA                        | FY2009      | SECTION 5307   | 20.507              | MI-96-0007             | N/A                  | 18,479,625                        | 1,016,058                           | 1,016,058                           | -                                 | 338,494                    |
| CAPITAL ASSISTANCE                             | FY2009      | SECTION 5307   | 20.507              | MI-96-0008             | N/A                  | 903,695                           | -                                   | -                                   | -                                 | 2,970                      |
| CAPITAL ASSISTANCE                             | FY2009      | SECTION 5307   | 20.507              | MI-90-0591             | 2007-0294 Z26        | 15,476,782                        | 22,063                              | 22,063                              | -                                 | 25,215                     |
| CAPITAL ASSISTANCE                             | FY2010      | SECTION 5307   | 20.507              | MI-90-0756             | 2007-0294 Z38        | 15,301,944                        | -                                   | -                                   | -                                 | 322,618                    |
| CAPITAL ASSISTANCE                             | FY2011      | SECTION 5307   | 20.507              | MI-90-0756             | 2007-0294 Z38        | 15,605,882                        | -                                   | -                                   | -                                 | 613,701                    |
| CAPITAL ASSISTANCE                             | FY2012      | SECTION 5307   | 20.507              | MI-90-0756             | 2007-0294 Z38        | 15,612,066                        | 292,307                             | 292,307                             | -                                 | 3,912,843                  |
| CAPITAL ASSISTANCE                             | FY2013      | SECTION 5307   | 20.507              | MI-90-0678             | 2007-0294 Z38        | 22,231,592                        | 784,304                             | 784,304                             | -                                 | 3,423,166                  |
| CAPITAL ASSISTANCE                             | FY2012      | CH4AQ          | 20.507              | MI-95-X077             | N/A                  | 2,909,772                         | -                                   | -                                   | -                                 | 2,909,772                  |
| CAPITAL ASSISTANCE                             | FY2010      | SECTION 5307   | 20.507              | MI-90-0758             | 2007-0294 Z39        | 151,083                           | 122,675                             | 122,675                             | -                                 | -                          |
| CAPITAL ASSISTANCE                             | FY2011      | SECTION 5307   | 20.507              | MI-90-0758             | 2007-0294 Z39        | 202,240                           | 202,240                             | 202,240                             | -                                 | -                          |
| CAPITAL ASSISTANCE                             | FY2012      | SECTION 5307   | 20.507              | MI-90-0758             | 2007-0294 Z39        | 492,476                           | 210,904                             | 210,904                             | -                                 | 93,201                     |
| CAPITAL ASSISTANCE                             | FY2014      | SECTION 5307   | 20.507              | MI-90-0679             |                      | 62,247                            | 62,247                              | 62,247                              | -                                 | -                          |
| CAPITAL ASSISTANCE                             | FY2015      | SECTION 5307   | 20.507              | MI-90-0678             |                      | 411,515                           | 102,878                             | 102,878                             | -                                 | -                          |
| CAPITAL ASSISTANCE                             | FY2015      | SECTION 5307   | 20.507              | MI-XX-XXXX             |                      | 411,500                           | 308,619                             | 308,619                             | -                                 | -                          |
| CAPITAL ASSISTANCE                             | FY2015      | SECTION 5307   | 20.507              | MI-95-0077             |                      | 11,575,989                        | 5,694,476                           | 5,694,476                           | -                                 | -                          |
| SMART PREVENTIVE MAINTENANCE                   |             | SECTION 5309   | 20.507              | MI-96-0007             |                      | 10,000                            | -                                   | -                                   | -                                 | 10,000                     |
| TOTAL                                          |             |                |                     |                        |                      | \$ 148,453,458                    | \$ 8,818,771                        | \$ 8,818,771                        | \$ -                              | \$ 11,677,863              |
| MICHIGAN DEPARTMENT OF TRANSPORTATION:         |             |                |                     |                        |                      |                                   |                                     |                                     |                                   |                            |
| CAPITAL ASSISTANCE                             | FY1993      | SECTION 3      | N/A                 | N/A                    | 93-1093              | \$ 1,374,719                      | \$ -                                | \$ -                                | \$ -                              | 40,445                     |
| CAPITAL ASSISTANCE                             | FY1995      | 16 B-2         | N/A                 | N/A                    | 95-1479              | 500,000                           | -                                   | -                                   | -                                 | 9,970                      |
| CAPITAL ASSISTANCE                             | FY1995      | SECTION 9      | N/A                 | MI-90-0232             | 95-1652              | 3,027,062                         | -                                   | -                                   | -                                 | 494                        |
| CAPITAL ASSISTANCE                             | FY1996      | SECTION 9      | N/A                 | MI-90-0265             | 96-0778              | 1,244,902                         | -                                   | -                                   | -                                 | 1                          |
| CAPITAL ASSISTANCE                             | FY1998      | SECTION 5309   | N/A                 | N/A                    | 98-0581              | 944,000                           | -                                   | -                                   | -                                 | 122                        |
| CAPITAL ASSISTANCE                             | FY2001      | SECTION 5310   | N/A                 | MI-16-0029             | 2001-0862            | 526,736                           | -                                   | -                                   | -                                 | 157                        |
| CAPITAL ASSISTANCE                             | FY2004      | SECTION 5310   | 20.513              | MI-16-0030             | 2004-0462            | 809,940                           | -                                   | -                                   | -                                 | 7,673                      |
| CAPITAL ASSISTANCE                             | FY2005      | SECTION 5310   | 20.513              | MI-16-0031             | 2006-0548            | 162,417                           | -                                   | -                                   | -                                 | 3                          |
| CAPITAL ASSISTANCE                             | FY2006      | SECTION 5310   | 20.513              | MI-16-X004             | 2006-0581            | 1,032,900                         | -                                   | -                                   | -                                 | 124                        |
| CAPITAL ASSISTANCE                             |             | SECTION 5310   | 20.513              | MI-16-X005             | 2007-0294 Z48        | 440,736                           | 11,114                              | 11,114                              | -                                 | (2,301)                    |
| CAPITAL ASSISTANCE                             |             | SECTION 5310   | 20.513              | MI-16-X005             | 2012-0170 P6         | 875,631                           | 585,538                             | 585,538                             | -                                 | -                          |
| CAPITAL ASSISTANCE                             |             | SECTION 5310   | 20.513              | MI-16-X004             | 2012-0170 P16        | 31,138                            | 35,339                              | 35,339                              | -                                 | (4,201)                    |
| CAPITAL ASSISTANCE                             |             | SECTION 5310   | 20.516              | MI-37-X031 &37         | 2012-0170 P1         | 64,550                            | -                                   | -                                   | -                                 | 66,550                     |
| CAPITAL ASSISTANCE                             |             | SECTION 5317   | 20.521              | MI-57-0010             | 2012-0170 P2         | 102,340                           | -                                   | -                                   | -                                 | (22,192)                   |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2015

| FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE | FEDERAL STATE SHARE | FISCAL YEAR | FUNDING SOURCE | FEDERAL     |                | FEDERAL        |       | UNAUDITED PROGRAM OR AWARD AMOUNT | AUDITED DISBURSEMENTS/ EXPENDITURES | UNAUDITED FEDERAL RECEIPTS/ REVENUE | UNAUDITED STATE RECEIPTS/ REVENUE | UNAUDITED AMOUNT REMAINING |
|----------------------------------------------------|---------------------|-------------|----------------|-------------|----------------|----------------|-------|-----------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|----------------------------|
|                                                    |                     |             |                | CFDA NUMBER | GRANTOR NUMBER | GRANTOR NUMBER | STATE |                                   |                                     |                                     |                                   |                            |
| MICHIGAN DEPARTMENT OF TRANSPORTATION (CONTINUED): |                     |             |                |             |                |                |       |                                   |                                     |                                     |                                   |                            |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2006      | SECTION 5309   | N/A         | MI-04-0013     | 2002-0088 Z37  | \$    | 1,023,510                         | \$                                  | -                                   | \$                                | 44,401                     |
| CAPITAL ASSISTANCE LETC                            | 80 % - 20 %         | FY2006      | SECTION 5307   | N/A         | MI-90-0489     | 2002-0088 Z38  |       | 30,000                            |                                     | -                                   | -                                 | 29,763                     |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2007      | SECTION 5307   | N/A         | MI-90-0340     | 2007-0294 Z4   |       | 64,482                            |                                     | -                                   | -                                 | 1,994                      |
| CAPITAL ASSISTANCE                                 | 100 % STATE         | FY2007      | SECTION 5310   | 20.513      | MI-16-X001     | 2007-0294 Z6   |       | 401,158                           |                                     | -                                   | -                                 | 401,158                    |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2007      | SECTION 5309   | N/A         | MI-04-0025     | 2007-0294 Z7   |       | 437,500                           |                                     | -                                   | -                                 | 215,958                    |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2007      | SECTION 5309   | N/A         | MI-04-0025     | 2007-0294 Z14  |       | 57,500                            |                                     | -                                   | -                                 | 57,500                     |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2008      | SECTION 5307   | N/A         | MI-90-0570     | 2007-0294 Z15  |       | 50,425                            |                                     | -                                   | -                                 | 2,708                      |
| CAPITAL ASSISTANCE                                 | 100 % STATE         | FY2008      | SECTION 5307   | N/A         | MI-16-X002     | 2007-0294 Z17  |       | 784,380                           |                                     | -                                   | -                                 | 9,732                      |
| CAPITAL ASSISTANCE                                 | 101 % STATE         | FY2008      | SECTION 5307   | N/A         | MI-16-X002     | 2007-0294 Z18  |       | 125,000                           |                                     | -                                   | -                                 | 31,785                     |
| CAPITAL ASSISTANCE                                 | 106 % STATE         | FY2008      | SECTION 5307   | N/A         | MI-16-X002     | 2007-0294 Z21  |       | 99,806                            |                                     | -                                   | -                                 | 5,239                      |
| CAPITAL ASSISTANCE                                 | 100 % STATE         | FY2009      | SECTION 5310   | N/A         | MI-16-X003     | 2007-0294 Z23  |       | 65,400                            |                                     | -                                   | -                                 | 27,381                     |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2010      | SECTION 5309   | N/A         | MI-16-X003     | 2007-0294 Z24  |       | 1,231,315                         |                                     | -                                   | -                                 | 3,145                      |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2009      | SECTION 5309   | N/A         | MI-04-0057     | 2007-0294 Z29  |       | 139,865                           | 15,956                              | -                                   | 15,956                            | 2,194                      |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2010      | SECTION 5307   | N/A         | MI-16-X004     | 2007-0294 Z37  |       | -                                 | (42)                                | -                                   | (42)                              | 42                         |
| CAPITAL ASSISTANCE State Preventive Maintenance    | 80 % - 20 %         | FY2011      | SECTION 5307   | N/A         | MI-90-X756     | 2007-0294 Z38  |       | 85,057                            | -                                   | -                                   | -                                 | 37,057                     |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2010      | SECTION 5307   | N/A         | MI-90-X756     | 2007-0294 Z38  |       | 3,748,045                         | 54,500                              | -                                   | 54,500                            | -                          |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY2010      | SECTION 5307   | N/A         | MI-90-X758     | 2007-0294 Z39  |       | 37,771                            | 133,955                             | -                                   | 133,955                           | (109,730)                  |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY08-FY09   | SECTION 5309   | N/A         | MI-04-0040     | 2007-0294 Z40  |       | 1,062,500                         | 43,981                              | -                                   | 43,981                            | 225,346                    |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY08-FY09   | SECTION 5309   | N/A         | MI-16-0029     | 2007-0294 Z41  |       | 81,785                            | -                                   | -                                   | -                                 | 408                        |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY08-FY09   | SECTION 5309   | N/A         | MI-16-0030     | 2007-0294 Z42  |       | 285,038                           | -                                   | -                                   | -                                 | 5,746                      |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         | FY08-FY09   | SECTION 5309   | N/A         | MI-16-0031     | 2007-0294 Z43  |       | 415,499                           | -                                   | -                                   | -                                 | 415,499                    |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         |             | SECTION 5309   | N/A         |                | 2007-0294 Z4   |       | 64,482                            | -                                   | -                                   | -                                 | 2,104                      |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         |             | SECTION 5309   | N/A         |                | 2012-XX70 P8   |       | 501,448                           | -                                   | -                                   | -                                 | 4,269                      |
| CAPITAL ASSISTANCE                                 | 80 % - 20 %         |             | SECTION 5309   | N/A         |                |                |       | -                                 | -                                   | -                                   | -                                 | 2,558                      |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2015

| FEDERAL GRANTOR/PASS-THROUGH<br>GRANTOR/PROGRAM TITLE | FEDERAL<br>STATE<br>SHARE | FISCAL<br>YEAR | FUNDING<br>SOURCE | FEDERAL<br>CFDA<br>NUMBER | FEDERAL<br>GRANTOR<br>NUMBER | STATE<br>GRANTOR<br>NUMBER | UNAUDITED<br>PROGRAM<br>OR AWARD<br>AMOUNT | AUDITED<br>DISBURSEMENTS/<br>EXPENDITURES | UNAUDITED<br>FEDERAL<br>RECEIPTS/<br>REVENUE | UNAUDITED<br>STATE<br>RECEIPTS/<br>REVENUE | UNAUDITED<br>AMOUNT<br>REMAINING |
|-------------------------------------------------------|---------------------------|----------------|-------------------|---------------------------|------------------------------|----------------------------|--------------------------------------------|-------------------------------------------|----------------------------------------------|--------------------------------------------|----------------------------------|
| MICHIGAN DEPARTMENT OF TRANSPORTATION (CONTINUED):    |                           |                |                   |                           |                              |                            |                                            |                                           |                                              |                                            |                                  |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               |                | SECTION 5309      | N/A                       |                              |                            | \$ 437,500                                 | \$ 159,279                                | \$ -                                         | \$ 159,279                                 | \$ 67,189                        |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               |                | SECTION 5310      | N/A                       |                              |                            | -                                          | 1,020,000                                 | -                                            | 1,020,000                                  | (1,020,000)                      |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               |                | SECTION 5310      | N/A                       |                              |                            | -                                          | 196,075                                   | -                                            | 196,075                                    | (196,075)                        |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               |                | SECTION 5310      | N/A                       |                              |                            | -                                          | 226,995                                   | -                                            | 226,995                                    | -                                |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               |                | SECTION 5310      | N/A                       |                              |                            | -                                          | 119                                       | -                                            | 119                                        | (119)                            |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               |                | SECTION 5310      | N/A                       |                              |                            | -                                          | 1,052,729                                 | -                                            | 1,052,729                                  | (1,052,729)                      |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               |                | SECTION 5310      | N/A                       |                              |                            | -                                          | 15,562                                    | -                                            | 15,562                                     | (15,562)                         |
| CAPITAL ASSISTANCE                                    | 80 % - 20 %               |                | SECTION 5310      | N/A                       |                              |                            | 357,340                                    | 177,672                                   | -                                            | 177,672                                    | -                                |
| CAPITAL ASSISTANCE TRANSIT SECURITY                   | 101 % STATE               | FY2007         |                   | N/A                       | N/A                          |                            | 310,872                                    | -                                         | -                                            | -                                          | 173,238                          |
| COMBINED STATE CONTRACTS                              |                           |                |                   |                           |                              |                            | \$ 23,036,749                              | \$ 3,728,772                              | \$ 631,991                                   | \$ 3,099,339                               | \$ (533,514)                     |
| TOTAL CAPITAL ASSISTANCE                              |                           |                |                   |                           |                              |                            | \$ 218,086,930                             | \$ 20,444,760                             | \$ 17,347,979                                | \$ 3,099,339                               | \$ 19,602,879                    |
| ACCESS TO JOBS (FEDERAL SHARE):                       |                           |                |                   |                           |                              |                            |                                            |                                           |                                              |                                            |                                  |
| SMART CAPITAL                                         | 80 % - 20 %               |                | SECTION 5316      | 20.516                    | MI-37-X033                   |                            | \$ 399,224                                 | \$ -                                      | \$ -                                         | \$ -                                       | \$ 399,224                       |
| FY2006 SECTION 5316 JARC OPERATING RICHMOND LENOX     | 50 % - 50 %               | FY2006         | SECTION 5316      | 20.516                    | MI-37-X033                   |                            | 58,166                                     | -                                         | -                                            | -                                          | 58,166                           |
| FY2007 SECTION 5316 CAPITAL SMART                     | 80 % - 20 %               | FY2007         | SECTION 5316      | 20.516                    | MI-37-0040                   |                            | 559,459                                    | 63,824                                    | 63,824                                       | -                                          | (63,824)                         |
| SECTION 5316 CAPITAL SMART                            |                           |                | SECTION 5316      | 20.516                    | MI-37-0050                   |                            | 305,980                                    | 475                                       | 475                                          | -                                          | 305,505                          |
| FY2007 SECTION 5316 PROGRAM ADMINISTRATION            | 50 % - 50 %               | FY2007         | SECTION 5316      | 20.516                    | MI-37-6040                   |                            | 62,162                                     | -                                         | -                                            | -                                          | 29,021                           |
| JARC PROGRAM MOB MANAGEMENT                           |                           | FY2008         | SECTION 5316      | 20.516                    | MI-37-0043                   |                            | 362,969                                    | 47,262                                    | 47,262                                       | -                                          | 40,420                           |
| JARC PROGRAM MOB MANAGEMENT                           |                           |                | SECTION 5316      | 20.516                    | MI-37-0050                   |                            | 328,734                                    | 146,370                                   | 146,370                                      | -                                          | 182,364                          |
| JARC PROGRAM OPERATING                                |                           | FY2008         | SECTION 5316      | 20.516                    | MI-37-4043                   |                            | 1,448,472                                  | 368,765                                   | 368,765                                      | -                                          | 174,446                          |
| JARC PROGRAM OPERATING                                |                           |                | SECTION 5316      | 20.516                    | MI-37-4050                   |                            | 1,894,878                                  | 45,350                                    | 45,350                                       | -                                          | 1,849,528                        |
| JARC PROGRAM ADMIN                                    |                           | FY2008         | SECTION 5316      | 20.516                    | MI-37-6043                   |                            | 214,639                                    | 30,166                                    | 30,166                                       | -                                          | 172,247                          |
| TOTAL                                                 |                           |                |                   |                           |                              |                            | \$ 5,634,683                               | \$ 702,212                                | \$ 702,212                                   | \$ -                                       | \$ 3,087,097                     |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2015

| 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 |
|-------------------------------|-------------|----------------|---------------------|------------------------|----------------------|-----------------------------------|-------------------------------------|-------------------------------------|-----------------------------------|----------------------------|
|                               |             |                |                     |                        |                      |                                   |                                     |                                     |                                   |                            |
| NEW FREEDOM FEDERAL SHARE:    |             |                |                     |                        |                      |                                   |                                     |                                     |                                   |                            |
|                               | FY2006      | SECTION 5317   | 20.521              | MI-57-4007             | 2007-0294 Z19        | \$ 382,143                        | \$ -                                | \$ -                                | \$ -                              | \$ 78,610                  |
|                               | FY2006      | SECTION 5317   | 20.521              | MI-57-6007             | 2007-0294 Z19        | 42,460                            | -                                   | -                                   | -                                 | 7,852                      |
|                               | FY2007      | SECTION 5317   | 20.521              | MI-57-6014             | N/A                  | 375,478                           | -                                   | -                                   | -                                 | 20,977                     |
|                               |             |                |                     |                        | N/A                  | 41,720                            | -                                   | -                                   | -                                 | 133                        |
|                               |             | SECTION 5307   | 20.521              | MI-57-0018             | N/A                  | 299,230                           | 40,992                              | 40,992                              | -                                 | 26,247                     |
|                               |             | SECTION 5307   | 20.521              | MI-57-4018             | N/A                  | 917,171                           | 145,703                             | 145,703                             | -                                 | 99,185                     |
|                               |             | SECTION 5307   | 20.521              | MI-57-4007             | N/A                  | 327,143                           | 100                                 | 100                                 | -                                 | -                          |
|                               |             | SECTION 5307   | 20.521              | MI-57-6018             | N/A                  | 147,999                           | 27,641                              | 27,641                              | -                                 | 79,642                     |
|                               |             | SECTION 5307   | 20.521              | MI-57-6024             | N/A                  | 51,247                            | 347                                 | 347                                 | -                                 | -                          |
|                               |             | SECTION 5307   | 20.521              | MI-57-0024             | N/A                  | 781,948                           | 217,273                             | 217,273                             | -                                 | 283,950                    |
| TOTAL                         |             |                |                     |                        |                      | \$ 3,366,539                      | \$ 432,056                          | \$ 432,056                          | \$ -                              | \$ 596,596                 |
| ACCESS TO JOBS (STATE SHARE): |             |                |                     |                        |                      |                                   |                                     |                                     |                                   |                            |
|                               | FY2008      | SECTION 5316   | 20.516              | MI-37-4043             | 2007-0294 Z45        | \$ 1,448,472                      | \$ 380,580                          | \$ -                                | \$ 380,580                        | \$ -                       |
|                               |             | SECTION 5316   | 20.516              |                        | 2012-0170 P21        | -                                 | 81,942                              | -                                   | 81,942                            | -                          |
| TOTAL                         |             |                |                     |                        |                      | \$ 1,448,472                      | \$ 380,580                          | \$ -                                | \$ 462,522                        | \$ -                       |
| 100% STATE JARC NOTA:         |             |                |                     |                        |                      |                                   |                                     |                                     |                                   |                            |
|                               | FY2012      | SECTION 5316   | 20.516              | N/A                    | 2012-0170 P1         | \$ 133,100                        | \$ -                                | \$ -                                | \$ -                              | \$ 73,298                  |
|                               |             | SECTION 5316   | 20.516              | N/A                    | 2012-0170 P5         | 102,070                           | 69,549                              | 34,775                              | 34,774                            | 32,521                     |
|                               |             | SECTION 5316   | 20.516              | N/A                    | 2012-0170 P13        | 102,070                           | 59,146                              | 29,573                              | 29,573                            | 42,924                     |
| TOTAL                         |             |                |                     |                        |                      | \$ 337,240                        | \$ -                                | \$ 64,348                           | \$ 64,347                         | \$ 73,298                  |
| 100% STATE NEW FREEDOM NOTA:  |             |                |                     |                        |                      |                                   |                                     |                                     |                                   |                            |
|                               |             | SECTION 5317   | 20.521              | MI-57-0010             | 2012-0170 P15        | \$ 44,042                         | \$ 17,448                           | \$ 17,449                           | \$ 17,448                         | \$ 26,594                  |
|                               |             | SECTION 5317   | 20.521              | MI-57-0010             | 2012-0170 P31        | 46,191                            | 8,943                               | 8,943                               | 8,943                             | 37,248                     |
|                               | FY2012      | SECTION 5317   | 20.521              | N/A                    | 2012-0170 P2         | 204,680                           | -                                   | -                                   | -                                 | 204,680                    |
| TOTAL                         |             |                |                     |                        |                      | \$ 294,913                        | \$ 26,391                           | \$ 26,392                           | \$ 26,391                         | \$ 268,522                 |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Schedule of Financial Assistance (Continued) Year Ended June 30, 2015

| FEDERAL GRANTOR/PASS-THROUGH<br>GRANTOR/PROGRAM TITLE | FEDERAL<br>STATE<br>SHARE | FISCAL<br>YEAR | FUNDING<br>SOURCE | FEDERAL<br>CFDA<br>NUMBER | FEDERAL<br>GRANTOR<br>NUMBER | STATE<br>GRANTOR<br>NUMBER | UNAUDITED<br>PROGRAM<br>OR AWARD<br>AMOUNT | AUDITED<br>DISBURSEMENTS/<br>EXPENDITURES | UNAUDITED<br>FEDERAL<br>RECEIPTS/<br>REVENUE | UNAUDITED<br>STATE<br>RECEIPTS/<br>REVENUE | UNAUDITED<br>AMOUNT<br>REMAINING |
|-------------------------------------------------------|---------------------------|----------------|-------------------|---------------------------|------------------------------|----------------------------|--------------------------------------------|-------------------------------------------|----------------------------------------------|--------------------------------------------|----------------------------------|
| PASSED THROUGH MDOT:                                  |                           |                |                   |                           |                              |                            |                                            |                                           |                                              |                                            |                                  |
| OPERATING ASSIST. - SEC.5311                          | 100 % STATE               | FY2012         | SECTION 5311      | 20.509                    | ML-X18-X050                  | 2012-0170 P4               | \$ 200,879                                 | \$ -                                      | \$ -                                         | \$ -                                       | \$ 94,980                        |
| OPERATING ASSIST. - SEC.5311                          | 100 % STATE               | FY2013         | SECTION 5311      | 20.509                    | ML-X18-X050                  | 2012-0170 P12              | 180,672                                    | -                                         | -                                            | -                                          | 51,276                           |
| OPERATING ASSIST. - SEC.5311                          | 100 % STATE               | FY2013         | SECTION 5311      | 20.509                    | ML-X18-X050                  | 2012-0170 P27              | 169,768                                    | 42,445                                    | 42,445                                       | -                                          | -                                |
| OPERATING ASSIST. - SEC.5311                          | 100 % STATE               |                | SECTION 5311      | 20.509                    | ML-X18-X050                  | 2012-0170 P33              | 197,323                                    | 134,100                                   | 134,100                                      | -                                          | 63,223                           |
| TOTAL                                                 |                           |                |                   |                           |                              |                            | 748,642                                    | 176,545                                   | 176,545                                      | -                                          | 209,479                          |
| SUBTOTAL                                              |                           |                |                   |                           |                              |                            | 11,830,489                                 | 1,717,784                                 | 1,401,553                                    | 553,260                                    | 4,234,994                        |
| MICHIGAN DEPARTMENT OF TRANSPORTATION:                |                           |                |                   |                           |                              |                            |                                            |                                           |                                              |                                            |                                  |
| OPERATING ASSISTANCE - ACT 51 SMART URBAN             |                           |                |                   | N/A                       |                              | 9/30/2012                  | \$ -                                       | \$ -                                      | \$ -                                         | \$ 430,499                                 | \$ -                             |
| OPERATING ASSISTANCE - ACT 51 SMART URBAN             |                           |                |                   | N/A                       |                              | 9/30/2013                  | -                                          | -                                         | -                                            | 29,671,886                                 | -                                |
| MUNICIPAL CREDIT SPECIAL APPROPRIATION                |                           |                |                   | N/A                       |                              | 9/30/2013                  | -                                          | -                                         | -                                            | 1,630,540                                  | -                                |
| OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN           |                           |                |                   | N/A                       |                              | 9/30/2013                  | -                                          | -                                         | -                                            | 87,110                                     | -                                |
| OPERATING ASSISTANCE - ACT 51 LETC COMBINED           |                           |                |                   | N/A                       |                              | 9/30/2013                  | -                                          | -                                         | -                                            | 1,571,034                                  | -                                |
| ROYAL OAK TWP NEW SERVICES                            |                           |                |                   | N/A                       |                              | 9/30/2010                  | -                                          | -                                         | -                                            | -                                          | -                                |
| ROYAL OAK TWP NEW SERVICES                            |                           |                |                   | N/A                       |                              | 9/30/2011                  | -                                          | -                                         | -                                            | 563                                        | -                                |
| ROYAL OAK TWP NEW SERVICES                            |                           |                |                   | N/A                       |                              | 9/30/2012                  | -                                          | -                                         | -                                            | 5,181                                      | -                                |
| ROYAL OAK TWP NEW SERVICES                            |                           |                |                   | N/A                       |                              | 9/25/2013                  | -                                          | -                                         | -                                            | -                                          | -                                |
| ROYAL OAK TWP NEW SERVICES                            |                           |                |                   | N/A                       |                              | 9/30/2014                  | -                                          | -                                         | -                                            | 10,166                                     | -                                |
| ROYAL OAK TWP NEW SERVICES                            |                           |                |                   | N/A                       |                              | 9/30/2015                  | -                                          | -                                         | -                                            | 24,849                                     | -                                |
| SPECIALIZED SERVICES                                  |                           | FY2013         |                   | N/A                       |                              | 2007-0294-ZXX              | -                                          | -                                         | -                                            | -                                          | -                                |
| SPECIALIZED SERVICES                                  |                           | FY2014         |                   | N/A                       |                              | 2007-0294-ZXX              | -                                          | -                                         | -                                            | 196,951                                    | -                                |
| SPECIALIZED SERVICES                                  |                           | FY2015         |                   | N/A                       |                              | 2007-0294-ZXX              | -                                          | -                                         | -                                            | 590,868                                    | -                                |
| TOTAL                                                 |                           |                |                   |                           |                              |                            | -                                          | -                                         | -                                            | 34,219,647                                 | 2                                |
| TOTAL OPERATING ASSISTANCE                            |                           |                |                   |                           |                              |                            | 11,830,489                                 | 1,717,784                                 | 1,401,553                                    | 34,772,907                                 | 4,234,994                        |
| GRAND TOTAL - ALL ASSISTANCE                          |                           |                |                   |                           |                              |                            | \$ 229,917,419                             | \$ 22,162,544                             | \$ 18,749,532                                | \$ 37,872,346                              | \$ 23,837,873                    |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses Year Ended June 30, 2015

| Description                                    | Community Based             |                             |                     | Royal Oak                   |                             |                  |
|------------------------------------------------|-----------------------------|-----------------------------|---------------------|-----------------------------|-----------------------------|------------------|
|                                                | 1-Jul-14<br>to<br>30-Sep-14 | 1-Oct-14<br>to<br>30-Jun-15 | Total<br>C.Based    | 1-Jul-14<br>to<br>30-Sep-14 | 1-Oct-14<br>to<br>30-Jun-15 | Total<br>R.Oak   |
| Revenue:                                       |                             |                             |                     |                             |                             |                  |
| Fares                                          | \$ 159,210                  | \$ 549,848                  | \$ 709,058          | \$ 282                      | \$ 756                      | \$ 1,038         |
| Taxes levied directly                          | 164,402                     | 1,271,200                   | 1,435,602           | -                           | -                           | -                |
| Local operating assistance:                    |                             |                             |                     |                             |                             |                  |
| General Fund/Property tax                      | 231,366                     | 614,412                     | 845,778             | 15,000                      | 45,000                      | 60,000           |
| Other                                          | -                           | -                           | -                   | 1,495                       | 5,130                       | 6,625            |
| Local special demonstration project assistance | -                           | -                           | -                   | -                           | -                           | -                |
| Other local contracts:                         |                             |                             |                     |                             |                             |                  |
| Mun. Cr.                                       | 507,767                     | 2,019,072                   | 2,526,839           | 594                         | 1,795                       | 2,389            |
| Comm. Cr.                                      | 366,988                     | 952,081                     | 1,319,069           | -                           | -                           | -                |
| Other MDOT/BPT contracts and reimb.:           |                             |                             |                     |                             |                             |                  |
| Act 51                                         | -                           | -                           | -                   | (1,665)                     | 24,849                      | 23,184           |
| Specialized services                           | -                           | -                           | -                   | -                           | -                           | -                |
| Other federal transit contracts and reimb.     | -                           | -                           | -                   | -                           | -                           | -                |
| Interest income                                | 7,717                       | 24,524                      | 32,241              | -                           | -                           | -                |
| <b>Total revenue</b>                           | <b>\$ 1,437,450</b>         | <b>\$ 5,431,137</b>         | <b>\$ 6,868,587</b> | <b>\$ 15,706</b>            | <b>\$ 77,530</b>            | <b>\$ 93,236</b> |
| Total operating expenses                       | \$ 2,159,932                | \$ 6,193,715                | \$ 8,353,647        | \$ 20,466                   | \$ 56,049                   | \$ 76,515        |
| Ineligible expenses:                           |                             |                             |                     |                             |                             |                  |
| SMART Municipal Credits                        | 507,767                     | 2,019,072                   | 2,526,839           | -                           | -                           | -                |
| SMART Community Credits                        | 358,888                     | 933,981                     | 1,292,869           | -                           | -                           | -                |
| State specialized services                     | -                           | -                           | -                   | -                           | -                           | -                |
| Depreciation                                   | 8,535                       | 22,501                      | 31,036              | -                           | -                           | -                |
| <b>Total ineligible</b>                        | <b>875,190</b>              | <b>2,975,554</b>            | <b>3,850,744</b>    | <b>-</b>                    | <b>-</b>                    | <b>-</b>         |
| <b>Total eligible expenses</b>                 | <b>\$ 1,284,742</b>         | <b>\$ 3,218,161</b>         | <b>\$ 4,502,903</b> | <b>\$ 20,466</b>            | <b>\$ 56,049</b>            | <b>\$ 76,515</b> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses (Continued) Year Ended June 30, 2015

| Description                                | Mt. Clemens                 |                             |                      | Nankin                      |                             |                   |
|--------------------------------------------|-----------------------------|-----------------------------|----------------------|-----------------------------|-----------------------------|-------------------|
|                                            | 1-Jul-14<br>to<br>30-Sep-14 | 1-Oct-14<br>to<br>30-Jun-15 | Total<br>Mt. Clemens | 1-Jul-14<br>to<br>30-Sep-14 | 1-Oct-14<br>to<br>30-Jun-15 | Total<br>Nankin   |
| Revenue:                                   |                             |                             |                      |                             |                             |                   |
| Fares                                      | \$ 14,746                   | \$ 62,635                   | \$ 77,381            | \$ 32,187                   | \$ 95,561                   | \$ 127,748        |
| Taxes levied directly                      | -                           | -                           | -                    | -                           | -                           | -                 |
| Local operating assistance:                |                             |                             |                      |                             |                             |                   |
| General Fund/Property tax                  | 297,784                     | (7,664)                     | 290,120              | -                           | -                           | -                 |
| Other                                      | -                           | -                           | -                    | 68,250                      | 204,750                     | 273,000           |
| Other local contracts:                     |                             |                             |                      |                             |                             |                   |
| Mun. Cr.                                   | (a) (4)                     | 17,510                      | 17,506               | 40,060                      | 120,180                     | 160,240           |
| Comm. Cr.                                  | (a) 8                       | 24,130                      | 24,138               | 53,614                      | 160,841                     | 214,455           |
| Other MDOT/BPT contracts and reimb. -      |                             |                             |                      |                             |                             |                   |
| Specialized services                       | 3,455                       | 12,508                      | 15,963               | -                           | -                           | -                 |
| Other federal transit contracts and reimb. | -                           | 102,860                     | 102,860              | -                           | -                           | -                 |
| Refunds and rebates                        | -                           | -                           | -                    | -                           | -                           | -                 |
| Interest income                            | -                           | 552                         | 552                  | -                           | -                           | -                 |
| Total revenue                              | <u>\$ 315,989</u>           | <u>\$ 212,531</u>           | <u>\$ 528,520</u>    | <u>\$ 194,111</u>           | <u>\$ 581,332</u>           | <u>\$ 775,443</u> |
| Total operating expenses                   | \$ 97,865                   | \$ 331,217                  | \$ 429,082           | \$ 194,571                  | \$ 583,714                  | \$ 778,285        |
| Ineligible expenses:                       |                             |                             |                      |                             |                             |                   |
| SMART Municipal Credits                    | -                           | -                           | -                    | -                           | -                           | -                 |
| SMART Community Credits                    | -                           | -                           | -                    | -                           | -                           | -                 |
| State specialized services                 | 3,455                       | 12,508                      | 15,963.00            | -                           | -                           | -                 |
| Refunds and rebates                        | -                           | 102,860                     | 102,860.00           | -                           | -                           | -                 |
| Depreciation                               | -                           | -                           | -                    | -                           | -                           | -                 |
| Total ineligible                           | <u>3,455</u>                | <u>115,368</u>              | <u>118,823</u>       | <u>-</u>                    | <u>-</u>                    | <u>-</u>          |
| Total eligible expenses                    | <u>\$ 94,410</u>            | <u>\$ 215,849</u>           | <u>\$ 310,259</u>    | <u>\$ 194,571</u>           | <u>\$ 583,714</u>           | <u>\$ 778,285</u> |

(a) Included on SMARTS Ineligible Schedule

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses (Continued) Year Ended June 30, 2015

| Description                                | Redford                     |                             | Total<br>Redford  |
|--------------------------------------------|-----------------------------|-----------------------------|-------------------|
|                                            | 1-Apr-14<br>to<br>30-Sep-14 | 1-Oct-14<br>to<br>31-Mar-15 |                   |
| Revenue:                                   |                             |                             |                   |
| Fares                                      | \$ 10,110                   | \$ 9,110                    | \$ 19,220         |
| Taxes levied directly                      | -                           | -                           | -                 |
| Local operating assistance:                |                             |                             |                   |
| General Fund/Property tax                  | -                           | 82,464                      | 82,464            |
| Other                                      | -                           | 60,000                      | 60,000            |
| Other local contracts:                     |                             |                             |                   |
| Mun. Cr.                                   | (a) 25,042                  | 25,038                      | 50,080            |
| Comm. Cr.                                  | (a) 32,097                  | 34,338                      | 66,435            |
| Other MDOT/BPT contracts and reimb. -      |                             |                             |                   |
| Specialized services                       | 3,301                       | 7,739                       | 11,040            |
| Other federal transit contracts and reimb. | -                           | -                           | -                 |
| Insurance proceeds                         | -                           | -                           | -                 |
| Interest income                            | -                           | 305                         | 305               |
| Total revenue                              | <u>\$ 70,550</u>            | <u>\$ 218,994</u>           | <u>\$ 289,544</u> |
| Total operating expenses                   | \$ 120,976                  | \$ 142,178                  | \$ 263,154        |
| Ineligible expenses:                       |                             |                             |                   |
| SMART Municipal Credits                    | -                           | -                           | -                 |
| SMART Community Credits                    | -                           | -                           | -                 |
| State specialized services                 | 3,301                       | 7,739                       | 11,040            |
| Insurance proceeds                         | -                           | -                           | -                 |
| Depreciation                               | -                           | -                           | -                 |
| Total ineligible                           | <u>3,301</u>                | <u>7,739</u>                | <u>11,040</u>     |
| Total eligible expenses                    | <u>\$ 117,675</u>           | <u>\$ 134,439</u>           | <u>\$ 252,114</u> |

(a) Included on SMART's Ineligible Schedule

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses (Continued) Year Ended June 30, 2015

| Description                                | S.T.A.R.                    |                             | Total<br>S.T.A.R. |
|--------------------------------------------|-----------------------------|-----------------------------|-------------------|
|                                            | 1-Apr-14<br>to<br>30-Sep-14 | 1-Oct-14<br>to<br>31-Mar-15 |                   |
| Revenue:                                   |                             |                             |                   |
| Fares                                      | \$ 817                      | \$ 1,653                    | \$ 2,470          |
| Taxes levied directly                      | -                           | 388,237                     | 388,237           |
| Local operating assistance:                |                             |                             |                   |
| General Fund/Property tax                  | -                           | -                           | -                 |
| Other                                      | 11,202                      | 78,771                      | 89,973            |
| Other local contracts:                     |                             |                             |                   |
| Mun. Cr.                                   | -                           | -                           | -                 |
| Comm. Cr.                                  | -                           | -                           | -                 |
| Other MDOT/BPT contracts and reimb. -      |                             |                             |                   |
| Specialized services                       | 17,242                      | 1,223                       | 18,465            |
| Other federal transit contracts and reimb. | -                           | -                           | -                 |
| Interest income                            | 331                         | 495                         | 826               |
| Total revenue                              | <u>\$ 29,592</u>            | <u>\$ 470,379</u>           | <u>\$ 499,971</u> |
| Total operating expenses                   | \$ 233,978                  | \$ 324,067                  | \$ 558,045        |
| Ineligible expenses:                       |                             |                             |                   |
| SMART Municipal Credits                    | -                           | -                           | -                 |
| SMART Community Credits                    | -                           | -                           | -                 |
| State specialized services                 | 75,366                      | 164,279                     | 239,645           |
| Charter expense                            | -                           | 5,000                       | 5,000             |
| Depreciation                               | -                           | -                           | -                 |
| Total ineligible                           | <u>75,366</u>               | <u>169,279</u>              | <u>244,645</u>    |
| Total eligible expenses                    | <u>\$ 158,612</u>           | <u>\$ 154,788</u>           | <u>\$ 313,400</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses Year Ended September 30, 2014

| Description                                | Community Based     |                     |                     | Royal Oak        |                  |                  |
|--------------------------------------------|---------------------|---------------------|---------------------|------------------|------------------|------------------|
|                                            | 1-Oct-13<br>to      | 1-Jul-14<br>to      | Total<br>C.Based    | 1-Oct-13<br>to   | 1-Jul-14<br>to   | Total<br>R.Oak   |
|                                            | 30-Jun-14           | 30-Sep-14           |                     | 30-Jun-14        | 30-Sep-14        |                  |
| Revenue:                                   |                     |                     |                     |                  |                  |                  |
| Fares                                      | \$ 502,417          | \$ 159,210          | \$ 661,627          | \$ 978           | \$ 282           | \$ 1,260         |
| Taxes levied directly                      | 450,582             | 164,402             | 614,984             | -                | -                | -                |
| Local operating assistance:                |                     |                     |                     |                  |                  |                  |
| General Fund/Property tax                  | 680,367             | 231,366             | 911,733             | 45,000           | 15,000           | 60,000           |
| Other                                      | -                   | -                   | -                   | 4,464            | 1,495            | 5,959            |
| Local special demonstration -              |                     |                     |                     |                  |                  |                  |
| Project assistance                         | -                   | -                   | -                   | -                | -                | -                |
| Other local contracts:                     |                     |                     |                     |                  |                  |                  |
| Mun. Cr.                                   | 1,586,695           | 507,767             | 2,094,462           | 1,800            | 594              | 2,394            |
| Comm. Cr.                                  | 844,787             | 366,988             | 1,211,775           | -                | -                | -                |
| Other MDOT/BPT contracts and reimb.:       |                     |                     |                     |                  |                  |                  |
| Act 51                                     | -                   | -                   | -                   | 30,092           | (1,665)          | 28,427           |
| Specialized services                       | -                   | -                   | -                   | -                | -                | -                |
| Other federal transit contracts and reimb. | -                   | -                   | -                   | -                | -                | -                |
| Interest income                            | 26,428              | 7,717               | 34,145              | -                | -                | -                |
| Total revenue                              | <u>\$ 4,091,276</u> | <u>\$ 1,437,450</u> | <u>\$ 5,528,726</u> | <u>\$ 82,334</u> | <u>\$ 15,706</u> | <u>\$ 98,040</u> |
| Total operating expenses                   | \$ 5,802,306        | \$ 2,159,932        | \$ 7,962,238        | \$ 62,489        | 20,466           | \$ 82,955        |
| Ineligible expenses:                       |                     |                     |                     |                  |                  |                  |
| SMART Municipal Credits                    | 1,586,695           | 507,767             | 2,094,462           | -                | -                | -                |
| SMART Community Credits                    | 826,687             | 358,888             | 1,185,575           | -                | -                | -                |
| State specialized services                 | -                   | -                   | -                   | -                | -                | -                |
| Depreciation                               | 27,806              | 8,535               | 36,341              | -                | -                | -                |
| Total ineligible                           | 2,441,188           | 875,190             | 3,316,378           | -                | -                | -                |
| Total eligible expenses                    | <u>\$ 3,361,118</u> | <u>\$ 1,284,742</u> | <u>\$ 4,645,860</u> | <u>\$ 62,489</u> | <u>\$ 20,466</u> | <u>\$ 82,955</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2014

| Description                                | Mt. Clemens                 |                             |                      | Nankin                      |                             |                   |
|--------------------------------------------|-----------------------------|-----------------------------|----------------------|-----------------------------|-----------------------------|-------------------|
|                                            | 1-Oct-13<br>to<br>30-Jun-14 | 1-Jul-14<br>to<br>30-Sep-14 | Total<br>Mt. Clemens | 1-Oct-13<br>to<br>30-Jun-14 | 1-Jul-14<br>to<br>30-Sep-14 | Total<br>Nankin   |
| Revenue:                                   |                             |                             |                      |                             |                             |                   |
| Fares                                      | \$ 61,593                   | \$ 14,746                   | \$ 76,339            | \$ 80,436                   | \$ 32,187                   | \$ 112,623        |
| Taxes levied directly                      | -                           | -                           | -                    | -                           | -                           | -                 |
| Local operating assistance:                |                             |                             |                      |                             |                             |                   |
| General Fund/Property tax                  | (14,977)                    | 297,784                     | 282,807              | -                           | -                           | -                 |
| Other                                      | -                           | -                           | -                    | 204,750                     | 68,250                      | 273,000           |
| Other local contracts:                     |                             |                             |                      |                             |                             |                   |
| Mun. Cr.                                   | (a) 16,733                  | (4)                         | 16,729               | 120,180                     | 40,060                      | 160,240           |
| Comm. Cr.                                  | (a) 21,204                  | 8                           | 21,212               | 139,801                     | 53,614                      | 193,415           |
| Other MDOT/BPT contracts and reimb. -      |                             |                             |                      |                             |                             |                   |
| Specialized services                       | 11,298                      | 3,455                       | 14,753               | -                           | -                           | -                 |
| Other federal transit contracts and reimb. | -                           | -                           | -                    | -                           | -                           | -                 |
| Refunds and rebates                        | 11,550                      | -                           | 11,550               | -                           | -                           | -                 |
| Interest income                            | 540                         | -                           | 540                  | -                           | -                           | -                 |
| Total revenue                              | <u>\$ 107,941</u>           | <u>\$ 315,989</u>           | <u>\$ 423,930</u>    | <u>\$ 545,167</u>           | <u>\$ 194,111</u>           | <u>\$ 739,278</u> |
| Total operating expenses                   | \$ 356,283                  | \$ 97,865                   | \$ 454,148           | \$ 615,919                  | \$ 194,571                  | \$ 810,490        |
| Ineligible expenses:                       |                             |                             |                      |                             |                             |                   |
| SMART Municipal Credits                    | -                           | -                           | -                    | -                           | -                           | -                 |
| SMART Community Credits                    | -                           | -                           | -                    | -                           | -                           | -                 |
| State specialized services                 | 11,298                      | 3,455                       | 14,753               | -                           | -                           | -                 |
| Refunds and rebates                        | 11,550                      | -                           | 11,550               | -                           | -                           | -                 |
| Depreciation                               | -                           | -                           | -                    | -                           | -                           | -                 |
| Total ineligible                           | <u>22,848</u>               | <u>3,455</u>                | <u>26,303</u>        | <u>-</u>                    | <u>-</u>                    | <u>-</u>          |
| Total eligible expenses                    | <u>\$ 333,435</u>           | <u>\$ 94,410</u>            | <u>\$ 427,845</u>    | <u>\$ 615,919</u>           | <u>\$ 194,571</u>           | <u>\$ 810,490</u> |

(a) Included on SMARTS Ineligible Schedule

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2014

| Description                                | Redford                     |                             | Total<br>Redford  |
|--------------------------------------------|-----------------------------|-----------------------------|-------------------|
|                                            | 1-Oct-13<br>to<br>30-Mar-14 | 1-Apr-14<br>to<br>30-Sep-14 |                   |
| Revenue:                                   |                             |                             |                   |
| Fares                                      | \$ 9,000                    | \$ 10,110                   | \$ 19,110         |
| Taxes levied directly                      | -                           | -                           | -                 |
| Local operating assistance:                |                             |                             |                   |
| General Fund/Property tax                  | 81,476                      | -                           | 81,476            |
| Other                                      | 61,000                      | -                           | 61,000            |
| Other local contracts:                     |                             |                             |                   |
| Mun. Cr.                                   | (a) 41,357                  | 25,042                      | 66,399            |
| Comm. Cr.                                  | (a) 40,966                  | 32,097                      | 73,063            |
| Other MDOT/BPT contracts and reimb. -      |                             |                             |                   |
| Specialized services                       | 3,301                       | 3,301                       | 6,602             |
| Other federal transit contracts and reimb. | -                           | -                           | -                 |
| Insurance proceeds                         | 3,331                       | -                           | 3,331             |
| Interest income                            | 223                         | -                           | 223               |
| Total revenue                              | <u>\$ 240,654</u>           | <u>\$ 70,550</u>            | <u>\$ 311,204</u> |
| Total operating expenses                   | \$ 185,496                  | \$ 120,976                  | \$ 306,472        |
| Ineligible expenses:                       |                             |                             |                   |
| SMART Municipal Credits                    | -                           | -                           | -                 |
| SMART Community Credits                    | -                           | -                           | -                 |
| State specialized services                 | 3,301                       | 3,301                       | 6,602             |
| Insurance proceeds                         | 3,331                       | -                           | 3,331             |
| Depreciation                               | -                           | -                           | -                 |
| Total ineligible                           | <u>6,632</u>                | <u>3,301</u>                | <u>9,933</u>      |
| Total eligible expenses                    | <u>\$ 178,864</u>           | <u>\$ 117,675</u>           | <u>\$ 296,539</u> |

(a) Included on SMARTS Ineligible Schedule

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses (Continued) State Year Ended September 30, 2014

| Description                                | S.T.A.R.                    |                             | Total<br>S.T.A.R. |
|--------------------------------------------|-----------------------------|-----------------------------|-------------------|
|                                            | I-Oct-13<br>to<br>30-Mar-14 | I-Apr-14<br>to<br>30-Sep-14 |                   |
| Revenue:                                   |                             |                             |                   |
| Fares                                      | \$ 1,413                    | \$ 817                      | \$ 2,230          |
| Taxes levied directly                      | 382,325                     | -                           | 382,325           |
| Local operating assistance:                |                             |                             |                   |
| General Fund/Property tax                  | -                           | -                           | -                 |
| Other                                      | 84,556                      | 11,202                      | 95,758            |
| Other local contracts:                     |                             |                             |                   |
| Mun. Cr.                                   | -                           | -                           | -                 |
| Comm. Cr.                                  | -                           | -                           | -                 |
| Other MDOT/BPT contracts and reimb. -      |                             |                             |                   |
| Specialized services                       | 13,242                      | 17,242                      | 30,484            |
| Other federal transit contracts and reimb. | -                           | -                           | -                 |
| Interest income                            | 562                         | 331                         | 893               |
| Total revenue                              | <u>\$ 482,098</u>           | <u>\$ 29,592</u>            | <u>\$ 511,690</u> |
| Total operating expenses                   | \$ 375,571                  | \$ 218,644                  | \$ 594,215        |
| Ineligible expenses:                       |                             |                             |                   |
| SMART Municipal Credits                    | -                           | -                           | -                 |
| SMART Community Credits                    | -                           | -                           | -                 |
| State specialized services                 | 198,355                     | 64,192                      | 262,547           |
| Charter expense                            | 5,000                       | -                           | 5,000             |
| Depreciation                               | -                           | -                           | -                 |
| Total ineligible                           | <u>203,355</u>              | <u>64,192</u>               | <u>267,547</u>    |
| Total eligible expenses                    | <u>\$ 172,216</u>           | <u>\$ 154,452</u>           | <u>\$ 326,668</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Other Operating Expenses - Combined Total State Year Ended September 30, 2014

| Description                                | Total<br>C.Based    | Total<br>Mt. Clemens | Total<br>Nankin   | Total<br>Redford  | Total<br>S.T.A.R. | Total<br>Other       |
|--------------------------------------------|---------------------|----------------------|-------------------|-------------------|-------------------|----------------------|
| Revenue:                                   |                     |                      |                   |                   |                   |                      |
| Fares                                      | \$ 661,627          | \$ 76,339            | \$ 112,623        | \$ 19,110         | \$ 2,230          | \$ 871,929           |
| Taxes levied directly                      | 614,984             | -                    | -                 | -                 | 382,325           | 997,309              |
| Local operating assistance:                |                     |                      |                   |                   |                   |                      |
| General Fund/Property tax                  | 911,733             | 282,807              | -                 | 81,476            | -                 | 1,276,016            |
| Other                                      | -                   | -                    | 273,000           | 61,000            | 95,758            | 429,758              |
| Other local contracts:                     |                     |                      |                   |                   |                   |                      |
| Mun. Cr.                                   | 2,094,462           | 16,729 (a)           | 160,240 (a)       | 66,399 (a)        | -                 | 2,337,830            |
| Comm. Cr.                                  | 1,211,775           | 21,212 (a)           | 193,415 (a)       | 73,063 (a)        | -                 | 1,499,465            |
| Other MDOT/BPT contracts and reimb.:       |                     |                      |                   |                   |                   |                      |
| Act 51                                     | -                   | -                    | -                 | -                 | -                 | -                    |
| Specialized services                       | -                   | 14,753               | -                 | 6,602             | 30,484            | 51,839               |
| Other federal transit contracts and reimb. | -                   | -                    | -                 | -                 | -                 | -                    |
| Refunds/rebates/insurance proceeds         | -                   | 11,550               | -                 | 3,331             | -                 | 14,881               |
| Interest income                            | 34,145              | 540                  | -                 | 223               | 893               | 35,801               |
| <b>Total revenue</b>                       | <b>\$ 5,528,726</b> | <b>\$ 423,930</b>    | <b>\$ 739,278</b> | <b>\$ 311,204</b> | <b>\$ 511,690</b> | <b>\$ 7,514,828</b>  |
| <b>Total operating expenses</b>            | <b>\$ 7,962,238</b> | <b>\$ 454,148</b>    | <b>\$ 810,490</b> | <b>\$ 306,472</b> | <b>\$ 594,215</b> | <b>\$ 10,127,563</b> |
| Ineligible expenses:                       |                     |                      |                   |                   |                   |                      |
| SMART Municipal Credits                    | 2,094,462           | -                    | -                 | -                 | -                 | 2,094,462            |
| SMART Community Credits                    | 1,185,575           | -                    | -                 | -                 | -                 | 1,185,575            |
| State specialized services                 | -                   | 14,753               | -                 | 6,602             | 262,547           | 283,902              |
| Refunds/rebates/insurance proceeds         | -                   | 11,550               | -                 | 3,331             | -                 | 14,881               |
| Depreciation                               | 36,341              | -                    | -                 | -                 | -                 | 36,341               |
| <b>Total ineligible</b>                    | <b>3,316,378</b>    | <b>26,303</b>        | <b>-</b>          | <b>9,933</b>      | <b>262,547</b>    | <b>3,615,161</b>     |
| <b>Total eligible expenses</b>             | <b>\$ 4,645,860</b> | <b>\$ 427,845</b>    | <b>\$ 810,490</b> | <b>\$ 296,539</b> | <b>\$ 331,668</b> | <b>\$ 6,512,402</b>  |

(a) Included on SMARTS Ineligible Schedule

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information URBAN Revenue Combined Schedule State Year Ended September 30, 2014

| Description                                               | SMART<br>Directly<br>Provided | Other               | Total for<br>URBAN<br>OAR |
|-----------------------------------------------------------|-------------------------------|---------------------|---------------------------|
| Passenger fares                                           | \$ 12,388,552                 | \$ 871,929          | \$ 13,260,481             |
| Contract fares                                            | 179,926                       | -                   | 179,926                   |
| Concessions                                               | -                             | -                   | -                         |
| Advertising                                               | 601,615                       | -                   | 601,615                   |
| Other auxiliary trans revenue                             | -                             | -                   | -                         |
| Sales of maintenance services                             | -                             | -                   | -                         |
| Rental of bldgs or other property                         | 54,172                        | -                   | 54,172                    |
| Gains from the sale of capital assets                     | 69,421                        | -                   | 69,421                    |
| Other nontrans revenue                                    | 34,341                        | -                   | 34,341                    |
| Taxes levied directly                                     | 46,093,013                    | 997,309             | 47,090,322                |
| Local operating assistance                                | -                             | 1,705,774           | 1,705,774                 |
| Other local contracts - Municipal Credit Recapture        | 221,082                       | -                   | 221,082                   |
| Other local community credits                             | 378,579                       | 1,499,465           | 1,878,044                 |
| State operating assistance:                               |                               |                     |                           |
| SMART                                                     | 25,504,643                    | -                   | 25,504,643                |
| Municipal Credit                                          | 1,630,540                     | 2,337,830           | 3,968,370                 |
| Bedford                                                   | 201,818                       | -                   | 201,818                   |
| LETC Urban and Non-Urban                                  | 1,600,895                     | -                   | 1,600,895                 |
| Royal Oak Township                                        | 18,208                        | -                   | 18,208                    |
| Line-item municipal credit                                | 1,630,540                     | -                   | 1,630,540                 |
| State preventive maintenance (20% State share)            | 3,023,500                     | -                   | 3,023,500                 |
| Other MDOT/BPT contracts and reimb.:                      |                               |                     |                           |
| Specialized service grants                                | 787,819                       | 51,839              | 839,658                   |
| NOTA JARC 2007-0294 Z31                                   | 69,549                        | -                   | 69,549                    |
| Reimb for Section 5309 Admin.                             | 229                           | -                   | 229                       |
| JARC PASS THRU 2007-0294 Z45                              | 349,283                       | -                   | 349,283                   |
| NOTA New Freedom 2007-0294 Z35                            | 22,883                        | -                   | 22,883                    |
| Federal preventive maintenance -                          |                               |                     |                           |
| MI-90-0591                                                | 12,178,000                    | -                   | 12,178,000                |
| Planning/Capital cost of contracting:                     |                               |                     |                           |
| FY 2011 UWP - CONTRACT #MI-80-2002                        | 238,346                       | -                   | 238,346                   |
| FY 2015 UWP - CONTRACT #MI-80-X006                        | 68,452                        | -                   | 68,452                    |
| Reimb. For JARC Admin. MI-37-6040                         | 32,041                        | -                   | 32,041                    |
| Reimb. For JARC Admin. MI-37-6043                         | -                             | -                   | -                         |
| Reimb. For New Freedom Admin. MI-57-6007                  | 36,445                        | -                   | 36,445                    |
| Reimb. For New Freedom Admin. MI-57-6014                  | -                             | -                   | -                         |
| Reimb. For New Freedom Admin. MI-57-6018                  | -                             | -                   | -                         |
| Reimb. For Section 5309 Admin.                            | 7,241                         | -                   | 7,241                     |
| Other federal transit contracts and reimb.:               |                               |                     |                           |
| Section 5307 Lake Erie MI-90-4758                         | 411,515                       | -                   | 411,515                   |
| Section 5311 Lake Erie Non Urban MI-18-X002 2007-0294 Z32 | 176,820                       | -                   | 176,820                   |
| JARC                                                      | 459,968                       | -                   | 459,968                   |
| New Freedom                                               | 456,717                       | -                   | 456,717                   |
| Refunds, rebates, insurance proceeds                      | 391,706                       | 14,881              | 406,587                   |
| Gains from the sale of capital assets                     | -                             | -                   | -                         |
| Interest income                                           | 75,110                        | 35,801              | 110,911                   |
| Total                                                     | <u>\$ 109,392,969</u>         | <u>\$ 7,514,828</u> | <u>\$ 116,907,797</u>     |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information URBAN Expense Combined Schedule State Year Ended September 30, 2014

| Description                                                 | SMART<br>Directly<br>Provided | Other               | Total for<br>URBAN<br>OAR |
|-------------------------------------------------------------|-------------------------------|---------------------|---------------------------|
| Operators salaries & wages                                  | \$ 17,193,284                 | \$ -                | \$ 17,193,284             |
| Other salaries & wages                                      | 14,007,349                    | -                   | 14,007,349                |
| Dispatchers salaries & wages                                | 4,287,063                     | -                   | 4,287,063                 |
| Other fringe benefits                                       | 15,439,824                    | -                   | 15,439,824                |
| Pensions                                                    | 3,867,888                     | -                   | 3,867,888                 |
| Other postemployment benefits (OPEB)                        | 8,929,521                     | -                   | 8,929,521                 |
| Advertising fees                                            | 708,956                       | -                   | 708,956                   |
| Audit cost                                                  | 171,922                       | -                   | 171,922                   |
| Other services                                              | 2,155,448                     | -                   | 2,155,448                 |
| Fuel and lubricants                                         | 8,714,231                     | -                   | 8,714,231                 |
| Tires and tubes                                             | 641,758                       | -                   | 641,758                   |
| Other materials and supplies                                | 5,802,300                     | -                   | 5,802,300                 |
| Utilities                                                   | 1,529,286                     | -                   | 1,529,286                 |
| Casualty and liab. costs                                    | 5,482,954                     | -                   | 5,482,954                 |
| Other insurance                                             | -                             | -                   | -                         |
| Taxes and fees                                              | -                             | -                   | -                         |
| Purchased transportation service -                          | -                             | -                   | -                         |
| Pass-throughs that are expensed                             | 10,998,701                    | 2,165,325           | 13,164,026                |
| Travel, meetings, and training                              | 43,977                        | -                   | 43,977                    |
| Association dues and subscriptions                          | -                             | -                   | -                         |
| Loss on disposal of asset                                   | -                             | -                   | -                         |
| Other miscellaneous expenses                                | 75,765                        | -                   | 75,765                    |
| Cost overruns                                               | -                             | -                   | -                         |
| Interest on long-term debt                                  | -                             | -                   | -                         |
| Interest on short-term debt                                 | -                             | -                   | -                         |
| Interest on capital lease                                   | -                             | -                   | -                         |
| Leases and rentals                                          | -                             | -                   | -                         |
| Depreciation                                                | 12,678,712                    | -                   | 12,678,712                |
| <b>Total expenses</b>                                       | <b>\$ 112,728,939</b>         | <b>\$ 2,165,325</b> | <b>\$ 114,894,264</b>     |
| Less ineligible expenses:                                   |                               |                     |                           |
| Ineligible refunds and credits                              | \$ 391,706                    | \$ -                | \$ 391,706                |
| Ineligible depreciation                                     | 7,384,206                     | -                   | 7,384,206                 |
| Ineligible loss on disposal                                 | -                             | -                   | -                         |
| Other ineligible state contracts                            | -                             | -                   | -                         |
| Local contracts                                             | -                             | -                   | -                         |
| Unused municipal credits                                    | 221,082                       | -                   | 221,082                   |
| Preventive maintenance Federal (MI-90-0591)                 | 12,178,000                    | -                   | 12,178,000                |
| State Preventive Maintenance 2002-0088 Z20                  | 3,023,500                     | -                   | 3,023,500                 |
| Planning/Cap. Cost of contracting                           | 306,798                       | -                   | 306,798                   |
| Admin expense paid by JARC                                  | 32,041                        | -                   | 32,041                    |
| Admin expense paid by New Freedom                           | 36,445                        | -                   | 36,445                    |
| Admin expense paid by section 5309                          | 7,241                         | -                   | 7,241                     |
| Other state contracts:                                      | -                             | -                   | -                         |
| Pass-through ineligible                                     | 6,964,141                     | -                   | 6,964,141                 |
| Section 5307 Lake Erie MI-90-4758                           | 411,515                       | -                   | 411,515                   |
| Section 5311 Lake Erie MI-18-X002                           | 176,820                       | -                   | 176,820                   |
| Non-Trans and misc ineligible associated w/aux and nontrans | -                             | -                   | -                         |
| Ineligible pension                                          | (428,083)                     | -                   | (428,083)                 |
| Ineligible OPEB                                             | 2,408,574                     | -                   | 2,408,574                 |
| <b>Total ineligible</b>                                     | <b>33,113,986</b>             | <b>-</b>            | <b>33,113,986</b>         |
| <b>Total eligible expenses</b>                              | <b>\$ 79,614,953</b>          | <b>\$ 2,165,325</b> | <b>\$ 81,780,278</b>      |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Combined Urban Regular Service Revenue Report Year Ended September 30, 2014

| Description                                                      | Amount                |
|------------------------------------------------------------------|-----------------------|
| Passenger fares                                                  | \$ 13,260,481         |
| Contract fares                                                   | 179,926               |
| Package delivery/Meals on Wheels                                 | -                     |
| Incidental charter service revenue                               | -                     |
| Auxiliary transportation revenue (explain):                      |                       |
| .10 Concessions                                                  | -                     |
| .15 Advertising                                                  | 601,615               |
| .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                        | 54,172                |
| .25 Parking lot revenue                                          | -                     |
| .60 Gains from the sales of capital assets                       | 69,421                |
| .99 Other nontransportation revenue                              | 34,341                |
| Taxes levied directly by transit system                          | 47,090,322            |
| Local cash grants and reimbursements (explain):                  |                       |
| .10 Local operating assistance                                   | 1,705,774             |
| .20 Single business tax                                          | -                     |
| .99 Other local contracts                                        | 221,082               |
| .99 Other local contracts (Community Credit Program)             | 1,878,044             |
| State formula and contracts:                                     |                       |
| .01 State operating assistance SMART                             | 25,504,643            |
| .01 State operating assistance CBS MUNICIPAL CREDITS             | 3,968,370             |
| .01 State operating assistance LAKE ERIE BEDFORD ROYAL OAK       | 1,820,921             |
| .10 Line item municipal credits                                  | 1,630,540             |
| .11 Preventive maintenance                                       | 3,023,500             |
| .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                     | 1,281,602             |
| Federal contracts:                                               |                       |
| .01 Section 5311 LAKE ERIE                                       | 176,820               |
| .02 Section 5307 LAKE ERIE                                       | 411,515               |
| .11 Preventive maintenance                                       | 12,178,000            |
| .12 Capital cost of contracting                                  | 306,798               |
| .13 Capital contract reimbursement for administrative expenses   | 75,727                |
| .99 Other planning                                               | -                     |
| .99 Other CMAQ SMART                                             | -                     |
| .99 Other CMAQ LAKE ERIE                                         | -                     |
| .99 Other federal contracts and reimbursements                   | 916,685               |
| Interest income                                                  | 110,911               |
| Refunds and credits                                              | 406,587               |
| <b>Total Revenue</b>                                             | <b>\$ 116,907,797</b> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Combined Urban Regular Service Expense Report Year Ended September 30, 2014

|                                                               | Operations    | Maintenance   | Gen. Admin.   | Total          |
|---------------------------------------------------------------|---------------|---------------|---------------|----------------|
| Labor:                                                        |               |               |               |                |
| 01 Oper salary and wages                                      | \$ 17,193,284 | \$ -          | \$ -          | \$ 17,193,284  |
| 02 Other salary and wages                                     | -             | 5,679,208     | 8,328,141     | 14,007,349     |
| 03 Disp salary and wages                                      | 4,287,063     | -             | -             | 4,287,063      |
| Fringe benefits                                               | 7,874,310     | 3,087,965     | 4,477,549     | 15,439,824     |
| Postemployment benefits                                       | 4,554,056     | 1,785,904     | 2,589,561     | 8,929,521      |
| Pension                                                       | 1,972,622     | 773,578       | 1,121,688     | 3,867,888      |
| Services:                                                     |               |               |               |                |
| 01 Audit                                                      | -             | -             | 171,922       | 171,922        |
| 02 Advertising fees                                           | -             | -             | 708,956       | 708,956        |
| 99 Other services                                             | 86,547        | 939,022       | 1,129,879     | 2,155,448      |
| Materials and supp. cons.:                                    |               |               |               |                |
| 01 Fuel and lubricants                                        | 8,714,231     | -             | -             | 8,714,231      |
| 02 Tires and tubes                                            | 641,758       | -             | -             | 641,758        |
| 99 Other materials and supplies                               | 572,577       | 5,029,021     | 200,702       | 5,802,300      |
| Utilities                                                     | -             | -             | 1,529,286     | 1,529,286      |
| Casual and liability costs:                                   |               |               |               |                |
| 03 Premium for public liability                               | 5,414,931     | -             | -             | 5,414,931      |
| 99 Other insurance                                            | -             | 68,023        | -             | 68,023         |
| Taxes                                                         | -             | -             | -             | -              |
| Purchased transportation service on SMART F/S                 | 10,998,701    | -             | -             | 10,998,701     |
| Purchased transportation service POS STAR and community based | 2,165,325     | -             | -             | 2,165,325      |
| Miscellaneous expense:                                        |               |               |               |                |
| 02 Travel and meetings                                        | -             | -             | 43,977        | 43,977         |
| 03 Dues and subscriptions                                     | -             | -             | -             | -              |
| 09 Loss on disposal of asset                                  | -             | -             | -             | -              |
| 99 Other overruns                                             | -             | -             | -             | -              |
| 99 Other miscellaneous expense                                | -             | -             | 75,765        | 75,765         |
| Interest expense:                                             |               |               |               |                |
| 01 Interest on long-term debt                                 | -             | -             | -             | -              |
| 02 Interest on short-term debt                                | -             | -             | -             | -              |
| Leases and rentals                                            | -             | -             | -             | -              |
| Depreciation                                                  | -             | -             | 12,678,712    | 12,678,712     |
| Total expenses                                                | \$ 64,475,405 | \$ 17,362,721 | \$ 33,056,138 | \$ 114,894,264 |
| Less ineligible expenses:                                     |               |               |               |                |
| Ineligible depreciation                                       | \$ -          | \$ -          | \$ 7,384,206  | \$ 7,384,206   |
| Ineligible loss on disposal                                   | -             | -             | -             | -              |
| Ineligible refunds and credits                                | -             | -             | 391,706       | 391,706        |
| Local contracts                                               | -             | -             | -             | -              |
| Preventive maintenance (MI-90-0591)                           | -             | 12,178,000    | -             | 12,178,000     |
| Planning/Cap. Cost of contracting                             | -             | -             | 306,798       | 306,798        |
| Admin expense paid by JARC                                    | -             | -             | 32,041        | 32,041         |
| Admin expense paid by New Freedom                             | -             | -             | 36,445        | 36,445         |
| Admin expense paid by section 5309                            | -             | -             | 7,241         | 7,241          |
| Other ineligible federal/state/local:                         | -             | -             | -             | -              |
| Unused municipal credits                                      | 221,082       | -             | -             | 221,082        |
| Other state contracts:                                        |               |               |               |                |
| Pass-through ineligible                                       | 6,964,141     | -             | -             | 6,964,141      |
| Section 5307 Lake Erie MI-90-4758                             | 411,515       | -             | -             | 411,515        |
| Section 5311 Lake Erie MI-18-X002                             | 176,820       | -             | -             | 176,820        |
| Transit user study MI-80-002 2202-0088 Z8                     | -             | -             | -             | -              |
| State preventive maintenance 2002-0088 Z20                    | 3,023,500     | -             | -             | 3,023,500      |
| Ineligible interest                                           | -             | -             | -             | -              |
| MPTA dues (7.10% INELIG.)                                     | -             | -             | -             | -              |
| CTAA dues (1.66% INELIG.)                                     | -             | -             | -             | -              |
| APTA dues (14.00% INELIG.)                                    | -             | -             | -             | -              |
| Ineligible pension                                            | -             | -             | (428,083)     | (428,083)      |
| Ineligible OPEB                                               | -             | -             | 2,408,574     | 2,408,574      |
| Other ineligible:                                             |               |               |               |                |
| Cost overruns                                                 | -             | -             | -             | -              |
| Garnishments                                                  | -             | -             | -             | -              |
| Total ineligible expenses                                     | 10,797,058    | 12,178,000    | 10,138,928    | 33,113,986     |
| Total eligible expenses                                       | \$ 53,678,347 | \$ 5,184,721  | \$ 22,917,210 | \$ 81,780,278  |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information SMART Combined Urban Regular Service Nonfinancial Report Year Ended September 30, 2014

| DESCRIPTION               | WEEKDAYS  | SATURDAY | SUNDAY  | TOTAL      |
|---------------------------|-----------|----------|---------|------------|
| <b>FIXED ROUTE</b>        |           |          |         |            |
| PUBLIC SERVICE            |           |          |         |            |
| VEHICLE HOURS             | 562,382   | 51,691   | 25,378  | 639,451    |
| VEHICLE MILES             | 9,398,210 | 873,447  | 434,514 | 10,706,171 |
| MISCELLANEOUS INFORMATION |           |          |         |            |
| CHARTER SERVICE HOURS     | -         | -        | -       | -          |
| CHARTER SERVICE MILES     | -         | -        | -       | -          |
| <b>CONNECTOR</b>          |           |          |         |            |
| PUBLIC SERVICE            |           |          |         |            |
| VEHICLE HOURS             | 200,469   | 4,226    | 655     | 205,350    |
| VEHICLE MILES             | 3,645,877 | 89,001   | 16,143  | 3,751,021  |
| 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, 2014

| Description                                                      | Amount           |
|------------------------------------------------------------------|------------------|
| Passenger fares                                                  | \$ 1,260         |
| Contract fares                                                   | -                |
| Package delivery/ Meals on Wheels                                | -                |
| Incidental charter service revenue                               | -                |
| Auxiliary transportation revenue (explain):                      |                  |
| .10 Concessions                                                  | -                |
| .15 Advertising                                                  | -                |
| .20 Intercity ticket sales                                       | -                |
| .99 Other auxiliary transportation revenue                       | -                |
| Nontransportation revenue (explain):                             |                  |
| .10 Sale of maintenance services                                 | -                |
| .15 Rental of revenue vehicles                                   | -                |
| .20 Rental of buildings or other property                        | -                |
| .25 Parking lot revenue                                          | -                |
| .60 Gains from the sales of capital assets                       | -                |
| .99 Other nontransportation revenue                              | -                |
| Taxes levied directly by transit system                          | -                |
| Local cash grants and reimbursements (explain):                  |                  |
| .10 Local operating assistance                                   | 60,000           |
| .20 Single business tax                                          | -                |
| .99 Other local contracts (Community Credit Program)             | 5,959            |
| State formula and contracts:                                     |                  |
| .01 State operating assistance                                   | 28,427           |
| .10 Line item municipal credits                                  | 2,394            |
| .11 Preventive maintenance                                       | -                |
| .12 Capital cost of contracting                                  | -                |
| .13 Capital contract reimbursement for administrative expenses   | -                |
| .14 Other capital contract reimbursements for operating expenses | -                |
| .99 Other state contracts and reimbursements                     | -                |
| Federal contracts:                                               |                  |
| .01 Section 5311                                                 | -                |
| .02 Section 5307                                                 | -                |
| .11 Preventive maintenance                                       | -                |
| .12 Capital cost of contracting                                  | -                |
| .13 Capital contract reimbursement for administrative expenses   | -                |
| .14 Other capital contract reimbursements for operating expenses | -                |
| .98 RTAP                                                         | -                |
| .99 Other federal contracts and reimbursements                   | -                |
| Interest income                                                  | -                |
| Contributed service                                              | -                |
| Total revenue                                                    | <u>\$ 98,040</u> |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Royal Oak Twp. Urban Regular Service Expense Report Year Ended September 30, 2014

|                                     | Operations | Maintenance | Gen. Admin. | Total     |
|-------------------------------------|------------|-------------|-------------|-----------|
| Labor:                              |            |             |             |           |
| 01 Oper salary and wages            | \$ 7,510   | \$ -        | \$ -        | \$ 7,510  |
| 02 Other salary and wages           | 22,058     | -           | 7,920       | 29,978    |
| 03 Disp salary and wages            | 20,506     | -           | -           | 20,506    |
| Fringe benefits                     | 277        | -           | -           | 277       |
| Services:                           |            |             |             |           |
| 01 Audit                            | -          | -           | -           | -         |
| 02 Advertising fees                 | 1,011      | -           | -           | 1,011     |
| 99 Other services                   | -          | -           | 9,130       | 9,130     |
| Materials and supp. Cons.:          |            |             |             |           |
| 01 Fuel and lubricants              | 3,881      | -           | -           | 3,881     |
| 02 Tires and tubes                  | 374        | -           | -           | 374       |
| 99 Other materials and supplies     | 2,166      | 918         | -           | 3,084     |
| Utilities                           | 6,868      | -           | -           | 6,868     |
| Casual and liability costs:         |            |             |             |           |
| 03 Premium for public liability     | -          | -           | -           | -         |
| 99 Other insurance                  | -          | -           | -           | -         |
| Taxes                               | -          | -           | -           | -         |
| Purchased transportation service    | -          | -           | -           | -         |
| Miscellaneous expense:              |            |             |             |           |
| 02 Travel and meetings              | -          | -           | -           | -         |
| 99 Other miscellaneous expense      | 336        | -           | -           | 336       |
| Interest expense:                   |            |             |             |           |
| 01 Interest on long-term debt       | -          | -           | -           | -         |
| 02 Interest on short-term debt      | -          | -           | -           | -         |
| Leases and rentals                  | -          | -           | -           | -         |
| Depreciation                        | -          | -           | -           | -         |
| Total expenses                      | \$ 64,987  | \$ 918      | \$ 17,050   | \$ 82,955 |
| 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             | \$ 64,987  | \$ 918      | \$ 17,050   | \$ 82,955 |

# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information Royal Oak Twp. Urban Regular Service Nonfinancial Report Year Ended September 30, 2014

| DESCRIPTION               | WEEKDAYS | SATURDAY | SUNDAY | TOTAL  |
|---------------------------|----------|----------|--------|--------|
| <b>FIXED ROUTE</b>        |          |          |        |        |
| PUBLIC SERVICE            |          |          |        |        |
| VEHICLE HOURS             | -        | -        | -      | -      |
| VEHICLE MILES             | -        | -        | -      | -      |
| MISCELLANEOUS INFORMATION |          |          |        |        |
| CHARTER SERVICE HOURS     | -        | -        | -      | -      |
| CHARTER SERVICE MILES     | -        | -        | -      | -      |
| <b>CONNECTOR</b>          |          |          |        |        |
| PUBLIC SERVICE            |          |          |        |        |
| VEHICLE HOURS             | 1,787    | -        | -      | 1,787  |
| VEHICLE MILES             | 10,052   | -        | -      | 10,052 |
| MISCELLANEOUS INFORMATION |          |          |        |        |
| 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**

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## **Notes to Other Supplemental Information**

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

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

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

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

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

- (4) Expenses for 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**

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**Federal Awards  
Supplemental Information  
June 30, 2015**

# Suburban Mobility Authority for Regional Transportation

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Report on Schedule of Expenditures of Federal Awards  
Required by OMB Circular A-133

Independent Auditor's Report

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

We have audited the financial statements of the Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 6, 2015, which contained unmodified opinions on the financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. We have not performed any procedures with respect to the audited financial statements subsequent to November 6, 2015.

The accompanying schedule of expenditures of federal awards and reconciliation of basic financial statements federal revenue with schedule of expenditures of federal awards are presented for the purpose of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 6, 2015

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

Independent Auditor's Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the Suburban Mobility Authority for Regional Transportation (the "Authority") as of and for the year ended June 30, 2015, and related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 6, 2015.

**Internal Control Over Financial Reporting**

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

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

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

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

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Plante & Moran, PLLC*

November 6, 2015

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

Independent Auditor's Report

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

**Report on Compliance for Each Major Federal Program**

We have audited the Suburban Mobility Authority for Regional Transportation's compliance 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, 2015. The Suburban Mobility Authority for Regional Transportation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Suburban Mobility Authority for Regional Transportation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

### ***Opinion on Each Major Federal Program***

In our opinion, the Suburban Mobility Authority for Regional Transportation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended June 30, 2015.

### **Report on Internal Control Over Compliance**

Management of the Suburban Mobility Authority for Regional Transportation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Suburban Mobility Authority for Regional Transportation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Plante & Moran, PLLC*

November 6, 2015

# Suburban Mobility Authority for Regional Transportation

## Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

| Federal Agency/Pass-through Agency/Program Title                                                                                                          | Identifying Number | CFDA Number | Project Number   | Federal Expenditures |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|-------------|------------------|----------------------|
| U.S. Department of Transportation - Direct programs:                                                                                                      |                    |             |                  |                      |
| Federal Transit Cluster:                                                                                                                                  |                    |             |                  |                      |
| Investment Grants:                                                                                                                                        |                    |             |                  |                      |
| Capital Assistance                                                                                                                                        | N/A                | 20.500      | MI-04-0025       | \$ 637,116           |
| Capital Assistance                                                                                                                                        | N/A                | 20.500      | MI-04-0040       | 175,923              |
| Capital Assistance                                                                                                                                        | N/A                | 20.500      | MI-04-0062       | 22                   |
| Capital Assistance                                                                                                                                        | N/A                | 20.500      | MI-04-0073       | 4,980,000            |
| Capital Assistance                                                                                                                                        | N/A                | 20.500      | MI-04-0091       | 1,087,980            |
| Capital Assistance                                                                                                                                        | N/A                | 20.500      | MI-2012-0170 P28 | 710,686              |
| Total Federal Transit - Investment Grants                                                                                                                 |                    |             |                  | 7,591,727            |
| Formula Grants:                                                                                                                                           |                    |             |                  |                      |
| ARRA Capital Assistance                                                                                                                                   | N/A                | 20.507      | MI-96-0007       | 1,016,058            |
| Capital Assistance                                                                                                                                        | N/A                | 20.507      | MI-90-0591       | 22,063               |
| Capital Assistance                                                                                                                                        | N/A                | 20.507      | MI-90-0756       | 292,307              |
| Capital Assistance                                                                                                                                        | N/A                | 20.507      | MI-90-0678       | 784,304              |
| Capital Assistance                                                                                                                                        | N/A                | 20.507      | MI-90-0758       | 535,819              |
| Operating Assistance (Monroe) FY14                                                                                                                        | N/A                | 20.507      | MI-90-0678       | 102,878              |
| Operating Assistance (Monroe) FY15                                                                                                                        | N/A                | 20.507      | MI-90-0678       | 308,619              |
| Capital Assistance                                                                                                                                        | N/A                | 20.507      | MI-90-0679       | 62,247               |
| Capital Assistance                                                                                                                                        | N/A                | 20.507      | MI-95-0077       | 5,694,476            |
| Total Federal Transit - Formula Grants                                                                                                                    |                    |             |                  | 8,818,771            |
| Total Federal Transit Cluster                                                                                                                             |                    |             |                  | 16,410,498           |
| Transit Services Program Cluster:                                                                                                                         |                    |             |                  |                      |
| Section 5310                                                                                                                                              | 2007-0294 Z48      | 20.513      | MI-16-X004       | 11,114               |
| Section 5310                                                                                                                                              | 2012-0170 P6       | 20.513      | MI-16-X005       | 585,538              |
| Section 5310                                                                                                                                              | 2012-0170 P16      | 20.513      | MI-16-X004       | 35,339               |
| SMART JARC Capital                                                                                                                                        | N/A                | 20.516      | MI-37-0040       | 63,824               |
| SMART JARC Program Mob Mgt                                                                                                                                | N/A                | 20.516      | MI-37-0043       | 47,262               |
| SMART JARC Program Mob Mgt                                                                                                                                | N/A                | 20.516      | MI-37-0050       | 146,370              |
| SMART JARC Program Operating                                                                                                                              | N/A                | 20.516      | MI-37-4043       | 368,765              |
| SMART JARC Program Operating                                                                                                                              | N/A                | 20.516      | MI-37-4050       | 45,350               |
| SMART JARC Program Admin                                                                                                                                  | N/A                | 20.516      | MI-37-6043       | 30,166               |
| SMART JARC Capital                                                                                                                                        | N/A                | 20.516      | MI-37-0050       | 475                  |
| Section 5316 JARC NON-URBAN NOTA                                                                                                                          | 2012-0170 P5       | 20.516      | MI-37-0047       | 34,775               |
| Section 5316 JARC NON-URBAN NOTA                                                                                                                          | 2012-0170 P13      | 20.516      | MI-37-0047       | 29,573               |
| Section 5317 New Freedom Operating                                                                                                                        | N/A                | 20.521      | MI-57-4007       | 100                  |
| Section 5317 New Freedom Program Admin                                                                                                                    | N/A                | 20.521      | MI-57-6024       | 347                  |
| Section 5317 New Freedom Capital (MM)                                                                                                                     | N/A                | 20.521      | MI-57-0018       | 40,992               |
| Section 5317 New Freedom Operating                                                                                                                        | N/A                | 20.521      | MI-57-4018       | 145,703              |
| Section 5317 New Freedom Program Admin                                                                                                                    | N/A                | 20.521      | MI-57-6018       | 27,641               |
| Section 5317 New Freedom Operating                                                                                                                        | N/A                | 20.521      | MI-57-0024       | 217,273              |
| Section 5317 NEW FREEDOM NON-URBAN NOTA                                                                                                                   | 2012-0170 P15      | 20.521      | MI-57-0010       | 17,449               |
| Section 5317 NEW FREEDOM NON-URBAN NOTA                                                                                                                   | 2012-0170 P31      | 20.521      | MI-57-0010       | 8,943                |
| Total Transit Services Program Cluster                                                                                                                    |                    |             |                  | 1,856,999            |
| Total Direct programs                                                                                                                                     |                    |             |                  | 18,267,497           |
| U.S. Department of Transportation - Pass-through programs from the State of Michigan Department of Transportation:                                        |                    |             |                  |                      |
| Operating Assist. - SEC 5311 (2014)                                                                                                                       | 2012-0170 P27      | 20.509      | MI-18-0055       | 42,445               |
| Operating Assist. - SEC 5311 (2015)                                                                                                                       | 2012-0170 P33      | 20.509      | MI-18-0055       | 134,100              |
|                                                                                                                                                           |                    |             |                  | 176,545              |
| U.S. Department of Transportation - Pass-through programs from the Southeast Michigan Council of Governments - Planning and Technical Studies UWP Program |                    |             |                  |                      |
|                                                                                                                                                           | N/A                | 20.505      | MI-80-X006       | 305,490              |
| Total Pass-through programs                                                                                                                               |                    |             |                  | 482,035              |
| Total federal awards                                                                                                                                      |                    |             |                  | \$ 18,749,532        |

## **Suburban Mobility Authority for Regional Transportation**

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### **Reconciliation of Basic Financial Statements Federal Revenue with Schedule of Expenditures of Federal Awards Year Ended June 30, 2015**

|                                                                                                                |                             |
|----------------------------------------------------------------------------------------------------------------|-----------------------------|
| Revenue from federal sources - As reported on financial statements<br>(includes all funds)                     | \$ 1,973,734                |
| Add federal portion of capital contributions - As reported on the financial<br>statements (includes all funds) | <u>16,775,798</u>           |
| Federal expenditures per the schedule of expenditures of federal awards                                        | <u><b>\$ 18,749,532</b></u> |

# **Suburban Mobility Authority for Regional Transportation**

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## **Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015**

### **Note 1 - Basis of Presentation**

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal grant activity of the Suburban Mobility Authority for Regional Transportation under programs of the federal government for the year ended June 30, 2015. 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*.

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

### **Note 2 - Summary of Significant Accounting Policies**

Expenditures reported on the Schedule are reported on the full accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Pass-through entity identifying numbers are presented where available.

# Suburban Mobility Authority for Regional Transportation

## Notes to Schedule of Expenditures of Federal Awards Year Ended June 30, 2015

### Note 3 - Subrecipient Awards

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

| Federal Program Title                    | CFDA Number | Amount<br>Provided to<br>Subrecipients |
|------------------------------------------|-------------|----------------------------------------|
| Lake Erie Transit Corporation:           |             |                                        |
| Operating Assistance Section 5307        | 20.507      | \$ 411,497                             |
| Operating Assistance Section 5311        | 20.509      | 176,545                                |
| Total Lake Erie Transit Corporation      |             | 588,042                                |
| North Oakland Transportation Authority - |             |                                        |
| Section 5316 JARC                        | 20.516      | 151,343                                |
| Richmond Lenox:                          |             |                                        |
| Section 5316 JARC                        | 20.516      | 82,822                                 |
| Section 5317 New Freedom                 | 20.521      | 41,440                                 |
| Total Richmond Lenox                     |             | 124,262                                |
| Macomb County Community Service Agency - |             |                                        |
| Section 5317 New Freedom                 | 20.521      | 105,625                                |
| Downriver Community Conference:          |             |                                        |
| Section 5316 JARC                        | 20.516      | 89,403                                 |
| Section 5317 New Freedom                 | 20.521      | 51,631                                 |
| Total Downriver Community Conference     |             | 141,034                                |
| Jewish Family Services:                  |             |                                        |
| Section 5316 JARC                        | 20.516      | 165,123                                |
| Section 5317 New Freedom                 | 20.521      | 108,058                                |
| Total Jewish Family Services             |             | 273,181                                |
| Program to Educate Cyclists:             |             |                                        |
| Section 5316 JARC                        | 20.516      | 119,056                                |
| Section 5317 New Freedom                 | 20.521      | 97,314                                 |
| Total Program to Educate Cyclists        |             | 216,370                                |
| Total amount provided to subrecipients   |             | \$ 1,599,857                           |

# Suburban Mobility Authority for Regional Transportation

## Schedule of Findings and Questioned Costs Year Ended June 30, 2015

### Section I - Summary of Auditor's Results

#### Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes   X   No

#### Federal Awards

Internal control over major programs:

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

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

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133?

\_\_\_\_\_ Yes   X   No

Identification of major programs:

| 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: \$562,486

Auditee qualified as low-risk auditee? \_\_\_\_\_ Yes   X   No

### Section II - Financial Statement Audit Findings

None

### Section III - Federal Program Audit Findings

None