



*Suburban Mobility Authority for Regional Transportation*

**Financial Report  
with Supplemental Information  
June 30, 2019**



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## **Independent Auditor's Report**

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

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

We have audited the accompanying basic financial statements of the Suburban Mobility Authority for Regional Transportation (the "Authority" or SMART) as of and for the years ended June 30, 2019 and 2018 and the related notes to the financial statements.

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

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

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

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

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

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

#### ***Opinion***

In our opinion, the basic financial statements referred to above present fairly, in all material respects, the financial position of the Suburban Mobility Authority for Regional Transportation as of June 30, 2019 and 2018 and the changes in its financial position and its cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors  
Suburban Mobility Authority for  
Regional Transportation

**Other Matters**

*Required Supplemental Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required 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 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The accompanying other supplemental information has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and, accordingly, we do not express an opinion or provide any assurance on it.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2019 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.



November 12, 2019

# Suburban Mobility Authority for Regional Transportation

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## Management's Discussion and Analysis

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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, 2019 and 2018 and does not purport to make any statement regarding the future operations of the organization. While SMART is an instrumentality of the State of Michigan, it is not a component of the State, as defined by the Governmental Accounting Standards Board (GASB).

### ***Using This Annual Report***

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

### ***Financial Highlights***

- Total operating revenue has decreased in fiscal year 2018-2019 (FY 2019) as compared to fiscal year 2017-2018 (FY 2018). This total operating revenue decrease is 11 percent, or approximately \$1.6 million. The decrease is due to a net \$2.2 million decline in other operating income and an increase of approximately \$577,000 in fare revenue.
- The fare revenue trend, which has been a downward trend in recent fiscal years, has now turned around due to the FAST program. SMART was able to achieve a 5 percent, or \$577,000, fare increase from \$11.4 million in fare revenue in FY 2018 to \$12.0 million in FY 2019. For comparative purposes, prior year fare revenue declined by \$200,000 in FY 2018, \$400,000 in FY 2017, and \$500,000 in FY 2016.
- SMART experienced an overall increase in ridership during FY 2019 with average weekday ridership growing by 4.5 percent. SMART also saw an increase in average Saturday service of 11.5 percent and an average Sunday service of 12.5 percent. Overall, total trips taken on fixed routes for FY 2019 was over 8,610,000. This is a 440,000 fixed route trip increase compared to FY 2018.
- SMART's implementation of the FAST service is the main reason ridership has increased in FY 2019. The FAST service is a limited stop service on three corridors: Gratiot Avenue in Wayne/Macomb Counties, Woodward Avenue in Wayne/Oakland Counties, and Michigan Avenue, with connections to Metropolitan Airport, in Wayne, County exclusively. Average weekday ridership grew by 23.2 percent on these corridors during FY 2019. This increase is impressive given the trend across the country is still decreasing ridership due to the economy and the influx of other transportation services. SMART has invested in infrastructure improvements along the FAST corridors with the installation of enhanced bus shelters and real-time arrival screens and providing Wi-Fi services on FAST buses. These improvements improve the overall rider experience. The increase in ridership can also be attributed to the FAST service providing frequent service with limited stops that result in a quicker trip to their destination than traditional bus service allows. This feature of the FAST service not only attracts those individuals who are bus dependent, but also new choice riders who are utilizing public transit compared to other modes of transportation.
- The other component of total operating revenue is other operating income. This revenue component had an actual overall \$2.2 million or 65 percent decrease in revenue compared to FY 2018. The Authority did anticipate in its FY 2019 operating budget this reduction in other operating revenue. This is primarily due to the Authority not requesting from the State Regional Transit Authority (RTA) a revenue contribution of approximately \$2.4 million for the Reflex or FAST service. The Authority did see a \$200,000 or 26 percent increase in advertising, rental, and miscellaneous operating revenue, which are accounted for within this line item also.

## Suburban Mobility Authority for Regional Transportation

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

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- Nonoperating revenue increased by \$20.2 million, or 18 percent, in FY 2019 compared to FY 2018. SMART increased the utilization of federal and state grant dollars and preventive maintenance dollars by \$11.5 million or 27 percent. (\$2.5 million in preventative maintenance revenue increase and \$8.9 million in federal and state grant revenue increases). Investment earnings increased \$1.5 million, and local property tax contributions increased an additional \$4.4 million due to improving property values in the tricounty area. Nonoperating miscellaneous revenue, such as insurance refunds and losses on the sale of assets, increased \$2.7 million for the fiscal year due to the one-time loss recognition on the sale of assets in FY 2018 of \$2.8 million.
- In FY 2019, operating expenses of \$118.3 million, before depreciation, are \$8.2 million higher than FY 2018. This is primarily due to an increase of \$6.3 million in salary and fringe benefit costs to authority staff and additional employer contributions toward the other postemployment benefit (OPEB) liability and employee defined benefit pension liability. Salary and fringe benefit increases are due to the filling of open positions within the Authority. Contract negotiations are still ongoing as of June 30, 2019. The Authority saw an increase in insurance costs of \$1.1 million and operating expenses of approximately \$370,000 in FY 2019. The \$370,000 increase is specifically within material and supplies and contractual service cost centers for the fiscal year presented.
- Capital contribution spending in FY 2019 amounted to \$30.4 million. This is an increase of \$2.5 million or 9 percent for FY 2019. Spending \$30.4 million is a continuing result of the increased millage rate, allowing SMART to use federal capital funds to purchase capital assets, (i.e., bus replacement and facility rehabilitation), rather than using these funds for preventive maintenance in the operating budget as had been done prior to FY 2016.
- Deferred inflows of resources of \$25.2 million are directly related to the mandatory adoption of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*, in FY 2015 and GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in FY 2018. See Notes 10 (for pension) and 12 (for OPEB) in the notes to the financial statements for additional information.
- Current liabilities increased by \$1.6 million primarily due to an increase in accounts payable of \$1.6 million.
- Net position, which is detailed later, increased by \$42.4 million to \$76.3 million, which is a combination of the \$11.8 million increase in net investment in capital assets and \$30.6 million increase in unrestricted net position due to FY 2019 financial activity and the implementation of GASB 75 in FY 2018.

# Suburban Mobility Authority for Regional Transportation

## Management's Discussion and Analysis (Continued)

### The Authority's Net Position

A summary of SMART's assets, liabilities, deferred outflows and inflows, and net position at June 30, 2019, 2018, and 2017 follows:

	2017	2018	2019
<b>Assets</b>			
Current and other assets:			
Cash and investments	\$ 87,468,921	\$ 110,877,845	\$ 129,462,570
Receivables	27,710,440	17,380,853	29,718,396
Other assets	3,836,941	3,419,937	3,451,365
Capital assets	99,929,247	111,417,330	123,256,998
Total assets	218,945,549	243,095,965	285,889,329
<b>Deferred Outflows of Resources</b>	24,017,784	7,471,392	37,766,920
<b>Liabilities</b>			
Current liabilities	27,035,683	23,006,636	24,620,559
Noncurrent liabilities	99,797,428	184,809,068	197,543,142
Total liabilities	126,833,111	207,815,704	222,163,701
<b>Deferred Inflows of Resources</b>	1,886,789	8,851,659	25,169,566
<b>Net Position</b>			
Net investment in capital assets	99,929,247	111,417,330	123,256,998
Restricted	209,006	250,801	216,367
Unrestricted	14,105,180	(77,768,137)	(47,150,383)
Total net position	<u>\$ 114,243,433</u>	<u>\$ 33,899,994</u>	<u>\$ 76,322,982</u>

Note: 2018 amounts above include the net OPEB liability of \$126.8 million following the implementation of GASB 75. The amounts for 2017 have not been adjusted for the new standard.

SMART's current assets, including restricted cash, had a net increase of \$31.0 million, which represents a 23.5 percent increase compared to FY 2018. Restricted cash remained relatively steady at \$216,000 at the end of FY 2019.

Amounts invested in capital assets increased 11 percent from a year ago, increasing \$11.8 million to \$123.3 million. The current year increase is due to current year net capital asset purchases exceeding depreciation expense.

Unrestricted net position, the portion of net position that can be used to finance day-to-day operations, increased by \$30.6 million from FY 2018. This change in unrestricted net position represents an unrestricted net position balance increase of 39 percent. The overall negative unrestricted net position balance is still a negative amount totaling \$(47,150,383) and is due to SMART implementing the required GASB Statement No. 75 other postemployment benefit accounting standard and recording the associated net liability of \$111,317,403 as a prior period adjustment in FY 2018.

# Suburban Mobility Authority for Regional Transportation

## Management's Discussion and Analysis (Continued)

### *The Authority's Changes in Net Position*

	2017	2018	2019
<b>Operating Revenue</b>	\$ 14,657,121	\$ 14,776,615	\$ 13,139,615
<b>Operating Expenses</b>	125,038,883	124,373,828	133,911,478
<b>Operating Loss</b>	(110,381,762)	(109,597,213)	(120,771,863)
<b>Nonoperating Revenue</b>	117,274,894	112,600,706	132,755,534
<b>Income - Before capital contributions</b>	6,893,132	3,003,493	11,983,671
<b>Capital Contributions</b>	28,440,307	27,970,471	30,439,317
<b>Change in Net Position</b>	35,333,439	30,973,964	42,422,988
<b>Net Position - Beginning of year, as restated</b>	78,909,994	2,926,030	33,899,994
<b>Net Position - End of year</b>	<b>\$ 114,243,433</b>	<b>\$ 33,899,994</b>	<b>\$ 76,322,982</b>

As described earlier in financial highlights, total operating revenue has decreased slightly in FY 2019 as compared to FY 2018. This total operating revenue decrease is just over 11 percent or approximately \$1.6 million for the fiscal year. An analysis of this decrease discloses that actual fare revenue is up approximately 5 percent due to the FAST program, while other operating revenue decreased 65 percent for the fiscal year due to the planned reduction in revenue from the RTA in the area of operating revenue. The net fare increase offsets the loss in other operating revenue, resulting in the overall operating revenue decrease in FY 2019 of \$1.6 million.

Operating expenses before depreciation are \$8.2 million higher than FY 2018. This is primarily due to an increase of \$6.3 million in salary and fringe benefit costs to authority staff and additional employer contributions toward the other postemployment benefit (OPEB) liability and employee defined benefit pension liability. Salary and fringe benefit increases are due to the filling of open positions within the Authority. Contract negotiations are still ongoing as of June 30, 2019.

### **Capital Assets and Debt Administration**

The Authority continues to invest in infrastructure, equipment, and vehicles. SMART had \$123.3 million and \$111.4 million invested in capital assets as of June 30, 2019 and 2018, respectively. During FY 2019, SMART had total capital asset additions of approximately \$27.8 million, consisting primarily of \$24.7 million for new vehicles, \$1.6 million in facility and bus equipment, and \$1.5 in building 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 Budgets and Rates**

The Regional Transit Authority (RTA) is the designated recipient for federal funds to the tricounty urbanized area consisting of Wayne, Oakland, and Macomb counties. A portion of these funds is passed through to SMART. The current allocation of Section 5307 federal capital funding passed through the RTA is 50.0 percent to SMART, 49.0 percent to DDOT, and 1 percent to the Detroit Transportation Corporation (the People Mover). It is anticipated for FY 2020 that the Section 5307 federal capital funding passed through the RTA will again be 50.0 percent to SMART, 49.0 percent to DDOT, and 1 percent to the Detroit Transportation Corporation (the People Mover). For FY 2020, Section 5307 funding of approximately \$26.8 million is included in SMART's capital budget.

On August 7, 2018, voters in the Macomb, Oakland, and Wayne counties service areas approved a \$1.00 per thousand taxable value millage rate. The millage is applied against taxable value across Macomb County and in participating communities in Oakland and Wayne counties. The millage rate is subject to the State Headlee Amendment annually. The millage has been voter approved for a four-year fiscal period starting in FY 2018 and is estimated to generate \$74 million annually. The millage revenue has allowed the Authority to fund the much-needed replacement of our aging bus fleet by utilizing Section 5307 capital funds previously used to support operations.



## Suburban Mobility Authority for Regional Transportation

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

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Since FY 2018, SMART has received 180 fixed route replacement buses as part of its commitment to utilize the federal funds made available as a result of the millage rate increase. Furthermore, SMART has purchased and received an additional 38 fixed route buses to support the FAST program in October 2019. SMART has replaced all but 18 diesel connector buses with propane-fueled vehicles. The last 18 connector buses fueled by propane will be in service by the end of FY 2020. SMART has also purchased 34 enhanced shelters at high-use bus stops.

SMART has adopted a balanced budget for FY 2020. The FY 2020 operating budget is approved for \$130.8 million. In addition, the FY 2020 restricted pass-through revenue and expense budget has been approved for \$7.9 million. In FY 2020 the board also approved a federal/state \$283.8 million capital spending plan. This capital plan is a six-year spending plan with an estimated \$42.8 million per year to be applied for and spent. In addition, the board continued to support incorporating \$33.8 million in prior year unspent approved grant dollars within the FY 2020 capital spending plan.

#### ***Requests for Further Information***

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

# Suburban Mobility Authority for Regional Transportation

## Statement of Net Position

June 30, 2019 and 2018

	Enterprise Operating Fund	
	2019	2018
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (Note 3)	\$ 113,367,102	\$ 98,821,360
Investments (Note 3)	16,095,468	12,056,485
Receivables:		
Local contributions receivable (Note 1)	6,978,777	4,373,268
Accrued interest receivable	-	29,097
Other receivables	440,500	409,537
Grant receivable (Note 4)	22,299,119	12,568,951
Materials and supplies inventories	3,079,493	3,044,951
Prepaid expenses and other assets	155,505	124,185
<b>Total current assets</b>	<b>162,415,964</b>	<b>131,427,834</b>
Noncurrent assets:		
Restricted cash (Note 3)	216,367	250,801
Nondepreciable capital assets (Note 5)	4,098,623	4,050,098
Depreciable capital assets - Net (Note 5)	119,158,375	107,367,232
<b>Total noncurrent assets</b>	<b>123,473,365</b>	<b>111,668,131</b>
<b>Total assets</b>	<b>285,889,329</b>	<b>243,095,965</b>
<b>Deferred Outflows of Resources</b>		
Deferred pension costs (Note 10)	18,263,852	7,471,392
Deferred OPEB costs (Note 12)	19,503,068	-
<b>Total deferred outflows of resources</b>	<b>37,766,920</b>	<b>7,471,392</b>
<b>Liabilities</b>		
Current liabilities:		
Municipal and community credits payable (Note 1)	3,343,011	2,992,581
Amounts payable under purchase of service agreements	321,035	120,632
Current portion of accrued self-insurance (Note 9)	7,997,958	8,433,548
Accounts payable	5,487,710	4,191,512
Accrued liabilities and other:		
Accrued salaries and wages	1,150,129	1,078,888
Other accrued liabilities	3,265,978	3,228,405
Current portion of compensated absences (Note 8)	3,054,738	2,961,070
<b>Total current liabilities</b>	<b>24,620,559</b>	<b>23,006,636</b>
Noncurrent liabilities:		
Accrued self-insurance - Net of current portion (Note 9)	3,474,382	4,161,026
Net pension liability (Note 10)	74,399,179	53,714,491
Net OPEB liability (Note 12)	119,479,780	126,752,930
Compensated absences - Net of current portion (Note 8)	189,801	180,621
<b>Total noncurrent liabilities</b>	<b>197,543,142</b>	<b>184,809,068</b>
<b>Total liabilities</b>	<b>222,163,701</b>	<b>207,815,704</b>
<b>Deferred Inflows of Resources</b>		
Deferred pension cost reductions (Note 10)	2,948,554	8,183,391
Deferred OPEB cost reductions (Note 12)	22,221,012	668,268
<b>Total deferred inflows of resources</b>	<b>25,169,566</b>	<b>8,851,659</b>
<b>Net Position</b>		
Net investment in capital assets	123,256,998	111,417,330
Restricted	216,367	250,801
Unrestricted	(47,150,383)	(77,768,137)
<b>Total net position</b>	<b>\$ 76,322,982</b>	<b>\$ 33,899,994</b>

# Suburban Mobility Authority for Regional Transportation

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

Years Ended June 30, 2019 and 2018

	Enterprise Operating Fund	
	2019	2018
<b>Operating Revenue</b>		
Fares	\$ 11,960,158	\$ 11,383,104
Other income	1,179,457	3,393,511
Total operating revenue	13,139,615	14,776,615
<b>Operating Expenses</b>		
Salaries and wages	44,846,396	42,415,704
Fringe benefits	37,445,780	33,619,853
Materials and supplies	11,709,084	11,512,107
Contractual services	4,149,675	3,976,422
Utilities	1,428,006	1,293,672
Claims and insurance	6,477,006	5,423,879
Purchased transportation (Note 7)	12,151,136	11,623,645
Miscellaneous expense	120,032	289,771
Depreciation	15,584,363	14,218,775
Total operating expenses	133,911,478	124,373,828
<b>Operating Loss</b>	(120,771,863)	(109,597,213)
<b>Nonoperating Revenue (Expense)</b>		
Investment income	2,260,456	736,842
Loss on sale of assets	(337,450)	(2,839,150)
Federal operating and preventive maintenance assistance	8,597,258	4,680,208
State operating grants	44,932,634	37,386,015
Local contributions (Note 6)	76,434,266	71,996,485
Other nonoperating revenue	868,370	640,306
Total nonoperating revenue	132,755,534	112,600,706
<b>Income - Before capital contributions</b>	11,983,671	3,003,493
<b>Capital Contributions</b>	30,439,317	27,970,471
<b>Change in Net Position</b>	42,422,988	30,973,964
<b>Net Position - Beginning of year</b>	33,899,994	2,926,030
<b>Net Position - End of year</b>	<b>\$ 76,322,982</b>	<b>\$ 33,899,994</b>

# Suburban Mobility Authority for Regional Transportation

## Statement of Cash Flows

Years Ended June 30, 2019 and 2018

	Enterprise Operating Fund	
	2019	2018
<b>Cash Flows from Operating Activities</b>		
Receipts from transit operations	\$ 13,108,652	\$ 15,541,690
Payments to suppliers	(16,138,888)	(21,306,095)
Payments to employees	(82,678,506)	(77,904,851)
Payments to claims and insurance	(7,599,240)	(5,999,130)
Payments for purchased transportation	(11,600,303)	(11,444,982)
Net cash and cash equivalents used in operating activities	(104,908,285)	(101,113,368)
<b>Cash Flows from Noncapital Financing Activities</b>		
State operating grants	43,747,376	42,251,056
Federal operating and preventive maintenance assistance	8,181,846	4,674,140
Local contributions	73,828,757	71,457,277
Other nonoperating receipts	868,370	640,306
Net cash and cash equivalents provided by noncapital financing activities	126,626,349	119,022,779
<b>Cash Flows from Capital and Related Financing Activities</b>		
Receipt of capital grants	22,197,829	35,295,318
Proceeds from disposal of capital assets	-	43,000
Purchase of capital assets	(27,767,152)	(30,524,200)
Net cash and cash equivalents (used in) provided by capital and related financing activities	(5,569,323)	4,814,118
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	2,289,553	727,190
Purchases of investment securities	(4,038,983)	(2,038,790)
Net cash and cash equivalents used in investing activities	(1,749,430)	(1,311,600)
<b>Net Increase in Cash and Cash Equivalents</b>	14,399,311	21,411,929
<b>Cash and Cash Equivalents - Beginning of year</b>	99,072,161	77,660,232
<b>Cash and Cash Equivalents - End of year</b>	<b>\$ 113,471,472</b>	<b>\$ 99,072,161</b>
<b>Classification of Cash and Cash Equivalents</b>		
Cash and cash equivalents	\$ 113,367,102	\$ 98,821,360
Restricted cash	216,367	250,801
Total cash and cash equivalents	<b>\$ 113,583,469</b>	<b>\$ 99,072,161</b>
<b>Reconciliation of Operating Loss to Net Cash from Operating Activities</b>		
Operating loss	\$ (120,771,863)	\$ (109,597,213)
Adjustments to reconcile operating loss to net cash from operating activities:		
Depreciation and amortization	15,584,363	14,218,775
Noncash change in net pension liability	4,663,055	1,559,993
Noncash change in net OPEB obligation/liability	(5,223,474)	(3,819,913)
Noncash change in self-insurance liability	(1,122,234)	(575,251)
Changes in assets and liabilities:		
Materials and supplies inventory	(34,542)	533,566
Other receivables	(30,963)	765,075
Prepaid and other assets	(31,320)	(210,023)
Accounts payable and accrued liabilities	1,333,771	(4,558,576)
Municipal and community credits payable	350,430	85,381
Payable under purchase service contracts	200,403	93,282
Accrued wages and compensated absences	174,089	391,536
Net cash and cash equivalents used in operating activities	<b>\$ (104,908,285)</b>	<b>\$ (101,113,368)</b>

June 30, 2019 and 2018

### Note 1 - Significant Accounting Policies

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

#### **Organization**

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

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

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

#### **Reporting Entity**

The financial reporting entity, as defined by Statement Nos. 14 and 39 (as amended by Statement Nos. 61 and 80) of the Governmental Accounting Standards Board (GASB), is composed of the primary government and its component units. The primary government includes all departments and operations for which SMART exercises oversight responsibility. Oversight responsibility was evaluated based on consideration of financial interdependency, selection of governing authority, designation of management, the ability to significantly influence management, and accountability for fiscal matters. The reporting entity of SMART consists solely of the primary government. There are no component units.

Based on the guidelines outlined in GASB Statement Nos. 14 and 39 (as amended by GASB Statement Nos. 61 and 80), 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.

June 30, 2019 and 2018

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

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

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

#### ***Report Presentation***

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

#### ***Fund Accounting***

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

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

##### **Investments**

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

##### **Local Contributions Receivable**

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

##### **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.

##### **Restricted Assets**

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

**Note 1 - Significant Accounting Policies (Continued)**

**Capital Assets**

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

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

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

\*Leasehold improvements are amortized over the shorter 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 related to pensions and OPEB, as detailed in Notes 10 and 12, respectively.

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

**Net Position Flow Assumption**

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

**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.

June 30, 2019 and 2018

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

#### **Other Postemployment Benefit Costs**

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

#### **Claims Expense/Liability**

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

#### **Municipal and Community Credits Payable**

Annually, SMART receives municipal credit funding from the State of Michigan and funds community credits. SMART passes those 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 the amount the State has awarded and sent to SMART and the amount for which the communities have requested reimbursement by June 30 of each respective fiscal year end is recorded as a municipal and community credit payable.

#### **Compensated Absences (Vacation and Sick Leave)**

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

#### **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.



June 30, 2019 and 2018

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

#### **Grant Activities**

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

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

#### **Passenger Fares**

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

#### **Cost Allocation Plan**

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

#### **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.

#### **Upcoming Accounting Pronouncements**

In January 2017, the Governmental Accounting Standards Board issued Statement No. 84, *Fiduciary Activities*. This statement establishes criteria for identifying fiduciary activities of all state and local governments. An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2020.

June 30, 2019 and 2018

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

In June 2017, the Governmental Accounting Standards Board issued Statement No. 87, *Leases*, which improves accounting and financial reporting for leases by governments. This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financing of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. The Authority is currently evaluating the impact this standard will have on the financial statements when adopted. The provisions of this statement are effective for the Authority's financial statements for the year ending June 30, 2021.

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

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

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, 2015. This determination reduced SMART's allocated revenue by \$194,200. Furthermore, SMART awaits the "final" determination for the years ended September 30, 2016, 2017, 2018, and 2019. SMART has recorded an estimated aggregate liability of \$2,541,026 as of June 30, 2019, based on management's anticipation of the results of the State's final determination of the Act 51 funding formula for the open years.

Act 51 requires SMART to provide a portion of the State of Michigan operating assistance as funding to municipalities within its transportation district. Amounts not used by the municipalities within two years must be expended by SMART for operating purposes within the county in which the city, village, or township resides. SMART was required to provide approximately \$3,261,000 pursuant to this provision in each of fiscal years 2019 and 2018. 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	\$ 113,367,102
Investments	16,095,468
Restricted cash	<u>216,367</u>
Total deposits and investments	<u>\$ 129,678,937</u>

Michigan Compiled Laws Section 129.91 (Public Act 20 of 1943, as amended) authorizes local governmental units to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The law also allows investments outside the state of Michigan when fully insured. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications that matures not more than 260 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

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

The Authority has designated three banks for the deposit of its funds. The investment policy adopted by the board in accordance with Public Act 20 of 1943 has authorized investments in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the highest classifications established by not less than two standard rating services that matures not more than 260 days after the date of purchase; obligations of the State of Michigan or its political subdivisions that are rated as investment grade; mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan; and investment pools organized under the Local Government Investment Pool Acts, 1982 PA 367 and 1985 PA 121.

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

**Custodial Credit Risk of Bank Deposits**

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's deposits may not be returned to it. SMART does not have a deposit policy for custodial credit risk. At year end, the Authority had \$129,965,623 of bank deposits (checking and savings accounts), of which \$128,715,623 was uninsured and uncollateralized.

**Interest Rate Risk**

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

At year end, SMART had the following investments:

Investment	Fair Value	Weighted- average Maturity (Years)
Negotiable certificates of deposit	\$ 2,998,350	1.32
U.S. government agency securities	10,115,165	1.08
Commercial paper	2,981,953	.26

**Credit Risk**

State law limits investments in commercial paper to the top two ratings issued by nationally recognized statistical rating organizations. As of June 30, 2019, the Authority had commercial paper with a Moody's rating of P1 and S&P rating of A1.

**Fair Value Measurements**

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

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

## Suburban Mobility Authority for Regional Transportation

### Notes to Financial Statements

June 30, 2019 and 2018

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

The Authority has the following recurring fair value measurements as of June 30, 2019:

- Negotiable certificates of deposit of \$2,998,350 are valued using a matrix pricing model (Level 2 inputs).
- U.S. government agency securities of \$10,115,165 are valued using a matrix pricing model (Level 2 inputs).
- Commercial paper of \$2,981,953 is valued using a matrix pricing model (Level 2 inputs).

#### Note 4 - Grants Receivable

At June 30, 2019 and 2018, grants receivable are composed of the following:

	<u>2019</u>	<u>2018</u>
Accounts receivable - Billed		
Federal government grants	\$ 2,396,129	\$ 2,027,166
State of Michigan grants	9,408,583	6,907,058
Total billed	<u>11,804,712</u>	<u>8,934,224</u>
Accounts receivable - Unbilled		
Federal government grants	3,934,192	413,077
State of Michigan grants	5,280,590	1,942,027
Local grants	1,279,625	1,279,623
Total unbilled	<u>10,494,407</u>	<u>3,634,727</u>
Total	<u>\$ 22,299,119</u>	<u>\$ 12,568,951</u>

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 5 - Capital Assets

Capital asset activity during the fiscal year ended June 30, 2019 was as follows:

	Balance July 1, 2018	Reclassifications	Additions	Disposals and Adjustments	Balance June 30, 2019
Capital assets not being depreciated:					
Land	\$ 3,473,174	\$ -	\$ -	\$ -	\$ 3,473,174
Construction in progress	576,924	(48,904)	92,429	-	620,449
Trademark	-	-	5,000	-	5,000
Subtotal	4,050,098	(48,904)	97,429	-	4,098,623
Capital assets being depreciated:					
Fixed-route buses and equipment	76,930,991	-	19,035,720	(14,460,554)	81,506,157
Connector buses and related equipment	78,848,916	-	5,684,625	(4,178,277)	80,355,264
Buildings and improvements	48,548,831	-	453,194	-	49,002,025
Office furnishings and equipment	2,108,193	-	-	-	2,108,193
Other equipment	69,118,254	48,904	2,410,641	-	71,577,799
Leasehold improvements	8,164,727	-	152,168	-	8,316,895
Subtotal	283,719,912	48,904	27,736,348	(18,638,831)	292,866,333
Accumulated depreciation:					
Fixed-route buses and equipment	42,422,885	-	4,561,145	(13,994,295)	32,989,735
Connector buses and related equipment	35,113,465	-	6,993,648	(4,178,276)	37,928,837
Buildings and improvements	34,894,260	-	1,031,119	-	35,925,379
Office furnishings and equipment	1,978,740	-	25,069	-	2,003,809
Other equipment	55,475,681	-	2,698,366	(56,514)	58,117,533
Leasehold improvements	6,467,649	-	275,016	-	6,742,665
Subtotal	176,352,680	-	15,584,363	(18,229,085)	173,707,958
Net capital assets being depreciated	107,367,232	48,904	12,151,985	(409,746)	119,158,375
Net capital assets	\$ 111,417,330	\$ -	\$ 12,249,414	\$ (409,746)	\$ 123,256,998

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 5 - Capital Assets (Continued)

Capital asset activity during the fiscal year ended June 30, 2018 was as follows:

	Balance July 1, 2017	Reclassifications	Additions	Disposals	Balance June 30, 2018
Capital assets not being depreciated:					
Land	\$ 3,473,174	\$ -	\$ -	\$ -	\$ 3,473,174
Construction in progress	9,666,175	(34,276,258)	30,524,200	(5,337,193)	576,924
Subtotal	13,139,349	(34,276,258)	30,524,200	(5,337,193)	4,050,098
Capital assets being depreciated:					
Fixed-route buses and equipment	59,759,057	23,634,933	-	(6,462,999)	76,930,991
Connector buses and related equipment	81,173,943	4,242,711	-	(6,567,738)	78,848,916
Machinery and equipment	46,570,658	1,978,173	-	-	48,548,831
Office furnishings and equipment	2,091,871	16,422	-	(100)	2,108,193
Other equipment	66,012,571	2,940,071	-	165,612	69,118,254
Leasehold improvements	6,700,779	1,463,948	-	-	8,164,727
Subtotal	262,308,879	34,276,258	-	(12,865,225)	283,719,912
Accumulated depreciation:					
Fixed-route buses and equipment	50,997,799	-	3,349,544	(11,924,458)	42,422,885
Connector buses and related equipment	29,939,567	-	6,947,335	(1,773,437)	35,113,465
Machinery and equipment	33,886,114	-	1,008,146	-	34,894,260
Office furnishings and equipment	1,951,265	-	27,475	-	1,978,740
Other equipment	52,534,532	-	2,641,574	299,575	55,475,681
Leasehold improvements	6,209,704	-	244,701	13,244	6,467,649
Subtotal	175,518,981	-	14,218,775	(13,385,076)	176,352,680
Net capital assets being depreciated	86,789,898	34,276,258	(14,218,775)	519,851	107,367,232
Net capital assets	\$ 99,929,247	\$ -	\$ 16,305,425	\$ (4,817,342)	\$ 111,417,330

The eligible depreciation for fiscal year 2019 of \$97,048 (\$15,584,363 total depreciation reported less ineligible depreciation of \$15,487,315) 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, 2019 and 2018

### Note 5 - Capital Assets (Continued)

#### Construction Commitments

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

	Spent to Date	Remaining Commitment
Bus purchase	\$ 4,091,738	\$ 17,925,082
Building construction	713,121	12,335,701
Bus shelters	1,127,846	1,077,154
Bus shelter call boxes	316,632	165,504
Oil pits	267,272	463,298
Support vehicles	181,049	2,995,172
	<u>6,697,658</u>	<u>34,961,911</u>
Total	<u>\$ 6,697,658</u>	<u>\$ 34,961,911</u>

### Note 6 - Property Taxes

In August 2014, Oakland, Wayne, and Macomb counties approved an increase from the then 0.59 mills to 1.00 mills, which were collected and recorded as revenue at the new rate in fiscal year 2015. Tax revenue received by Macomb County, Michigan; the Wayne County Act 196 Authority; and the Oakland County Act 196 Authority, which was contributed to SMART for the years ended June 30, 2019 and 2018, totaled \$76,434,266 and \$71,996,485, 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.

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

	2019	2018
Municipal credits	\$ 3,261,080	\$ 3,261,080
Community credits	3,750,247	3,505,660
Community transit bus service	2,150,546	2,363,753
Specialized services	787,819	787,819
JARC and New Freedom	1,996,567	1,514,312
Royal Oak Township	12,277	23,447
Community-based services	192,600	167,574
	<u>12,151,136</u>	<u>11,623,645</u>
Total	<u>\$ 12,151,136</u>	<u>\$ 11,623,645</u>

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 8 - Long-term Debt

Long-term debt activity for the year ended June 30, 2019 can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accumulated compensated absences	\$ 3,141,691	\$ 2,834,587	\$ (2,731,739)	\$ 3,244,539	\$ 3,054,738

Activity for the year ended June 30, 2018 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
Accumulated compensated absences	\$ 2,908,521	\$ 3,141,691	\$ (2,908,521)	\$ 3,141,691	\$ 2,961,070

### Note 9 - Risk Management

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

In fiscal years 2019 and 2018, 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, 2019.

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 2019, 2018, and 2017 were as follows:

	2019	2018	2017
Claims liability - July 1	\$ 12,594,574	\$ 13,169,825	\$ 12,788,382
Incurred claims - Current year including adjustments to IBNR	3,772,548	5,232,911	5,420,459
Claim payments	(4,894,782)	(5,808,162)	(5,039,016)
Claims liability - June 30	<u>\$ 11,472,340</u>	<u>\$ 12,594,574</u>	<u>\$ 13,169,825</u>



Note 10 - Agent Defined Benefit Pension Plan

Plan Description

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

Benefits Provided

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

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

Retirement benefits for employees hired before July 1, 2007 are calculated as 2.25 percent of the employee's final 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 nonduty 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. The vesting period is 10 years. Employees are eligible for nonduty 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

The following members were covered by the benefit terms as of December 31, 2018:

Inactive plan members or beneficiaries currently receiving benefits	876
Inactive plan members entitled to but not yet receiving benefits	155
Active plan members	815
	<hr/>
Total employees covered by the plan	1,846
	<hr/> <hr/>

**Note 10 - Agent Defined Benefit Pension Plan (Continued)**

**Contributions**

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

For the year ended June 30, 2019, 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 18.6 percent of annual payroll.

**Net Pension Liability**

The Authority has chosen to use the December 31 measurement date as its measurement date for the net pension liability. The June 30, 2019 fiscal year end reported net pension liability was determined using a measure of the total pension liability and the pension net position as of the December 31, 2018 measurement date. The December 31, 2018 measurement date total pension liability was determined by an actuarial valuation performed as of that date.

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

Changes in Net Pension Liability	Increase (Decrease)		
	Total Pension Liability	Plan Net Position	Net Pension Liability
<b>Balance at December 31, 2017</b>	\$ 247,492,929	\$ 193,778,438	\$ 53,714,491
Changes for the year:			
Service cost	4,468,876	-	4,468,876
Interest	19,353,007	-	19,353,007
Differences between expected and actual experience	(870,763)	-	(870,763)
Contributions - Employer	-	8,165,009	(8,165,009)
Contributions - Employee	-	1,972,003	(1,972,003)
Net investment loss	-	(7,496,684)	7,496,684
Benefit payments, including refunds	(15,806,604)	(15,806,604)	-
Administrative expenses	-	(373,896)	373,896
Net changes	7,144,516	(13,540,172)	20,684,688
<b>Balance at December 31, 2018</b>	<b>\$ 254,637,445</b>	<b>\$ 180,238,266</b>	<b>\$ 74,399,179</b>

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

For the year ended June 30, 2019, the Authority recognized pension expense of \$12,907,341.

# Suburban Mobility Authority for Regional Transportation

## Notes to Financial Statements

June 30, 2019 and 2018

### Note 10 - Agent Defined Benefit Pension Plan (Continued)

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 2,948,554
Net difference between projected and actual earnings on pension plan investments	13,326,106	-
Employer contributions to the plan subsequent to the measurement date	4,937,746	-
Total	<u>\$ 18,263,852</u>	<u>\$ 2,948,554</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 (\$4,937,746), which will impact the net pension liability in fiscal year 2020, rather than pension expense.

Years Ending June 30	Amount
2020	\$ 2,771,190
2021	395,464
2022	2,653,781
2023	4,557,117

#### Actuarial Assumptions

The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.50%
Salary increases (including inflation)	3.75%
Investment rate of return (gross of investment expenses)	8.00%

The mortality table used to project the mortality experience of nondisabled plan members is a 50 percent male and 50 percent female blend of the following tables:

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

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

The actuarial assumptions used in the December 31, 2018 actuarial valuation include a 10 percent margin for future mortality improvements, relative to the actual mortality experience seen in the 2009-2013 Experience Study.

#### Discount Rate

The discount rate used to measure the total pension liability was 8.0 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.

**Note 10 - Agent Defined Benefit Pension Plan (Continued)**

**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, 2018, the measurement date, for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

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

The following presents the net pension liability of the Authority, calculated using the discount rate of 8.0 percent, as well as what the Authority's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.00%)	Current Discount Rate (8.00%)	1 Percent Increase (9.00%)
Net pension liability of the Suburban Mobility Authority for Regional Transportation	\$ 100,482,744	\$ 74,399,179	\$ 52,059,991

**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 11 - Defined Contribution Postemployment Benefits**

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

**Note 11 - Defined Contribution Postemployment Benefits (Continued)**

During the years ended June 30, 2019 and 2018, the Authority made contributions of \$737,675 and \$656,054, respectively, to the plan.

**Note 12 - Other Postemployment Benefit Plan**

***Plan Description***

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

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

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

***Benefits Provided***

SMART provides postemployment health insurance, life insurance, and prescription benefits to eligible employees and beneficiaries. Eligible employees include those who retire after attaining age 60 with at least 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. There are no cost of living benefit adjustments. Union contracts or the nonunion benefit book outline specifically which healthcare agent a retiree or beneficiary can utilize.

***Employees Covered by Benefit Terms***

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

The following members were covered by the benefit terms as of December 31, 2018.

Inactive plan members or beneficiaries currently receiving benefits	611
Active plan members	<u>805</u>
Total plan members	<u><u>1,416</u></u>

***Contributions***

SMART contributes 100 percent of the actual monthly costs for current benefits and administrative expenses to the plan through its Enterprise Operating Fund (pay-as-you-go funding). SMART has made additional payments to the OPEB retiree health funding vehicle at MERS on a discretionary basis. In March 2018, the SMART board further committed to a minimum \$4.1 million contribution over and above pay-as-you-go benefit expenses to fund its OPEB liability subject to annual financial review by the board.

**Note 12 - Other Postemployment Benefit Plan (Continued)**

SMART union and nonunion retirees who retire after January 6, 2012 also contribute a portion of their monthly retirement benefit to fund monthly healthcare premium payments made by SMART. For the fiscal year ended June 30, 2019, SMART paid postemployment healthcare benefit premiums and administrative costs of \$8,249,942. In addition, SMART also contributed \$5,750,000 into its prefunded retiree healthcare fund (which is over the minimum amount the board committed in March 2018, as noted above) and paid \$118,940 of administrative OPEB investment costs from the retiree healthcare fund.

**Net OPEB Liability**

The Authority has chosen to use the June 30, 2019 measurement date as its measurement date for the net OPEB liability. The June 30, 2019 fiscal year end reported net OPEB liability was determined using a measure of the total OPEB liability and the OPEB net position as of the June 30, 2019 measurement date. The June 30, 2019 total OPEB liability was determined by an actuarial valuation performed as of December 31, 2018, which used updated procedures to roll forward the estimated liability to June 30, 2019.

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

Changes in Net OPEB Liability	Increase (Decrease)		
	Total OPEB Liability	Plan Net Position	Net OPEB Liability
<b>Balance at July 1, 2018</b>	\$ 180,910,224	\$ 54,157,294	\$ 126,752,930
Changes for the year:			
Service cost	1,499,372	-	1,499,372
Interest	11,539,771	-	11,539,771
Differences between expected and actual experience	(27,059,480)	-	(27,059,480)
Changes in assumptions	22,428,697	-	22,428,697
Contributions - Employer	-	13,999,942	(13,999,942)
Net investment income	-	1,800,508	(1,800,508)
Benefit payments, including refunds	(8,249,942)	(8,249,942)	-
Administrative expenses	-	(118,940)	118,940
Net changes	158,418	7,431,568	(7,273,150)
<b>Balance at June 30, 2019</b>	<b>\$ 181,068,642</b>	<b>\$ 61,588,862</b>	<b>\$ 119,479,780</b>

The plan's fiduciary net position represents 34.0 percent of the total OPEB liability.

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

For the year ended June 30, 2019, the Authority recognized OPEB expense of \$8,776,470.

At June 30, 2019, the Authority reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	\$ -	\$ 22,221,012
Changes in assumptions	18,314,548	-
Net difference between projected and actual earnings on OPEB plan investments	1,188,520	-
Total	<b>\$ 19,503,068</b>	<b>\$ 22,221,012</b>

**Note 12 - Other Postemployment Benefit Plan (Continued)**

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

Years Ending June 30	Amount
2020	\$ (678,380)
2021	(606,958)
2022	(580,111)
2023	(468,890)
2024	(383,605)

**Actuarial Assumptions**

The total OPEB liability in the June 30, 2019 actuarial valuation was determined using an inflation assumption of 2.5 percent; assumed salary increases for individual members based on age, including a base increase of 3.75 percent for all years and a merit/seniority increase of 11 percent at age 20, 7.2 percent at age 25, 3.1 percent at age 30, 1.9 percent at age 35, 1.2 percent at age 40, 0.81 percent at age 45, 0.52 percent at age 50, and 0.30 percent at age 55; an investment rate of return (net of investment expenses) of 5.5 percent; a healthcare cost trend rate of 8.25 percent for 2019, decreasing 0.50 percent for nine years to an ultimate rate of 3.75 percent for 2028 and later years; and the RP-2014 mortality tables. These assumptions were applied to all periods included in the measurement.

There were significant changes in actuarial assumptions reflected in the statement of net position that were due to a change to the mortality basis from the RP-2000 mortality tables projected 20 years with U.S. Projection Scale BB to the RP-2014 mortality tables used in the June 30, 2019 actuarial valuation. In addition, those changes also included the investment rate of return (net of investment expenses) decreasing from 6.5 percent to 5.5 percent and the healthcare cost trend rate decreasing from 9.0 percent to 8.25 percent.

**Discount Rate**

The discount rate used to measure the total OPEB liability was 5.5 percent. The projection of cash flows used to determine the discount rate assumed that in years where an unfunded actuarial accrued liability exists, the total contributions will be equal to the projected benefit payments (pay-as-you-go) plus an additional fixed employer contribution of a minimum \$4.1 million, in order to fund the actuarial contribution amount. In years where no unfunded actuarial accrued liability exists, the total contributions will be equal to the projected service cost, and contributions and benefit payments occur halfway through the year.

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

**Note 12 - Other Postemployment Benefit Plan (Continued)**

**Investment Rate of Return**

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and adding expected inflation. Best estimates of arithmetic real rates of return as of the June 30, 2019 measurement date for each major asset class included in the OPEB plan's target asset allocation, as disclosed in the investment footnote, are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Global equity	55.50 %	6.15 %
Global fixed income	18.50	1.26
Real assets	13.50	7.22
Diversifying strategies	12.50	5.00

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

The following presents the net OPEB liability of the Authority, calculated using the discount rate of 5.5 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (4.5%)	Current Discount Rate (5.5%)	1 Percent Increase (6.5%)
Net OPEB liability of the Municipal Employees' Retirement System of Michigan	\$ 142,273,125	\$ 119,479,780	\$ 100,460,721

**Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rate**

The following presents the net OPEB liability of the Authority, calculated using the healthcare cost trend rate of 8.25 percent, as well as what the Authority's net OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or 1 percentage point higher than the current rate:

	1 Percent Decrease (7.25%)	Current Healthcare Cost Trend Rate (8.25%)	1 Percent Increase (9.25%)
Net OPEB liability of the Municipal Employees' Retirement System of Michigan	\$ 99,462,036	\$ 119,479,780	\$ 143,426,755

**Note 13 - 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, 2019 and 2018 was approximately \$479,000 and \$357,000, respectively.

SMART entered into a noncancelable 10-year lease commencing on October 1, 2017 through September 30, 2027 for its administrative offices and the ticket sales store.



**Note 13 - Commitments (Continued)**

Approximate minimum lease payments are as follows:

Years Ending	Amount
2020	\$ 385,000
2021	391,000
2022	391,000
2023	397,000
2024	397,000
2025-2027	1,196,000
Total	<u>\$ 3,157,000</u>

**Note 14 - 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 15 - 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 16 - Tax Abatements**

SMART receives reduced property tax revenue as a result of industrial facilities tax (IFT) exemptions; brownfield redevelopment agreements; ACT 328 personal property exemptions; and payments in lieu of taxes (PILOT) granted by local cities, villages, and townships within its opt-in communities in Wayne and Oakland counties and all communities in Macomb County. Industrial facilities exemptions are intended to promote construction of new industrial facilities or to rehabilitate historical facilities; brownfield redevelopment agreements are intended to reimburse taxpayers that remediate environmental contamination on their properties; ACT 328 personal property exemptions can be given to eligible businesses within a designated eligible distressed district, as determined by the local governing body where the distressed district is located; and payments in lieu of taxes are programs related to certain exempt properties.

For the fiscal year ended June 30, 2019, which is the December 2018 tax levy, SMART's property tax revenue was reduced as follows:

	IFT	Brownfield	Act 328	PILOT
Oakland County, Michigan	\$ 80,792	\$ 132,069	\$ 124,200	\$ 66,718
Macomb County, Michigan	175,430	-	-	-
Total	<u>\$ 256,222</u>	<u>\$ 132,069</u>	<u>\$ 124,200</u>	<u>\$ 66,718</u>

At the time of this report being published, Wayne County, Michigan could not provide IFT, brownfield, and Public Act 328 tax abatement information for the 2018 and 2017 tax levy years. The Macomb County finance department has determined that brownfield and Public Act 328 activity is immaterial within Macomb County. SMART is ineligible to give a tax abatement directly.

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## Required Supplemental Information

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## Suburban Mobility Authority for Regional Transportation

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

**Last Five Years  
Years Ended December 31**

	2018	2017	2016	2015	2014
<b>Total Pension Liability</b>					
Service cost	\$ 4,468,876	\$ 4,143,547	\$ 3,891,466	\$ 3,819,202	\$ 3,701,095
Interest	19,353,007	19,005,207	18,585,805	17,695,500	17,072,926
Differences between expected and actual experience	(870,763)	(3,478,232)	(2,515,718)	99,715	-
Changes in assumptions	-	-	-	10,351,934	-
Benefit payments, including refunds	(15,806,604)	(15,337,264)	(14,527,892)	(13,643,308)	(12,930,124)
<b>Net Change in Total Pension Liability</b>	7,144,516	4,333,258	5,433,661	18,323,043	7,843,897
<b>Total Pension Liability - Beginning of year</b>	247,492,929	243,159,671	237,726,010	219,402,967	211,559,070
<b>Total Pension Liability - End of year</b>	<b>\$ 254,637,445</b>	<b>\$ 247,492,929</b>	<b>\$ 243,159,671</b>	<b>\$ 237,726,010</b>	<b>\$ 219,402,967</b>
<b>Plan Fiduciary Net Position</b>					
Contributions - Employer	\$ 8,165,009	\$ 16,522,752	\$ 15,725,356	\$ 5,096,203	\$ 4,675,271
Contributions - Employee	1,972,003	1,750,206	1,650,588	1,627,578	1,600,418
Net investment (loss) income	(7,496,684)	23,044,677	17,449,806	(2,305,957)	9,705,285
Administrative expenses	(373,896)	(364,112)	(348,853)	(340,843)	(355,364)
Benefit payments, including refunds	(15,806,604)	(15,337,264)	(14,527,892)	(13,643,308)	(12,930,124)
<b>Net Change in Plan Fiduciary Net Position</b>	(13,540,172)	25,616,259	19,949,005	(9,566,327)	2,695,486
<b>Plan Fiduciary Net Position - Beginning of year</b>	193,778,438	168,162,179	148,213,174	157,779,501	155,084,015
<b>Plan Fiduciary Net Position - End of year</b>	<b>\$ 180,238,266</b>	<b>\$ 193,778,438</b>	<b>\$ 168,162,179</b>	<b>\$ 148,213,174</b>	<b>\$ 157,779,501</b>
<b>Authority's Net Pension Liability - Ending</b>	<b>\$ 74,399,179</b>	<b>\$ 53,714,491</b>	<b>\$ 74,997,492</b>	<b>\$ 89,512,836</b>	<b>\$ 61,623,466</b>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	70.78 %	78.30 %	69.16 %	62.35 %	71.91 %
<b>Covered Payroll</b>	\$ 43,850,988	\$ 40,197,698	\$ 36,992,486	\$ 36,833,068	\$ 35,107,048
<b>Authority's Net Pension Liability as a Percentage of Covered Payroll</b>	169.66 %	133.63 %	202.74 %	243.02 %	175.53 %

Schedule is built prospectively upon implementation of GASB 68.

## Suburban Mobility Authority for Regional Transportation

### Required Supplemental Information Schedule of Pension Contributions

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 7,033,464	\$ 6,522,752	\$ 5,725,357	\$ 5,096,203	\$ 4,788,752	\$ 4,549,591	\$ 4,747,571	\$ 5,194,092	\$ 5,952,816	\$ 5,118,276
Contributions in relation to the actuarially determined contribution	8,165,009	16,522,752	15,725,357	5,096,203	4,788,752	4,624,857	3,980,544	4,649,410	6,466,982	4,828,115
<b>Contribution Excess (Deficiency)</b>	<b>\$ 1,131,545</b>	<b>\$ 10,000,000</b>	<b>\$ 10,000,000</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 75,266</b>	<b>\$ (767,027)</b>	<b>\$ (544,682)</b>	<b>\$ 514,166</b>	<b>\$ (290,161)</b>
<b>Covered Payroll</b>	<b>\$ 43,850,988</b>	<b>\$ 40,197,698</b>	<b>\$ 36,992,486</b>	<b>\$ 36,833,068</b>	<b>\$ 35,107,048</b>	<b>\$ 34,791,376</b>	<b>\$ 34,887,806</b>	<b>\$ 36,714,556</b>	<b>\$ 39,146,755</b>	<b>\$ 40,597,694</b>
<b>Contributions as a Percentage of Covered Payroll</b>	<b>18.62 %</b>	<b>41.10 %</b>	<b>42.51 %</b>	<b>13.84 %</b>	<b>13.64 %</b>	<b>13.29 %</b>	<b>11.41 %</b>	<b>12.66 %</b>	<b>16.52 %</b>	<b>11.89 %</b>

#### Notes to Schedule of Pension Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of pay - Closed
Remaining amortization period	21 years
Asset valuation method	Five-year smoothed market
Inflation	2.5 percent
Salary increase	3.75 percent - Including inflation
Investment rate of return	7.75 percent, net of pension plan investment expense, including inflation
Retirement age	Experience-based tables of rates that are specific to the type of eligibility condition
Mortality	50 percent male - 50 percent female blend of the RP-2014 Mortality Tables
Other information	None

## Suburban Mobility Authority for Regional Transportation

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

	<b>Years Ended June 30</b>	
	2019	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 1,499,372	\$ 1,672,442
Interest	11,539,771	11,264,428
Differences between expected and actual experience	(27,059,480)	(321,657)
Changes in assumptions	22,428,697	-
Benefit payments, including refunds	<u>(8,249,942)</u>	<u>(8,335,309)</u>
<b>Net Change in Total OPEB Liability</b>	158,418	4,279,904
<b>Total OPEB Liability - Beginning of year</b>	<u>180,910,224</u>	<u>176,630,320</u>
<b>Total OPEB Liability - End of year</b>	<b><u>\$ 181,068,642</u></b>	<b><u>\$ 180,910,224</u></b>
<b>Plan Fiduciary Net Position</b>		
Contributions - Employer	\$ 13,999,942	\$ 13,553,709
Net investment income	1,800,508	3,672,021
Administrative expenses	(118,940)	(122,336)
Benefit payments, including refunds	<u>(8,249,942)</u>	<u>(8,335,309)</u>
<b>Net Change in Plan Fiduciary Net Position</b>	7,431,568	8,768,085
<b>Plan Fiduciary Net Position - Beginning of year</b>	<u>54,157,294</u>	<u>45,389,209</u>
<b>Plan Fiduciary Net Position - End of year</b>	<b><u>\$ 61,588,862</u></b>	<b><u>\$ 54,157,294</u></b>
<b>Net OPEB Liability - Ending</b>	<b><u>\$ 119,479,780</u></b>	<b><u>\$ 126,752,930</u></b>
<b>Plan Fiduciary Net Position as a Percentage of Total OPEB Liability</b>	34.01 %	29.94 %
<b>Covered Payroll</b>	\$ 54,013,348	\$ 44,134,313
<b>Net OPEB Liability as a Percentage of Covered Payroll</b>	221.20 %	287.20 %

Schedule is built prospectively upon implementation of GASB 75.

## Suburban Mobility Authority for Regional Transportation

### Required Supplemental Information Schedule of OPEB Contributions

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

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Actuarially determined contribution	\$ 13,305,693	\$ 13,486,227	\$ 13,048,354	\$ 13,232,377	\$ 11,175,415	\$ 10,808,965	\$ 10,343,506	\$ 11,579,061	\$ 9,487,958	\$ 9,079,384
Contributions in relation to the actuarially determined contribution	13,999,942	13,553,709	14,273,710	12,955,318	11,621,453	7,622,758	6,951,013	5,669,814	5,505,236	9,079,384
<b>Contribution Excess (Deficiency)</b>	<b>\$ 694,249</b>	<b>\$ 67,482</b>	<b>\$ 1,225,356</b>	<b>\$ (277,059)</b>	<b>\$ 446,038</b>	<b>\$ (3,186,207)</b>	<b>\$ (3,392,493)</b>	<b>\$ (5,909,247)</b>	<b>\$ (3,982,722)</b>	<b>\$ -</b>
<b>Covered Employee Payroll</b>	<b>\$ 54,013,348</b>	<b>\$ 44,134,313</b>	<b>\$ 36,833,068</b>	<b>\$ 36,833,068</b>	<b>\$ 35,107,048</b>	<b>\$ 35,107,048</b>	<b>\$ 34,791,376</b>	<b>\$ 36,714,556</b>	<b>\$ 39,146,755</b>	<b>\$ 40,597,694</b>
<b>Contributions as a Percentage of Covered Employee Payroll</b>	<b>25.92 %</b>	<b>30.71 %</b>	<b>38.75 %</b>	<b>35.17 %</b>	<b>33.10 %</b>	<b>21.71 %</b>	<b>19.98 %</b>	<b>15.44 %</b>	<b>14.06 %</b>	<b>22.36 %</b>

#### Notes to Schedule of Contributions

Actuarial valuation information relative to the determination of contributions:

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Remaining amortization period	26 years
Asset valuation method	Market value of assets
Inflation	2.00 to 2.75 percent
Healthcare cost trend rates	Initial trend of 9.00 percent gradually decreasing to an ultimate trend rate of 4.00 percent in year 10
Salary increase	4.00 to 17.00 percent
Investment rate of return	5.50 percent - Net of OPEB plan investment expenses
Retirement age	Experience-based table of rates that are specific to the type of eligibility condition
Mortality	RP-2000 Mortality Combined Healthy Tables projected 20 years with U.S. Projection Scale BB
Other information	None

# Suburban Mobility Authority for Regional Transportation

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## Notes to Required Supplemental Information

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June 30, 2019 and 2018

### ***Pension Information***

#### **Changes in Assumptions**

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

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

### ***OPEB Information***

#### **Changes in Assumptions**

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

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## Other Supplemental Information

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**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Operating Revenue Schedule**

**Year Ended June 30, 2019**

Description	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total
Passenger fares	\$ 3,161,973	\$ 8,798,185	\$ 11,960,158
Contract fares	29,536	86,571	116,107
Advertising	186,337	541,159	727,496
Rental of buildings or other property	9,943	53,234	63,177
Gain/Loss from the sale of capital assets	-	-	-
Other nontrans. revenue	-	4,309	4,309
Other local contracts - Mun. Cr.	-	-	-
Other local contracts - Com. Cr.	64,256	204,112	268,368
	<b>\$ 3,452,045</b>	<b>\$ 9,687,570</b>	<b>\$ 13,139,615</b>
Total operating revenue			

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Operating Revenue Schedule**

**State Year Ended September 30, 2018**

Description	Oct 1, 2017 to Jun 30, 2018	Jul 1, 2018 to Sep 30, 2018	Total
Passenger fares	\$ 8,498,149	\$ 3,161,973	\$ 11,660,122
Contract fares	86,188	29,536	115,724
Advertising	439,209	186,337	625,546
Rental of buildings or other property	26,515	9,943	36,458
Gain/Loss from the sale of capital assets	-	-	-
Other nontrans. revenue	1,914,495	-	1,914,495
Other local contracts - Mun. Cr.	8,968	-	8,968
Other local contracts - Com. Cr.	178,189	64,256	242,445
	<b>\$ 11,151,713</b>	<b>\$ 3,452,045</b>	<b>\$ 14,603,759</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Local Revenue Schedule**

**Year Ended June 30, 2019**

Description	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total
Taxes levied directly	\$ -	\$ -	\$ -
Local operating assistance millage	17,635,000	58,799,265	76,434,265
Other local contracts	-	-	-
Total revenue	<b>\$ 17,635,000</b>	<b>\$ 58,799,265</b>	<b>\$ 76,434,265</b>
<b>Interest Income</b>	<b>\$ 502,506</b>	<b>\$ 1,757,949</b>	<b>\$ 2,260,455</b>
<b>Other non-trans Revenue</b>	<b>\$ 92,787</b>	<b>\$ 275,389</b>	<b>\$ 368,176</b>
<b>Refunds and Credits</b>	<b>\$ 9,648</b>	<b>\$ 490,546</b>	<b>\$ 500,194</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Local Revenue Schedule**

**State Year Ended September 30, 2018**

Description	Oct 1, 2017 to Jun 30, 2018	Jul 1, 2018 to Sep 30, 2018	Total
Taxes levied directly	\$ -	\$ -	\$ -
Local operating assistance millage	54,800,835	17,635,000	72,435,835
Other local contracts	-	-	-
Total revenue	<b>\$ 54,800,835</b>	<b>\$ 17,635,000</b>	<b>\$ 72,435,835</b>
<b>Interest Income</b>	<b>\$ 627,104</b>	<b>\$ 502,506</b>	<b>\$ 1,129,610</b>
<b>Other non-trans Revenue</b>	<b>\$ -</b>	<b>\$ 92,787</b>	<b>\$ 92,787</b>
<b>Refunds and Credits</b>	<b>\$ 640,306</b>	<b>\$ 9,648</b>	<b>\$ 649,954</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Federal and State Operating Revenue**

**Year Ended June 30, 2019**

Description	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total
State Operating Assistance	\$ 8,056,899	\$ 27,371,173	\$ 35,428,072
Other local revenue	-	2,354,563	2,354,563
Line-item municipal credit	407,634	1,222,906	1,630,540
Mun. Cr. special appropriation	407,634	1,222,906	1,630,540
Other MDOT/BPT contracts and reimb. -			
Reimb for section 5309 program admin	-	5,000	5,000
State Preventive Maintenance (NF Mobility Mgt)	-	1,004,849	1,004,849
Subtotal SMART State	8,872,167	33,181,396	42,053,563
Pass-through State Act 51:			
Act 51 Prior Year Adj	-	-	-
Bedford	10,602	87,636	98,238
Bedford (prior year)	-	-	-
LETC Urban and Non-Urban	286,972	1,373,368	1,660,340
LETC Urban and Non-Urban (prior year)	-	-	-
Royal Oak Township	-	-	-
Royal Oak Township (prior year)	1,962	10,315	12,277
Total Pass-through State Act 51	299,536	1,471,319	1,770,855
Other state pass-through grants:			
Specialized Service Grant FY 2018	196,951	-	196,951
Specialized Service Grant FY 2019	-	590,868	590,868
JARC PASS THRU 2012-0170 P21	-	56,154	56,154
JARC PASS THRU 2007-0294 Z45	-	-	-
MOBILITY MGT 2012-0170 P20	-	-	-
MOBILITY MGT 2012-0170 P38	3,871	96,925	100,795
NOTA JARC Non-Urban 2017-0130 P03	-	-	-
NOTA JARC Non-Urban 2012-0170 P35	-	-	111,997
NOTA New Freedom 2012-0170 P21	-	-	-
NOTA New Freedom 2012-0170 P02	-	-	51,448
Total other state pass-through grants	200,822	907,392	1,108,213
Grand total state revenue per F/S	<b>\$ 9,372,525</b>	<b>\$ 35,560,107</b>	<b>\$ 44,932,634</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Federal and State Operating Revenue (Continued)**

**Year Ended June 30, 2019**

Description	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total
Preventive maintenance	\$ -	\$ 4,000,000	\$ 4,000,000
Planning/capital cost of contracting - FY 2019 UWP -	335,949	589,125	925,074
Reimb. for JARC Admin	5,157	13,801	18,958
Reimb. for New Freedom Admin.	25,286	39,331	64,617
Reimb. for section 5309 program admin	-	19,999	19,999
Subtotal SMART federal	<u>366,392</u>	<u>4,662,256</u>	<u>5,028,648</u>
Other federal pass-through grants:			
Section 5307 Lake Erie	124,997	450,267	575,264
Section 5310 PM	-	26,152	26,152
Section 5311 Lake Erie	96,681	157,549	254,230
JARC	-	56,154	56,154
New Freedom	65,884	1,550,915	1,616,799
CMAQ Grant	-	1,040,000	1,040,000
Total pass-through federal	<u>287,562</u>	<u>3,281,037</u>	<u>3,568,599</u>
Grand total federal revenue per F/S	<u><b>\$ 653,954</b></u>	<u><b>\$ 7,943,293</b></u>	<u><b>\$ 8,597,258</b></u>
Grand total state and federal	<u><b>\$ 10,026,479</b></u>	<u><b>\$ 43,503,400</b></u>	<u><b>\$ 53,529,892</b></u>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Federal and State Operating Revenue**

**State Year Ended September 30, 2018**

Description	Oct 1, 2017 to Jun 30, 2018	Jul 1, 2018 to Sep 30, 2018	Total
State Operating Assistance	\$ 22,872,873	\$ 8,056,899	\$ 30,929,772
Other local revenue	-	-	-
Line-item municipal credit	1,222,906	407,634	1,630,540
Mun. Cr. Special Appropriation	1,222,906	407,634	1,630,540
Cap. K reimb. for admin. expenses	-	-	-
Other Cap. K reimb. for operating expenses	-	-	-
Other MDOT/BPT contracts and reimb. - Reimb for section 5309 program admin	-	-	-
State Preventive Maintenance (NF Mobility Mgt)	500,000	-	500,000
Subtotal SMART state	25,818,685	8,872,167	34,690,852
Pass-through State Act 51:			
Bedford	84,816	10,602	95,418
Bedford (prior year)	4,793	-	4,793
LETC Urban and Non-Urban	1,291,374	286,972	1,578,346
LETC Urban and Non-Urban (prior year)	101,961	-	101,961
Royal Oak Township	17,658	-	17,658
Royal Oak Township (prior year)	(652.00)	1,962	1,310
Total pass-through State Act 51	1,499,950	299,536	1,799,486
Other state pass-through grants:			
Specialized Service Grant FY 2018	590,868	196,951	787,819
JARC PASS THRU 2012-0170 P21	-	-	-
JARC PASS THRU 2007-0294 Z45	163,438	-	163,438
MOBILITY MGT 2012-0170 P20	14,467	-	14,467
MOBILITY MGT 2012-0170 P38	44,163	3,871	48,033
NOTA JARC Non-Urban 2017-0130 P03	29,459	-	29,459
NOTA JARC Non-Urban 2012-0170 P35	-	-	-
NOTA New Freedom 2012-0170 P21	-	-	-
NOTA New Freedom 2012-0170 P02	14,753	-	14,753
Total other state pass-through grants	857,148	200,822	1,057,970
Grand total state revenue per F/S	\$ 28,175,783	\$ 9,372,525	\$ 37,548,308

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Federal and State Operating Revenue (Continued)**

**State Year Ended September 30, 2018**

Description	Oct 1, 2017 to Jun 30, 2018	Jul 1, 2018 to Sep 30, 2018	Total
Preventive maintenance	\$ 2,000,000	\$ -	\$ 2,000,000
Planning/capital cost of contracting -			
FY 2018 UWP - CONTRACT #MI-80-X006	387,280	-	387,280
FY 2019 UWP - CONTRACT #MI-80-X007	-	335,949	335,949
Other federal transit contracts and reimb. -			
CMAQ MI-95-0049	-	-	-
Subtotal SMART federal	<u>2,499,032</u>	<u>366,392</u>	<u>2,865,424</u>
Other federal pass-through grants:			
Section 5307 Lake Erie MI-90-0777	483,770	124,997	608,767
Section 5310 PM	-	-	-
Section 5311 Lake Erie MI-18-0055	138,819	96,681	235,500
JARC	178,991	-	178,991
New Freedom	976,603	65,884	1,042,488
CMAQ Grant	-	-	-
Total pass-through federal	<u>1,778,183</u>	<u>287,562</u>	<u>2,065,745</u>
Grand total federal revenue per F/S	<u>\$ 4,277,215</u>	<u>\$ 653,954</u>	<u>\$ 4,931,170</u>
Grand total state and federal	<u>\$ 32,452,998</u>	<u>\$ 10,026,479</u>	<u>\$ 42,479,478</u>



**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
SMART Expense Schedule**

**Year Ended June 30, 2019**

Description	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total
Labor - Operators S&W	\$ 5,698,639	\$ 17,545,232	\$ 23,243,871
Labor - Other S&W	4,210,802	12,780,094	16,990,896
Labor - Dispatchers S&W	1,179,084	3,417,629	4,596,713
Other fringe benefits	5,399,179	10,329,618	15,728,797
Pensions - Defined contribution	7,741	21,008	28,749
Pensions - Defined benefit	1,654,340	11,247,336	12,901,676
Other postemployment benefits (OPEB)	1,500,000	7,276,470	8,776,470
Advertising fees	281,131	201,870	483,001
Audit cost	118,010	52,885	170,895
Other services	574,874	2,937,734	3,512,608
Fuel and lubricants	1,861,953	4,634,523	6,496,476
Tires and tubes	182,088	455,622	637,710
Other materials and supplies	1,245,023	3,299,296	4,544,319
Utilities	159,131	846,872	1,006,003
Casualty and liab. costs	2,216,810	4,195,794	6,412,604
Other insurance	16,098	48,304	64,402
Purchased transportation service -			
Community Credits	937,569	2,812,678	3,750,247
Nankin/Richmond Lenox/CBS Bloomfield Hills	126,633	379,917	506,550
Pass-throughs that are expensed	1,428,128	6,466,217	7,894,345
Travel, meetings, and training	9,175	36,314	45,489
Loss on disposal of asset	-	337,449	337,449
Other miscellaneous expenses	57,584	55,714	113,298
Leases and rentals	101,005	320,969	421,974
Depreciation	-	15,584,363	15,584,363
Total expenses	<b>28,964,997</b>	<b>105,283,908</b>	<b>134,248,927</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
SMART Expense Schedule (Continued)**

**Year Ended June 30, 2019**

Description	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total
Less ineligible expenses:			
Ineligible refunds and credits	\$ 9,648	\$ 490,546	\$ 500,194
Other ineligible state contracts	3,312	5,625	8,937
Ineligible depreciation	-	15,487,315	15,487,315
Municipal credits	815,268	2,445,812	3,261,080
Unused community credits	64,256	204,112	268,368
Ineligible non-trans exp	94,041	278,443	372,484
Ineligible loss on disposal	-	337,449	337,449
Local contracts	-	-	-
Preventive maintenance (MI-90-0591)	-	5,004,849	5,004,849
Planning/capital cost of contracting	335,949	589,125	925,074
Other ineligible federal/state/local:			
Reimb. for JARC Admin MI-37-0043	5,157	13,801	18,958
Reimb. for New Freedom Admin. MI-XX-XXXX	25,286	39,331	64,617
Other ineligible state contracts:			
Pass-Thru Ineligibles	612,860	4,020,405	4,633,265
New Freedom	-	-	-
State preventive maintenance			
Ineligible association dues	-	-	-
Ineligible pension	-	4,655,811	4,655,811
Ineligible OPEB	(2,143,669)	(3,079,803)	(5,223,472)
Other ineligibles	-	-	-
Total ineligibles	<u>(177,891)</u>	<u>30,492,821</u>	<u>30,314,930</u>
Total eligible expenses	<u><b>\$ 29,142,888</b></u>	<u><b>\$ 74,791,087</b></u>	<u><b>\$ 103,933,997</b></u>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
SMART Expense Schedule (Continued)**

**Year Ended June 30, 2019**

Description	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total
Pass-throughs that are expensed:			
Lake Erie	519,252	2,010,053	2,529,305
Municipal credit - Formula	407,634	1,222,906	1,630,540
Municipal credit - Line Item	407,634	1,222,906	1,630,540
Other state subsidized serv.:			
Specialized services	196,951	590,868	787,819
Royal Oak Twp	1,962	10,315	12,277
Contra SMART Paid Expense	(171,748)	(520,953)	(692,701)
NOTA JARC Non-Urban	-	111,997	111,997
NOTA Local JARC Non-Urban	-	-	-
NOTA New Freedom Non-Urban	-	102,896	102,896
JARC - New Freedom Urban	-	112,308	112,308
JARC - Mobility Management Urban	-	-	-
New Freedom Operating Assistant Urban	127,298	2,044,721	2,172,019
New Freedom Mobility Management Urban	2,794	477,110	479,904
New Freedom Local Operating Expense Urban	(63,649)	(943,155)	(1,006,804)
New Freedom Highland/Milford PM	-	24,244	24,244
	<b>\$ 1,428,128</b>	<b>\$ 6,466,217</b>	<b>\$ 7,894,345</b>
Ineligible pass-throughs:			
Lake Erie	\$ 519,252	\$ 2,010,053	\$ 2,529,305
Municipal credit - Formula Admin Fee	407,634	1,222,906	1,630,540
Municipal credit - Line Item	407,634	1,222,906	1,630,540
Other state subsidized serv.:			
Specialized services	196,951	590,868	787,819
Royal Oak Twp	1,962	10,315	12,277
Contra SMART Paid Expense	(171,748)	(520,953)	(692,701)
NOTA JARC Non-Urban	-	111,997	111,997
NOTA Local JARC Non-Urban	-	-	-
NOTA New Freedom Non-Urban	-	102,896	102,896
JARC - New Freedom Urban	-	112,308	112,308
JARC - Mobility Management Urban	-	-	-
New Freedom Operating Assistant Urban	127,298	2,044,721	2,172,019
New Freedom Mobility Management Urban	2,794	477,110	479,904
New Freedom Local Operating Expense Urban	(63,649)	(943,155)	(1,006,804)
New Freedom Highland/Milford PM	-	24,244	24,244
	<b>\$ 1,428,128</b>	<b>\$ 6,466,217</b>	<b>\$ 7,894,345</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
SMART Expense Schedule**

**State Year Ended September 30, 2018**

Description	Oct 1, 2017 to Jun 30, 2018	Jul 1, 2018 to Sep 30, 2018	Total
Labor - Operators S&W	\$ 16,569,734	\$ 5,698,639	\$ 22,268,373
Labor - Other S&W	12,519,393	4,210,802	16,730,195
Labor - Dispatchers S&W	3,384,881	1,179,084	4,563,965
Other fringe benefits	8,176,873	5,399,179	13,576,052
Pensions - Defined contribution	30,580	7,741	38,321
Pensions - Defined benefit	7,929,586	1,654,340	9,583,926
Other postemployment benefits (OPEB)	9,223,501	1,500,000	10,723,501
Advertising fees	1,057,064	281,131	1,338,195
Audit cost	119,777	118,010	237,787
Other services	2,284,754	574,874	2,859,628
Fuel and lubricants	4,594,527	1,861,953	6,456,480
Tires and tubes	1,137,039	182,088	1,319,127
Other materials and supplies	3,368,709	1,245,023	4,613,732
Utilities	1,010,526	159,131	1,169,657
Casualty and liab. costs	3,148,002	2,216,810	5,364,812
Other insurance	47,648	16,098	63,746
Purchased transportation service -			
Community Credits	2,690,395	937,569	3,627,964
Nankin/Richmond Lenox/CBS Bloomfield Hills	357,159	126,633	483,792
Pass-throughs that are expensed	6,119,991	1,428,128	7,548,119
Travel, meetings, and training	38,535	9,175	47,710
Loss on disposal of asset	2,839,150	-	2,839,150
Other miscellaneous expenses	194,453	57,584	252,037
Leases and rentals	-	101,005	101,005
Depreciation	13,218,774	-	13,218,774
Total expenses	<b>100,061,051</b>	<b>28,964,997</b>	<b>129,026,048</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
SMART Expense Schedule (Continued)**

**State Year Ended September 30, 2018**

Description	Oct 1, 2017 to Jun 30, 2018	Jul 1, 2018 to Sep 30, 2018	Total
Less ineligible expenses:			
Ineligible refunds and credits	\$ 451,067	\$ 9,648	\$ 460,715
Other ineligible state contracts	1,715,033	3,312	1,718,345
Ineligible depreciation	13,841,944	-	13,841,944
Municipal credits	8,968	815,268	824,236
Unused community credits	178,189	64,256	242,445
Ineligible non-trans exp	190,776	94,041	284,817
Ineligible loss on disposal	2,839,150	-	2,839,150
Local contracts	2,445,812	-	2,445,812
Preventive maintenance (MI-90-0591)	2,500,000	-	2,500,000
Planning/Cap. cost of contracting	387,280	335,949	723,229
Other ineligible federal/state/local:			-
Reimb. for JARC Admin MI-37-0043	16,377	5,157	21,534
Reimb. for New Freedom Admin. MI-XX-XXXX	95,376	25,286	120,662
Other ineligible state contracts:			-
Pass-through ineligible	3,674,179	612,860	4,287,039
New Freedom	8,834	-	8,834
State preventive maintenance	-	-	-
Ineligible pension	1,338,576	-	1,338,576
Ineligible OPEB	(578,458)	(2,143,669)	(2,722,127)
Other ineligible	(202,176)	-	(202,176)
	28,910,927	(177,891)	28,733,035
Total ineligible			
Total eligible expenses	<b>\$ 71,150,125</b>	<b>\$ 29,142,888</b>	<b>\$ 100,293,013</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
SMART Expense Schedule (Continued)**

**State Year Ended September 30, 2018**

Description	Oct 1, 2017 to Jun 30, 2018	Jul 1, 2018 to Sep 30, 2018	Total
Pass-throughs that are expensed:			
Lake Erie	2,116,135	519,252	2,635,387
Mun. Cr. - Formula	1,222,906	407,634	1,630,540
Mun. Cr. - Line Item	1,222,906	407,634	1,630,540
Other state subsidized serv.:			
Specialized services	590,868	196,951	787,819
Royal Oak Twp	17,006	1,962	18,968
Contra SMART Paid Expense	(462,870)	(171,748)	(634,618)
NOTA JARC Non-Urban Expense	29,459	-	29,459
NOTA Local JARC Non-Urban	-	-	-
NOTA New Freedom Non-Urban	29,505	-	29,505
JARC - New Freedom Urban	316,508	-	316,508
JARC - Mobility Management Urban	25,921	-	25,921
New Freedom Operating Expense Urban	1,554,838	127,298	1,682,136
New Freedom Mobility Management Urban	248,981	2,794	251,775
New Freedom Local Operating Expense Urban	(792,172)	(63,649)	(855,821)
Pass-throughs that are expensed	<b>\$ 6,119,991</b>	<b>\$ 1,428,128</b>	<b>\$ 7,548,119</b>
Ineligible pass-throughs:			
Lake Erie	2,116,135	519,252	2,635,387
Mun. Cr. - Formula	1,222,906	407,634	1,630,540
Mun. Cr. - Line Item	1,222,906	407,634	1,630,540
Other state subsidized serv.:			
Specialized services	590,868	196,951	787,819
Royal Oak Twp	17,006	1,962	18,968
Contra SMART Paid Expense	(462,870)	(171,748)	(634,618)
NOTA JARC Non-Urban Expense	29,459	-	29,459
NOTA Local JARC Non-Urban	-	-	-
NOTA New Freedom Non-Urban	29,505	-	29,505
JARC - New Freedom Expense Urban	316,508	-	316,508
JARC - Mobility Management Urban	25,921	-	25,921
New Freedom Operating Expense Urban	1,554,838	127,298	1,682,136
New Freedom Mobility Management Urban	248,981	2,794	251,775
New Freedom Local Operating Expense Urban	(792,172)	(63,649)	(855,821)
Ineligible pass-throughs	<b>\$ 6,119,991</b>	<b>\$ 1,428,128</b>	<b>\$ 7,548,119</b>

**Other Supplemental Information  
SMART Expense Schedule**

**Year Ended June 30, 2019**

Expense incurred:	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total
Pension - Defined benefit	\$ 1,654,340	\$ 11,247,336	\$ 12,901,676
OPEB - Defined benefit	1,500,000	7,276,470	8,776,470
Total	<b>\$ 3,154,340</b>	<b>\$ 18,523,806</b>	<b>\$ 21,678,146</b>

Amounts actually paid:	Jul 1, 2018 thru Sep 30, 2018	Oct 1, 2018 thru Jun 30, 2019	Total
Pension - Defined benefit	\$ 1,654,340	\$ 6,591,525	\$ 8,245,865
OPEB - Defined benefit	3,643,669	10,356,273	13,999,942
Total	<b>\$ 5,298,009</b>	<b>\$ 16,947,798</b>	<b>\$ 22,245,807</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
SMART Expense Schedule**

**State Year Ended September 30, 2018**

	Oct 1, 2017 to Jun 30, 2018	Jul 1, 2018 to Sep 30, 2018	Total
Expense incurred:			
Pension - Defined benefit	\$7,929,586	\$ 1,654,340	\$ 9,583,926
OPEB - Defined benefit	8,714,046	1,500,000	10,214,046
Total	<b>\$ 16,643,632</b>	<b>\$ 3,154,340</b>	<b>\$ 19,797,972</b>
	Oct 1, 2017 thru Jun 30, 2018	Jul 1, 2018 thru Sep 30, 2018	Total
Amounts actually paid:			
Pension - Defined benefit	\$6,591,009	\$ 1,654,340	\$ 8,245,349
OPEB - Defined benefit	9,292,504	3,643,669	12,936,173
Total	<b>\$ 15,883,513</b>	<b>\$ 5,298,009</b>	<b>\$ 21,181,522</b>
Current year ineligible expense			
Pension - Defined benefit			\$ (1,338,577)
OPEB - Defined benefit			2,722,127
Total			<b>\$ 1,383,550</b>
Prior year carryforward - September 30, 2017			
Pension - Defined benefit			\$131,897
OPEB - Defined benefit			(11,304,491)
Total			<b>\$ (11,172,594)</b>
Carryforward - September 30, 2018			
Pension - Defined benefit			\$ (1,206,680)
OPEB - Defined benefit			(8,582,364)
Total			<b>\$ (9,789,044)</b>



**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Schedule of Financial Assistance**

**Year Ended June 30, 2019**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	DISBURSEMENTS/ EXPENDITURES	FEDERAL RECEIPTS/ REVENUE	STATE RECEIPTS/ REVENUE	AMOUNT REMAINING
U.S. DEPARTMENT OF TRANSPORTATION:											
<b>DIRECT ASSISTANCE:</b>											
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0080	N/A	200,000	\$ 53,040	\$ 53,040	\$ -	\$ 60,891
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0091	N/A	15,000,000	960,734	960,734	-	329,616
CAPITAL ASSISTANCE	80 % - 20 %	FY2009	SECTION 5309	20.500	MI-04-0080	N/A	37,720	19,999	19,999	-	17,721
CAPITAL ASSISTANCE			SECTION 5339	20.526	MI-34-0005	N/A	6,920,868	7,788	7,788	-	4,673,935
TOTAL							22,158,588	1,041,561	1,041,561	-	5,082,163
PLANNING AND TECHNICAL STUDIES UWP PROGRAM	80 % - 20 %	FY2011	SECTION 5303	20.505	MI-80-X006	N/A	318,806	\$ 318,806	\$ 318,806	\$ -	\$ -
TRANSIT ASSET MGT	80 % - 20 %		SECTION 5303	20.505	2015-0009		130,828	429,268	429,268		(298,440)
OPER REVIEW	80 % - 20 %		SECTION 5303	20.505	2015-0009		28,655	177,000	177,000		(148,345)
							478,289	925,074	925,074	-	(446,785)

**Suburban Mobility Authority  
for Regional Transportation**

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

**Year Ended June 30, 2019**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	DISBURSEMENTS/ EXPENDITURES	FEDERAL RECEIPTS/ REVENUE	STATE RECEIPTS/ REVENUE	AMOUNT REMAINING
<b>U.S DEPARTMENT OF TRANSPORTATION (CONTINUED):</b>											
CAPITAL ASSISTANCE	80 % - 20 %	FY2012	SECTION 5307	20.507	MI-90-0756	2007-0294 Z38	15,612,066	\$ 5,819	\$ 5,819	\$ -	\$ 3,846,884
CAPITAL ASSISTANCE	80 % - 20 %	FY2012	SECTION 5307	20.507	MI-90-0758	2007-0294 Z39	492,476	-	-	-	52,852
CAPITAL ASSISTANCE	80 % - 20 %	FY2013	SECTION 5307	20.507	MI-90-0678		22,231,592	1,759,494	1,759,494	-	(6,937,911)
CAPITAL ASSISTANCE	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-02	7,202,755	593,805	593,805	-	6,132,941
CAPITAL ASSISTANCE (preventative maint)	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-03	4,000,000	2,000,000	2,000,000	-	-
CAPITAL ASSISTANCE	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-04	501,192	843,874	843,874	-	(654,888)
CAPITAL ASSISTANCE	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-06	104,339	3,198	3,198	-	87,460
CAPITAL ASSISTANCE FY 16	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-10	8,544,000	8,050,787	8,050,787	-	493,213
CAPITAL ASSISTANCE FY 16	80 % - 20 %	FY2016	SECTION 5307	20.507	MI-90-0777	2016-025-11	120,000	110,627	110,627	-	(100,550)
CAPITAL ASSISTANCE FY 16 (TRAMS)	80 % - 20 %	FY2016		20.507	MI-34-0022	MI-2016-025-05	34,262	6,779	6,779	-	27,483
CAPITAL ASSISTANCE FY 16 (TRAMS)	80 % - 20 %	FY2016		20.507	MI-34-0022	MI-2016-025-09	1,965,826	1,965,826	1,965,826	-	-
OPERATING ASSISTANCE (MONROE) FY 18	80 % - 20 %		SECTION 5307	20.507	MI-XX-XXXX	MI-XXXX-XXX-XX	500,000	391,500	391,500	-	(266,503)
OPERATING ASSISTANCE (MONROE) FY 17	80 % - 20 %		SECTION 5307	20.507	MI-90-0777	MI-2016-025-00	558,767	183,764	183,764	-	153,736
CAPITAL ASSISTANCE (CMAQ)	80 % - 20 %		SECTION 5307	20.507	MI-95-0077		11,575,989	261,699	261,699	-	10,683,856
CAPITAL ASSISTANCE FY 16 (CMAQ)	80 % - 20 %		SECTION 5307	20.507	MI-95-0122	MI-2016-025-01	3,676,000	6,171,200	6,171,200	-	(2,495,200)
CAPITAL ASSISTANCE FY 17 (CMAQ)	80 % - 20 %		SECTION 5307	20.507	MI-95-0122	MI-2016-025-01	4,299,200	1,478,894	1,478,894	-	2,820,306
CAPITAL ASSISTANCE FY 17-18-19	80 % - 20 %		SECTION 5307	20.507	MI-2018-018-01	MI-2018-018-01	2,336,490	1,040,000	1,040,000	-	1,296,490
CAPITAL ASSISTANCE FY 17-18-19	80 % - 20 %		SECTION 5307	20.507	MI-2018-018-03	MI-2018-018-03	10,000,000	2,000,000	2,000,000	-	8,000,000
TOTAL							\$ 93,754,954	\$ 26,867,266	\$ 26,867,266	\$ -	\$ 23,140,169
<b>MICHIGAN DEPARTMENT OF TRANSPORTATION:</b>											
CAPITAL ASSISTANCE	100 % STATE		SECTION 5310	20.513	MI-16-X005	2012-0170 P6	875,631	-	-	-	-
CAPITAL ASSISTANCE	100 % STATE		SECTION 5310	20.521	N/A	2017-0130 P6	102,896	\$ 51,448	\$ 51,448	\$ -	\$ 51,448
COMBINED STATE CONTRACTS							\$ 102,896	\$ 51,448	\$ 51,448	\$ -	\$ 51,448
TOTAL CAPITAL ASSISTANCE							\$ 116,494,727	\$ 28,885,349	\$ 28,885,349	\$ -	\$ 27,826,995

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

**Year Ended June 30, 2019**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	DISBURSEMENTS/ EXPENDITURES	FEDERAL RECEIPTS/ REVENUE	STATE RECEIPTS/ REVENUE	AMOUNT REMAINING
<b>ACCESS TO JOBS (FEDERAL SHARE):</b>											
SECTION 5316 CAPITAL SMART			SECTION 5316	20.516	MI-37-0050		305,980	\$ 65,425	\$ 65,425	\$ -	\$ 211,979
JARC PROGRAM OPERATING			SECTION 5316	20.516	MI-37-4050		1,894,878	56,154	56,154	-	1,344,218
JARC PROGRAM ADMIN		FY2008	SECTION 5316	20.516	MI-37-6043	N/A	214,639	18,958	18,958	-	(3,084)
TOTAL							<u>\$ 2,415,497</u>	<u>\$ 140,537</u>	<u>\$ 140,537</u>	<u>\$ -</u>	<u>\$ 1,553,113</u>
<b>NEW FREEDOM FEDERAL SHARE:</b>											
SECTION 5317 NEW FREEDOM PROGRAM ADMIN			SECTION 5307	20.521	MI-57-6018	N/A	147,999	\$ 13,769	\$ 13,769	\$ -	\$ (18,388)
SECTION 5317 NEW FREEDOM CAPITAL			SECTION 5307	20.521	MI-57-0024	N/A	109,718	29,339	29,339	-	80,379
SECTION 5317 NEW FREEDOM PROGRAM ADMIN			SECTION 5307	20.521	MI-57-6024	N/A	51,247	9,584	9,584	-	19,191
SECTION 5310 NEW FREEDOM PROGRAM ADMIN			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	50,000	9,466	9,466	-	7,209
SECTION 5310 NEW FREEDOM OPERATING			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	1,500,000	302,578	302,578	-	215,281
SECTION 5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	320,000	29,330	29,330	-	(15,749)
SECTION 5310 NEW FREEDOM CAPITAL			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	2,907,322	213,427	213,427	-	728,876
SECTION 5310 NEW FREEDOM CAPITAL			SECTION 5310	21.513	MI-16-X013	2012-0170 P20	1,442,708	1,885,836	1,885,836	-	(1,304,325)
SECTION 5310 NEW FREEDOM CAPITAL			SECTION 5310	21.513	MI-16-X013	2012-0170 P20	25,000	10,802	10,802	-	(2,379)
SECTION 5310 NEW FREEDOM OPERATING			SECTION 5310	21.513	MI-16-X013	2012-0170 P20	1,162,000	781,345	781,345	-	(239,949)
SECTION 5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	21.513	MI-16-X013	2012-0170 P20	302,000	242,748	242,748	-	59,252
5310 NEW FREEDOM CAPITAL			SECTION 5310	20.513	MI-2016-018-03	2012-0170 P20	934,513	-	-	-	934,513
SECTION 5310 PREVENTATIVE MAINTENANCE			SECTION 5310	20.513	MI-16-X007	2012-0170 P20	63,280	11,809	11,809	-	51,471
5310 NEW FREEDOM CAPITAL			SECTION 5310	20.513	MI-2018-020-01	2012-0170 P38	2,807,565	335,810	335,810	-	2,471,755
SECTION 5310 PREVENTATIVE MAINTENANCE			SECTION 5310	20.513	MI-2018-020-02	2012-0170 P38	23,233	14,344	14,344	-	8,889
SMART 5310 PROGRAM ADMIN			SECTION 5310	20.513	MI-2018-020-02	2012-0170 P38	50,000	5,248	5,248	-	44,752
5310 NEW FREEDOM OPERATING			SECTION 5310	20.513	MI-2018-020-02	2012-0170 P38	1,573,630	126,669	126,669	-	1,446,961
5310 NEW FREEDOM MOBILITY MANAGEMENT			SECTION 5310	20.513	MI-2018-020-02	2012-0170 P38	935,420	149,879	149,879	-	785,541
TOTAL							<u>\$ 14,405,635</u>	<u>\$ 4,171,983</u>	<u>\$ 4,171,983</u>	<u>\$ -</u>	<u>\$ 5,273,280</u>

**Suburban Mobility Authority  
for Regional Transportation**

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

**Year Ended June 30, 2019**

FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE	FEDERAL STATE SHARE	FISCAL YEAR	FUNDING SOURCE	FEDERAL CFDA NUMBER	FEDERAL GRANTOR NUMBER	STATE GRANTOR NUMBER	PROGRAM OR AWARD AMOUNT	DISBURSEMENTS/ EXPENDITURES	FEDERAL RECEIPTS/ REVENUE	STATE RECEIPTS/ REVENUE	AMOUNT REMAINING
<b>PASSED THROUGH MDOT:</b>											
OPERATING ASSIST. - SEC.5311	100 % STATE	FY2017	SECTION 5311	20.516	MI-XX-XXX	2017-0130 P07	180,640	\$ 55,999	\$ 55,999		\$ 124,641
OPERATING ASSIST. LET- SEC 5311 (2018)	100 % STATE	FY2017	SECTION 5311	20.509	MI-18-0055	2017-0130 P09	68,281	96,681	96,681	-	(167,219)
OPERATING ASSIST. LET- SEC 5311 (2019)	100 % STATE	FY2019	SECTION 5311	20.509	MI-18-0055	2017-0130 P15	225,542	157,549	157,549	-	67,993
TOTAL							\$ 474,463	\$ 310,229	\$ 310,229	\$ -	\$ 25,415
SUBTOTAL							17,295,595	4,622,749	4,622,749	-	6,851,808
<b>MICHIGAN DEPARTMENT OF TRANSPORTATION:</b>											
OPERATING ASSISTANCE - ACT 51 SMART URBAN				N/A		9/30/2018	-	-	-	37,058,612	-
MUNICIPAL CREDIT SPECIAL APPROPRIATION				N/A		9/30/2018	-	-	-	1,630,540	-
OPERATING ASSISTANCE - ACT 51 BEDFORD URBAN				N/A		9/30/2018	-	-	-	98,238	-
OPERATING ASSISTANCE - ACT 51 LETC COMBINED				N/A		9/30/2018	-	-	-	1,660,340	-
ROYAL OAK TWP NEW SERVICES				N/A		9/30/2018	-	-	-	12,277	-
SPECIALIZED SERVICES		FY2018		N/A		2007-0294-ZXX	-	-	-	196,951	-
SPECIALIZED SERVICES		FY2019		N/A		2007-0294-ZXX	-	-	-	590,868	-
TOTAL							-	-	-	41,247,826	-
TOTAL OPERATING ASSISTANCE							17,295,595	4,622,749	4,622,749	41,247,826	6,851,808
GRAND TOTAL - ALL ASSISTANCE							\$ 133,790,322	\$ 33,508,098	\$ 33,508,098	\$ 41,247,826	\$ 34,678,803

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Other Operating Expenses**

**Year Ended June 30, 2019**

Description	Community Based			Royal Oak Twp.		
	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total Community Based	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total Royal Oak
<b>Revenue:</b>						
Fares	\$ 172,331	\$ 538,059	\$ 710,390	\$ 1,570	\$ 2,204	\$ 3,774
Taxes levied directly	28,268	791,370	819,639	-	-	-
Local operating assistance:						
General Fund/Property tax	290,172	684,449	974,621	-	-	-
Other	-	-	-	-	38,457	38,457
Other local contracts:						
Mun. Cr.	467,761	1,714,011	2,181,771	594	1,800	2,394
Comm. Cr.	735,579	1,564,260	2,299,839	1,709	5,895	7,604
Other MDOT/BPT contracts and reimb.:						
Act 51	-	-	-	1,962	16,383	18,345
Other Grants	137,448	148,672	286,120	-	-	-
Specialized services	12,443	259,080	271,523	-	-	-
Other federal transit contracts and reimb.	67,238	602,223	669,461	-	-	-
Interest income	11,269	42,116	53,386	-	157	157
<b>Total revenue</b>	<b>\$ 1,922,509</b>	<b>\$ 6,344,240</b>	<b>\$ 8,266,750</b>	<b>\$ 5,835</b>	<b>\$ 64,896</b>	<b>\$ 70,731</b>
<b>Total operating expenses</b>	<b>\$ 2,489,151</b>	<b>\$ 7,117,953</b>	<b>\$ 9,607,104</b>	<b>\$ 11,063</b>	<b>\$ 25,304</b>	<b>\$ 36,367</b>
<b>Ineligible expenses:</b>						
SMART Municipal Credits	467,761	1,714,011	2,181,771	594	1,800	2,394
SMART Community Credits	735,579	1,564,260	2,299,839	1,709	5,895	7,604
Act 51	-	-	-	1,962	16,383	18,345
Other MDOT/BPT contracts and reimb.	137,448	148,672	286,120	-	-	-
State specialized services	12,443	259,080	271,523	-	-	-
Other federal contracts and reimb.	65,095	597,396	662,491	-	-	-
Depreciation	120	360	480	-	-	-
<b>Total ineligible</b>	<b>1,418,446</b>	<b>4,283,779</b>	<b>5,702,224</b>	<b>4,265</b>	<b>24,078</b>	<b>28,343</b>
<b>Total eligible expenses</b>	<b>\$ 1,070,705</b>	<b>\$ 2,834,174</b>	<b>\$ 3,904,879</b>	<b>\$ 6,798</b>	<b>\$ 1,226</b>	<b>\$ 8,024</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Other Operating Expenses (Continued)**

**Year Ended June 30, 2019**

Description	Mt. Clemens			Nankin		
	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total Mt. Clemens	Jul 1, 2018 to Sep 30, 2018	Oct 1, 2018 to Jun 30, 2019	Total Nankin
	Revenue:					
Fares	\$ 12,065	\$ 45,030	\$ 57,095	\$ 59,563	\$ 178,688	\$ 238,251
Taxes levied directly	-	-	-	-	-	-
Local operating assistance:						
General Fund/Property tax	-	308,780	308,780	-	-	-
Other	-	-	-	78,488	235,462	313,950
Other local contracts:						
Mun. Cr.	-	20,130	20,130	63,400	190,200	253,600
Comm. Cr.	-	28,065	28,065	61,656	184,968	246,624
Other MDOT/BPT contracts and reimb. -						
Specialized services	-	33,784	33,784	-	-	-
Other federal transit contracts and reimb.	-	-	-	-	-	-
Refunds and rebates	1,194	-	1,194	-	-	-
Interest income	-	3,276	3,276	-	-	-
<b>Total revenue</b>	<b>\$ 13,259</b>	<b>\$ 439,065</b>	<b>\$ 452,324</b>	<b>\$ 263,107</b>	<b>\$ 789,318</b>	<b>\$ 1,052,425</b>
Total operating expenses	\$ 90,859	\$ 296,782	\$ 387,641	\$ 290,684	\$ 872,057	\$ 1,162,741
Ineligible expenses:						
SMART municipal credits	-	20,130	20,130	63,400	190,200	253,600
SMART community credits	-	28,065	28,065	61,656	184,968	246,624
State specialized services	-	33,784	33,784	-	-	-
Refunds and rebates	1,194	-	1,194	-	-	-
Depreciation	-	-	-	-	-	-
<b>Total ineligible</b>	<b>1,194</b>	<b>81,979</b>	<b>83,173</b>	<b>125,056</b>	<b>375,168</b>	<b>500,224</b>
<b>Total eligible expenses</b>	<b>\$ 89,665</b>	<b>\$ 214,803</b>	<b>\$ 304,468</b>	<b>\$ 165,628</b>	<b>\$ 496,889</b>	<b>\$ 662,517</b>

**Other Supplemental Information  
Other Operating Expenses (Continued)**

**Redford Township Year Ended March 31, 2019**

Description	Redford Twp.		Total Redford
	1-Apr-18 to 30-Sep-18	1-Oct-18 to 31-Mar-19	
Revenue:			
Fares	\$ 7,832	\$ 7,168	\$ 15,000
Taxes levied directly	-	-	-
Local operating assistance:			
General Fund/Property tax	-	92,576	92,576
Other	-	40,000	40,000
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	50,182.00	76,908	127,090
Other MDOT/BPT contracts and reimb. -			
Specialized services	-	-	-
Other federal transit contracts and reimb.			
Specialized services	-	-	-
Refunds and rebates			
Specialized services	-	-	-
Interest income	-	7,157	7,157
Total revenue	<b>\$ 58,014</b>	<b>\$ 223,809</b>	<b>\$ 281,823</b>
Total operating expenses	\$ 83,078	\$ 108,941	\$ 192,019
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	50,182	76,908	127,090
State specialized services	-	-	-
Refunds and rebates	-	-	-
Depreciation	-	-	-
Total ineligible	50,182	76,908	127,090
Total eligible expenses	<b>\$ 32,896</b>	<b>\$ 32,033</b>	<b>\$ 64,929</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Other Operating Expenses (Continued)**

S.T.A.R. Year Ended March 31, 2019

Description	S.T.A.R.		Total S.T.A.R.
	1-Apr-18 to 30-Sep-18	1-Oct-18 to 31-Mar-19	
Revenue:			
Fares	\$ 870	\$ 1,635	\$ 2,505
Taxes levied directly	-	457,347	457,347
Local operating assistance:			
General Fund/Property tax	-	-	-
Other	3,951	42,027	45,978
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	39,139	55,563	94,702
Other MDOT/BPT contracts and reimb. -			
Specialized services	9,412	(2,191)	7,221
Other federal transit contracts and reim	-	-	-
Interest income	1,115	1,180	2,295
<b>Total revenue</b>	<b>\$ 54,487</b>	<b>\$ 555,561</b>	<b>\$ 610,048</b>
Total operating expenses	\$ 262,938	\$ 337,985	\$ 600,923
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	-	-	-
State specialized services	111,407	123,325	234,732
Charter expense	-	1,370	1,370
Depreciation	-	-	-
<b>Total ineligible</b>	<b>111,407</b>	<b>124,695</b>	<b>236,102</b>
<b>Total eligible expenses</b>	<b>\$ 151,531</b>	<b>\$ 213,290</b>	<b>\$ 364,821</b>



**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Other Operating Expenses**

**State Year Ended September 30, 2018**

Description	Community Based			Royal Oak Twp.		
	1-Oct-17 to 30-Jun-18	1-Jul-18 to 30-Sep-18	Total Community Based	1-Oct-17 to 30-Jun-18	1-Jul-18 to 30-Sep-18	Total Royal Oak
Revenue:						
Fares	\$ 324,790	\$ 172,331	\$ 497,121	\$ 3,368	\$ 1,570	\$ 4,938
Taxes levied directly	100,459	28,268	128,728	-	-	-
Local operating assistance:						
General Fund/Property tax	203,565	290,172	493,737	27,000	-	27,000
Other	-	-	-	-	-	-
Local special demonstration -						
Project assistance	-	-	-	-	-	-
Other local contracts:						
Mun. Cr.	1,085,148	467,761	1,552,909	1,800	594	2,394
Comm. Cr.	919,166	735,579	1,654,745	5,130	1,709	6,839
Other MDOT/BPT contracts and reimb.:						
Act 51	-	-	-	17,658	1,962	19,620
Other	190,083	137,448	327,531	-	-	-
Specialized services	40,943	12,443	53,385	-	-	-
Other federal transit contracts and reim	34,363	67,238	101,601	-	-	-
Interest income	15,206	11,269	26,475	-	-	-
<b>Total revenue</b>	<b>\$ 2,913,723</b>	<b>\$ 1,922,509</b>	<b>\$ 4,836,232</b>	<b>\$ 54,956</b>	<b>\$ 5,835</b>	<b>\$ 60,791</b>
<b>Total operating expenses</b>	<b>\$ 3,799,995</b>	<b>\$ 2,489,151</b>	<b>\$ 6,289,146</b>	<b>\$ 41,070</b>	<b>\$ 11,063</b>	<b>\$ 52,133</b>
Ineligible expenses:						
SMART municipal credits	1,085,148	467,761	1,552,909	1,800	594	2,394
SMART community credits	919,166	735,579	1,654,745	5,130	1,709	6,839
Act 51	-	-	-	-	-	-
Other MDOT/BPT contracts and reimb.	190,083	137,448	327,531	-	-	-
State specialized services	40,943	12,443	53,385	-	-	-
Other Federal contracts and reimb	33,913	65,095	99,008	-	-	-
Depreciation	2,240	120	2,360	-	-	-
<b>Total ineligible</b>	<b>2,271,493</b>	<b>1,418,446</b>	<b>3,689,938</b>	<b>6,930</b>	<b>2,303</b>	<b>9,233</b>
<b>Total eligible expenses</b>	<b>\$ 1,528,502</b>	<b>\$ 1,070,705</b>	<b>\$ 2,599,207</b>	<b>\$ 34,140</b>	<b>\$ 8,760</b>	<b>\$ 42,900</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Other Operating Expenses (Continued)**

**State Year Ended September 30, 2018**

Description	Mt. Clemens			Nankin		
	1-Oct-17 to 30-Jun-18	1-Jul-18 to 30-Sep-18	Total Mt. Clemens	1-Oct-17 to 30-Jun-18	1-Jul-18 to 30-Sep-18	Total Nankin
Revenue:						
Fares	\$ 44,209	\$ 12,065	\$ 56,274	\$ 118,915	\$ 59,563	\$ 178,478
Taxes levied directly	-	-	-	-	-	-
Local operating assistance:						
General Fund/Property tax	(6,751)	-	(6,751)	204,750	-	204,750
Other	-	-	-	145,876	78,488	224,364
Other local contracts:						
Mun. Cr.	12,659	-	12,659	120,180	63,400	183,580
Comm. Cr.	18,500	-	18,500	160,841	61,656	222,497
Other MDOT/BPT contracts and reimb. -						
Specialized services	110,276	-	110,276	-	-	-
Other federal transit contracts and reimb.	-	-	-	-	-	-
Refunds and rebates	1,178	1,194	2,372	-	-	-
Interest income	-	-	-	-	-	-
Total revenue	<b>\$ 180,071</b>	<b>\$ 13,259</b>	<b>\$ 193,330</b>	<b>\$ 750,562</b>	<b>\$ 263,107</b>	<b>\$ 1,013,669</b>
Total operating expenses	\$ 352,567	\$ 90,859	\$ 443,426	\$ 667,374	\$ 290,684	\$ 958,058
Ineligible expenses:						
SMART municipal credits	12,659	-	12,659	120,180	63,400	183,580
SMART community credits	18,500	-	18,500	160,841	61,656	222,497
State specialized services	110,276	-	110,276	-	-	-
Refunds and rebates	1,178	1,194	2,372	-	-	-
Depreciation	-	-	-	-	-	-
Total ineligible	142,613	1,194	143,807	281,021	125,056	406,077
Total eligible expenses	<b>\$ 209,954</b>	<b>\$ 89,665</b>	<b>\$ 299,619</b>	<b>\$ 386,353</b>	<b>\$ 165,628</b>	<b>\$ 551,981</b>

**Other Supplemental Information  
Other Operating Expenses (Continued)**

**State Year Ended September 30, 2018**

Description	Redford Twp.		Total Redford
	1-Oct-17 to 31-Mar-18	1-Apr-18 to 30-Sep-18	
<b>Revenue:</b>			
Fares	\$ 9,984	\$ 7,832	\$ 17,816
Taxes levied directly	-	-	-
Local operating assistance:			
General Fund/Property tax	74,416	-	74,416
Other	60,000	-	60,000
Other local contracts:			
Mun. Cr.	34,338	-	34,338
Comm. Cr.	25,038	50,182	75,220
Other MDOT/BPT contracts and reimb. -			
Specialized services	4,279	-	4,279
Other federal transit contracts and reimb.			
Refunds and rebates	-	-	-
Interest income	3,003	-	3,003
Total revenue	<b>\$ 211,058</b>	<b>\$ 58,014</b>	<b>\$ 269,072</b>
Total operating expenses	\$ 108,222	\$ 83,078	\$ 191,300
<b>Ineligible expenses:</b>			
SMART municipal credits	34,338	-	34,338
SMART community credits	25,038	50,182	75,220
State specialized services	4,279	-	4,279
Refunds and rebates	-	-	-
Depreciation	-	-	-
Total ineligible	63,655	50,182	113,837
Total eligible expenses	<b>\$ 44,567</b>	<b>\$ 32,896</b>	<b>\$ 77,463</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Other Operating Expenses (Continued)**

State Year Ended September 30, 2018

Description	S.T.A.R.		Total S.T.A.R.
	1-Oct-17 to 31-Mar-18	1-Apr-18 to 30-Sep-18	
Revenue:			
Fares	\$ 1,385	870	\$ 2,255
Taxes levied directly	433,849	-	433,849
Local operating assistance:			
General Fund/Property tax	-	-	-
Other	71,645	3,951	75,596
Other local contracts:			
Mun. Cr.	-	-	-
Comm. Cr.	-	39,139	39,139
Other MDOT/BPT contracts and reimb. -			
Specialized services	4,080	9,412	13,492
Other federal transit contracts and reiml	-	-	-
Interest income	839	1,115	1,954
<b>Total revenue</b>	<b>\$ 511,798</b>	<b>\$ 54,487</b>	<b>\$ 566,285</b>
Total operating expenses	\$ 341,666	\$ 262,938	\$ 604,604
Ineligible expenses:			
SMART municipal credits	-	-	-
SMART community credits	-	-	39,139
State specialized services	160,212	111,407	271,619
Charter expense	-	-	-
Depreciation	-	-	-
<b>Total ineligible</b>	<b>160,212</b>	<b>111,407</b>	<b>310,758</b>
<b>Total eligible expenses</b>	<b>\$ 181,454</b>	<b>\$ 151,531</b>	<b>\$ 293,846</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
Other Operating Expenses – Combined Total**

**State Year Ended September 30, 2018**

Description	Total Community Based	Total Mt. Clemens	Total Nankin	Total Redford	Total S.T.A.R.	Total Other
Fares	\$ 497,121	\$ 56,274	\$ 178,478	\$ 17,816	\$ 2,255	\$ 751,944
Taxes levied directly	128,728	-	-	-	433,849	562,577
Local operating assistance:						
General Fund/Property tax	493,737	(6,751)	204,750	74,416	-	766,152
Other	-	-	224,364	60,000	75,596	359,960
Other local contracts:						
Mun. Cr.	1,552,909	12,659	183,580	34,338	-	1,783,486
Comm. Cr.	1,654,745	18,500	222,497	75,220	39,139	2,010,101
Other MDOT/BPT contracts and reimb.:						
Act 51	-	-	-	-	-	-
Other	327,531	-	-	-	-	327,531
Specialized services	53,385	110,276	-	4,279	13,492	181,432
Other federal transit contracts and reimb.	101,601	-	-	-	-	101,601
Refunds/rebates/insurance proceeds	-	2,372	-	-	-	2,372
Interest income	26,475	-	-	3,003	1,954	31,432
<b>Total revenue</b>	<b>\$ 4,836,232</b>	<b>\$ 193,330</b>	<b>\$ 1,013,669</b>	<b>\$ 269,072</b>	<b>\$ 566,285</b>	<b>\$ 6,878,588</b>
<b>Total operating expenses</b>	<b>\$ 6,289,146</b>	<b>\$ 443,426</b>	<b>\$ 958,058</b>	<b>\$ 191,300</b>	<b>\$ 604,604</b>	<b>\$ 8,486,534</b>
Ineligible expenses:						
SMART municipal credits	1,552,909	12,659	183,580	34,338	-	1,783,486
SMART community credits	1,654,745	18,500	222,497	75,220	39,139	2,010,101
Act 51	-	-	-	-	-	-
Other	327,531	-	-	-	-	327,531
State specialized services	53,385	110,276	-	4,279	271,619	439,559
Charter expense	-	-	-	-	-	-
Refunds/rebates/insurance proceeds	-	2,372	-	-	-	2,372
Other federal contracts and reimb	99,008	-	-	-	-	99,008
Depreciation	2,360	-	-	-	-	2,360
<b>Total ineligible</b>	<b>3,689,938</b>	<b>143,807</b>	<b>406,077</b>	<b>113,837</b>	<b>310,758</b>	<b>4,664,417</b>
<b>Total eligible expenses</b>	<b>\$ 2,599,207</b>	<b>\$ 299,619</b>	<b>\$ 551,981</b>	<b>\$ 77,463</b>	<b>\$ 293,846</b>	<b>\$ 3,822,116</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
URBAN Revenue Combined Schedule**

Description	State Year Ended September 30, 2018		
	SMART Directly Provided	Other	Total for URBAN OAR
Passenger fares	\$ 11,660,122	\$ 751,944	\$ 12,412,066
Contract fares	115,724	-	115,724
Advertising	625,546	-	625,546
Rental of bldgs or other property	36,458	-	36,458
Gains from the sale of capital assets	-	-	-
Other nontrans revenue	1,914,495	-	1,914,495
Taxes levied directly	72,435,835	562,577	72,998,412
Local operating assistance	-	1,126,112	1,126,112
Other local contracts - Municipal credit recapture	8,968	-	8,968
Other local contracts and reimbursements	-	-	-
Other local community credits	242,445	2,010,101	2,252,546
State operating assistance:			
SMART	30,929,772	-	30,929,772
Municipal credit	1,630,540	1,783,486	3,414,026
Bedford	100,211	-	100,211
LETC Urban and Non-Urban	1,680,307	-	1,680,307
Royal Oak Township	18,968	-	18,968
Line-item municipal credit	1,630,540	-	1,630,540
State preventive maintenance (20% State share)	500,000	-	500,000
Other MDOT/BPT contracts and reimb.:			
Specialized service grants	787,819	181,432	969,251
JARC PASS THRU 2007-0294 Z45	163,438	-	163,438
MOBILITY MGT 2012-0170 P20	14,467	-	14,467
MOBILITY MGT 2012-0170 P38	48,033	-	48,033
NOTA JARC Non-Urban 2017-0130 P03	29,459	-	29,459
NOTA New Freedom 2012-0170 P02	14,753	-	14,753
Other	-	327,531	327,531
Act 51	-	-	-
Federal preventive maintenance -			
MI-90-0591	2,000,000	-	2,000,000
Planning/Capital cost of contracting -			
FY 2018 UWP - CONTRACT #MI-80-X006	387,280	-	387,280
FY 2019 UWP - CONTRACT #MI-80-X007	335,949	-	335,949
Reimb. for JARC Admin. MI-37-6040	-	-	-
Reimb. for JARC Admin. MI-37-6043	-	-	-
Reimb. for JARC Admin MI-37-0043	21,534	-	21,534
Reimb. for New Freedom Admin. MI-57-6007	120,662	-	120,662
Reimb. for New Freedom Admin. MI-57-6014	-	-	-
Reimb. for New Freedom Admin. MI-57-6018	-	-	-
Reimb. for Section 5309 Admin.	-	-	-
Other federal transit contracts and reimb.:			
Section 5307 Lake Erie MI-90-0777	608,767	-	608,767
Section 5310 PM	-	-	-
Section 5311 Lake Erie MI-18-0055	235,500	-	235,500
JARC	178,991	-	178,991
New Freedom	1,042,488	101,601	1,144,089
Refunds, rebates, insurance proceeds	649,954	2,372	652,326
Gains from the sale of capital assets	-	-	-
Interest income	1,129,610	31,432	1,161,043
<b>Total</b>	<b>\$ 131,298,635</b>	<b>\$ 6,878,588</b>	<b>\$ 138,177,223</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information  
URBAN Expense Combined Schedule**

**State Year Ended September 30, 2018**

Description	SMART Directly Provided	Other	Total for URBAN OAR
Operators salaries and wages	\$ 22,268,373	\$ -	\$ 22,268,373
Other salaries and wages	16,730,195	-	16,730,195
Dispatchers salaries and wages	4,563,965	-	4,563,965
Other fringe benefits	13,576,052	-	13,576,052
Pensions - Defined contribuion	38,321	-	38,321
Pensions - Defined benefit	9,583,926	-	9,583,926
Other postemployment benefits (OPEB)	10,723,501	-	10,723,501
Advertising fees	1,338,195	-	1,338,195
Audit cost	237,787	-	237,787
Other services	2,859,628	-	2,859,628
Fuel and lubricants	6,456,480	-	6,456,480
Tires and tubes	1,319,127	-	1,319,127
Other materials and supplies	4,613,732	-	4,613,732
Utilities	1,169,657	-	1,169,657
Casualty and liab. costs	5,364,812	-	5,364,812
Other insurance	63,746	-	63,746
Taxes and fees	-	-	-
Purchased transportation service -			
Community Credits	3,627,964	-	3,627,964
Nankin/Richmond Lenox/CBS Bloomfield Hills	483,792	-	483,792
Pass-throughs that are expensed	7,548,119	8,486,534	16,034,653
Travel, meetings, and training	47,710	-	47,710
Loss on disposal of asset	2,839,150	-	2,839,150
Other miscellaneous expenses	252,037	-	252,037
Leases and rentals	101,005	-	101,005
Depreciation	13,218,774	-	13,218,774
<b>Total expenses</b>	<b>129,026,048</b>	<b>8,486,534</b>	<b>137,512,582</b>
Less ineligible expenses:			
Ineligible refunds and credits	460,715	-	460,715
Other ineligible state contracts	1,718,345	-	1,718,345
Ineligible depreciation	13,841,944	-	13,841,944
Municipal credits	824,236	-	824,236
Unused community credits	242,445	-	242,445
Ineligible non-trans exp	284,817	-	284,817
Ineligible loss on disposal	2,839,150	-	2,839,150
Local contracts	2,445,812	-	2,445,812
Preventive maintenance (MI-90-0591)	2,500,000	-	2,500,000
Planning/Cap. cost of contracting	723,229	-	723,229
Other ineligible federal/state/local:	-	-	-
Reimb. for JARC Admin MI-37-0043	21,534	-	21,534
Reimb. for New Freedom Admin. MI-XX-XXXX	120,662	-	120,662
Other ineligible state contracts:	-	-	-
Pass-through ineligible	4,287,039	-	4,287,039
New Freedom	8,834	-	8,834
Other	-	4,664,417	4,664,417
Ineligible pension	1,338,576	-	1,338,576
Ineligible OPEB	(2,722,127)	-	(2,722,127)
Other ineligible	(202,176)	-	(202,176)
<b>Total ineligible</b>	<b>28,733,035</b>	<b>4,664,417</b>	<b>33,397,453</b>
<b>Total eligible expenses</b>	<b>\$ 100,293,013</b>	<b>\$ 3,822,116</b>	<b>\$ 104,115,129</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information**

**SMART Combined Urban Regular Service Revenue Report**

**State Year Ended September 30, 2018**

Description	Amount
Passenger fares	\$ 12,412,066
Contract fares	115,724
Auxiliary transportation revenue (explain):	
.15 Advertising	625,546
Nontransportation revenue (explain):	
.20 Rental of buildings or other property	36,458
.99 Other nontransportation revenue	1,914,495
Taxes levied directly by transit system	72,998,412
Local cash grants and reimbursements (explain):	
.10 Local operating assistance	1,126,112
.99 Other local contracts - Municipal Credit recapture	8,968
.99 Other local contracts - Community Credit Program	2,252,546
State formula and contracts:	
.01 State operating assistance SMART	30,929,772
.01 State operating assistance municipal credits	3,414,026
.01 State operating assistance LETC, Bedford, Royal Oak	1,799,486
.10 Line item municipal credits	1,630,540
.11 Preventive maintenance	500,000
.99 Other state contracts and reimbursements	1,566,933
Federal contracts:	
.01 Section 5311 LAKE ERIE	235,500
.02 Section 5307 LAKE ERIE	608,767
.11 Preventive maintenance	2,000,000
.12 Capital cost of contracting	723,229
.13 Capital contract reimbursement for administrative expenses	142,196
.99 Other federal contracts and reimbursements	1,323,080
Interest income	1,161,043
Refunds and credits	652,326
<b>Total Revenue</b>	<b>\$ 138,177,223</b>



# Suburban Mobility Authority for Regional Transportation

## Other Supplemental Information

### SMART Combined Urban Regular Service Expense Report

**State Year Ended September 30, 2018**

	Operations	Maintenance	Gen. Admin.	Total
<b>Labor:</b>				
01 Oper salary and wages	\$ 22,268,373	\$ -	\$ -	\$ 22,268,373
02 Other salary and wages		6,990,168	9,740,027	16,730,195
03 Disp salary and wages	4,563,965			4,563,965
Fringe benefits	8,362,168	2,178,452	3,035,432	13,576,052
Postemployment benefits	6,605,139	1,720,723	2,397,638	10,723,500
Pension - Defined contribution			38,321	38,321
Pension - Defined benefit	5,903,218	1,537,864	2,142,844	9,583,926
<b>Services:</b>				
01 Audit			237,787	237,787
02 Advertising fees			1,338,195	1,338,195
99 Other services	145,237	1,267,483	1,446,909	2,859,629
<b>Materials and supp. cons.:</b>				
01 Fuel and lubricants	6,456,480			6,456,480
02 Tires and tubes	1,319,127			1,319,127
99 Other materials and supplies	500,450	3,852,221	261,061	4,613,732
Utilities	-	-	1,169,657	1,169,657
<b>Casual and liability costs:</b>				
03 Premium for public liability	5,364,812	-	-	5,364,812
99 Other insurance	-	63,746	-	63,746
Taxes	-	-	-	-
Purchased transportation service - Pass Thru that are expensed	16,034,653	-	-	16,034,653
Purchased transportation service - Community Credits	3,627,964	-	-	3,627,964
Purchased transportation service - Nankin/Richmond Lenox/CBS Bloomfield	483,792			483,792
<b>Miscellaneous expense:</b>				
02 Travel and meetings	-	-	47,710	47,710
03 Dues and subscriptions	-	-	-	-
09 Loss on disposal of asset	-	-	2,839,150	2,839,150
99 Other miscellaneous expense	-	-	252,037	252,037
Leases and rentals	-	-	101,005.00	101,005
Depreciation	-	-	13,218,774	13,218,774
<b>Total expenses</b>	<b>81,635,378</b>	<b>17,610,657</b>	<b>38,266,547</b>	<b>137,512,583</b>
<b>Less ineligible expenses:</b>				
Ineligible depreciation	-	-	13,841,944	13,841,944
Ineligible loss on disposal	-	-	2,839,150	2,839,150
Ineligible non-trans exp	284,817	-	-	284,817
Ineligible refunds and credits	-	-	460,715	460,715
Local contracts	2,445,812	-	-	2,445,812
Preventive maintenance (MI-90-0591)	-	2,500,000	-	2,500,000
Admin expense paid by JARC	-	-	21,534	21,534
Admin expense paid by New Freedom	-	-	120,662	120,662
<b>Other ineligible federal/state/local:</b>				
Unused municipal credits	824,236	-	-	824,236
Unused community credits	242,445	-	-	242,445
<b>Other state contracts:</b>				
Pass-through ineligibles	8,951,456	-	-	8,951,456
New Freedom	8,834	-	-	8,834
Other ineligible state contracts	1,718,345	-	-	1,718,345
Other ineligibles	(202,176)	-	-	(202,176)
Planning/Cap. Cost of contracting	723,229	-	-	723,229
Ineligible pension	-	-	1,338,576	1,338,576
Ineligible OPEB	-	-	(2,722,127)	(2,722,127)
<b>Total ineligible expenses</b>	<b>14,996,998</b>	<b>2,500,000</b>	<b>15,900,454</b>	<b>33,397,453</b>
<b>Total eligible expenses</b>	<b>\$ 66,638,380</b>	<b>\$ 15,110,657</b>	<b>\$ 22,366,093</b>	<b>\$ 104,115,130</b>

**Other Supplemental Information**

**SMART Combined Urban Regular Service Nonfinancial Report**

**State Year Ended September 30, 2018**

DESCRIPTION	WEEKDAYS	SATURDAY	SUNDAY	TOTAL
<b>FIXED ROUTE</b>				
PUBLIC SERVICE				
VEHICLE HOURS	735,350	80,064	41,794	857,208
VEHICLE MILES	11,284,746	1,166,133	639,157	13,090,036
MISCELLANEOUS INFORMATION				
CHARTER SERVICE HOURS	-	-	-	-
CHARTER SERVICE MILES	-	-	-	-
<b>CONNECTOR</b>				
PUBLIC SERVICE				
VEHICLE HOURS	216,895	16,944	1,499	235,338
VEHICLE MILES	3,468,562	250,164	20,670	3,739,396
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**

**State Year Ended September 30, 2018**

Description	Amount
Passenger fares	\$ 4,646
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	292
Taxes levied directly by transit system	-
Local cash grants and reimbursements (explain):	
.10 Local operating assistance	27,000
.20 Single business tax	-
.99 Other local contracts (Community Credit Program)	6,839
State formula and contracts:	
.01 State operating assistance	18,013
.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	8
Contributed service	-
<b>Total revenue</b>	<b>\$ 59,192</b>

**Suburban Mobility Authority  
for Regional Transportation**

**Other Supplemental Information**  
**Royal Oak Twp. Urban Regular Service Expense Report**

**State Year Ended September 30, 2018**

	Operations	Maintenance	Gen. Admin.	Total
Labor				
01 Oper salary and wages	\$ 16,916	\$ -	\$ -	\$ 16,916
02 Other salary and wages	-	1,348	6,005	7,353
03 Disp salary and wages	6,800	-	-	6,800
Fringe benefits	-	-	-	-
Services:				
01 Audit	-	-	1,808	1,808
02 Advertising fees	-	-	-	-
99 Other services	-	-	3,977	3,977
Materials and supp. Cons.:				
01 Fuel and lubricants	2,252	-	-	2,252
02 Tires and tubes	-	-	-	-
99 Other materials and supplies	284	1,561	960	2,805
Utilities	-	-	5,549	5,549
Casual and liability costs:				
03 Premium for public liability	-	-	3,902	3,902
99 Other insurance	-	-	-	-
Taxes	-	-	-	-
Purchased transportation service	-	-	-	-
Miscellaneous expense:				
02 Travel and meetings	-	-	90	90
99 Other miscellaneous expense	-	-	1,817	1,817
Interest expense:				
01 Interest on long-term debt	-	-	-	-
02 Interest on short-term debt	-	-	-	-
Leases and rentals	-	-	-	-
Depreciation	-	-	-	-
<b>Total expenses</b>	<b>26,252</b>	<b>2,909</b>	<b>24,108</b>	<b>53,269</b>
Less ineligible expenses:				
03 Federal grants (explain)	-	-	-	-
04 State grants (specialized svcs)	-	-	-	-
05 Local grants	-	-	-	-
06 Interest expense	-	-	-	-
07 Depreciation	-	-	-	-
08 Other (explain)	-	-	-	9,233
09 Ineligible percent of dues	-	-	-	-
10 Expenses assoc w/auxiliary trans	-	-	-	-
15 Charter expense	-	-	-	-
<b>99 Total ineligible expense</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>9,233</b>
<b>Total eligible expenses</b>	<b>\$ 26,252</b>	<b>\$ 2,909</b>	<b>\$ 24,108</b>	<b>\$ 44,036</b>

**Other Supplemental Information**

**Royal Oak Twp. Urban Regular Service Nonfinancial Report**

**State Year Ended September 30, 2018**

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	1,404	-	-	1,404
VEHICLE MILES	7,591	-	-	7,591
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.

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

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

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

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

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

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